LEABHARLANN CHOLÁISTE NA TRÍONÓIDE, BAILE ÁTHA CLIATH | TRINITY COLLEGE LIBRARY DUBLIN
Ollscoil Átha Cliath | The University of Dublin

Terms and Conditions of Use of Digitised Theses from Trinity College Library Dublin

Copyright statement

All material supplied by Trinity College Library is protected by copyright (under the Copyright and Related Rights Act, 2000 as amended) and other relevant Intellectual Property Rights. By accessing and using a Digitised Thesis from Trinity College Library you acknowledge that all Intellectual Property Rights in any Works supplied are the sole and exclusive property of the copyright and/or other IPR holder. Specific copyright holders may not be explicitly identified. Use of materials from other sources within a thesis should not be construed as a claim over them.

A non-exclusive, non-transferable licence is hereby granted to those using or reproducing, in whole or in part, the material for valid purposes, providing the copyright owners are acknowledged using the normal conventions. Where specific permission to use material is required, this is identified and such permission must be sought from the copyright holder or agency cited.

Liability statement

By using a Digitised Thesis, I accept that Trinity College Dublin bears no legal responsibility for the accuracy, legality or comprehensiveness of materials contained within the thesis, and that Trinity College Dublin accepts no liability for indirect, consequential, or incidental, damages or losses arising from use of the thesis for whatever reason. Information located in a thesis may be subject to specific use constraints, details of which may not be explicitly described. It is the responsibility of potential and actual users to be aware of such constraints and to abide by them. By making use of material from a digitised thesis, you accept these copyright and disclaimer provisions. Where it is brought to the attention of Trinity College Library that there may be a breach of copyright or other restraint, it is the policy to withdraw or take down access to a thesis while the issue is being resolved.

Access Agreement

By using a Digitised Thesis from Trinity College Library you are bound by the following Terms & Conditions. Please read them carefully.

I have read and I understand the following statement: All material supplied via a Digitised Thesis from Trinity College Library is protected by copyright and other intellectual property rights, and duplication or sale of all or part of any of a thesis is not permitted, except that material may be duplicated by you for your research use or for educational purposes in electronic or print form providing the copyright owners are acknowledged using the normal conventions. You must obtain permission for any other use. Electronic or print copies may not be offered, whether for sale or otherwise to anyone. This copy has been supplied on the understanding that it is copyright material and that no quotation from the thesis may be published without proper acknowledgement.

Irish community-based social enterprises:

An investigation into their rationale, activities and motivations.

Presented for the degree of Doctor of Philosophy (PhD) to the University of Dublin, Trinity College.

2010

Kenneth Germaine

TRINITY COLLEGE
10 APR 2012
LIBRARY DUBLIN
9423

Declaration

I, Kenneth Germaine, hereby declare that:

I have not presented this thesis for submission to this, or any other university, for the purpose or exercise of being awarded a degree.

I furthermore declare, that this thesis is my own original work

And furthermore, that I agree to allow the Library of the University of Dublin, Trinity College to lend or copy this thesis upon request, subject to the normal rules of acknowledgement.

Signed by Kenneth S Germaine

On this date 21st January 2010

Summary of thesis

The subject of this thesis was community-based social enterprises in Ireland, especially relating to two questions – why were social enterprises established and why did social enterprises continue to exist? The outcomes of the research indicated that social enterprises were established to meet social objectives, primarily the needs of vulnerable groups in society and that the enterprise model was adopted for pragmatic reasons. The research also indicated that as social enterprises became more established the role of economic considerations became more important, predominantly as a result of the increased commitments to staff, customers, suppliers and funding agencies. The research also indicated that the activities of social enterprises were influenced by their location in either an urban or rural location, with the majority of self-sufficient social enterprises being located in urban areas and the majority of demand-deficient social enterprises being located in rural areas.

The research used a methodology based upon a three-step theory generation model. The first step required the collection of preliminary data from a combination of theory and literature review, supported by personal observations as a practitioner within the sector. The second step required a retroductive analysis of the hypothetical model developed relating to what circumstances must be required for this model to exist. The outcome of this retroductive analysis led to the design of field research questions, which were further defined into a four-part format. The first element consisted of an examination of the social enterprises in four municipal authority areas that were members of the European Edge Cities Network. The purpose of this work was to ascertain the differences between the social enterprises in Ireland and other areas in Europe. The second examination required interviews with policy- and decision-makers with responsibility for social enterprises within their ambit. The third element consisted of a survey of several social economy networks, in order to ascertain the opinions of

professional practitioners within the social economy. The final element consisted of an in-depth review of six social enterprises that were selected as case studies. In-depth interviews with board members, managers and in some cases senior staff were undertaken in order to get detailed qualitative data on the social enterprises examined. The third step required a deductive analysis of the field research outcomes to ascertain the main manifestations of social enterprises in Ireland.

Some of the key findings were that the community and voluntary sector is by far the largest influence on the social enterprises examined. The motivation of the community and voluntary sector was to attain primarily social objectives. There was little evidence of a coherent national-policy framework with regard to social enterprises. One finding of note was the consensus amongst policy and decision-makers as to the lack of clarity at national level in respect of the definition, role and extent of the social economy. Other processes and institutions were identified as facilitating, but not motivating, the social economy and these included social partnership and the European Union. It was generally agreed by all parties within the field research that the role of addressing market failure was less important than ascribed to it within the theory and literature review.

The key motivating factors underpinning the social economy appeared to be the achievement of social objectives and the engagement and involvement of individuals, or groups of individuals, in meeting these social objectives. Therefore the role of human agency is strong within the social economy. There is also evidence that the social economy is socially, culturally and historically embedded in the fabric of their national, or regional, contexts. The role of political and institutional factors appeared to be less important as an explanation for the manifestations of the social economy in different countries. However, these embeddedness factors helped explain the manifestation of the social economy, not its motivation. To conclude, it appeared that social enterprises were established to meet the needs of

vulnerable groups in society and although apparently an economic entity, its motivations are social in nature.

Acknowledgements

In the first instance, I would like to thank my supervisors Dr. Andrew MacLaran and Dr. Michael Punch for their patience, diligence and support over the past four years. I would also like to acknowledge the support from the other members of the Geography Department of Trinity College Dublin during my time there. I would also like to acknowledge Dr. Peter Muhlau and Frank Ludlow for their assistance. I should also acknowledge the staff of the Library and IT Departments for their courtesy and help over the past seven years.

I have received considerable support and consideration from my employers, the Board of the BASE Enterprise Centre, during this work. Several members of staff have also given their assistance. I would like to acknowledge Joe Keogh for his sterling work in proof reading early drafts and Celene Sutton who valiantly chased up questionnaires during the field research. I would like to acknowledge my professional colleagues who gave me access to information, documents and contacts during the research. I would especially like to thank those who completed questionnaires and allowed me to interview them for my field research. A special thanks to the managers of the six case studies examined who facilitated me and allowed me access to board members and secondary documentation.

Finally, my appreciation to my parents and especially my late mother, who instilled the importance of learning and education into me from an early age.

List of Abbreviations

ADM – Area Development Management Ltd. (now renamed POBAL)

APC – Area-based Partnership Companies (RoI)

BAP – Blanchardstown Area Partnership (APC)

BASE – Blanchardstown Area Small Enterprise Centre

BEAT – Balbriggan Enterprise and Training Centre

BEDG – Balbriggan Enterprise Development Group

BESS – Balbriggan Employment Support Service

BMW – Border, midlands and west region (RoI)

BYS – Blanchardstown Youth Service

CAP – the Common Agricultural Policy (EU)

CE – Community Employment – an Irish labour market programme

CEO – Chief Executive Officer

CDP – Community Development Projects (RoI)

CDU – Co-operative Development Unit (FAS)

CIC – a community interest company (UK)

CNM – the Centre for Nonprofit Management in TCD

CNN – Cable Network News (US)

CoI – community of interest

CSP – the Community Services Programme (formerly the NSEP)

CUDA – the Credit Union Development Association

CYTP – Community Youth Training Programme (FAS)

DCRGA – Department of Community, Rural & Gaelteacht Affairs (RoI)

DED – Designated Electoral District (RoI)

DETE – Department of Enterprise, Trade and Employment (RoI)

DIRT – Deposit Interest Retention Tax (RoI)

EBS – the Educational Building Society

EEC – European Economic Community (later changed to EU)

EES – European Employment Strategy

ECDL – European Computer Driving Licence

EPA – Environmental Protection Agency (RoI)

EU – European Union

EUC – European Union Commission

FAS – Irish national training agency

FAS CDU – FAS Co-operative Development Unit

FAS CSU – FAS Community Services Unit

FDI – foreign direct investment

FTJI – see JI

GAA – Gaelic Athletic Association

GDP – gross domestic product

GNP – gross national product

IAOS – Irish Agricultural Organisation Society (later changed to ICOS)

ICMSA – Irish Creamery Milk Supplier Association

ICOS – Irish Co-operatives Society

ICT – information and communication technology

ILCU – the Irish League of Credit Unions

ILM – an intermediate labour market programme

IT – information technology (see ICT)

JI – Full-time Job Initiative Programme – Irish active labour programme

LD-SIP – Local Development – Social Inclusion Programme (APCs)

LES – Local Employment Service (RoI)

LSEWG – Local Social Economy Working Group (FAS, NSEP)

MEECA – Mid-Eastern Enterprise Centres Association (RoI)

MOUS – Microsoft Office User Specialist

NACEC – National Association of Community Enterprise Centres (RoI)

NAPS – the National Anti-Poverty Strategy (RoI)

NES – new economic sociology

NFRT – North Fingal Rural Transport

NGO – a non-governmental organisation

NIE – new institutional economics

NSEP – the National Social Economy Programme (RoI)

PAYE – Pay-as-you-earn (Irish direct income tax)

PESP – Programme for Economic Success and Prosperity

PLANET – network for APCs

PLC – a public listed company

PNR – Programme for National Recovery

PPP – Public-private partnership

PRSI – Pay related social insurance (RoI)

RoI – Republic of Ireland (EIRE)

RTI – Rural Transport Initiative (RoI)

SEO – Senior Executive Officer

SEP – Social Economy Programme (see NSEP)

SES – Social Employment Scheme (forerunner of CE)

SMS – synchronised messaging system

SME – small to medium-sized enterprise

SPSS – statistical package for social sciences

TCD – the University of Dublin, Trinity College

TCE – transaction cost economics

TSEP – third system and employment pilot action (EUC)

TSO – a third sector organisations (similar to a social enterprise)

UK – United Kingdom

UN – the United Nations

US or USA – United States of America

VFM – value for money

Tables of Content

Table of Contents

Declaration	Page	(i)
Summary		(ii)
Acknowledgements		(v)
Abbreviations		(vi)
Contents – Table of Content		(ix)
Table of Tables		(xii)
Table of Figures		(xiv)
Chapter One –Community-based social enterprises in Ireland – an introduction	Page	1
Introduction		1
Social enterprises – the hybrid organisation		2
Situating social enterprises in society and the economy		6
Geography, social well- being and the provision of services		14
Research Questions		16
Format of thesis		17
Chapter Two – A review of theory and literature relating to social enterprise		19
Introduction		19
An understanding of the community and voluntary sector		19
External pressures since the 1970's		28
Internal reactions to external socio-political changes		35
Shifting boundaries		42
Social enterprises		45
Critiques of social enterprises		53
Social entrepreneurship		55
Social capital		59
Economic theory		63
Challenges to the economic argument		69
Institutional theory		71
Embeddedness		74
Summary		76
Chapter Three – Social enterprises and the Irish experience		77
Introduction		77
The Irish community and voluntary sector		77
Social partnership		83
The role of the Irish state and civic society		89
Social enterprises in the Irish case		91
Historical evolution of social enterprises in Ireland		93
Co-operatives		93
Other forms of social enterprise in Ireland		100
Community-based social enterprises		101
Social enterprise programmes		104
Third System and Employment Pilot Action		104
The National Social Economy Programme		108
The Community Services Programme		113
Summary		116

Chapter Four – Methodology 118
Introduction 118
Research questions and literature review 118
Designing the research programme 121
The European Edge Cities Network 125
Interviews with policy- and decision-makers 128
Survey of practitioners involved in social economy networks 135
In-depth case studies 140
Data analysis 147
Summary 148

Chapter Five – A mapping exercise of the social economy in certain European Edge Cities Network partner areas 149
Introduction 149
Outline of participating areas in mapping exercise 152
The London Borough of Croydon 152
North Down Borough Council 153
Fingal County Council 154
Municipality of Getafe 154
Survey findings 155
Summary 165

Chapter Six –National policy and social enterprise 168
Introduction 168
The socio-political context 168
The role of the community and voluntary sector and the European Union 173
Growth of Irish social enterprise in the past ten years 175
The contribution and relative strengths of social enterprises in Ireland 178
The role of social partnership 182
National strategy towards social enterprise and the role of the National Social Economy Programme/Community Services Programme 183
The influence of entrepreneurial governance 188
The future for social enterprise and the social economy in Ireland 190
Profile of individual policy and decision makers 192
Summary 196

Chapter Seven – Survey of social enterprises 200
Introduction 200
An overview of the social enterprise survey 200
Geographic analysis of survey 201
Analysis of the survey 203
Characteristics of respondents 207
Characteristics of examined social enterprises 208
Ownership and corporate governance 212
Relative strengths of social enterprises 216
Financial issues and sustainability 217
Market Failure 220
Other findings 221
Summary and discussion 223

Chapter Eight – An examination of six in-depth case studies of social enterprises in the Fingal area 227
Introduction 227
Historical development of the social economy in Fingal 227
Case studies 231
BAPTEC 231
BEAT Centre 234
Mulhuddart Community Centre 235
The Seamus Ennis Centre 236
Blanchardstown Credit Union 238
North Fingal Rural Transport 239
Findings from the case studies 241
Characteristics of respondents 241
Beneficiaries of social enterprises and social mission 243
Financial sustainability 252
Social entrepreneurship 255
The influence of social partnership on social enterprises 257
Social changes and their influences on social enterprises 259
The influence of market failure on social enterprises 261
The future of social enterprise in Ireland 262
Final comments 266
Specific lessons from the individual case studies 267
Summary 276

Chapter Nine - Summary, discussion and conclusions 279
Introduction 279
What are community-based social enterprises in the Irish case 280
Social-enterprise activity and their competitive advantage 281
Who established these social enterprises 282
Motivation of founders 283
Social enterprise and national policy 286
Success of social enterprises in meeting their social mission 289
Success in meeting financial objectives 290
Evolving trends 292
Economic versus institutional theory 293
A retroductive analysis of core factors influencing the Irish social economy 297
Factors affecting the establishment of a social enterprise 297
Factors affecting the continuing operation of a social enterprise 203
Conclusions 306

Bibliography 312
Appendix A - European Edge Cities Network Survey 326
Appendix B – Interviews with policy and decision-makers 334
Appendix C – Survey of social enterprises 339
Appendix D – In-depth case studies in the Fingal area 348
Appendix E – Geographic breakdown by county for social economy network survey 352
Appendix F – Statistical appendices 353

Table of Tables

1.1 Comparison of transnational terminology applicable to the community and voluntary sector/social enterprises Page 7
3.1 Compendium of available statistics on Irish social enterprises 92
3.2 Number of IAOS affiliated co-operatives in Ireland in selected years 94
4.1 Cross tabulation of main activity of social enterprises within the Edge Cities survey 142
4.2 Top five categories of social economic activity in Fingal 143
5.1 Total number of social enterprises and breakdown by area 155
5.2 Main activity conducted by social enterprises identified 156
5.3 Top ten main activities conducted by social enterprises examined 157
5.4 Number of categories in which there is social economic activity by partner area 158
5.5 Cross tabulation of legal structure of social enterprises by partner area 159
5.6 Cross tabulation of main activity of social enterprise by partner area 160
5.7 Cross tabulation of legal structure of social enterprise by partner area 161
5.8 Cross tabulation of social enterprise ownership by partner area 162
5.9 Cross tabulation of main income source of social enterprise by partner area 163
5.10 Cross tabulation of partner area by percentage of traded income of social enterprise 164
5.11 Cross tabulation of number of employees of social enterprise by partner area 165
7.1 Analysis of response to the survey by county 203
7.2 Length of service in current position 207
7.3 Position of those completing the questionnaire 208
7.4 Duration of involvement in the Social Economy 208
7.5 – Frequency of main good or service provided by respondent social enterprise (Question 1) 209
7.6 – Crosstabulation between main good or service provided by respondent social enterprises and whether they were located in an urban or rural area 210
7.7 – Frequency of main social objective identified by social enterprise (Question 2) 211
7.8 – Frequency of whether a specific main target group was identified by social enterprise (Question 3) 211
7.9 – Frequency as to whether there a specific reason/event resulting in the establishment of social enterprise (Question 4) 212
7.10 – Why was the organisation established as a social enterprise? (Question 5) 212
7.11 – Frequency as to the legal structure used by respondent social enterprises (Question 7) 213
7.12 – Use of volunteers by social enterprises examined (Question 6) 213
7.13 – Sectoral composition of boards of management /directors (Question 8) 214
7.14 – Frequency of the relative importance of achieving social objectives for social enterprises (Question 12) 215
7.15 – Comparison of those who thought that social enterprises were 'stronger' as compared to other community-based organisations in a range of issues (Question 16) 216

7.16 – Frequency of the main income source of respondent social enterprises (summary of Question 9) 217
7.17 – What are the sources of grant aid (Question 10) 218
7.18 – Projected income of social enterprises for 2006 (Question 11) 219
7.19 – Crosstabulation between main income source and whether the social enterprises were located in an urban or rural area 220
7.20 – Combined frequency of responses as to the importance of market failures for social enterprises (Question 17j) 221
7.21 – Aggregate percentage of 'very important' and 'important' responses rated by priority 222
8.1 Summary overview of case study outputs in 2005 240
8.2 Length of involvement of respondents in case studies 241
8.3 Sectoral composition of interviewees 242
8.4 Length of time respondents have been involved in case studies by sector 243
8.5 Respondents opinion as to the effectiveness of their social enterprise 247
8.6 Effectiveness of social enterprise by sector of respondent 248
8.7 Who is driving the social enterprises 250
8.8 Fear of economic consideration overrunning social objectives 251
8.9 Financial stability of case studies 252
8.10 Funding concerns of respondents in relation to their case study 253
8.11 Most important people/organisation in establishing the social enterprise by sector 255
8.12 The influence of social partnership on the case studies 258
8.13 The importance of market failure to the case studies 261
8.14 Future outlook of respondents in relation to their case study 263
9.1 Factors affecting the establishment of social enterprises 297
9.2 Factors affecting the ongoing operations of social enterprises 297

Table of Figures

1.1 The hybrid spectrum	Page	2
1.2 The Sustainability Equilibrium and dual-value creation		3
1.3 Classifications of social enterprises by mission and level of operational integration		5
2.1 The three sectors of the economy		20
2.2 Defourney's social enterprises at the crossroads between co-operatives and the nonprofit sector		27
2.3 Comparison of community and voluntary sector in United States and Europe		32
2.4 Alter's financial spectrum of social enterprise		39
2.5 Alter's markets for social enterprises		49
2.6 Flockhart's value maximisation continuum		50
2.7 Alter's risk/benefit analysis		52
2.8 Alter's spectrum of practitioners		59
4.1 Research Strategy Outline		124
4.2 List of policy interviewees		129
4.3 List of social economy networks to be surveyed		136
4.4 List of case studies selected with description		144
7.1 Geographic distribution of identified social enterprises		201
7.2 Geographic spread of respondent social enterprises		202
8.1 Geographic locations of case studies within County Fingal		228
8.2 Outside photograph of the Mulhuddart Community Centre		236
8.3 Statue of Seamus Ennis outside Seamus Ennis Centre		237
8.4 Exterior photograph of the Blanchardstown Credit Union's offices		238
8.5 Key to case-study interviewees		241
8.6 Main target group for the case-study social enterprises		246
8.7 Respondent's opinions as to the future of the social economy in Ireland		264

Chapter One

Community-based social enterprises in Ireland: an overview

Introduction

The subjects of this investigation are community-based social enterprises. These are organisations which appear to be commercial businesses but whose underlying rationale is to achieve social objectives. In Ireland, it can be argued that these organisations are situated within the community and voluntary sector as their primary rationale is social – to address an identified need or service within a community, either for particular individuals, specific communities or the wider public. There are many ambiguities relating to social enterprises: there would appear to be no commonly accepted definition for these entities, there would not appear to be a single legal form that encapsulates them and, in the last number of years, they would seem to have fallen from the political agenda nationally. Yet, there exists a nationally-funded programme to support social enterprises and a number of other funding programmes aimed at specific sub sectors. Thus, it seemed timely to examine these entities.

The remainder of this chapter will introduce the basic concepts relating to social enterprises: how they can be identified, where they are positioned within broader economic and social structures and an outline of the variety of legal forms that they may take. The chapter will then discuss the role of welfare geography and the implications for social enterprises that ensue. The chapter will conclude by discussing the research questions to be examined and give an outline of the structure for this research. Many of the issues and concepts raised in this chapter will be discussed further in the following two chapters.

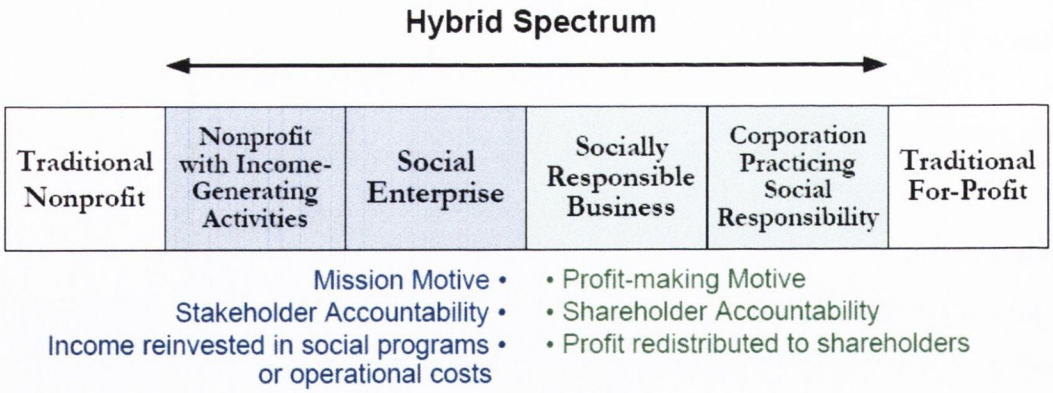
Social enterprises – the hybrid organisations

There exists no commonly-accepted definition of a social enterprise. Alter (2007), having discussed many of the alternative definitions, came to a synthesised definition:

> 'A social enterprise is any business venture created for a social purpose - mitigating/reducing a social problem or a market failure – and to generate social value while operating with the financial discipline, innovation and determination of a private sector business'
>
> Alter (2007, 11-12)

Alter (2007) identified that 'all hybrid organizations generate both social and economic value and are organized by degree of activity as it relates to motive, accountability, and use of income' (ibid, 14). However, there was a wide spectrum of organisational forms located between the economic and social realms and there were varying hybrid forms within this spectrum (see Figure 1.1).

Fig. 1.1 The hybrid spectrum



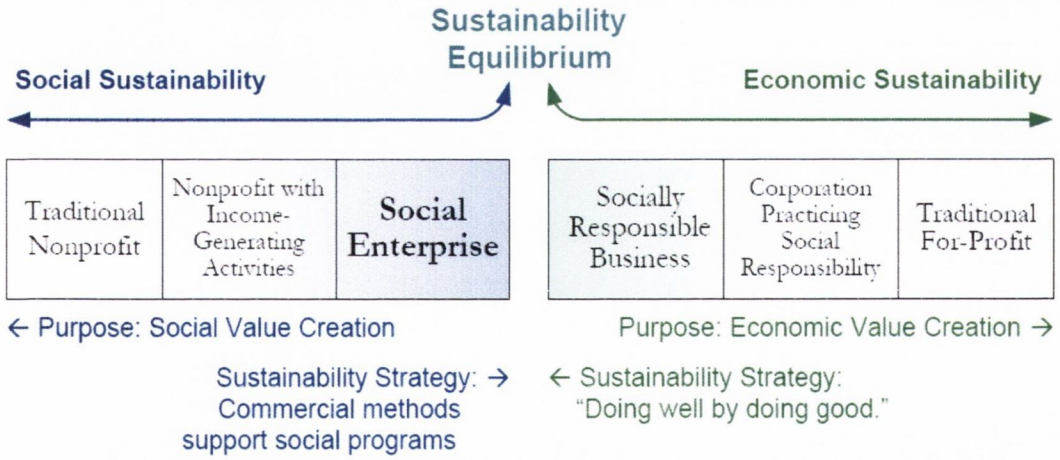
Source: Alter (2007, 14)

The hybrid spectrum runs from traditional nonprofit organisations, trading on grants and donations, to traditional for-profit organisations, trading to generate profit through maximising efficiency. For community and voluntary organisations there were three options: to operate as a traditional charity, to develop an earned-income strategy or to develop a trading social enterprise.

Earned-income strategies covered a range of activities from entering joint ventures with private businesses to exploiting mission-unrelated business opportunities. Social enterprises are the closest organisational form within the community and voluntary sector to the private sector.

The question then arose as to why a traditional charitable organisation would want to establish either an earned-income strategy or establish a social enterprise? According to Alter (2007), the most common answer related to sustainability (see Figure 1.2). In a period of extraordinary social and economic change promoted by increasing neoliberal political tendencies, governments have evaluated their role in relation to society, welfare systems and the effects of modernisation, community and voluntary organisation must seek more sustainable revenue-generation sources, not only to achieve financial stability but also to assist in achieving social mission.

Fig 1.2 – The Sustainability Equilibrium and dual-value creation



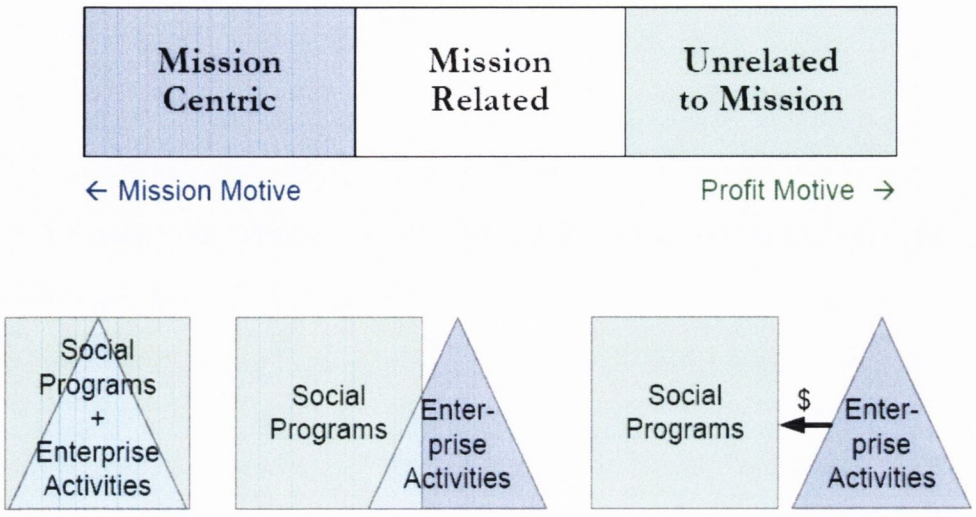
Source: Alter (2007, 15)

The advantage that a social enterprise would appear to possess was its ability to sustain itself through market-driven activities, thus being less susceptible to funding reductions by government on the one hand and to donor fatigue on the other, whilst also achieving its social mission.

There were different methodologies identified within social enterprises. Some social enterprises generated income in an unrelated activity and transferred

their profits to the original charitable organisation. An example of this might be charity shops which were established by charitable organisations to buy and sell second-hand goods and where the profit generated was used for the original charitable purpose. However, the charity shop was not directly related to the social mission of the originating charity. Some social enterprises can be mission-related. For example, many work-integration social enterprises (WISE) were established to assist unemployed persons, or persons challenged by a disability to integrate into the labour market. They may develop craft shops to sell the work designed by the participants/employees, or employ them in service-related businesses, all of which generated traded income. However, the primary goal of the enterprise was to train and develop the participant/employees and the trading facilitates this objective. The third option identified was a 'mission-centric' social enterprise. Here the aim was to address the identified social objective of the organisation, its social mission, through the trading activities of the social enterprise. An example would be a community IT training company that generated its income by up-skilling members of the local community in circumstances where there was an identified need to up-skill the local community to generate jobs or secure inward investment. Mission-centric social enterprises achieve their social mission through their trading activities (see Figure 1.3).

Fig 1.3 Classifications of social enterprises by mission and level of operational integration



Source: Alter (2007, 18)

The main characteristic of a 'mission-centric' social enterprise was that 'the enterprise was central to the organization's social mission. These social enterprises were created for the express purpose of advancing the mission using a self-financing model...Mission-centric social enterprises often take the form of embedded social enterprises' (Alter, 2007, 23). Many community-based social enterprises appeared to be 'mission-centric' in nature.

This raised one important issue, as a mission-centric social enterprise was defined by its function and operation, not by its legal form. Thus, a community-based social enterprise could take a number of legal forms in Ireland: a company limited-by-guarantee, a co-operative, a trust, a provident and industrial society, or even a company with share capital or an unincorporated association. It was the manner in which they operated and achieved their social mission that distinguished these entities. Co-operatives were another point in fact. Some co-operatives were established to achieve 'social purposes' and would be considered social enterprises, whereas many worker co-operatives were established as for-profit organisations with a democratic ownership structure and would be more readily considered as part of the private sector. Thus, community-based social enterprises cannot be

defined by their legal status as legal status differs from country to country and even within countries (Alter, 2007, 53).

Situating social enterprises in society and the economy

Social enterprises are microeconomic entities and are therefore situated somewhere in the economy, which in turn is situated somewhere in civil society. Whereas it may be relatively easy to identify and define a specific social enterprise, there is far less clarity when identifying its position in macroeconomic and societal terms. There exists what Salamon and Anheier (1997) described as a 'profusion' of terms to describe the sector in civil society which incorporates 'community' and 'voluntary' activities. Included were terms such as 'nonprofit sector', 'charitable sector', 'independent sector', 'voluntary sector', 'nongovernmental organisations (NGOs), 'économie sociale', 'third sector' and many more. The discussion was complicated by the range of activities and organisations included. There were many sub sectors within these broad categories. There was no common legal definition and many associations were informal and unincorporated in character (Salamon and Anheier, 1997, 14). Social enterprises formed only a small percentage of the overall number of organisations within the community and voluntary sector in society, less again within the overall number of public- and private-sector entities. To cite Salamon and Anheier (1997) again:

> 'Definition lies at the heart of all social analysis. Without a set of concepts to give some order to reality, there is no way to group perceptions and begin making sense of them'. Without such common definitions, 'the probability is high that different observers will perceive the same reality in far different ways, including or excluding aspects that others may view in a wholly different light'
>
> (Salamon and Anheier, 1997, 11).

Definitional ambiguity has been a recognised problem within the community and voluntary sector. Table 1.1 provides a comparative analysis of the main terminology applying to the community and voluntary sector at societal and macroeconomic levels and social enterprises at a microeconomic level, as well as outlining the potential legal forms that applied to the different geographic

areas/institutions examined: Ireland, The European Union, Continental European countries and the United States of America.

Table 1.1 – Comparison of transnational terminology applicable to the community and voluntary sector/social enterprises

	Ireland	EU	Continental Europe	USA
Civil Society	Community and Voluntary Sector	Third Sector	Economie sociale	Nonprofit Sector
Macroeconomic	Social Economy	Third System	n/a	Commercial nonprofit sector
Microeconomic	Social enterprise	Third-system organisation	Social enterprise	Commercial nonprofit venture
Potential legal forms	• Company limited-by-guarantee • Co-operative • Provident and Industrial Society • Unincorporated association • Trust	n/a	• Association • Mutual Aid Society • Co-operative • Trust	• Nonprofit (501 (c) (3)) company • Trust

In the context of this thesis, the Irish terminology will be used as far as practicable and where other terms are used they will be equated to the Irish usage. However, there are a number of definitional issues which needed clarification at this point, although they will be addressed in more detail in Chapter 2. There is a difference between the American and Continental European definition of the sector at a civil society level. The American definition was centred on the strict non-distribution of profit to individuals; 'the non-distribution constraint'. In Europe, where the co-operative tradition is much stronger, the non-distribution constraint is less strict and the character of the sector is defined more by reference to the structure of the relevant welfare state. Thus, the use of the term 'nonprofit' is usually indicative of the America approach. The Continental European definition of the sector at civil society level is based on the French 'l'économie sociale'. This causes confusion, as it has been generally translated into English as 'the

social economy'. However, the Anglo-American usage of the 'social economy' was different and related to, what was in effect, the sum of products generated by all social enterprises. Thus, the Anglo-American usage of the 'social economy' relates to the sectoral definition at the macroeconomic level. To prevent confusion, the term 'l'économie sociale' will be used when referring to the continental civil society usage and 'the social economy' will relate to the Anglo-American macroeconomic usage. It should be noted from Table 1.1 that the Irish usage of the social economy is similar to the Anglo-American and the term 'Community and Voluntary Sector' is equivalent to l'économic sociale'. Finally, the European Union introduced the term 'Third System' to equate to the macroeconomic level and this has caused further confusion. The third system therefore equates to the Irish usage of the social economy and the American 'commercial nonprofit sector'.

Therefore, in the Irish case:

The **'Community and Voluntary Sector'** is a term describing the entirety of the community, voluntary and nonprofit organisations operating in society. All third-sector organisations have as their primary objective the attainment of identified social needs. These can exist to meet social needs in a local community (community employment projects, community development projects, tenants associations or credit unions), at regional or national level (the Irish Farmers Association, ICMSA[1], or Foroige[2]) or even at international level (Goal[3], Concern[4] or the Red Cross). Community and voluntary organisations can be formal or informal (including local groups, associations or even anarchic or environmental groups) and use a wide range of resources including pure volunteerism, grant aid, fund-raising and donations, through to fund management, foundations and trading companies to achieve their appropriate objectives. They are characterised as being socially driven,

[1] The Irish Creamery Milk Suppliers Association (ICMSA) is a representative body for creamery milk suppliers.
[2] Foreoige is the Irish national youth movement
[3] GOAL is an Irish non-governmental organisation which developed projects in third world communities.
[4] Concern is an Irish non-governmental organisation which works in the third world and especially works in areas of drought and hunger.

empowering, pragmatic and with some degree of community or member ownership.

The **'Social Economy'** is the sub category of the Community and Voluntary Sector that operates in the formal economy. The social economy encompasses all trading social enterprises. This includes community businesses (community enterprise centres, community training companies), deficient-demand social enterprises (some community crèches, community care providers, most community centres), some public-sector contract social enterprises (including community estate management companies, Community Employment[5] projects, some environmental projects), credit unions, some co-operatives and any other 'trading' community organisation. Social enterprises are characterised by their 'commercial' rationale, by achieving their social mission through utilising an 'enterprise model' (similar to private enterprises), and were predominantly 'service delivery platforms' which deliver socially-necessary goods and services to the target group through a 'funding mix' of direct funding (income paid for goods and services) and indirect funding (grant aid, donations and volunteer labour). Social enterprises may also provide services to the mainstream economy as a method of increasing direct income, but their primary objectives are the attainment of their primary social goals.

Social enterprises provide a wide range of products and services. Examples are community enterprise centres which provide affordable enterprise space to start-up businesses, community centres which provide community development services and generate revenue from room rental, childcare facilities and coffee docks (Pobal, 2008). Community rural transport companies provide bus services to rural communities with little or no public transport services. Community Information Technology (IT) training companies provide affordable and certified IT skills to disadvantaged individuals. Other areas where social enterprises provide services are in tourism and heritage promotion, home improvements for local authority

[5] The Community Employment programme is an Irish intermediate labour-market programme.

tenants, community recycling companies and several theatre companies. In general, these social enterprises provide tangible goods and services from which they can derive a payment (either by the end user or a public- or private-sector body).

Social enterprises may take several forms, some of the possible legal/formal entities are as follows:

An **'association'** is a group of persons who band together for a specific purpose. Generally associations must have a written constitution, such as an "articles of association," and must have at least two initial members[6]. Associations must have voluntary membership, with equal voting rights and majority decision-making procedures. Funding is achieved through members' fees with no capital contribution. An association must be autonomous and independent and usually engaged in service provision within voluntary work, sports, healthcare, personal services, as well as advocacy and representative work.[7]

A **'mutual society'** or a 'local mutual aid association' is defined as an entity, including a society or association of any sort, formed to engage in the provision of insurance and other pay benefit services to its members.[8] In general a mutual society has voluntary and open membership with equal voting rights and majority decision-making procedures. Members' fees are based on actuarial calculations (where appropriate) with no capital contributions. They are autonomous and independent and mainly provided medical, life and non-life assurance; guarantee schemes; and home mortgages. [9]

---

[6] See http://www.irs.gov/charities
[7] See http://europa.eu.int/comm/enterprise/entrepreneurship/coop/introduction.htm
[8] See http://www.capitol.state.tx.us/statutes/in/in0088600.html
[9] See http://europa.eu.int/comm/enterprise/entrepreneurship/coop/introduction.htm

A **'co-operative'** is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise[10]. In general, a co-operative has voluntary membership with equal voting rights and majority decision-making procedures. Members contribute to the capital, which was variable. The co-operative is autonomous and independent. Traditionally, co-operatives have been important in the sectors of agriculture, manufacturing, banking, retailing and services [11]

A **'company limited by guarantee'** is an incorporated company in which membership is not tied to the ownership of shares and therefore does not create a property interest. Such a company can be structured to operate as a trust or a partnership while retaining the benefits of a corporate entity[12]. Many organisations decide to register as a limited-by-guarantee company because it:

- Provides limited liability for members (six euro in the case of a Company Limited by Guarantee in Ireland)
- Provides a legal framework within which to operate
- Gives credibility to the organisation

The limited-guarantee company is suitable for most voluntary-sector organisations because it is founded on democratic principles (one member one vote) and it has a very flexible structure [13]

A **'community business'** is a social enterprise which operates under a commercial business model and deliveres services either in a specific geographic area, to a specific target group or specific community of interest, but whose primary mission is the attainment of clearly defined social objectives. A community business is 'ultimately financed from trading income

[10] See http://www.ncba.coop/values.cfm
[11] See http://europa.eu.int/comm/enterprise/entrepreneurship/coop/introduction.htm
[12] See http://www.savory-co.com/services.htm
[13] See http://www.mpen.org.uk/briefing/briefing7.html

alone and would be expected to move into viability in the medium term' (FÁS, 2000b).

A **'deficient-demand social enterprise'** is a social enterprise that provides services to a target group or community of interest in a situation of market failure. Deficient-demand social enterprises operates 'where the demand for particular goods and services within a community was not matched by resources to pay for these, due to disadvantage or low density of population' (ibid, 2).

A **'public-sector contract social enterprise'** is a social enterprise that fulfil clearly defined social objectives through delivering services under a public tender or contract. These social enterprises are concerned 'with the potential for subcontracting public sector expenditure in disadvantaged areas and communities' (ibid, 2). Many work-integration social enterprises fit into this category.

An **'intermediate labour market'** (ILM) programme provides training, employment skills and work placements to disadvantaged individuals or those who were long-term unemployed. ILM participants are given supportive employment placements in community and voluntary organisations, resulting in a 'double bottom line' benefit, to the participant and to the community. Although some ILMs are state run, many are contracted out to community organisations.

A **'credit union'** is a co-operative financial institution, owned and controlled by the members who uses its services. Credit unions served groups that share a common bond, such as where they work, live or go to church together. Credit unions are also not-for-profit and existed to provide a safe, convenient place for members to save money and to get loans and other financial services at reasonable rates. In credit unions, the members are the owners. Benefits of ownership include better rates on deposits and loans and better

service. Regardless of their size or field of membership, credit unions are different to for-profit financial institutions. Credit unions exist to serve their members. Banks and other financial institutions exist to make money for their stockholders. [14]

A **'social bank'** is a financial institution operating within the social economy and providing finance to social organisations developing projects that were socially useful and produced a financial return over time. Many are established as trusts[15].

A **'charity'** is an organization that carried out charitable activity, defined as being 'endeavor, often altruistic, in pursuit of the public good, and in the public interest'. [16] Charitable status did not exist in Ireland *per se* (as in England and Wales) although this will be addressed in the forthcoming Charities Bill. However, a social enterprise can obtain a 'charity number' from the tax authorities (the Revenue Commissioners) entitling them to tax relief provided they come within the ambit of the law on charity.[17]

An **'industrial and provident society'** is a corporate form which is used by co-operatives and certain organisations which provide a benefit to the community, including many housing associations and clubs. Registration under the *Industrial and Provident Societies Act 1965* gives such organisations legal status and limited liability while allowing their governance structure to reflect a mutual ethos distinct from conventional corporate principles.

---

[14] See http://bstcu.com/About.htm
[15] For further information see the INAISE (International Association of Investors in the Social Economy) at http://www.inaise.org
[16] See http://www.ncoss.org.au/bookshelf/charities/submissions/charities_inquiy.pdf
[17] See http://www.efc.be/ftp/public/eu/CountryProfiles/Irelandprofile.pdf

Geography, Social Well-being and the Provision of Services

Concern with aspects of social well-being became established as an important research element of geographical enquiry from the early 1970s (Knox, 1972, 1974a, 1974b, 1974c; Smith, 1977), being closely associated with the discussions of social relevance in geography and the theme of social justice within the discipline (Harvey, 1973). This newly-emergent field of welfare geography developed under a broad critique and, while economic geography had traditionally concerned itself with factors pertinent to understanding the operation of the productive space economy, if the aim of society were the fulfilment of human needs, it was pertinent also to examine distributional factors which could present evidence of the degree to which social need was indeed being fulfilled successfully. The productive system therefore became viewed as a single element (the creation of potential inputs) or 'moment' in the supply of goods and services to meet human needs. Thus, it was argued, investigation was also required into considerations of distributional outcomes. Research therefore became engaged in addressing the evidence for spatial variations in living conditions at levels of resolution which ranged from international and regional scales down to the intra-urban and even to individual household levels (see Coates, Johnston and Knox, 1977; Knox, 1975; Knox and MacLaran, 1978; MacLaran, 1977, 1981; Smith, 1977, 1979, 1987).

Evolving from within these research concerns, notably at the intra-urban scale, there developed a concern for the manner in which the provision of services impacted differentially on personal well-being. It soon became evident that the operation of most private-sector urban services could readily be explained in terms of the economic wherewithal of consumers and the spatial distribution of market power (Cox, 1973). However, concern grew that for a range of public services, despite their theoretical attributes of non-exclusion and equality of availability, for those services which were necessarily implanted in physical space, some 'impurity' in levels of access to

them would necessarily arise. The question arose as to how such impurity impacted upon existing geographical distributions of well-being.

A wide range of public-sector operations therefore became subjected to research scrutiny, involving concern for the geography of 'collective consumption' and the question of territorial justice (Kirby and Pinch, 1983; Pinch, 1985), investigating the functioning of services such as the publicly-funded school system (Cox, 1973; Kirby, 1982), the provision of medical services and the location and variable quality of general practitioner services (Cox, 1973; Kirby, 1982; Knox and Pacione, 1980), and the allocation of personal support services such as health visiting, home helps, home nursing and meals-on-wheels (Pinch, 1979).

Some investigations also attempted to evaluate the degree to which levels in the provision of services correlated geographically with degrees of appraised need (see Pinch, 1979). In certain cases, it was found that the provision of public-sector services related either very weakly to levels of assessed need or that it was random. More disturbingly, in other cases it was discovered that service-level provision and the degree of need appeared to correlate in a negative manner, with public services operating in a regressive manner to reinforce existing inequality (Pinch, 1979).

The current research can be located within this broad tradition of welfare geography and its concern with the operation of services aimed at meeting social needs. However, unlike the aforementioned works, the current research addresses those operations which fall neither within the logic of market-related services nor within the range of services provided directly by the public sector. This thesis confines itself instead to one element of so-called 'third-sector' activities. It concerns itself specifically with the operations of a unique form of service delivery to disadvantaged communities, that of community-based social enterprises. Although they are not public-service organisations, social enterprises have acted to fill the gaps in public-service

provision in disadvantaged communities and have operated as intermediate service providers on behalf of public-sector bodies. While they have in recent years become an important tool in addressing social needs, they remain an under-researched subject, particularly in the Irish context. This thesis attempts to address this gap in our knowledge.

Research Questions

Social enterprises may use any of the above forms, as may many other community and voluntary organisations. What distinguishes a community-based[18] social enterprise is that it achieves its social mission through its trading activities. Therefore, for the purposes of this research, **a community-based social enterprise is defined as a community-based organisation with a traded income (although a mixture of trading and non-trading income sources may be used) and which is mission-centric in that it achieves its social mission through its trading activities.** Four specific research questions arose with regard to embedded social enterprises:

- What are social enterprises in the Irish case?
- What activities do they engage in and, in what areas do have a competitive advantage over traditional community and voluntary groups?
- Who established these social enterprises? and
- What were their motivations?

Other associated questions also arose:

- Was there a coherent national policy towards social enterprises and is it successful?
- How successful were the existing social enterprises in meeting their social mission?
- How successful were the existing social enterprises in achieving their financial objectives?

[18] Community-based social enterprises tended to service distinct geographic areas and thus the definition used here of community will correspond to locale unless otherwise stated.

- Was it possible to identify any important demographic or social-political changes in recent years that have effected the evolution of Irish social enterprises?

The overall hypothesis is that social enterprises in Ireland were strong. There may well have been far more support for individual social enterprises than for the concept of a social economy overall. The belief was that the existing social enterprises were driven, if not controlled by, the community and voluntary sector and that the public sector was playing only a supporting and facilitating role in the development of social enterprise.

Format of thesis

The following framework will be used in writing this thesis:

Chapter two will initially examine the phenomenon of social enterprise by exploring the community and voluntary sector, the pressures that the sector at a civil society level has faced since the 1970's and the internal changes that have occurred which resulted in increased commercialism and the development of social enterprises. The latter part of the chapter will explore theoretical explanations for the existence of social enterprises, paying particular attention to economic, sociological and institutional theory.

Chapter three will explore social enterprise in the Irish case. Beginning with an examination of the Irish community and voluntary sector, its characteristic and historical development, the chapter will explore the pressures within the sector in the past thirty years, especially relating to the development of social partnership. The chapter will continue by examining Irish social enterprises, their historical roots and their current position.

Chapter four will examine methodology. This will cover the selection of the appropriate methodology, the selection and framing of the primary field research, and the research methods used to collect, collate and analyse data.

Chapter five will explore the issue of the embeddedness of social enterprises in their societal circumstances by examining the results of a transnational survey of social enterprises across a network of European local authorities; the European Edge Cities Network. The purpose will be to provide a limited comparative analysis of social enterprises in Ireland with those in other European countries, with special interest in the degree of cultural, social and institutional embeddedness of the social economy in different areas.

Chapter six will examine the public policy context relating to social enterprises in the Irish case. It will examine the outcomes of a series of semi-structured interviews with policy and decision-makers in the Irish system.

Chapter seven will examine the results of a survey of social-economy networks within Ireland. The objective is to give a broad overview of the current situation and probe areas of interest arising from the theory and literature review in Chapters 2 and 3.

Chapter eight will examine the outcomes of six in-depth case studies of social enterprises in the Fingal area. It commences with an historical overview of the social economy in Fingal (north Dublin) and then examines the results of the in-depth case studies.

Chapter nine will conclude the thesis by testing the outcomes of the field research against the theoretical and literature reviews and the initial research questions. The chapter will conclude with the main findings of the thesis.

Chapter Two

A review of theory and literature relating to social enterprises

Introduction

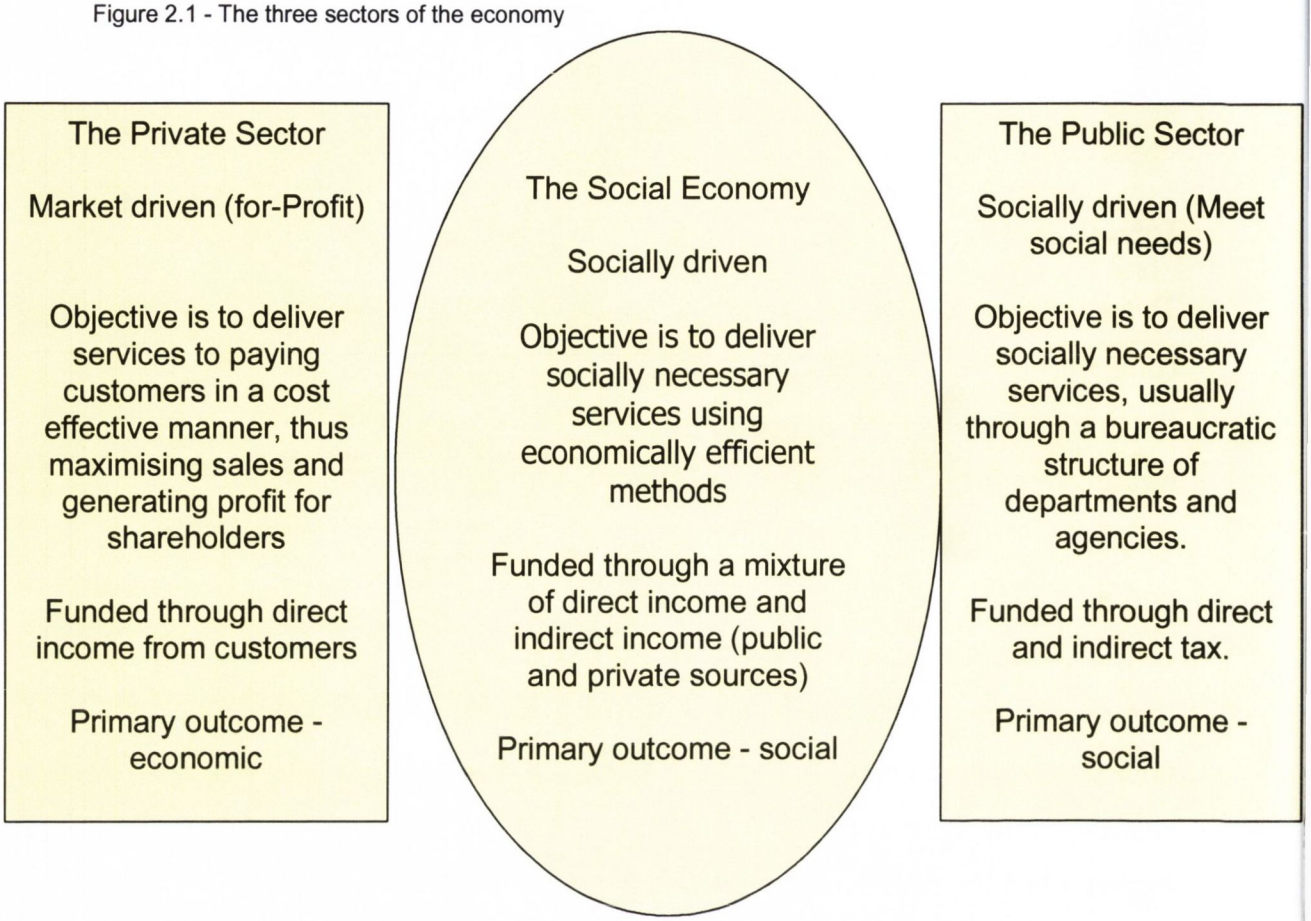
This chapter will address the general development of social enterprises, commencing with an examination of the community and voluntary sector and the internal and external pressures that encouraged practitioners to seek more commercial opportunities in order to achieve their social mission. The chapter will continue by examining the phenomenon of the social enterprise and addressing the general issues raised by scholars and practitioners. Two corollary issues will then be examined, the area of social entrepreneurship as this speaks to the rationale and motivation for the establishment of social enterprises and then social capital[1], which speaks to the social value being created. The latter part of the chapter will examine the main theoretical explanations for the development of social enterprises and this discussion will cover topics within economic theory, sociology and institutional theory.

An understanding of the community and voluntary sector

Many theorists have categorised society, or in some cases the economy, into three broad 'sectors': the public sector, the private sector, with the community and voluntary sector somewhere in between. (Douglas, 1987; Kearns, 2000; Pearce, 2003). In Table 1.1, the community and voluntary sector was shown to constitute the intermediate area between the public and private sectors at a societal level and the social economy constituted the intermediate area in the macro economy. Figure 2.1 outlines the differences between the three sectors at a macroeconomic level.

[1] Social capital is conceptualised as a form of capital in society which can be built and utilised through the engagement of citizens in community activities, networks and social interaction. The subject will be discussed later in the chapter.

Figure 2.1 - The three sectors of the economy



There is evidence that the community and voluntary sector has grown in recent decades and become an increasingly important economic and political force. According to the Organisation for Economic Co-operation and Development (OECD):

> 'The non-profit sector, often associated with concepts such as the "social economy", "third sector" and "third system", is a growing social and economic force all over the world and a key element in employment and social policies in most OECD countries'
>
> (OECD, 2003, 10)

Anheier and Ben-Ner (1997) concurred and noted that the nonprofit sector has become an 'economic force' in industrialised countries. The OECD (2003, 11) asserted that interest in the sector has grown in the past two decades mainly as a result of the crises in European welfare systems and as a strategy to counter social exclusion. In fact, if taken together as a single economy,

the community and voluntary sector would be the sixth largest economy in the world (Salamon, 2002).

However, the community and voluntary sector was far from a homogeneous entity. Citing Kendall and Knapp (1995), McBrearty's (2007, 67) agreed with the description of the community and voluntary sector as a 'loose and baggy monster'. There existed a broad division between how the sector is defined in the United States of America and in continental Europe (Evers and Laville, 2004, 11-14). To cite Seibel and Anheier (1990, 7), 'few countries use the American term *"nonprofit sector"* to describe the set of organizations located between the private, for-profit and the public sector. While the term *"nonprofit sector"* refers to a relatively well-defined organizational universe in the United States and perhaps in the United Kingdom, the term seems less precise when used to distinguish such sectors in most European countries'.

The American approach defined the sector by its 'non-profit distribution constraint' and defined the membership of the sector through their compliance with the US tax code (Weisbrod, 1998c; Defourney, 2001; Ben-Ner and Gui, 2003; Kerlin, 2006). The European definition of the sector was broader and included a wider range of organisational forms – including mutual bodies, co-operatives and associations – and defined the sector by reference to the intermediate role it played between the public and private spheres, thus the reference to a 'third sector' (Mertens, 1999; Defourney, 2001; Evers and Laville, 2004). However, Laville and Nyssens (2001, 312) noted that the 'third sector does not comprise non-profit organisations alone; it also includes all organisations in which the material interest of capital investors is subject to limits, and in which creating a common patrimony is given priority over a return on individual investment'. By their nature the American 'nonprofit sector' and continental European 'l'économie sociale' were both very general, all encompassing concepts covering a wide range of activity and organisational form. As a result, neither can 'reflect situations which only partly conform to their definition' (Defourney, 2001, 10).

However, Seibel and Anheier (1990, 7) argued that the two terms 'share many central features'.

If there was divergence of understanding at the level of civil society, then this has continued at the level of the macro economy. In the Irish case, the term social economy was used to refer to the economically active part of the community and voluntary sector. The concept of l'économie sociale originated in France and was well known within the Latin countries, although less known in the northern part of the European Union and the former Soviet bloc (Satre Ahlander, 2001, 416). The continental European definition was a broad definition which constituted l'economie sociale as part of civil society (Crossan, Bell and Ibbotson, 2003, 3-4; Delors, 2004, 206-215; Teague, 2007, 92). Delors (2004, 207) asserted that within the l'économie sociale 'the keyword is not autonomy but solidarity'. However, there was also a narrow definition which defined the social economy as a collective term for that part of the economy that was neither privately nor publicly owned' (Pearce, 2003, 28; Haugh, 2005, 1-12; Teague, 2007, 92-92). This confused picture was then added to by the European Union which introduced the term 'third system' to equate to the macroeconomic level definition of the social economy (see Figure 1.1). Lloyd (2004) outlined the development of the 'third system' concept and its adoption by the European Union. According to Lloyd, the third system was not a 'formally defined categorization' but 'an inclusive emblem' (ibid, 191). He contrasted the third system with the third sector. The third system was a 'process in motion or movement' (ibid, 192) whereas the third sector was a 'structural/political entity' with structured boundaries and a formal membership (ibid, 193). This definition of the third system, emphasising the 'system' rather than the 'sector', was supported by Sátre Ahlander (2001, 418). However, the term created more confusion that clarity and Lloyd believed that the term has 'had its day in the sun' because, 'sadly, like all hybrids, the third system has a degree of equivocal parentage that makes it hard to find strong voices ready to speak up for it and that makes it an easy focus for criticism from those with more strongly held opinions to the

left and right of it and who demand to know what *exactly* it is' (Lloyd, 2004, 192). It was therefore not surprising that Arthur, Scott Cato, Keenoy and Smith (2004, 19) asserted the 'need to devise some pragmatic, operational definitions'.

Unfortunately the ambiguity continued at the micro-societal level. There were two broad categorisations of community and voluntary organisations according to Moulaert and Nussbaumer (2005). 'Essentialist' definitions attempted to describe the characteristic of the entity; however, these definitions were 'context-alienated and therefore detached from real situations', effectively defining to the lowest common denominator (Moulaert & Nussbaumer, 2005, 2073). Alternatively there were 'holistic' definitions that had 'historical, contextual and institutional' considerations. However, holistic definitions are 'iterative' in nature and 'become lengthy and for positivist social scientists, a boring or non-scientific narrative' (Moulaert & Nussbaumer, 2005, 2073). In another work, Moulaert and Ailenei (2005, 2037) asserted that the definition of the social enterprises could 'only be fully grasped when understood within the institutional contexts and epochs from which they arose'. Social enterprises developed in different waves over time, usually in response to socio-political or economic crisis. Each historical wave had different underpinnings and 'defined their own philosophical and theoretical analysis of exclusion and solidarity, social development and redistribution that inspired...social economic practices' (Moulaert & Ailenei, 2005, 2038). Most definitions of community and voluntary organisations identified within the literature were essentialist in nature.

For example, the United Nations (2002) defined a community and voluntary organisation using a 'structural-operational' definition; as a body that was self-governing, not-for-profit and non-profit distributing, was institutionally separated from government and operated using non-compulsory methods (Anheier, 2005, 53-54). The European Union used a different approach, defining community and voluntary groups as 'private, autonomous

organisations that, *inter alia* pursue social and/or environmental objectives rather than maximising profits and return on capital investment, place limits on private, individual acquisition of profits and redistribution, work for a local community, or for groups of people of the civil society sharing common interests and tend to involve stakeholders, including workers, volunteers and users, in their management' (ECOTEC Research & Consulting, 2001, 6). Dobkin Hall (1987, 3) defined a nonprofit organisation as 'a body of individuals who associate for any of three purposes: (1) to perform public tasks that have been delegated to them by the state; (2) to perform public tasks for which there is a demand that neither the state nor for-profit organisations are willing to fulfil; or (3) to influence the direction of policy in the state, the for-profit sector, or other nonprofit organisations'. Laville and Nyssens (2001, 315) noted that the principle of 'service to the community' is what distinguished a community and voluntary organisation from a for-profit one.

The above discussion outlined the difficulties in reaching commonly accepted definitions and categorisations of the community and voluntary sector at every level: societal, macroeconomic and microeconomic/micro-societal. One major attempt to create an internationally-applicable categorisation of community and voluntary organisations was conducted under the auspices of the John Hopkins University Nonprofit Sector Project. Under this project a broad categorisation was developed called the International Classification of Nonprofit Organisations (ICNPO) (Salamon and Anheier, 1997, 67-90). However, the ICNPO was constructed within criteria of the American non-profit distribution constraint and was therefore less applicable to the European context as it excluded cooperatives and mutual aid societies (Evers and Laville, 2004, 12).

Another large distinction between the European and American community and voluntary sectors was the level of engagement between the sector and the public authorities in the delivery of public services through the welfare state.

Borzaga and Santuari (2003, 37-38) noted that the European community and voluntary sector was more directly involved with the state in the delivery of public services than the American sector. In America, there was a limited welfare provision whereas in Europe there was a far more developed and comprehensive welfare mix, or mixed welfare economy (Defourney, 2001, 2; Evers and Laville, 2004; 20, Lewis, 2004, 163). In Europe, much of the discussion on the community and voluntary sector in the past three decades had centred on the restructuring of the welfare state and the role of the sector within this restructuring, which had been identified as a 'central and recurring theme' (OECD, 2003, 15). So strong was the link between the community and voluntary sector and the welfare state in Europe that Borzaga and Santuari (2003, 37-38) categorised the European sector until the 1970's into three distinct sets of countries based upon the type of welfare system employed. The first set of countries was defined by having a 'well-developed, universal welfare state', which provided both public-sector provision of services and cash-payment of benefits (Sweden, Finland and Denmark were the examples cited). The second set of countries was defined as 'having a developed and universal welfare state'. In these cases there was cash-payment of benefits but 'limited commitment on the part of government to direct supply of social services'. Notably, Ireland was identified in this second category of countries. The third set of countries was defined as having 'a less developed welfare state, especially until the early 1980's'. Italy, Spain and Portugal being defined as part of this group.

Evers and Laville (2004, 36) discussed the intermediary role of the community and voluntary sector in the European economy, the sector being involved in the allocation of resources through production of quasi-public goods and services. According to Defourney (2001, 1), the community and voluntary sector 'has a redistributive role through the provision of a wide range of (free or virtually free) services to deprived people via the voluntary contributions (in money and through voluntary work) which many associations can mobilise'. The identification of the European community and voluntary sector

as a partner with European states in the delivery of public services via the welfare state marked a clear delineation between the European and American sectors.

Another area of bifurcation between the two definitions of the sector related to the 'non-distribution constraint', the requirement for the strict non-distribution of profits to the 'owners' of the business being central to the American definition of the sector. It is in the area of co-operatives that this distinction became most apparent in the transatlantic debate. The International Co-operative Alliance (2008) defined a co-operative as:

> 'An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise'
>
> (International Co-operative Alliance, 2008, May 16th)

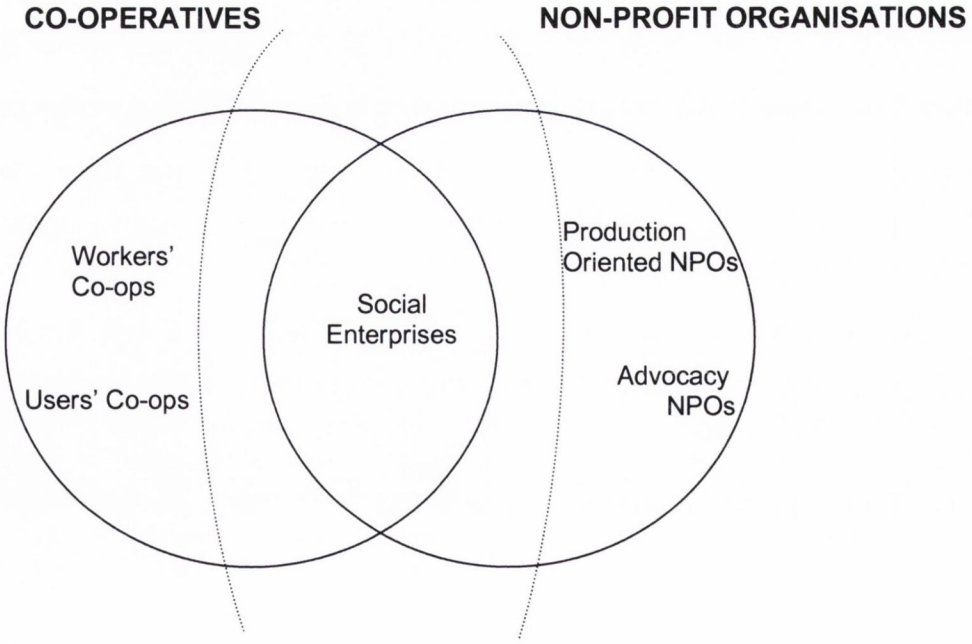
Co-operatives were therefore based upon principles of self-help, self-responsibility, democracy, equality, equity and solidarity (Alter, 2007, 3). Ward (2000, 7) outlined the distinctive characteristics of a co-operative, at least in 'philosophical terms' as: 'treating people as origins of action, not as objects to be manipulated or serviced; encouraging people to work together and help one another solve mutual problems; and designing useful structures, processes, products and services so as to meet people's needs rather than for profit-making purposes alone'.

Briscoe and Ward (2000, 9-13) have categorised the different variety of co-operatives as Consumer Co-ops (a credit union for example), Producer Co-ops (a dairy co-operative for example), a Worker Co-op (where the workers democratically own the business, these are common in Italy and Spain), Community Co-ops (Community Development Co-operatives in the Gaeltacht) and Multi-user Co-ops (a community childcare co-operative for example). A major issue relating to co-operatives was that they are not all part of the community and voluntary sector; some are for-profit organisations with a democratic structure. As discussed in Chapter 1, to constitute a social

enterprise there must be a social purpose. As Defourney (2002, 22) noted, community and voluntary organisations 'often combine different types of stakeholders in their membership and are more oriented than classical worker's co-ops to the benefit of the whole community'. Laville and Nyssens (2001, 314) have also distinguished between social enterprises and for-profit co-operatives. Social enterprise co-operatives 'incorporate a goal of service to the community' and this was the main distinguishing feature. Pearce (2003, 30) made the differentiation between worker co-operatives and social enterprises, specifically that 'not all worker co-ops would see themselves in the social economy, preferring to see themselves part of the first system'.

If not all co-operatives were community and voluntary organisations with a social mission, then how can this be conceptualise? Defourney (2001) identified social enterprises as within the intermediary area between co-operatives and the community and voluntary sector (see Figure 2.2).

Figure 2.2 – Defourney's social enterprises at the crossroads between co-operatives and the nonprofit sector



Adapted from Defourney (2001, p22)

As can be seen, many Workers' and Users' co-operatives were not social enterprise co-operatives. Thus, again, a social enterprise co-operative must be defined by its operational activities rather than by its legal form.

The community and voluntary sector can be described therefore as large and diverse, with distinct divisions on a geographic basis and rife with definitional ambiguity. However, it was an important feature of society in nearly all countries and within Europe, the sector played an important role in the delivery of public and charitable services to marginalised persons and disadvantaged communities within the ambit of the welfare state.

External pressures since the 1970's

The last three decades have fashioned significant external challenges to the community and voluntary sector. These challenges can be summarised as the effects of significant economic change, political reactions to these changes, the retrenchment of the state from direct public service provision and the effects of globalisation.

'A substantial transformation has been taking place in the world economic order' (Ben-Ner, 2002, 6) and this has resulted in rapid change in both the public and community and voluntary sectors (Kearns, 2000, 3). The economic growth levels of the post-war era began to reduce after the 1960's and from the early 1970's the economic and political debate changed to address new issues. Defourney (2001) outlined the new issues:

> 'The persistence of structural unemployment in many countries, the need to reduce state budget deficits and to keep them at a low level, the difficulties of traditional social policies and the need for more active integration policies have naturally raised the question of how far the third sector can help to meet these challenges and perhaps take over from public authorities in some areas'
>
> (Defourney, 2001, 1)

The European financial crisis of the early 1990's resulted in demands for structural changes and a reduction in the public sector, characterized by privatisation and liberalisation (Sátre Áhlander, 2001, 416; Kerlin, 2006, 252). Borzaga and Defourney (2001, 352) commented that 'there is a clear and generalised coincidence between the emergence of the first experiences of social enterprises, at the end of the 1970's, on the one hand, and the decline in the rates of economic growth and the rise in unemployment that occurred in the same decade, on the other'. The challenges were also faced in Ireland. By 1986, the Irish debt to GNP ratio had risen to 129% (Reeves and Palcic, 2004, p530). As a result, the state disengaged from sectors where there was no obvious political reason for continued state involvement (ibid 535). Reeves and Palcic (2004, 529) however noted that in the early 1980's Irish policy to State Owned Enterprises (SOE) emphasised 'commercialisation' rather than liberalisation and privatization as in other industrialised countries.

Some authors have noted that the restructuring of the welfare state was not a negative phenomenon. Lewis (2004, 179) concluded 'that welfare state restructuring in Europe over the past decade has been undertaken in order to promote social cohesion and to defend the European social model. The policy intent has been to bolster social solidarity'. She continued to assert that 'European states have not withdrawn from the field of social welfare, but rather they have adopted new patterns of regulation and service delivery' (ibid, 183) and continued by noting that these strategies were 'Third Way' in nature and the importance of community and voluntary sector organisations to these strategies.

Giddens (1998) characterises third way politics as the rebirth of social democracy. He outlined a centralist political philosophy that sets itself apart from the old European social democracy and the American neo-liberal agenda. Giddens outlined the values of third way politics as:

- 'Equality (defined later as Equality of Inclusion)
- Protection of the vulnerable
- Freedom as autonomy

- No rights without responsibilities
- No authority without democracy
- Cosmopolitan pluralism
- Philosophic conservatism'

(Giddens, 1998, 66)

Third Way politics could be seen from many viewpoints as either a redefinition of social democracy in post cold-war circumstances, the building of a consensus between social democracy and old style liberalism, a political reaction to neo-liberalism, or a political accommodation of globalisation and modernity (ibid, p64)[2]. Third-way politics was the predominant political philosophy in Europe in the late 1990's and early twenty-first century and the cornerstone of Democratic Party politics the United States.

Of import to the community and voluntary sector was the emphasis that Giddens placed on the renewal of civil society, which he advocated should involve:

- 'Government and civil society in partnership
- Community initiative through harnessing local initiative
- Involvement of the third sector
- Protection of the local public sphere
- Community-based crime prevention
- The democratic family'

(Giddens, 1998, 79)

In Europe, the European Parliament (with many third-way politicians *in situ*) advocated for a pilot programme for the social economy – the macroeconomic element of the community and voluntary sector. The attraction to third-way politicians was the ability of local communities to address local social issues through taking responsibility for the resolution of such issues and in a fashion that was commercial and potentially self funding; reducing the pressure on the public sector and giving better value for money than direct public-sector delivery of services. To quote Giddens:

[2] For a discussion on the different views and critics of Third Way politics see Giddens, A (2000), 'The Third Way and its critics', (Polity Press, Cambridge, UK), especially Chapters One and Two.

> 'Since the renewal of civic culture is a basic ambition of third way politics, the active involvement of government in the social economy makes sense...If society can upgrade and reward such commitment and put it on a level with gainful employment, it can create both individual identity and social cohesion.'
>
> (Giddens, 1998, 127)

Giddens advocated a new mixed economy where public-private partnerships become a normal mechanism for economic activity:

> 'Third way politics, it could be suggested, advocates a new mixed economy...[that] looks instead for a synergy between public and private sectors, utilizing the dynamism of markets but with the public interest in mind. It involved a balance between regulation and deregulation...and a balance between the economic and the non-economic in the life of the society.'
>
> (Giddens, 1998, 99-100)

The community and voluntary sector would play an important part of this new mixed economy. Third-way concepts such as 'partnership' and 'civic engagement' have become central to political debate. Sátre Ahlander (2001, 414) noted that partnership was increasingly used by policy makers across the European Union to involve users and stakeholders in policy formulation. Lewis (2004, 183) commented on the importance in Europe of state/community and voluntary sector partnership and noted that 'it is a far cry from the business philanthropy of the USA'.

There was a dichotomy between the environments experienced by the community and voluntary sector on both sides of the Atlantic. 'On one side there was the European model of neo-corporatism with its social partnership between the government, firms and workers who negotiate for the social good. From a neo-liberal perspective, this model suffered from being rigid and unresponsive to the market. On the other side there was the neo-liberal model with flexible unfettered organizations better able to adapt to market conditions. From a European point of view, this model was viewed as shorttermist and prioritizing individual over societal benefit' (Boucher and

Collins, 2003, 296). It must be remembered that the core of the American nonprofit sector consisted of 'general interest groups' providing services to the general public, whereas, the core of the European third sector was made up of 'mutual interest organisations or cooperatives' (Mertens, 1999, 515-516)

The nonprofit sector in the United States had also undergone change during the last thirty years. The connection between the welfare state and the American 'nonprofit sector' was never its defining characteristic, partly due to the less structured welfare state provision there but primarily due to the 'free market' ethos in American culture. According to Young (2003, 63), the American nonprofits 'have come to understand that they are embedded in a vigorous free market economy and must learn to survive and prosper in that environment. They also understand that in some ways they have become the new embodiment of social aspirations in an era that stresses non-governmental approaches to social problem-solving'. Thus market-oriented approaches were more central to the American culture and commercialisation within the community and voluntary sector seen as legitimate. According to Young (2003, 67), 'no longer conceived as a primarily revenue generation strategy, these commercial ventures suggest that market engagement may often be the most effective way to address a non-profit organisation's mission'.

Figure 2.3 - Comparison of community and voluntary sector in United States and Europe

	United States	Europe
Emphasis	Revenue Generation	Social Benefit
Common Organizational Type	Nonprofit (501(c)(3))	Association/Cooperative
Focus	All Nonprofit Activities	Human Services
Types of Social Enterprise	Many	Few
Recipient Involvement	Limited	Common
Strategic Development	Foundations	Government/EU
University Research	Business and Social Science	Social Science
Context	Market Economy	Social Economy
Legal Framework	Lacking	Underdeveloped but Improving

(Kerlin, 2006, 259)

Figure 2.3 outlines the main differences between the community and voluntary in Europe and United States. One interesting point is that the range of activities engaged in were wider in the United States as compared to Europe, as in Europe the sector 'tended to address those particular areas the welfare state had retreated from or had not been able to meet demand for' (Kerlin, 2006, 253).

Globalisation is a complex and elusive phenomenon. Pearce (2003, 140) outlined the following as the generally accepted characteristics of globalisation: liberalisation of markets, free trade as policed by the World Trade Organisation (WTO) and structural adjustments determined and enforced by global institutions, e.g., the World Bank and the International Monetary Fund (IMF). Brenner (2004) emphasised the complexity of the subject:

> 'Contemporary research on globalization encompasses an immensely broad range of themes, from the new international division of labour, transnational corporations, technological change, forms of industrial organisation, the financialization of capital, the consolidation of neoliberalism and urban-regional restructuring to transformations of state power, civil society, citizenship, democracy, public spheres, war, nationalism, politico-cultural identities, ideologies, consumption patterns, environmental problems, localities and architectural forms. Yet, despite this proliferation of research on the topic little academic consensus had been established regarding the interpretation of even the most rudimentary elements of the globalization process - its appropriate conceptualisation, its historical periodization, its underlying causal determinants, or its socio-political implications'
>
> (Brenner, 2004, 27-28)

Giddens (1998, 26) noted that at the beginning of the 1990's there were very few references to globalisation in academic papers, seminars or political speeches but by the end of the 1990's no seminar, political speech or debate was complete without its discussion. Albeit a relatively new and complex phenomenon, globalisation had generated real effects that impinge onto the community and voluntary sector.

According to Brenner (2004, 62), globalisation was having an effect on the traditional nation state, notably a dual process of diffusion of political power both to supranational institutions (for example the European Union, the World Trade Organisation and the World Bank) and similtaneously to local and regional agencies (local authorities, public-private partnerships and quangos). This diffusion of power was having identifiable results. The nation state's traditional power was being diluted, a phenomenon referred to as 'hollowed out state' (Jessop, 1994). Swyngedouw, Moulaert and Rodriguez (2003) referred to the diffusion of national power to both supranational and sub-national structures as the 'Glocal' (global-local) effect. Jessop (1995, 313) observed that an important result of these glocal transformations was the move from 'government to governance'. At city and regional levels political institutions have recognised that they must bring together the interests of other key stakeholders, especially business interests, to facilitate the management of the local economy. The outcome is a coalition of political, business and community interests into local development partnerships, or urban regimes. The infusion of business interests into governance has resulted in the adoption by political institutions of more business-centric policies and practices, more commonly referred to as 'entrepreneurial governance'. The phenomena of public-private partnerships in the development of public infrastructure and services, once the sole domain of the public sector and the development of partnership models, especially throughout Europe, where governments include partners from the private sector, unions and other groups in the policy-making processes, are examples of this. The effect is that governments wish to appear facilitators and negotiators rather than being the party responsible for establishing national policy.

Bartley and Treadwell Shine (2003) opined that the entrepreneurial governance phenomenon had affected Ireland:

> 'In the mid-1980's, for example, the Irish government adopted a new business-friendly, macro-economic strategy and associated promotional policies to achieve urban renaissance in Dublin...However, the 'success strategy' deployed in Ireland is a hybrid approach to policy and practice based on a mix of American economics and EU principles of social democracy...In particular, the principle of alleviating 'social exclusion' has been adopted from Europe as a means of ameliorating the social polarization trends that have accompanied the boom in Ireland'
>
> (Bartley and Treadwell Shine, 2003, 145-146)

They also pointed to the recent use of tripartite (private-public-community) partnerships in the development of community-based infrastructure. They noted that Ireland is using an 'adaptive entrepreneurial approach and that 'this 'adaptive' entrepreneurial approach seems to avoid the worse excesses of American-style boosterism...by addressing aspects of social polarization and poverty while at the same time promoting entrepreneurial practice' (ibid, 163). In Ireland, the main manifestation of entrepreneurial governance appeared to be the 'social partnership approach'. There appeared to be a correlation between the implementation of full social partnership process[3] and the period of economic growth, commonly referred to as the Celtic Tiger[4].

It was interesting that Ireland tended to find itself caught between the European and American philosophies and 'adapted' these philosophies to suit local needs. Boucher and Collins (2003, 298) noted these competing pressures and commented that the 'metaphor of Boston versus Berlin expresses in political shorthand the two competing visions that the elite community foresees for Ireland's long-term socioeconomic future'. They argued that Irish government policy was attempting to 'have its cake and eat it' by following policies that were at the same time neo-corporatist and neo-liberal. Specifically, they argued that 'economically Ireland is being pushed towards Boston, at the same time as it is socially being pushed towards Berlin' (ibid, 314).

---

[3] Full social partnership occurred in 1997 when the social partners were extended to include the community and voluntary pillar and the agricultural sector

[4] Irish social partnership will be discussed in greater detail in the next chapter.

Thus, there was evidence that both in Europe and the United States over the past thirty years the community and voluntary sector had been in a state of change. The growth of entrepreneurial governance had seen the state retrench from direct service provision and rely more heavily on the private and community and voluntary sectors to deliver necessary community-based services.

Internal reactions to external socio-political changes

The above identified external pressures resulted in the community and voluntary sector re-evaluating their role in society and in particular, becoming more commercialised to address the structural funding changes prompted by the state's retrenchment from traditional public service provision. This was quite a change of focus. Boschee and McClurg (2003, 1) asserted that 'twenty years ago the idea of nonprofits acting in an entrepreneurial manner was anathema to most people in the sector. The idea of merging mission and money filled them with distaste'. The OECD (2003) noted that since the crises in the welfare state in the 1970's and 1980's, the community and voluntary sector in Europe had developed and changed. There was evidence that in the countries with the longest traditions of nonprofit activity that the sector was becoming 'more entrepreneurial, less dependent on public funding and therefore experimenting innovative ways of raising funds' (OECD, 2003, p12). Borzaga and Santuari (2003, 39-42) noted that the new European community and voluntary organisations were not only more entrepreneurial and innovative but were less interested in advocacy and more interested in service provision. New community organisations appeared to be more interested in employment creation and the use of employment mechanisms to support their communities of interest and were more locally-based, emphasising the engagement of 'stakeholders' in the management structures. They also noted that these new organisations could be categorised under two broad headings – work integration and social or community care services. There was evidence that these new community organisations were 'enlarging

their activities to other services, such as environmental and cultural services, less linked to social policies and more generally of interest to their local communities' (Borzaga and Santuari, 2003, 44).

Many scholars have identified commercialisation as the main cultural change in the community and voluntary sector in response to these environmental changes. Weisbrod (1998a, 1) noted that the results of commercialisation were not 'abstract' but are having revolutionary effects on the traditional community and voluntary sector and its relationship with the private sector (Weisbrod, 1998b, 287-288). Frumkin (2002, 145) asserted that earned income for community and voluntary organisations have 'exploded'. It should however be noted at this stage that commercial activity by voluntary organisations was not new. The Metropolitan Museum of Modern Art opened a sales shop as early as 1908 (Wesibrod, 1998c, 109). Also it must be remembered that the community and voluntary sector was not independent of the rest of the economy. Community and voluntary organisations competed with and collaborated with private and public organisations in order to finance themselves, find workers, managers and other resources (Weisbrod, 1998a, p4). However, community and voluntary organisations have now begun to engage in practices from the private sector including price discrimination and target marketing (Weisbrod, 1998a, 10). It should also be borne in mind that there was competition between nonprofits in markets that they solely occupied and this competition was at times 'intense' (Tuckman, 1998, 26).

Commercialisation was a broad term and included many different strategies. Many scholars have preferred to discuss 'earned income strategies' as this was more specific and relevant to the activities conducted (Weisbrod, 1998a; Battle-Anderson, Dees and Emerson, 2002; Frumkin, 2002; Dart, 2004; Anheier, 2005). Dart (2004, 414) argued that 'in practice, activities referred to as social enterprise or social entrepreneurship most often include revenue-source diversification, fee-for-service program development, private sector partnerships, and social-purpose businesses (that is, mission-focused

practices involving business practice, business revenues, or both)'. James (1998, 273) discussed cross-subsidisation strategies from unrelated income generation and the concerns that may arise for donors and public-funding agencies as a result. Overall, the literature defined two main options for a community and voluntary organisation considering commercialisation: an earned-income strategy or the establishment of a separate commercial venture (a social enterprise).

The first option was to adopt an earned-income strategy. Battle-Anderson, Dees and Emerson (2002, 194) discussed the options open to a nonprofit organisation considering commercialisation. The three options cited were getting paid for what you do already, launch a new business venture or generate revenue by building on existing relationships with stakeholders, whilst Tuckman (1998, 36-37) identified four key conditions for the successful commercialisation of a nonprofit organisation: there must be a need for additional revenue and a belief that sales will meet this demand, the Board of Directors must believe that the commercial activities will not detract from the core mission of the organisation, the organisation must have viable commercial products to sell and, consumers must be willing to purchase the commercial offering. Alter (2007) summarised the different sources of income available to community and voluntary groups (Figure 2.4)

Figure 2.4 – Alter's financial spectrum of social enterprise

Organizational Structure	Traditional Nonprofit	Traditional Nonprofit / Social Enterprise	Social Enterprise	Social Enterprise	Social Enterprise
Financial Spectrum	Full Philanthropic Support	Partial Self-Sufficiency	Cash Flow Self-Sufficiency	Operating Self-Sufficiency	Financial Self-Sufficiency
Level of income	No earned income. Relies on subsidies for financial support to sustain operations.	Earned income covers a portion of operating expenses or recovers some program costs.	Earned income covers operating expenses of enterprise at lower than market rates.	Earned income covers all operating expenses without full market-based costs (capital & investments).	Earned income covers all operating and investment expenses at market rate.
Subsidy	100% subsidy.	Enterprise and/or parent organization mostly subsidized.	Bridges deficit between earned income and expenses, capital investment and growth subsidy.	Cost of capital, partial subsidies for loans, and capital expenditures.	No subsidies.
Viability through earned income	Not viable. Requires continued external financing (grants). Cost recovery is often seen as a side benefit rather than an expectation of the program.	Not viable. Organization is dependent on grants and donations for survival; may self-fund isolated services or activities.	Approaching viability. Covers direct costs; cost structure and growth subsidized; revenue covers daily operations until breakeven.	Viability expected. Operational breakeven; no surplus revenue, subsidies diminish; revenues cover all operating costs.	Viable to profitable. Revenues cover all operating and financial costs; retained earnings finance growth. Nonprofit may change its legal status to that of a for-profit entity.
Type of subsidies	• Philanthropic donations • Grants • In-kind support • Volunteer labor	• Philanthropic donations • Grants • In-kind support • Volunteer labor • Parent organization support	• Grants to fund deficit • Discounts and tax advantages • Volunteer or below market labor (interns) • Below market interest rates • Parent organization support • Preferential contracts	• Discounts and tax advantages • Below market interest rates • Parent organization support • Bridge/gap funds, grants for specific cost costs • Preferential contracts	• Tax benefits allowable by law if organization maintains nonprofit status • Preferential contracts

Source: Alter, 2007, p72

As can be seen from Figure 2.4, even if a community and voluntary organisation decided to adopt an earned-income strategy, there was a wide range of options available to it. In fact it was the spectrum of funding options open that was important. There was no 'one-size fits all' solution. Community and voluntary organisations could operate an earned-income strategy ranging from pure philanthropic support with no traded income to a fully viable, self-sustaining social enterprise on the other extreme. An organisation could pick a funding mix that suited their needs, their philosophical beliefs and could change this funding mix over time as their circumstances changed.

With regard to establishing a separate trading venture – a social enterprise – which was the focus of this research, Battle-Anderson, Dees and Emerson (2003, 200-205) outlined the options open to a community group. The options were to establish a competency-based venture (getting paid for what one does already), an asset-based venture (for example renting out existing premises), a relationship-based venture (a business to meet the needs of sponsors, stakeholders or funding agencies), a mission-based venture (an embedded social enterprise) or an unrelated business venture (raising revenue from an unrelated activity and using the profits to fund the nonprofit activity).

There are challenges to adopting an earned-income strategy. Battle-Anderson, Dees and Emerson (2002, 207) outlined mission drift, internal cultural conflict, confusing 'need' and 'demand', relying too much a 'feel good marketing', not having a tax strategy and not doing a comprehensive risk assessment on the venture, as real concerns for community and voluntary organisations. Boschee and McClurg (2003, 4) asserted that there was a difference between 'innovation' and 'entrepreneurship'. They made a clear distinction between earned-income strategies and social enterprises, which generated their income from trading income and were completely self sustainable. However, the main concern was whether community and voluntary organisations which had become more commercial were continuing to pursue their social mission or have become 'for-profits in disguise' (Weisbrod, 1998a, 11).

There was evidence that community and voluntary organisations acted differently to for-profit organisations when they coexisted in the same market (Weisbrod, 1998a, 11; Steinberg and Weisbrod, 1998, 81). Community and voluntary organisations did appear to discriminate in favour of target communities and marginalised individuals instead of being purely profit driven. According to Rose-Ackerman (1990, 163), 'paradoxically, the current concern in the United States that commercial activity may deflect nonprofits

from their charitable goals seem misplaced. Increasingly the share of commercial activity in a nonprofit's revenue base may actually increase the ability of the managers to carry out their goals'. James (1998, 281) noted that increased commercialisation allowed community and voluntary organisations to 'pursue their altruistic mission better', as it reduced the pressure on public and private donors to contribute. Discussing community and voluntary organisational management, Kearns (2000, 27) suggested that 'although much can be learned from our colleagues in the business world, it is wise to take their philosophy with a grain of salt. Public and nonprofit organisations are not businesses and your leadership role is different'. Kramer (2004, 231) concluded there existed little empirical evidence to demonstrate in industries where nonprofit and for-profit organisations coexisted, that ownership played a determining factor in organisational performance. Rather, variables such as 'size, age, competition, supply and demand, and service technology' were more reliable explanations.. Thus, there appeared to have been little evidence of significant mission drift in community and voluntary organisations adopting more commercial strategies. Even donors and volunteers seemed relatively unconcerned. Herman and Rendina (2001, 166-167) concluded as a result of their case-study survey that the most donors and volunteers 'have little interest in the sources of nonprofit organisations' funds; most donors are seemingly indifferent about the use of commercial activities'. They also noted that the small percentage of donors who do pay attention to commercial activities tended to support activities that were consistent with or advanced the organisations mission and relatively disapproved of mission-unrelated commercial activities (ibid, 167).

Thus it appeared that in the eyes of key stakeholders mission-centric activities were favourably looked upon and mission-unrelated activities were deemed favourable if they generated more revenue than expense. It must be remembered that an earned income strategy was first and foremost an exercise in improving mission performance, not a financial strategy and was a

mechanism that did not suit everybody (Battle-Anderson, Dees and Emerson, 2002, 232).

Shifting boundaries

As discussed at the beginning of this chapter, traditionally many scholars discussed a three-sector society/economy: with a public, private and community and voluntary sphere. However, commercialisation has had an effect. 'In global terms, the last two decades have witnessed an enormous rolling back of direct state intervention in economic activity. Reforms such as privatization, de-regulation and the contracting out of public services have altered the boundaries between the public and private sectors around the world' (Reeves and Palcic, 2004, 526).

Several other scholars have discussed the blurring of sector boundaries. Seibel and Anheier (1990, 9) validly identified that the boundaries between 'public', 'private' and 'nonprofit' are 'far from constant and have become increasingly blurred'. Others have argued that the three-sector economy was no longer sufficient to explain the social economy. Paton (1991, 5) argued for a six-sector model with a corporate sector, a small business sector, the hidden economic sector, the public sector, the social economy and the natural economy. Douglas (1987, 53) asserted that although he referred to three distinct sectors that 'these are artificial and academic distinctions imposed on what is, in reality, the seamless web of the institutional fabric of society'. Anheier and Ben-Ner (1997, 335) also noted that the relative weights between the for-profit, government, nonprofit, cooperative and household sectors have shifted during the twentieth century although these shifts have not been uniform over time. Kearns (2000,3) further noted that 'from a management perspective, the boundaries between sectors – public, private and nonprofit – have blurred almost to the point of irrelevance'.

Anheier and Ben-Ner (1997, 344-349) discussed several factors that may have caused these sectoral shifts, including the growth in size and complexity of organisational forms, the institutional effects of war and depression, the

prolonged period of prosperity and development in industrialised countries (especially in the second half of the twentieth century), the rapidity of technological changes and demographic changes. They concluded that taken together and placed in the legal, political and cultural context of particular countries, they emerge as 'useful tools to help us understand sectoral shifts over time'. As further changes are 'undoubtedly in store', they suggested that further boundary shifts will occur in the twenty-first century (ibid, 353).

The concept of a 'sector' was itself disputed (Jones and Keogh, 2006). With reference to the European economy Evers and Laville (2004, 14-20) suggested the existence of a tripolar economy containing a market economy, a non-monetary economy based upon reciprocity and a redistributive non-market economy. They suggested that each division of the economy was based upon a predominant principle (the market principle, redistribution and reciprocity). Kramer (2004, 229) argued that in a mixed economy, non-governmental or community-based organisations do not constitute a 'sector' but rather an 'intermediary area' and a dimension of the 'public space in civil societies'. Paton (1992, 6) concurred suggesting that the concpet of 'dimensions' might address the 'fuzziness'.

Several scholars identified that the concept of 'sectors' was a political/institutional construct. Kramer (2004, 220) asserted that the idea of a sector will serve a 'symbolic' function in political language but in a mixed economy the concept was 'artificial' not an 'institutional reality'. Abzug (1999) commented:

> 'That most economies do not divide up easily into coherent, well-theorized sectors has not yet been fully seen as a deterrent to nation-state attempts to administer such sectors. Rather, concepts of sectors have been legitimated from one country to another, and planning and policy adoption have taken these legitimated forms as given. Researchers' attempts to understand where sectors come from thus may be used by political actors to modify preconditions and shape future economic structures'
>
> (Abzug, 1999, 132).

Anheier and Seibel (1990, 381) agreed that 'divisions into sectors are the result of institutional differentiation and legal codification'.

At an institutional level Bull and Crompton (2006, 44) noted that the line dividing commercial and social enterprises was blurring as a result of the reduction in public funding. The implication being that the social economy did not constitute a distinct sector (Seanor and Meaton, 2007, 91). Mair and Noboa (2003, 11) proposed a different perspective. They claimed that the emergence of hybrid organisations 'does not alter the existing boundaries' at a macro level between public, private and community and voluntary sector. However, at a 'micro – organisational – level' it is changes in behaviour (entrepreneurship and commercialisation) that was leading to the creation of the hybrid social enterprise whilst it 'leaves sector boundaries largely untouched'.

A number of scholars suggested that there was a spectrum of social economy organisations (Dees, Emerson and Economy, 2001; Crossan, Bell and Ibbotson, 2003, 7-8; Jones and Keogh, 2006; Alter, 2007). Alter (2007, 3-9) outlined the range of organisations within the social spectrum as co-operatives, fair trade organisations, community development corporations, social firms or affirmative businesses, microenterprises, civil society organisations and venture philanthropists, while Sjostrand (2000, 199) preferred to discuss a *repertoire* of organisational forms that exist in capitalist market society. Anheier and Ben-Ner (1997, 338) suggested five broad types of organisation within developed economies: for-profit firms, government-owned firms and agencies, nonprofit organisations and consumer cooperatives, producer cooperatives and employee-owned firms, and households.

Thus, in summary, the community and voluntary sector has faced a significant change in its socio-political environment over the past thirty years. As a result, the sector had moved to embrace more commercial activities either to supplement income or deliver services through self-funding social enterprises.

This raised a debate regarding the distinction between the traditional private, public and community and voluntary sectors. Whereas the outcome of that debate remains undecided, there was a definite shift in emphasis at a micro level from 'sectors' towards the concept of a 'spectrum of organisations', where community and voluntary organisations had a range of organisational forms between formal public and private institutions to address the variety of commercial options available to them. The next element of this discussion will focus on the main subject of interest to this research, the social enterprise.

Social enterprises

The term 'social enterprise' was a contested one (Dart, 2004, 413; McBrearty, 2007, 67; Seanor and Meaton, 2007, 91). Within the scope of social enterprises there were several sub headings: community businesses or enterprises, demand-deficient social enterprises and even some co-operatives. One distinction that has been made is between community businesses and social enterprises: community businesses being defined as serving a community at a neighbourhood level and a social enterprise as having no geo-specific base (Pearce, 2003, 28).

There were many attempts to define a social enterprise. In Scotland, CENTRAC (1991) used the term 'community enterprise' to label the type of organisation under examination. It defined a community enterprise as having three characteristics: it was a trading enterprise, its primary purpose was to create benefits for the community which it serves, and it was accountable to that community. It continued that the 'principal activity is selling goods or services to a market' although 'many...receive some or all of their income from public bodies, such as a local authority; however, the basis of their relationship with such a public body is a relationship of supplier and customer' (ibid, 10-11). Social Enterprise London (2001, 1) used a similar line of definition; 'social enterprises have three common characteristics, enterprise orientation, social aims and social ownership'. In Ireland, FÁS (2000, 2)

defined social enterprises as community-based trading organisations within three categories: community businesses (capable of self sufficiency in the medium-term), deficient-demand social enterprises (in need of long-term support but providing essential services on the ground) and social enterprises based on public-sector contracts.

These were essentialist definitions and were utilised by organisations and academics to assist in the categorisation of social enterprises, as well as, to categorise which organisations were to be excluded. Thus, the definition used was dependent on the outlook and then need of the author or organisation and, as Anheier (2005, 53) opined, 'definitions do not exist in the abstract. They serve purposes and objectives. Because social scientists, practitioners, and policymakers have different purposes when defining nonprofit organisations...the complex terminology in the field should not surprise us'. If a common definition was unavailable, then what common characteristics of a social enterprise could be identified?

'Social enterprise differs from the traditional understanding of the nonprofit organization in terms of strategy, structure, norms, and values and represents a radical innovation in the nonprofit sector' (Dart, 2004, 411). Haugh (2005, 2) elaborated on these differences and notes that what differentiates social enterprises from other non-profit organisations 'is their entrepreneurial approach to strategy, their innovation in pursuit of social goals and their engagement in trading'. Defourney (2001, 16-18) outlined the definition used by the EMES European Research Network, which identified a social enterprise as an organisation that meets the following four economic criteria; the production/selling activity is continuous, the organisation is autonomous to a high degree, there is a significant level of economic risk-taking involved and, there must be a degree of paid work/labour involved. EMES further set five social criteria to be met; that there was an explicit aim to benefit the community, that the enterprise must have been launched by a group of citizens, that decision making was not related to capital ownership, limited

profit distribution and, significantly, participation of representatives of clients/target group in the running and management of the business (ibid, 16-18). Pearce (2003, 31-32) defined six characteristics of a social enterprise: they have a social purpose(s) and they achieve these through engaging in trading in the marketplace, they do not distribute profits to individuals and they hold wealth and assets in trust for the benefit of the community, they democratically involve members of their constituency of interest in the management of the organisation and they are independent organisations being accountable to a defined constituency of interest and the wider community.

Hansmann (1990, 74) has been noted that 'commercial nonprofits are the great puzzle of the nonprofit sector today'. However, a number of common characteristics were identified in the literature. For example, Anheier & Seibel (1990, 382) pointed out that 'service–providing organisations within the third sector have a socio-political twin function. They tend to combine aspects of social and political integration with economic objectives'. Pearce (2003, 33) asserted that 'the primary purpose of a social enterprise is social...commercial activity is secondary'. However, he continued that 'it is a *sine qua non* that social enterprises engage to some degree in trade' (ibid, 34). Alter (2007, 1) further noted that the 'growing practice of social enterprise is fuelled by nonprofit organizations' quest for sustainability, particularly in current times when support from traditional, philanthropic, and government sources is declining and competition for available funds is increasing'. In their conclusion, Borzaga and Defourney (2001, 362) commented that social enterprises 'can be seen as a breakthrough in the European third sector because they stress the productive and the "entrepreneurial" dimension of not-for-profit organisations and underline the economic, together with the redistributive, function of the welfare services'. Emerson and Twersky (1996, 13) highlighted the participatory role of 'program participants' in the establishment and development of the social business, thus social enterprises were not just providing services to disadvantaged communities and

individuals but including them in policy and management issues. Thus social enterprises can be synthesised as autonomous, trading entities achieving a dual social/economic objectives, whilst including the active engagement of their community of interest in the process. Alter (2007, 10) added that social enterprises transcended traditional nonprofit sectors and were therefore multi-sector and of highly adaptive design.

It has been asserted that running a social enterprise was a dynamic process (Bull and Crompton, 2006, 45; Alter, 2007, 69) and that there was an ongoing operational challenge between achieving social mission and sustainable impact, whilst also achieving financial objectives and commercial sustainability (Emerson and Twersky, 1996, 14; Dees, Emerson and Economy, 2001, 9; Evers, 2001, 304-305; Bacchiega and Borzaga, 2001, 280; Bull and Crompton, 2006, 45). Most descriptions of social-enterprise activity described it as 'jointly prosocially and financially motivated' in what was described as attempting to achieve a 'double-bottom line' (Dart, 2004, 413). Gassler (1986, 13 noted that the outputs of a social enterprise 'are far more complicated than those of most firms – sometimes of a wholly different nature in their relationship to the economic system and its participants'. With regard to the sources of income for social enterprises, the concept of a resource or funding 'mix' had gained a general acceptance (Evers, 2001, 299). Pearce (2003, 34) concurred and outlined the mix of income streams for a social enterprise as cash trading receipts, contracts, public grants, philanthropic grants, revenue subsidies, volunteer labour and fundraising activities.

A number of scholars have discussed the activities that social enterprises engaged in. Defourney (2001, 18) asserted that social enterprises operated in most countries within two broad spheres of activity; the training and integration of those disadvantaged from the labour market and in the provision of personal services. Pearce (2003, 51) defined four areas of work: Local development and regeneration, working for the state, providing services

to the community and market-driven business opportunities. Alter (2007) outlined the wide range of potential target markets for social enterprises (see Figure 2.5). Thus, social enterprises can charge their clients directly for the goods and services provided. However, if this is not possible as a result of the low income of the people receiving the goods and services, social enterprises can either secure funding from 'third-party payers'; either public agencies or philanthropic organisations, or generate income from other sources to subsidise the goods and services provided to the 'target group'. This could take the form of selling goods and services to the general public and generating revenue, providing goods and services to other businesses or by acquiring government contracts, either to subsidise the price of the initial goods and services provided or to meet another demand and generate additional revenue.

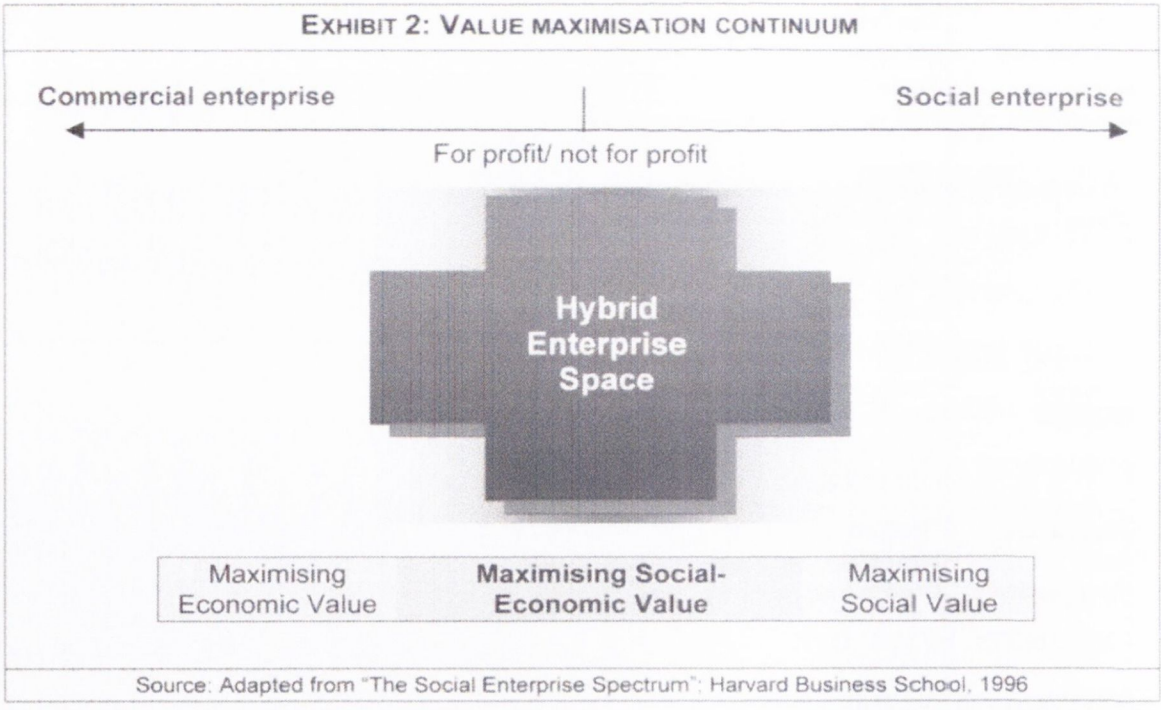
Figure 2.5 – Alter's markets for social enterprises

Market	Description	Examples
Target Population	The "client" of the social enterprise and "customer" (user) of the service or product are the same.	Clients of microfinance institutions purchase financial services from the MFI. Small producers who are also clients buy product development and marketing training from a BDS provider.
Third Party Payer	The "payer" of the product or service is not the same as the "user," who is the client. Social enterprise third party payers are donors (voucher programs), insurance companies, or government (Medicaid).	Social welfare program pays for health services rendered to indigent people by a community clinic. A local donor provides low income working mothers vouchers to pay for childcare services from a nonprofit childcare organization.
General Public	Customers in the open marketplace who buy social enterprise goods and services. In some cases their purchases may be socially motivated.	The public pays admission fees to see a cultural exhibition by an arts organization. Consumers buy used clothing from a thrift store run by a disabilities organization.
Businesses and Nonprofits	"Business-to-business" nonprofits or businesses buy products and services from the social enterprise.	A national ice cream manufacturer buys brownies from a bakery staffed by recovering drug addicts, which it uses in some ice cream flavors. Socially conscious businesses purchase renewable energy sources from an environmental organization.
Government Contracts	Government buys services and products from the social enterprise.	Area circuit courts purchase a referral service database from a nonprofit for substance abuse organizations. A local government agency purchases janitorial and grounds maintenance services from a disabilities organization.

Source: Alter, 2007, p77

The wide range of potential revenue sources identified must be matched with the social mission to be achieved. With regard to value creation, Alter (2007, 1) outlined the main distinguishing factor of a social enterprise as its value creation characteristic, both social and economic, claiming that social enterprises address a key issue moving forward for the entire sector, how to achieve 'ongoing sustainable impact' (ibid, 11). Flockhart (2005, 31) expounded the concept of the value maximisation continuum for social enterprises, which stressed the ability of the hybrid social enterprise to achieve both social and economic value simultaneously. This is depicted in Figure 2.6, which shows the essence of the hybrid social enterprise as its ability to maximise both social and economic value, in comparison with private sector organisations which create primarily economic value and social organisations which create predominantly social value.

Figure 2.6 – Flockhart's value maximisation continuum



Source: Flockhart, 2005, p35

Alter (2007) added another component to social and economic value creation; environmental outputs. When combined with social and economic outputs, these create a 'blended value proposition' (ibid, 16). Some scholars (Jones

and Keogh, 2006, 20; Ridley-Duff, 2006, 6) have proposed the use of the term 'more than profit' for the activities of social enterprises noting that the term had the advantage of framing activities in a positive rather than negative statement. Jones and Keogh (2006, 14) noted that the terms non-profit and not-for-profit do not adequately describe what social enterprises do and may mislead private and public sector stakeholders. These stakeholders may 'delay or withdraw from doing business with social enterprises if they are designated 'not for profit" (ibid, 11). They noted that the inability to reconcile social enterprises with earlier terms used was the result of the philosophical, political, cultural and social differences between organisations, their leaders and other stakeholders. However, they also noted that some see this ambiguity as a 'strength as it accommodates and allow for diversity' (ibid, 16). Ridley-Duff (2006, 10) agreed with this and noted that 'the social enterprise sector does not reveal widespread commitment to shared valued. It is characterised by even more heterogeneity and diversity than is found in the private/public sectors'.

The development of a hybrid social enterprise holds both benefits and risks for a community and voluntary organisation. Alter (2007) outlined these positive and negative features (Figure 2.7) showing that there were financial, mission-related, operational and culture-related risks and benefits to be accrued. Whereas there may be financial gains to be generated through the social enterprises, all businesses carry the risk of financial loss. Mission drift is a possibility if the focus of the organisation is not focused continually on its social mission. Operationally, the social enterprise may consume so much time and energy that the mission for which it was established, benefiting the community, may be lost in internal issues. There may also be culture-related issues, especially when limited resources require important decisions to be made between internal financial necessities and social mission. Thus, the benefits related to sustainability, independent income and the ability to become more innovative in the delivery of social mission. The risks related to

both potential financial and opportunity costs, cultural conflicts, reputation issues and the potential for mission drift.

Figure 2.7 – Alter's risk/benefit analysis

	Risks	Benefits
Financial	• Lose money • Start-up costs higher than willing to commit • Traditional nonprofit funders may decrease support • Opportunity cost (earned income vs. fundraising)	• Generates sustainable source of income • Diversifies revenue streams • Reduces donor dependency • Leverages existing assets • Unrestricted funds • Cost savings in shared back office • Increases credibility with funders
Mission	• Mission and reputation could be compromised if the venture is seen as a sell-out by stakeholders • Organization has difficulty balancing mission and money, causing mission drift from core social activities to business • Enterprise could have negative impact on clients	• Sustainable programming vehicle • Accountability for achieving social objectives • Leverages mission activities and core competence
Operations	• Venture may divert management and staff attention • Increased organizational complexity • New systems required to support enterprise add costs • Business skills needed for enterprise may necessitate hiring new staff	• Incorporates organizational development and business tools throughout nonprofit organization • Provides double bottom line context for management that crosscuts all functions • Requires organizations to manage social interest, assets, and investment • Enhances strategic thinking to function in a dynamic market • Increases efficiency and cost-effectiveness • Improves market responsiveness
Culture	• Cultural differences social programs and enterprise may cause tension • Staff may leave due to "business culture" • Board and staff may feel sold out • Resistance to change	• Innovation • Entrepreneurship • Change management • Market orientation • Results orientation

Source: Alter, 2007, p58

Thus, establishing a social enterprise comes with no guarantees of success and no simple formula for success and, as Emerson and Twersky (1996, 15) have asserted, there is no single model for creating a social enterprise, 'there are only best practices'. The establishment of a social enterprise must also meet with the social and political outlook of the organisation. Laville and

Nyssens (2001, 323) asserted that the 'economic and political aspects of social enterprises are inseparable'. They continued that in economic terms social enterprises were involved 'in the pursuit of collective benefits associated with the goods and services produced'. In political terms, 'the common affiliation spurring people on to collective action is connecting with a sense of common belonging to the political community'. However, in the end, the primary of objective of a social enterprise was the social mission. Cooney (2006, 159) concluded that the primary objective of these new hybrid forms was the quality of the service provided and despite the 'excitement' surrounding these new organisational forms, the service provided to clients must be the priority.

Critiques of social enterprises

The main concern identified with social enterprises relates to the possibility of 'mission drift' (Weisbrod, 1998b, 290; Battle-Anderson, Dees and Emerson, 2002, 207; Cooney, 2006, 144; Alter, 2007, 69). Alter (2007) identified the 'feared results' of mission drift as:

'1. drift may damage the reputation of the organization among stakeholders and the public;

2. the social enterprise may jeopardize funding because donors either misunderstand its dual intention social enterprise or believe donations are now unnecessary;

3. it may threaten organizational culture by applying market-based approaches and bringing in business professionals and industry experts; and

4. finally, some fear that the organization will lose focus, and stray too far into the commercial realm, neglecting its social mission.' (Alter, 2007, 69).

McBrearty (2007, 73) has noted that the utilisation of the social economy model changed the character of a voluntary organisation, noting the change in character of Social Enterprise London itself, where it 'no longer gives away stuff'. Whereas mission drift can always be a concern for any community and

voluntary organisation, the discussion presented earlier did not support significant evidence of mission drift with social enterprises *per se*.

Organisational culture was also identified as a concern. Bull and Crompton (2006, 57) did identify that social enterprises showed an aversion to formal structures and procedures preferring 'holistic or organic and less formal organisational structures'. This may be related to Kearns's (2000) earlier comment regarding taking the philosophies of private sector colleagues with a grain of salt. Social enterprises appeared to adapt managerial techniques to suit their needs and a more holistic approach may be necessary when dealing with marginalised and disadvantaged communities and individuals. Similarly, with regard to definitional ambiguity, Jones and Keogh (2006, 15) noted 'that there is no practical or *de facto* sense of one term replacing another'. They also noted that practitioners use the terms interchangeably and that this 'imprecision and ambiguity is not seen as problematic by those with high tolerance for ambiguity'.

A number of scholars have noted that social enterprise is not a panacea to address all ills within the community and voluntary sector (Boschee, 2001, 3; Emerson and Twersky, 1996, 18; McBrearty, 2007, 75). McBrearty (2007, 74) concluded that commercialisation was not always a good thing, noting the struggle of voluntary organisations to build businesses whilst maintaining a focus on their core mission. This was supported by Emerson and Twersky (1996, 13) who asserted that 'those involved in the process must be open to the very real possibility that deeper investigation may reveal that engaging in business development at this time may be inappropriate for a variety of reasons'. Boschee (2001, 3) was led to observe that 'of course there are no guarantees. Some of these businesses may falter and disappear. Others may metamorphose into something entirely different from what they are today...there is no more cold-blooded animal in the world than the market'. Thus, it appears when managing a social enterprise, with all the above considerations, that a tolerance for ambiguity may be a necessary evil.

Before exploring the theoretical explanations for social enterprises, there were two associated subjects to be discussed: social entrepreneurship and social capital. Social entrepreneurship relates to the individual motivations behind the establishment and continued operation of social enterprises while social capital relates to the social value created by social enterprises.

Social Entrepreneurship

Haugh (2005, 1) defined social entrepreneurship as 'those activities associated with the perception of opportunities to create social value and the creation of social purpose organisations to pursue them'. It can be assumed that social entrepreneurs bring the same 'enterprise and imagination' to their social activities that entrepreneurs bring to mainstream wealth creation (ibid, 3). Dees, Emerson and Economy (2001, 4) defined entrepreneurs as 'innovative, opportunity-oriented, resourceful, value-creating change agents'. They further suggested that social entrepreneurs should be measured by 'the extent to which they create social value', rather than the money they make (ibid, 5). Thus, social entrepreneurship can be understood as transferring the processes of entrepreneurial innovation and opportunity from the private sector to the community and voluntary sector, resulting in more creative methods of achieving social mission and creating further social value. Some scholars (Defourney, 2001, 11; Badelt, 2003, 140-141) have identified the starting point for their discussion of social entrepreneurship as lying with Schumpeter (1934). Schumpeter defined entrepreneurship as the process where individuals drive economic development, defined as 'carrying out new combinations in the production process' (ibid, 66).

Dart (2004, 414) noted that there was a spectrum of understanding relating to the term social entrepreneur. There existed a broad definition which discussed creating social value and emphasised innovation (Dees, Emerson and Economy, 2001; Thompson, 2002; Davis, 2002; Haugh, 2005). For example, Davis (2002, 7), a member of the International Board Selection Committee, Ashoka, stressed 'ethical integrity' and 'maximising social value'

as core concepts for a social entrepreneur. There were also proponents for a narrower definition based in business development and revenue generation (Emerson and Twersky, 1996; Brinckerhoff, 2000; Boschee, 2001; Boschee and McClurg, 2003). The narrow view defined social entrepreneurship within the ambit purely of social enterprise. For example, Brinckerhoff (2000, 24-27) argued that there were practical implications for social enterprises that did not utilise a social-entrepreneurial model, the result being a lack of strategic mission-driven outputs and a lack of efficiency in the delivery of both social and economic objectives. Herman and Rendina (2001, 159) summarised the differences between the two views as the distinction between nonprofit entrepreneurship and nonprofit commercialisation. Nonprofit entrepreneurship included 'mission or programme innovation', although they claim 'many advocates of increased nonprofit commercialism seem to prefer to identify commercial activity with entrepreneurship'. Jones and Keogh (2006, 17) concurred noting that the imprecise use of the term social entrepreneur had allowed for a wide application, mainly because many saw it as an 'attractive' term. Herman and Rendina (2001, 159) further asserted that the use of the term social entrepreneurship 'is probably mostly rhetorical'.

However, the term 'social entrepreneur' had not been widely accepted within the community and voluntary sector and was still in its infancy. Thompson (2002, 412) made the point that many social entrepreneurs 'would not describe themselves as "entrepreneurs" or feel comfortable with that terminology'. Boschee and McClurg (2003, 5) identified several different types of social entrepreneurs. They described the innovators as 'dreamers', entrepreneurs as the 'builders' and the professional managers as the 'trustees'. Thus social entrepreneurship was not simply a 'start-up' phenomenon and although required at the initial stages of a venture, the principles were also important in the ongoing development of a social venture.

Frumkin (2002, 65) noted that 'almost anybody with an idea or vision can found a nonprofit or voluntary organisation quickly. Often, organisations are started informally by people seeking a solution to a simple problem through the coordination of action within a community'. The establishment of social enterprises as community-based responses was also identified by Laville and Nyssens (2001, 318) who noted the importance of the 'dimension of serving the community' in the establishment period. They continued that the forming members were creating a new social network whose members 'share a sensitivity to a problem considered pressing and requiring action'. These stakeholders were driven by a shared perception 'that an appropriate response to a problem they have identified is lacking'. However, as Speckbacher (2008, 302) noted, a stakeholder was someone who contributed specific resources that created value for the organisation and where the party's claims on the return on investment was incompletely specified by contracts and hence (at least partly) unprotected. He also noted that only groups that made an active and specific contribution to the organization were considered to be stakeholders.. So engaging in social entrepreneurship, as defined in the establishment of new social ventures, was an active process of participation and engagement, as well as innovation.

Much of the above discussion could be seen within the broad definition of social entrepreneurship. However, to provide balance, Emerson and Twersky (1996, 12) noted that in their experience 'the presence of significant, traditional business skills on the part of the social entrepreneur had been of critical importance'. However, once established, social ventures became an institution and required ongoing management and development. In this regard, social entrepreneurship had the role of 'driving' the organisation forward.

The key decision-making body in a social enterprise was the board of directors. It could be expected that much of the social entrepreneurship would be seen at this level. However, there were examples where staff

members were unhappy with the engagement of the board of directors and its ability to make informed decisions based upon its 'limited involvement' (Bull and Crompton, 2006, 54). In fact, as a social enterprise became established and it recruited management and staff, it became these practitioners who had the remit to drive the organisation. It was noted that many social enterprises appeared to have been driven by the work ethic, courage and personality of their leaders, whilst a culture of staff inclusion was also observed (ibid, 50). Emerson and Twersky (1996, 12) further noted that 'the pursuit of a social/business "double-bottom line" necessitates the ability to function equally well on both sides of the balance sheet in an integrated manner. Today's non-profit manager comes from both the business and non-profit arenas'. It had been noted that many employees of social enterprises were not primarily motivated by financial rewards and had a 'service ethos' to their community which were their primary motivation for working in the venture (Bacchiega and Borzaga, 2001, 288; Theuvsen, 2004, 129). Thus there would appear to have developed a cadre of professional practitioners who drove social enterprises but whose primary motivation was the desire to achieve social mission rather than purely financial reward. Alter (2007) outlined a 'spectrum of practitioner' and compared and contrasted the characteristics of those involved with the hybrid social enterprise as compared to more traditional community and voluntary sector and private sector management (Figure 2.8). These new social enterprise practitioners were themselves a hybrid professional achieving a balance of social and financial objectives. They have mixed motives, are attempting to achieve both social and economic objectives and are interested in maximising profits for the purpose of reinvestment and organisational development.

Figure 2.8 Alter's spectrum of practitioners

	Purely Philanthropic	Hybrid p.14	Purely commercial
Motives	Appeal to goodwill	**Mixed motives**	Appeal to self-interest
Methods	Mission-driven	**Balance of mission and market**	Market-driven
Goals	Social value creation	**Social and economic value creation**	Economic value creation
Destination of Income/Profit	Directed toward mission activities of nonprofit organization (required by law or organizational policy)	**Reinvested in mission activities or operational expenses, and/or retained for business growth and development (for-profits may redistribute a portion)**	Distributed to shareholders and owners

Source: Alter, 2007, p13

In summary, the concept of social entrepreneurship was contested between a broad definition stressing innovation and value creation that could be applicable to any community and voluntary sector venture and a narrow definition, which stressed the role of the social entrepreneurs purely in the creation and development of social enterprises. In either case, the establishment of a social venture was driven by volunteer/philanthropic social entrepreneurs. However, as these ventures/programmes became established, professional staff and management became more important in driving the social mission forward. It was also noted that social enterprises had an inclusive style of management that encouraged staff 'buy-in' to the social mission.

Social Capital

According to Norris (2002, 6) there was little consensus in the literature regarding a common definition of social capital. Norris asserted that 'there are multiple alternative understandings of this intellectually fashionable but elusive concept' (ibid, 1). Discussion on the concept of social capital emphasised the importance of networks, norms and trust in building civic engagement and common social objectives (Putnam, 1995, 664-665; Passey and Lyons, 2006, 481). Passey and Lyons (2006, 482) commented that

nonprofit organisations were important institutions in building social capital. Putnam (2000) attempted to analyse social capital in the United States of America. He identified two forms of social capital: 'bonding' and 'bridging'. Both forms can be formal (participation in committees, political parties, parent-teacher councils) and informal (social clubs, people who meet together to socialise, play cards, play sport, and symbolised with the traditional American social activity of ten-pin bowling). 'Bonding' social capital was insular where members of an identified group works together and supported one another. Many lay religious organisations, self-help groups fall into this category. Bridging' social capital existed where groups or individuals worked across identified social lines to co-operate, community forums being an example. Putnam believed that both forms of social capital were generally beneficial, but that 'bridging' social capital generated greater levels of social capital. Putnam identified 'trust' as being directly correlated to 'bridging' social capital, the higher of level of mutual trust in a community the higher the level of bridging social capital. Anheier (2005, 58) further argued that 'economic growth and democratic government depend critically on the presence of "social capital", on the existence of bonds of trust and norms of reciprocity that can facilitate social interaction'.

The discussion of social capital and social enterprise intersected in the development of social value. When a social enterprise generated social outputs, could these outputs be defined as contributing to social capital? Evers (2001, 306) believed so and asserted that 'the potential for the creation and maintenance of social enterprises depends very much on the surrounding local environment and on the attitudes of the groups and citizens concerned, including civic organisations, the business sector and the political and administrative organisations'. Norris (2002, 5) concurred stating that social capital was essentially 'contextually-specific' and the growth of community and voluntary organisations, including social enterprises, was dependent on the positive surrounding environment. Evers (2001) argued that although a social enterprise could exist as a 'singular phenomenon in an uncaring

environment' it was more likely to flourish 'in an environment with rich and manifold responses and a variety of interrelations' (ibid, 306). O'Shaughnessy (2001, 99), in a work looking at work-integration social enterprises concurred, noting that 'the network of social enterprises have been successful in using existing social capital and in building new forms of social capital'. Further, Laville and Nyssens (2001, 322) argued that 'through their action, social enterprises promote social bonds of a democratic nature. By expanding social networks based on the principle of voluntary involvement, legal autonomy and the equality of members, they attract groups who might otherwise be deprived of such bonds'. In their discussion of social entrepreneurs, Dees, Emerson and Economy (2001, 103) noted that social entrepreneurs are not 'loners' but rather work as part of an extended network of individuals and groups to address a common good. Social entrepreneurs must communicate effectively and be accountable to a range of stakeholders. Thus, at least at a conceptual level, there was agreement that social enterprises did assist in the creation of social capital.

There were however two difficulties with regard to social capital; it was contextually-specific and it was difficult to measure. Lewis (2004, 176) asserted that social capital 'is not held to exist independently in the realm of civil society, which in turn means that the capacity of citizens to develop cooperative ties may also be determined by state policies'. As a result, 'not all associations are alike when it comes to reproducing social capital' and 'organizational characteristics' had some relationship with an organisations capacity to reproduce social capital (Passey and Lyons, 2006, 492-493). Norris (2002, 14), in a review of social capital across several data sets, argued that detailed conclusions with regard to the measurement of social capital were difficult to make, as the existing data sources were designed for other purposes. Nevertheless, she did conclude that national clusters were in 'fairly predictable patterns' with social capital most evident in the Nordic countries and Anglo-American democracies and least apparent in post-Soviet countries and South American countries. Thus, the ability of social

enterprises to contribute to social capital was determined by external societal factors, outside of its control. This then raised the issue of measurement. How can the social capital generated by social enterprise be calculated and what indicators could be used? In certain social institutions, like political parties and elections, it has been held that participation rates could be accepted as a measurement (Putnam, 2000). However, as social enterprises were trading businesses, the social capital outputs generated were less obvious. Also, how could one compare social capital outputs across different social enterprises, as each could be assumed to generate enterprise-specific indicators? Another difficulty, as asserted by Norris earlier, is that many of the existing data sets used were designed for other purposes and thus had to be adapted to measure social capital. Ridley-Duff (2006, 13) noted a key finding from his empirical research with reference to social capital. Social capital was built up between individuals and their interconnecting bonds, thus 'discussion of individuals private, not public lives' was more important than discussion regarding 'political debate' or corporate 'rhetoric'. It was the exchange of personal stories and experiences that was most important. Thus trading-related measures were not a necessarily good indicator of social capital. The 'longevity of trading relationships and the ability to survive disagreements, is a better indicator of the level of social capital' (ibid, 21).

But even those scholars who were unconvinced by social capital accepted its usefulness in showing how activity within civil society can either promote or hamper civic engagement (e.g. Deacon, 2005, 26; Daly, 2007, 162). Although empirical measurement was a difficulty, the concept of social capital and the generation of social outputs by social enterprises did seem to be consistent. Maybe the longevity of personal and business relationships within a social enterprise was as good a measure as could be achieved.

In summary, social enterprises are trading businesses, situated within the community and voluntary sector, attempting to achieve an identified social mission, whilst also achieving financial sustainability. There existed within the

literature a diversity of opinion with regard to their definition, motivations, output (both social and financial) and with regard to their management and establishment. The chapter continues with an examination of theoretical explanations, which broadly encompasses concepts in economic theory, sociology and institutional theory.

Economic theory

Frumkin (2002, 65) outlined the starting point for the economic discussion when he asked: 'why does the nonprofit and voluntary sector produce anything in the first place?'. The neoclassical explanation for the existence of community and voluntary sector (including social enterprises) is based upon theories of market failure and then government failure (Friedman, 1990; Whitman, 2000; Sjostrand, 2000; Bacchiega and Borzaga, 2001; Lewis, 2004, Teague, 2007). However, before an examination of market failure could occur, an examination of working markets is needed as the neoclassic economic explanation of a working market is based upon the perfectly competitive market.

Classical economic theory argues that, in the long-run, supply and demand pressures force competitive economic markets to achieve equilibrium between the demand for specific goods and services and the supply of these goods and services by the commercial sector. The mechanism through which this was achieved was the competitive price mechanism, or general price theory (Mansfield, 1999, 36-45; McAleese, 2001, 51-60; Varian, 2003, 3). If the supply of a particular good or service was less than the demand for it, the consumers will pay a higher price in order to secure their needs for what was a scarce resource. Suppliers seeing this will increase the amount produced at the higher price, thus generating higher revenues. This will continue until the quantity demanded by consumers and the quantity released by suppliers was the same, at which time each side was respectively willing to buy or supply the good or service for the price at this equilibrium. If suppliers released more than this quantity, buyers did not need the amount produced, creating a

glut on the particular market, forcing production and prices down to the equilibrium price - and equilibrium quantity supplied and demanded. The price mechanism was the 'invisible hand' that Adam Smith referred to in 'The Wealth of Nations' (1776, 456), regarded as the foundation of modern economics. There was recognition that in the short term there would be temporary situations of inequilibrium while both sides adjusted to new situations, particularly time lags as suppliers estimated what new quantity to supply at any new given price, and also time lags due to ramping up or down of production, but these were seen as short-term anomalies which worked their way out of the system quickly. Sjostrand (2000, 202) outlined the assumption underlying these concepts as 'in the beginning there was markets' and these markets were occupied by *'homo economici'* or rational, calculative, economic men'. He added that these were arbitrary assumptions. Perfectly competitive markets rarely exist and thus market failure occurs. As previously stated, neoclassical theory explained social enterprises within a category called 'market failure'[5]. Within this category was a list of explanations like externalities (Coase, 1937), public goods (Weisbrod, 1975; Hansmann, 1987; Kingma, 2003) and contract-failure theory (Hansmann, 1987).

Externalities can be defined as situations where third parties either incur a cost or accrue a benefit from the operation of a market, good or service. Pollution can be cited as an example. In Ireland, the Environmental Protection Agency (EPA) licenses industrial plants that generated pollutant by-products. Under the licence, the polluter could generate a certain level of by-products under controlled conditions. However, by-products still leaked into the environment, into the air, water table or waterways and rivers. When this happens, consequences ensue. Fish died, air quality deteriorated and caused medical conditions like asthma, dinking water quality deteriorated affecting

[5] For an extensive discussion on the different economic theories to nonprofit organisations see Anheier, H & Ben-Ner, A (Eds.), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

livestock and unfiltered water sources. Those who suffered the consequences of the pollution accrued a negative external cost as a result of the licence, even though they were not a contracting party to the original agreement. Externalities can also be positive. In foreign direct investment (FDI) a government enters into contractual arrangements with a large foreign corporation to establish a large manufacturing operation. The corporation was awarded capital grants, a low tax environment, support in recruiting and training employees, and achieved its business objectives. The government created employment for a number of its citizens, added to national income, increased tax revenues and lowered the numbers seeking employment. All citizens derived a benefit from this even though they were not individually a party to the contract.

A *public good* is any good or service where consumers expect the delivery of same as a matter of right. An example is national defence. All citizens expect national defence to be delivered by their government. Like all classic public goods, national defence demonstrates two essential characteristics. Firstly non-rivalry: the consumption of the public good does not reduce its availability to other consumers. Secondly non-excludability: no consumer can be prevented from deriving the benefit of the public good. Using the example of national defence, anyone within a country's boundary will accrue the benefit of national defence measures without affecting anybody else's ability to accrue the same benefit, regardless of their contribution to the cost of these measures.

Non-competitive markets are markets that, for whatever reason, do not operate at economic optimality. The result has been the development of local monopolies usually caused by the high cost of entry for potential competitors. There may be many reasons for the creation of such markets: geographic isolation as in the delivery of services to parts of the Australian outback, technological factors as in the initial introduction of mobile communication

technology in Ireland, and there were monopolies and oligarchies created by legislation or licence, the new airport authorities for example.

The main author in relation to the development of the *contract-failure theory* was Hansmann (1980, 2003). Hansmann (2003, 119) outlined the need for social enterprises by 'the degree to which consumers do or do not feel that nonprofit firms offer them greater protection from exploitation than do for-profit firms'. A cornerstone of this case was the presence of asymmetric information, 'where consumers (and donors) cannot accurately assess the extent of the quantity and quality of the offered goods or services' (Ortmann & Schlesinger, 2003, 104). Several scholars have identified the presence of information asymmetry in a market as a key explanation for social enterprises (Weisbrod, 1998c, 6; Sjostrand, 2000, 204; Bacchiega and Borzaga, 2001, 283-284; Ben-Ner, 2002, 10-15). Ben-Ner (2002, 13) outlined the issue with reference to the *'souk',* an oriental market. For a tourist with little local information, the souk was a place of potential economic danger as they did not know the sellers, had little knowledge of local customs or relative prices. Thus 'what for the tourist is an economically hazardous interaction with an untrustworthy seller, for the local consumer this is a secure exchange'. Thus, a social enterprise acted as a redress to information asymmetry in markets because it did not have a profit motive and was less likely to take advantage of the customer and thus the customer can have 'trust' in the organisation. (Abzug, 1999, 135-136; Frumkin, 2002, 67). This was the justification for the 'non-distribution constraint' (Bacchiega and Borzaga, 2001, 279; Hughes, 2006, 433, Ridely-Duff, 2006, 4). Ridley-Duff (2006, 4) correctly asserted that making profit was not the issue *per se*: 'there is an implicit assumption that profits are desirable so long as they can be channelled towards the collective needs of socially excluded groups, rather than already wealthy individuals'.

Information asymmetry would appear an attractive economic explanation for social enterprises. However, to cite Hansmann (2003):

> 'We have long had good reason to believe that problems of asymmetric information between firms and consumers do not suffice to explain or to justify the large market share of nonprofit firms in the human services industries...the important task facing scholars is to understand better what *other* factors help explain the presence or absence of nonprofit firms in various industries today...and what public policies might best assure that the nonprofit form is used where, and only where, it has an advantage over alternative ways of organizing production'
>
> (Hansmann, 2003, 121).

Friedman (1990, 26-27) argued that 'in thinking about market failures, it is often tempting to interpret the problem in terms of fairness rather than efficiency. Externalities are then seen as wrong because they are unfair, because one person is suffering and another gaining...this is a mistake'. Whitman (2000, 1) expounded the idea that a 'market failure' may still be the 'best of all possible worlds' as the cost of addressing the market failure may be higher and less economically efficient from a neoclassical viewpoint. The real issue was opportunity cost. Economists should compare real-life situations against the next real alternative and, therefore, a situation was economically efficient or not depending upon the 'opportunity cost' incurred, as the opportunity cost not only looked at the actual financial cost incurred but also included the cost of the income foregone by not investing in the next most productive option.

Most of the explanations presented so far have been demand-side explanations. Supply-side explanations have also been presented. Frumkin (2002) outlined succinctly the core of the supply-side explanation as:

> 'The supply-side approach to nonprofits, grounded in the ideas of entrepreneurship, has distinct advantages over the demand-side approach. First, it takes seriously the idea of agency and individualism within nonprofit organisations. It explains the rise of nonprofits not by looking at large amorphous phenomena such as government and market failure, but rather by looking into the minds and hearts of individuals'.
>
> (Frumkin, 2002, 135-136)

The role of social entrepreneurs is a subject that appeared in several works (Brinckerhoff, 2000; Badelt, 2003; Young, 2003; Anheier, 2005). According to Anheier (2005, 127) 'social entrepreneurs differ from business entrepreneurs in that, instead of creating monetary value or economic value for the firm, they create social value'. This was augmented by Badelt (2003, 144) who argued that the theoretical development of social entrepreneurship 'provides explanations of nonprofit behaviour to a large extent in qualitative terms'. Meanwhile Young (2003, 162) believed that 'economic theories of nonprofits is necessarily incomplete without a well developed supply side construct'. Bacchiega & Borzaga (2003, 44) defined the nature of social enterprises by way of a 'distinctive incentive structure'. These incentives structures used a variety of mechanisms to ensure that all agents involved (donors, managers, staff etc.) '...behave consistently with the organizational goals'. These incentive structures were different to those used by for-profit firms and allow nonprofits to operate with a competitive advantage in the provision of 'personal and collective services'. In another explanation BenNer and Gui (2003, 14) suggested 'relational goods' as an explanation for social enterprises, defining a 'relational good' as 'local public goods that arise from relationships that extend beyond the mere exchange of contractible items, these public goods can be enjoyed only by participating in a social process'. They formed their argument around the fact that social enterprises were better able to facilitate these interpersonal economic relationships than for-profit firms due to the fact that they were driven by other than economic benefit. However, they also asserted that the benefits of relational goods were higher in mutual, rather than entrepreneurial community and voluntary organisations because of the higher level of beneficiary involvement in the organisations' governance.

Bacchiega and Borzaga (2001, 279) have observed that most of the economic explanations were compatible within a supply and demand context. Accordingly, they argues that Hansmann and Weisbrod explained why people would want to buy from a social enterprise whilst Ben-Ner and the

'entrepreneurial approach' explained why people would set up a social enterprise. Anheier (2005, 131) concurred and noted that 'to a large extent, the various theories are complimentary rather than rival, and taken together, offer a convincing answer in terms of demand and supply conditions'.

Challenges to the economic argument

Seibel and Anheier (1990, 14) argued that 'neither the market failure nor the state failure thesis can explain why a third sector is needed to compensate for failures in the first place. Why do market and state not compensate each others' shortcomings, as assumed in classical political economy, instead of resorting to a third sector?' The main counter-arguments to the economic explanations above have been based upon challenges to the basic assumptions of neoclassical economics. Gassler (1986, 14), noted that 'any field as new as the economics of nonprofit enterprises can expect a piecemeal development for a while as different gaps are seen and closed up. However, there is a fundamental reason why this field in particular can have such a confusing development: that reason is rooted in the restrictive assumptions of neoclassical theory'. In particular, challenges were made to rational choice theory and to pure rationality as the main characteristic of economic man or *'homo economici'* (Minkler, 1999; Sjostrand, 2000; Gui, 2000). Minkler (1999) outlined the argument:

> 'Suppose I give you five dollars. What is my motivation? According to economists employing utility maximization, the act must satisfy my preferences. If my preferences are materialistic, then I expect some "thing" in return from you, whether it be past, present, or future. Perhaps the act was an investment in reputation that I will be able to profit from later. If we allow non-materialistic preferences, then the act may have satisfied my preferences over your material well-being. In that case, I possess preferences over your preferences and, to use common language, my act may have resulted in the warm feeling of giving, or at least reduced some feelings of guilt. The notable point, however, is that no matter how my preferences are specified, the reason I gave was to satisfy my own preferences. Our preferences over your material well-being may coincide, but the reason I give to you is to satisfy my own preferences. As such, you are merely an

> instrument to me (and, perhaps, I to you). This representation is assured by construction; utility maximization necessitates that I only take actions in order to increase my own welfare, governed by my preferences'
>
> (Minkler, 1999, 4).

Several challenges have been based upon sociology and the reductionst nature of rational choice theory. Sjostrand (2000, 205) argued that the assumptions behind rational choice theory were too reductionist and that in fact economic man was more akin to *'homo complexicus'* (ibid, 207). Richter (2001, 3) pointed to the fact that sociologists allowed for various types of human action, including rational action, whereas economists only assume perfect rationality. Hughes (2006, 431) asserted that 'rationality does not imply that individuals make "good" choices, only that the behavior is consistent and therefore predictable. The notion of a good choice is subjective and beyond the scope of economic theory. Economic theory remains objective, looking at factors that influence decisions rather than imposing one's values on the quality of another's choice'. Minkler (1999, 10) continued that 'with few exceptions, economists seem to ignore the fact that the most successful firms are characterized by cooperation, not opportunism. Relatedly, we also seem to miss the fact that many production processes are alienating—workers are treated as instruments'.

Richter (2001, 8-9), in a discussion on New Economic Sociology (NES) outlined its main sociological concepts and criticisms of neo-classical theory. These were that economic actions were social actions and thus removing the social context of the transaction is unrealistic. Second, that social action is embedded in ongoing social relations. Third, economic institutions had a social construct and thus pure rational choice theory, enacted by an individual without reference to any other economic actor is unsustainable. Several scholars have discussed issues relating to relationship, duty and commitment. Minkler (1999, 15) discussed the issues of commitment and duty and how this can reconcile with rational choice assumptions. Ben-Ner and Gui (2003, 14) asserted that 'economic actions also have relational motivations such as the

pleasure of exchanging feelings and ideas...and for belonging to a group'. Gui (2000, 141), in his criticism of rational choice theory, suggested 'a shift from the exchange paradigm to the broader concept of "encounter". These encounters create 'relational goods' and contribute to 'relational assets' (ibid, 159). 'In other words, personal interactions are complex situations where individual acts are combined in such a way that outcomes also depend on perceived dispositions and intentions' (ibid, 151-152).

Another implication was that the neoclassic view of 'exchange' was too narrow and that the economic view of altruism as the explanation for community and voluntary activity, as self-interest with guile was also reductionist (Minkler, 1999, 10; Gui, 2000, 154). Exchanges are often complex and problematic (Gui, 2000, 145). Pure economic utility maximisation was not the only reason for exchange nor was it the only mode of carrying out a transaction, face-to-face interactions also existed (ibid, 146-147). Overall, the criticism of the economic explanation of social enterprise was that it was too reductionist and failed to explain the 'social' side of social economic activity in a convincing manner. However, Hughes (2006, 433) has noted that for 'nonrelated business activity, the principle of profit maximization was perfectly suited and for mission-related activities, the theory may be adapted to suit the goal of welfare maximization'.

Institutional theory

Institutional theories are 'built around the concept of legitimacy rather than efficiency or effectiveness as primary organizational goals' (Dart, 2003, 415). One such discipline was New Institutional Economics (NIE), described by Klein (1999, 456) as 'an interdisciplinary enterprise' combining concepts of economics, law, organisational theory and sociology but whose 'primary language is economic'. From early work in this field by Ronald Coase (Coase, 1937) and later work by economists like Oliver Williamson (Williamson, 1991), a line of investigation into the role and impact of institutions, and the impact of institutional and individual interaction on market outcomes was developed.

The aim of this work was the development of a more realistic understanding of the operation of markets. According to Powell and DiMaggio (1991, 3), 'the new institutional economics add a healthy dose of realism to the standard assumptions of microeconomic theory'. DiMaggio and Powell (1991, 63-63) contended that 'structural change in organisations seem less and less driven by competition or by the need for efficiency. Instead, we contend, bureaucratization and other forms of organisational change occur as the result of processes that make organisations more similar'. They continued to ask the question as to why there was such 'startling homogeneity of organizational forms and practices?' (ibid, 64). Their answer was 'isomorphism' (ibid, 66).

Isomorphism is the process by which organisations conform to the expectations of key stakeholders, industry standards or society in general (DiMaggio and Powell, 1991; Dart, 2004; Helmig, Jegers and Lapsley, 2004). There exist several forms of isomorphic pressures. In the economy and business there are pressures that forced organisations to deliver services in the most competitive method possible at the lowest cost. These result in 'competitive isomorphism'. In civic, public and in the community and voluntary sector, there are pressures to conform to different organisational forms. These are driven by conformity to the administrative, political and bureaucratic systems and result in 'institutional isomorphism' (DiMaggio and Powell, 1991; Cooney, 2006).

DiMaggio and Powell (1991, 67) looked at the underlying pressures causing institutional isomorphism and defined three such causes; coercive pressures, mimetic pressures and normative pressures. Coercive isomorphism was the result of legal and political systems, compliance with tax codes for example. Mimetic isomorphic pressures occurred when organisations try to mimic more successful organisations (ibid, 69). Normative isomorphic pressures were the result of professionalism and the conformity of management styles and philosophies (ibid, 70).

Several scholars discussed the implications for social enterprises from institutional theory: especially how it could explain the 'social' side of social enterprise. Cooney (2006, 145-146) asserted that the major question regarding social enterprises was the tension between the competitive forces with regard to the business side of the organisation and the institutional forces with regard to the social side of the organisation and how these were balanced internally. Helmig, Jegers and Lapsley (2004, 112) concurred and concluded that 'sociological theories that suggest NPO[6]s may indulge in mimicry of public or private sector bodies in the pursuit of legitimacy may have validity' and that economic theorists have 'failed to explain the microeconomic internal functioning of NPOs'.

Some scholars have argued that social enterprises derive legitimacy from using terminology and perspectives from the marketplace (Theuvsen, 2004; Dart, 2004). Dart clarified this point:

> 'If business values, business models, and business language have become dominant and are the sociocultural environment's preferred modes of problem solving and preferred structures of organizing, then it follows that even social-sector organizations can be accorded legitimacy by adopting the language, goals, and structures of this ideologically ascendant form. Thus, moral legitimacy of social enterprise can be understood because of the consonance between social enterprise and the pro-business, ideology that has become dominant in the wider social environment'.
>
> (Dart, 2004, 419)

He continued that 'government, foundation, or federated funders might find social-enterprise activities pragmatically legitimate because such activities could reduce social-purpose organizations' need for these groups' funding, or because such activities offer innovative solutions to social problems' (ibid, 417). Thus, social enterprises conform to the expectations and belief-values of key stakeholders and funding agencies as if they 'do not produce outcomes

[6] Nonprofit organisations (NPOs) is the American definition for community and voluntary organisations.

of value for stakeholder groups, then their pragmatic legitimacy could swing sharply into question' (ibid, 418).

One implication might be the development of path dependency within social enterprises as they conformed to these norms. Kramer (2004, 222) asserted that recent research demonstrated that the 'greater the scope and responsibilities of a nations nonprofit sector, the more it is likely to generate the same bureaupathologies usually ascribed to government'. Richter (2001, 9) concurred and emphasised the importance of path dependency, stating that 'path dependency of institutions matters, not necessarily efficiency'. However, Dart (2004, 419-421) argued against path dependence, asserting that moral legitimacy, which sees social enterprise not only as a revenue-generating organisation but as the 'preferred model of organization' by stakeholders and society, is the 'species of legitimacy with most strong relevance to explanations of social enterprise'.

A synthesised theory of economics explaining the 'business' side of a social enterprise and institutional theory explaining the 'social' side, would seem to hold value. However, to date, this synthesised theory had yet been developed and remains an open question. One associated concept to institutional theory that needed more detailed discussion was 'embeddedness' which had some implications for social enterprise

Embeddedness

Embeddedness is a sociological concept which asserts that the development of institutions and sectors within a society are determined and influenced by societal factors such as historical development, the shape of the legal, political and administrative system and cultural and social norms within the specific society. Salamon and Anheier (1998) developed the concept as 'social origin theory' which emphasised understanding the community and voluntary sector and social economy within their national historical origins and development. Several authors have referred to social enterprises as having

specific social 'moorings' (Salamon and Anheier 1998; Lewis, 2000; Evers and Laville, 2004; Anheier, 2005). Thus, terms like 'voluntary', 'community' and 'social enterprise' 'are highly culture-bound and dependent on different legal systems, particularly fiscal and corporate law. What is more, 'countries differ in the way they group some of these organisations into larger sets or "sectors" of one sort or another' (Salamon and Anheier, 1997, 495).

In a comparison of the development of the community and voluntary sector across several countries, Anheier (2005, 35) concluded that 'the development of the nonprofit sector is embedded in the broader political and social development of a country or region. Its development is shaped by political cultures and forms of government, but also by cultural and religious factors and sociological aspects of class cultures'. Political ideology and political historical development also played a role as 'ideological aims and political hopes continue to have an influence on thinking on the third sector' (Anheier & Seibel, 1990, 379). They also made reference to a distinction in Europe between civil law and common law countries. Civil-law countries like France, Germany, Austria and Italy seem to have developed a 'state-oriented third sector', whereas common-law countries like the United Kingdom, the United States, Canada and Australia have developed a more 'market-oriented third sector' (Ireland fitting into this latter category). However, differences between common-law and civil-law legal systems have narrowed in recent years and are 'often overwhelmed by other factors' (Salamon and Anheier, 1997, 499).

More recently, Breathnach (2007) has observed:

> 'Van Til (2007), Meijs (2007), Donoghue (2007), O'Ferrall (2007), Strom (2007), Arnold (2007) and others alluded to the impact of historical, political and economic contexts on nonprofit sectors in various countries. The impact on the very possibility of nonprofit organisations, on the sustainability of individual nonprofit agencies, and on the role and potential of these actors was identified'
>
> (Breathnach, 2007, 81-82)

It would be interesting to define the social moorings of Irish social enterprises *vis-à-vis* other European countries. As an example Lindsay and Hems (2004, 266) in a discussion on the French community and voluntary sector, asserted that 'unlike virtually every other nonprofit sector, [the French nonprofit sector] did not emerge from a desire to address problems of social need...rather, the French nonprofit sector emerged as the result of the ideological struggle between republicanism and the Catholic Church over the rights of the individual'. They continued that 'as far as the French social economy is concerned, despite a variety of organizational forms such as associations, mutuals, and cooperatives that are economically active and deliver social benefit, socially entrepreneurial activity in the French nonprofit sector is virtually nonexistent'.

Summary

Social enterprises have been presented as a relatively recent phenomenon being spurred by the need of the community and voluntary sector to commercialise in response to changes in its external socio-political environment. They fit into a broad spectrum of organisational forms between purely philanthropic and purely commercial. Social enterprises are drawn as a hybrid social/commercial institution whose primary goal is the achievement of social mission. They have been established and driven by social entrepreneurs, although this has been a contested term, and delivered social value that may contribute to social capital, although this was also contested. The business side of the social enterprise can be explained through economic theory although it had difficulty in framing a coherent explanation of the social motivations of those involved. Institutional theory made a relatively coherent explanation for the 'social' motivations of those involved, however a synthesised theory had as yet proved elusive. In the next chapter social enterprises in the Irish case will be examined in more depth.

Chapter Three

Social enterprises and the Irish experience

Introduction

This chapter will follow on from the discussion of social enterprises with specific reference to the Irish case. The chapter will commence by examining the Irish community and voluntary sector, the internal commonalities and differences and the changes in the sector since the 1970s. It will continue by discussing social partnership, the sectors role within this process and the relationship with the state and policy and decision making that resulted. The discussion will then examine social enterprises in Ireland and will continue by examining the Irish and European Union programmes that operated in Ireland to support social enterprise.

The Irish community and voluntary sector

According to O'Hara (2001, 150) the term 'community and voluntary sector' was the most common concept used to refer to nonprofit organisations with social aims in Ireland. The concept was a relatively new one as the first reference to a community and voluntary 'sector' was made in the early 1980's (Donnelly-Cox, Donoghue and Hayes, 2001, 195). However, the background to the Irish community and voluntary sector 'casts a long shadow' (Donnelly-Cox, Donoghue and Hayes, 2001, 196; Teague, 2007, 91). Several themes emerged from the literature in this regard, notably the role of the religious orders, the role of philanthropic citizens and the tradition of 'self help'. Several scholars noted the role of religious orders, especially Catholic orders in the provision of services to the disadvantaged and in the provision of health and education services in Ireland (Donoghue, Anheier and Salamon, 1999, 7-8; Donnelly-Cox, Donoghue and Hayes, 2001, 196; O'Hara, 2001, 150-151; Acheson, Harvey, Kearney and Williamson, 2004, 11-16; Teague, 2007, 91). From the repeal of the Penal Laws through to the formation of the Irish state and the post-war period, the Roman Catholic church played the

dominant role in the Irish voluntary sector within a philosophy and process referred to as 'Catholic corporatism' (Birrell and Hayes, 2004, 41). The evolution of a 'community sector' only emerged after the 1970's and this may have resulted from a crowding-out effect where the religious orders dominated, Salamon and Anheier (1997, 501) noting that where there was a close connection between Church and State, 'the opportunities for third-sector development are generally limited' and this may well have been the case in Ireland.

However, there were other strands to the development of the community and voluntary sector. Several scholars have referred to the role of philanthropic citizens (Donnelly-Cox, Donoghue and Hayes, 2001, 196; Acheson, Harvey, Kearney and Williamson, 2004, 9-11). The most prominent of these were identified as the individuals who initiated the formation of several large, often medical, institutions; Dr. Mercer's Hospital, Patrick Dunne's Hospital and the Adelaide Hospital for example. Many of these individuals were protestant middle-class philanthropists and their actions were motivated to relieve the suffering and poverty of the working class, especially in urban areas. The other strand cited for the development of the community and voluntary sector was 'self-help' activities, many of which were rurally based. Several scholars have referred to the 'meitheal' system, where the small rural and mainly farming communities would assist each other every year to harvest crops in a co-operative effort (Donoghue, Anheier and Salamon, 1999, 8; Donnelly-Cox, Donoghue and Hayes, 2001, 196; O'Shaugnessy, 2005, 94; Teague, 2007, 91). It was not until the 1950's that the state played a more significant role in the provision of community care, health and education services, thus placing significant reliance on the social contribution of philanthropy and self help.

It has been argued that Ireland did not follow other north European countries in developing an extensive social welfare state (Teague, 2007). According to Teague (2007, 91), in so far as Ireland did develop a welfare state 'it focused on creating a high-calibre education system and a sufficient stock of

affordable public housing. To a great extent, the state was content to allow the voluntary sector to provide the other social care services needed. Donnelly-Cox, Donoghue and Hayes (2001, 198) have noted that historically 'the relationship between the state and the third sector was characterized by the principle of subsidiarity. The state operated a "hands-off" stance in relation to the provision of social services which were mainly supplied through the third sector but often funded, at least in part, by the state'.

Donnelly-Cox, Donoghue and Hayes (2001, 197), citing O'Regan (1998), suggested the following five roles of the Irish community and voluntary sector:

1. The delivery of services, often in partnership with the state.
2. Identifying and addressing new social needs.
3. Maintaining and changing the value systems in society.
4. Mediating between the individual and the state.
5. Providing a forum for the social construction of the individual.

They argued that all of the roles were interlinked. Thus the state legitimised the role of the voluntary sector, especially the Catholic Church and subsidiary organisations, as the central player in the delivery of community care, health care and, to large extent, educational services. Thus it could be expected that the community and voluntary sector was significant in size and breadth.

The most serious attempt to map the community and voluntary sector in Ireland was undertaken by Donoghue, Prizeman, O'Regan and Noel (2006) for the Centre for Non-Profit Management (CNM), in the University of Dublin, Trinity College. However, their report, 'The Hidden Landscape' gave only preliminary findings, and there was no report on social enterprises presented *per se*. This survey was based upon the International Classification of Nonprofit Organisations (ICNPO) developed by the John Hopkins University Nonprofit Sector Project and used the American 'nonprofit' definition which applied the strict 'non-distribution constraint'. As a result, the survey based upon responses from 4,199 organisations excluded all credit unions, mutual

societies and co-operatives[1]. However, they identified over 24,000 organisations that met their criteria as being part of the third sector.

Two other international surveys demonstrated that Ireland had a strong community and voluntary sector. Salamon and Anheier (1999,6) and data compiled by CIRIEC (1999, 17-18)[2] indicated that the Irish community and voluntary sector had the second highest level of full-time employment as part of both the non-agricultural labour market and civilian employment compared to the other countries examined. Some 21% of those employed in the Irish community and voluntary sector were within co-operatives (primarily agricultural co-operatives and credit unions) and 78% were employed in 'associations' (primarily community-based organisations). Half of all organisations surveyed by Donoghue, Prizeman, O'Regan and Noel (2006, 25) report had been formed since 1986, in line with the international growth of new community-based organisations. It also demonstrated that a higher proportion of organisations formed after 1986 were formalised as legal entities (67.3%) and had registered with the Revenue Commissioners for charity status (41.8%). Akin to the new community-based organisations described earlier, 78.2% had a local remit (ibid, 41). However, the importance of state funding in Ireland was demonstrated by the fact that 59.8% of organisations received state funding and only 14.6% generated their income from fees (ibid, 47). Only 2.2% of respondents identified the 'social economy role' as of importance, indicating the low priority that social enterprise had within the community and voluntary sector as a whole. However, to cite Arnold (2007, 75-76) 'each country has its own distinct historical experience. And this experience will determine the nature of the relationship between the state and the not for profit sector. We meet...in a country where political space and freedoms are provided for the not for profit sector to operate with relative ease. This is not the case in many countries and, in such circumstances, the sector will face very different challenges'.

---

[1] As discussed in Chapters 1 and 2, the American definition applies the strict non distribution of profits to the owners of the social enterprise. Co-operatives, credit unions and mutual societies do distribute profits to their members and were excluded from this survey on this ground.

[2] Centre interdisciplinaire de recherche et d'information sur les entreprises collectives (CIRIEC)

Although many scholars refer to the 'community and voluntary sector', there appeared to be a dichotomy between these two distinct groupings and even a 'fracture' between the two. Collins (2002, 96) noted that on one side of this fracture are the traditional voluntary organisations, with a strong rural base with a traditional Catholic social-policy ethos and originating mainly in the first half of the twentieth century. On the other side are the 'community' sector groups. These have a strongly urban or suburban base, have emerged over the past thirty years and were 'inspired by European anti-poverty programmes and by radical social analysis' (ibid, 97). Community development organisations, especially in urban areas, developed since the 1970s (Acheson, Harvey, Kearney and Williamson, 2004, 93-95), although Lee (2003, 50) has asserted that prior to 1987 and social partnership, community development was at best only 'tolerated'.

Community development covers a wide range of issues and, citing the United Nations definition, was reviewed by Henderson and Thomas (1981):

> '...the term 'community development' has come into international usage to connote the process by which the efforts of the people themselves are united with those of governmental authorities to improve the economic, social and cultural conditions of communities, to integrate these communities into the life of the nation and to enable them to contribute fully to national progress...the complex of processes is thus made up of two essential elements, the participation of the people themselves in efforts to improve their level of living with as much reliance as possible on their own initiative, and the provision of technical and other services in ways which encourage initiative, self-help and mutual help and make them more effective. It is expressed in a variety of programmes designed to achieve a wide variety of specific improvements'.
>
> (Henderson and Thomas, 1981, 7)

Collins (2002, 97) has asserted that the newer community sub-sector had demonstrated an ability to engage with highly disadvantaged groups and had as a result successfully 'inserted itself into the State machinery' especially in

policies relating to 'social inclusion, community development and participatory democracy'. One reason for the greater penetration of the community sub-sector related to a shift in the view of poverty at a policy level from being an 'objective condition' to a view of 'exclusion' and 'marginalisation'. The community groups within this sub-group were at the fore in the analysis of countering disadvantage and creating the conditions for social integration (ibid, 94-95). The context for community development in the twenty-first century in Ireland was 'generally supportive, but was nevertheless fraught with difficulty'. Community development had moved from the margins and has become a central player in anti-poverty and social-inclusion policy (Lee, 2003, 51)[3]. As full partners in social partnership (see below), expectations within the 'target groups' had been raised and these had to be met.

'The last 40 years or so...have witnessed great changes both within the sector and in its relationship with the state' (Donoghue, Anheier and Salamon, 1999, 9). The Irish community and voluntary sector had experienced many of the external pressures identified in Chapter 2 and have demonstrated many of the characteristics identified there. The Irish state has adopted many neoliberal ideas and become more of a facilitator in the delivery of public services rather than a direct service provider, adopting a more 'hands-off' stance. Many of the concepts ascribed in Chapter 2 to entrepreneurial governance are also in evidence: value-for-money considerations, the use of public-private partnerships and the adoption of social partnership. However, with all these influences in evidence, the state remained the main funder of voluntary and community organisations in the Republic of Ireland (Daly, 2007, 163).

In 2000, the Irish government published a White Paper on its relationship with the community and voluntary community called 'A framework for supporting voluntary activity and for developing the relationship between the State and the Community and Voluntary Sector' (Department of Social,

[3] One of the earliest examples of this was the establishment of the Combat Poverty Agency in 1973 which Lee (2003, 49) ascribes as part of Irish societies rediscovery of poverty. Lee is herself a former Chairperson of Combat Poverty.

Community and Family Affairs, 2000). Broaderick (2002, 105) described the aims of the White Paper as outlining the contemporary context for the community and voluntary sector, setting out a cohesive policy framework for government departments and agencies to support the community and voluntary sector, promoting principles of best practice and making recommendations to support the sector and 'deepen the relationship with the state'. The vision in the White Paper 'encourages people and communities to look after their own needs – often in partnership with statutory agencies, but without relying on the state to meet all needs' (ibid, 106). This was at a time when the European Union emphasised the principle of 'subsidiarity', delegating decision-making powers to the level nearest the people, this demonstrated that third-way principles were being implemented in the Irish case.

Thus, the Irish community and voluntary sector was significant in size and breadth. However, it was not homogeneous and demonstrated a wide variety of organisational forms and motivations. According to Donnelly-Cox, Donoghue and Hayes (2001, 202), 'maturing, vexatious, caring, campaigning, empowering, fractious, and legitimate; these are some epithets that could be applied to the third sector today'. The Irish community and voluntary sector appeared to be a sector in flux.

Social Partnership

The Irish social partnership model had been adopted at a time of persistent unemployment, low growth and high levels of emigration and social deprivation. It has been argued that 'the need to address social exclusion, particularly the persistence of long-term unemployment, has led Ireland to adopt a development strategy which, *inter alia*, involved strengthening local capacity by supporting development partnerships. One of the recognised values of this 'partnership' approach is its capacity to effectively address a combination of economic and social issues simultaneously' (O'Hara, 2001,

161). In the national wage agreements prior to 1987, the Government acted as mediator between the employers and unions. However, since the 1970's it has played a more active role as a partner in the agreements (Boucher and Collins, 2003, 300). Social partnership and the previous national wage agreements were corporatist in nature. Meade and O'Donovan (2002, 1) defined 'corporatism' as a 'system of representation adopted by governments that seek to secure pacts between the state and representatives of trade unions and employers in the interest of the national economy'. Social partnership was necessarily a compromise arrangement whereby 'the state confers a monopolistic representational legitimacy on certain organisations and grants a seat at the table in exchange for some restriction on their articulation of demands and support for agreements reached' (ibid, 1). The social partnership agreements initially addressed wage moderation, fiscal restraint and tax concessions and were traditional corporatist agreements (Boucher and Collins, 2003, 303; Teague, 2006, 421). Initially, there were three social partners; the government, employers and trade unions. Since 1996, other social partners have been included, such as the 'community and voluntary pillar' and the representatives of agriculture (the Irish Farmers Association (IFA) and the Irish Creamery Milk Suppliers Association (ICMSA)) (O'Donnell and Thomas, 1998, 119; Broaderick, 2002, 102-104; Boucher and Collins, 2003; Acheson, Harvey, Kearney and Williamson, 2004, 98-108; Teague, 2006, 423). The community and voluntary pillar comprised a representative group for the third sector in Ireland and gave the broad sector a voice and a seat at the table.

The following was a list of the national agreements to date:

- Programme for National Recovery (PNR), 1987
- Programme for Economic and Social Progress (PESP), 1991
- Programme for Competitiveness and Work (PCW), 1994
- Partnership 2000 for Inclusion, Employment and Competitiveness, 1997
- Programme for Prosperity and Fairness (PPF), 2000
- Sustaining Progress, 2003
- Towards 2016, 2006

The development of social partnership in Ireland involved a 'wide range of economic and political actors in a complex process of negotiation and interaction' (O'Donnell and Thomas, 1998, 122). Irish social partnership was defined as a 'Four Room' negotiating process (O'Donnell and Thomas, 1998, 132; Teague, 2006, 423). Thus IBEC[4] and ICTU[5] constituted one room, there was a business room, a community room and a farming room, with the Department of the Taoiseach at the centre. Before the community and voluntary sector gained full membership at the social partnership table it was granted formal, full and equal membership in the National Social and Economic Forum (NESF)[6] established in 1993. In the NESF, the community and voluntary sector had a third of the members of the forum on a formal basis and this was the first national partnership structure under which the sector had formal membership (McCashin, O'Sullivan and Brennan, (2002, 263-279)

Collins (2002, 92) argued that by the late 1980's the State was committed to participatory processes not just representative ones. The resulting partnership approach was seen at national, regional and local levels. As a result, the partnership approach has become institutionalised and has become the 'normal means of decision-making in Ireland' (Boucher and Collins, 2003, 305). The community and voluntary sector had 'considerable success in establishing a role for itself in a range of policy-oriented, government-established bodies, such as NESF, NESC[7], the National Anti-Poverty Strategy, various Task Forces and the Area-based Partnership' (McCashin, O'Sullivan and Brennan, 2002, 266). For example, the Programme for Prosperity and Fairness (2000-2003) established 56 working groups to make recommendations regarding a wide range of policies, all of which had representatives of the Community and Voluntary Pillar (Teague, 2006).

[4] Irish Business and Employers Federation (IBEC) is the main representative body for Irish industry and employers.
[5] Irish Congress of Trade Unions (ICTU) is the main representative body for Irish trade unions.
[6] The National economic and Social Forum is an advisory body on social and economic policy to Irish government, with the community and voluntary sector forming one-third of nits membership.
[7] National Economic and Social Council (NESC) is a government based economic and social think tank.

Teague (2006, 421) noted 'one view, which enjoys considerable support, is that the Irish system of social partnership stands apart from corporatist deals of the past as it is based on the principles of deliberative democracy'. The outcome of such a social partnership process based upon deliberative democracy would be 'social inclusion rather than wage regulation' (ibid, 422). The emphasis in a deliberative democratic process was to develop 'policy solutions to economic and social matters in ways that seek to reconcile particular interests that were considered to be in collision' (ibid, 424). The 'administrative centre' acts in a supervising manner and, as Teague (2006, 425) noted, the Irish government became 'remarkably locked into this form of thinking'.

Social partnership had its difficulties and critics. The community platform was a diverse and heterogeneous group (Broaderick, 2002). The sheer diversity of the sector created a difficulty when attempting to 'forge an "alternative" voice to the existing participants in policy making' (McCashin, O'Sullivan and Brennan, 2002, 276). A number of authors expressed reservations regarding the relationship between the community and voluntary sector and government. McCashin, O'Sullivan and Brennan (2002, 276) commented that a closer relationship with the state 'may transform the very nature of the Voluntary and Community Sector in Ireland'. Furthermore, Murphy (2002, 88) argued forcefully that the community and voluntary pillar had gained little from social partnership and that there has been a 'considerable opportunity cost in terms of loss of time dedicated to other actions for social change'. However she continued to recommend that 'for the time being, the outsiders on the inside should stay where they are'. Broaderick (2002, 108) also warned that the sector 'should be wary of the corporatist nature of current institutional trends and treasure the flicker of dissent in a landscape of benign consensus'. Others criticised the process itself. O'Carroll (2002) asserted that the Irish case of social partnership 'is, in fact, not unique' and this was supported by Birrell and Hayes (2004, 46) who noted that in fact the partnership model was a requirement of all European Union programme

funding. Teague (2006, 440-441) has asserted that 'all in all, the evidence does not appear to sustain the claim that the Irish social partnership model has been successful at placing deliberative democracy at the centre of industrial relations structures'.

However, it may well be at the local level that the community and voluntary sector has gained most from social partnership. Several scholars have discussed the operation and effects of area-based partnership approaches (Walsh, 1998; Collins, 2002; Teague, 2006). Walsh (1998, 329) opined that social partnership 'marks the reversal of a long-standing hegemony at central government level by recognising the role that local actors can play in the process of economic and social development'. He also noted that these new locally-based partnership structures have effectively by-passed the already existing local government structures. The level of actual impact achieved was also questioned by several authors. Teague (2006, 438) has demonstrated that 'administrative decentralization has been achieved, which has resulted in a fair degree of uniformity across local partnerships in terms of what they do and how they go about doing it. But little evidence exists of the centre providing substantial or sustained support to local stakeholders that would have enabled them to launch genuinely experimental initiatives'.

Much of the work of area-based partnership companies (APCs) was administered by Area Development Management Limited (ADM – which was later re-branded as 'Pobal'), an intermediary programme funding and monitoring body established as a company limited-by-guarantee, whose aim was to initially distribute and monitor the expenditure of public funding through the APCs, Community Development Projects (CDPs) and later other community-based initiatives. According to Teague (2006, 429) 'at the aggregate level, the ADM appears neither to have been a big success story nor an unmitigated failure. It has performed satisfactorily, producing a range of benefits, but containing a number of shortcomings'. One concern raised about community development programmes was 'programme paralysis',

where the 'primary focus becomes the challenge of sustaining programme structures rather than a constant review of how the development of communities and groups experiencing disadvantage might best be progressed' (Lee, 2003, 54). There was a considerable amount of effort made by all sides to deliver programmes at local level using the 'partnership approach'. However, the community and voluntary sector was at a disadvantage, at least initially, when working on these local-partnership bodies. Lee (2003, 52) noted that community representatives on working groups and area-based partnership structures 'experienced difficulty in managing the working style and the language that characterizes these committee'.

Since 1987, Ireland has been transformed economically and socially. Social partnership has delivered wage constraint and industrial peace, allowed for the transformation of the public finances and the creation of the foundations for an economic boom. Whether it had delivered all that the community and voluntary sector wished is unlikely. However, the sector was given full participation rights at the table and formal recognition for its position in Irish society. However, social partnership raised the thorny issue of the role of the state with regard to community development. In an insightful commentary, Collins (2002) was led to conclude that the motivations of the state with regard to its engagement with community and voluntary sector, may have been driven by self interest:

> 'the emergence of community based, participatory democratic processes in Ireland and elsewhere was not in fact a rolling back of the State, nor indeed was it particularly the community driven innovation which Sabel seems to believe it was. It was rather an induced – if not driven – State innovation to expand its frontiers in constituencies where its presence was weak or predominantly repressive – an in policing, housing or social welfare'
>
> (Collins, 2002, 100).

The role of the Irish state and civic society

Kirk (1980) and MacLaran (1993) outlined four main conceptions of the state – pluralist, managerialist, reformist and Marxist. The pluralist view conceived the role of the state as to mediate and regulate between competitive groups in society. This view saw society as constituting a myriad of groups vying to promote their diffuse interests, with no one group able to assert dominance over the other groups. The managerialist view conceptualised the state as a bureaucratic entity whose role was to manage its affairs in a fair and regulated manner but within which the departments and functionaries of the state sought to fulfil their own agendas.. The reformist view conceived the state as asserting a positive social influence on society through addressing undesirable aspects in society and ameliorating poverty and social disadvantage. If the first three views saw the role of the state as 'benign', the Marxist view saw the fundamental role of the state as to ensure the interests of capital and 'assuage the conflict between capital and labour, to mediate class conflict, to legitimate capitalist society and property relations and guarantee the relations of production' (MacLaran, 1993, 81). Kirk explained the limitations of these views:

> 'The theoretical perspectives outlined here all focus on different aspects of the distribution of power in society, and have various strengths and weaknesses. These approaches each have their own specific emphasis, and allow one to focus on particular aspects at the expense of others'
>
> (Kirk, 1980, 93)

What does the previous discussion regarding social partnership and the 0relationship between the state and the social partners reveal about the Irish state? At first glance, the Irish government seemed to be adopting a managerialist approach, as the state initiated and managed the social partnership process and operated a 'hands-off' approach, as outlined in the aforementioned Government White Paper (2000). The approach was corporatist in nature. O'Donnell and Thomas (1998, 125) concluded that social partnership was a form of corporatism that extends beyond multi-

annual pay agreements, but had incorporated the social partners into the domain of public-policy making. The result was a 'more institutionalised and regularised mode of participation' (ibid, 126). The fact that all the main political parties in Ireland have engaged in and concluded a social partnership agreement demonstrated that the process has been institutionalised at the core of the political system (ibid, 130). Healy (1998, 64) asserted that 'there are three broad ways in which institutions tend to influence political outcomes: they affect the strategies adopted by players, they distribute bargaining power in unequal ways and they rule in advance on the criteria for participation in the policy-making process. The Irish state's involvement within the social partnership process certainly fits within these influences from establishing the initial mechanisms of the process and the later widening of these parameters, down to who was to be included in the process. The four-room process puts the government at the heart of the discussions, managing the process.

Collins (2002, 93) argued that 'civil society should be seen as part of the State apparatus – even if not governmentally or statutorily driven'. He continued that 'the structures of civil society allows for the extension of the State's reach into social groups and even geographic areas where it has heretofore failed to reach'. The inclusion of the community and voluntary sector certainly legitimised the sector's role in the state apparatus, whilst also allowing for government policy to be delivered at a local level through many, apparently community-based organisations. Seibel and Anheier (1990, 16) noted that 'public and nonprofit sectors also overlap in the area of policy formulation. Whether at local, regional, national or international levels, governments seem to find it increasingly difficult to formulate policies on their own'. Thus the view of the state was confirmed as apparently managerialist and corporatist in nature.

The above discussion did raise resonance with the discussion in the previous chapter with regard to institutional theory. Looking at Lee's (2003, 52)

citation earlier that community representatives had difficulty initially in coming to terms with the working processes of social partnership, there was a clear implication that the process, as defined by government, was being adopted by all the other social partners. Thus, there were clear institutional isomorphic forces at work, possibly mimetic (community and voluntary organisations mimicking the perceived success of other organisations or processes) or normative (the development of a body of 'best practice'). Healy (1998, 70) noted the speed at which decision-making processes, agreed by a few individuals in a process, became the institutional norm and how 'the arbitrariness of these decisions is quickly forgotten. They become the natural and legitimate categories for the analyses and evaluation of policy, creating cognitive commitments in the minds of individuals who use them'. Social partnership certainly demonstrated many of these institutional traits. Defourney (2001, 1) argued that the development of social enterprise 'represent the new or renewed expression of civil society'. The next section examines the development and current status of social enterprises in Ireland.

Social enterprises in the Irish case

Social enterprises in Ireland appeared to follow many of the characteristics attributed to them in Chapter 2. They appeared to be service-delivery vehicles for the community and voluntary sector. According to O'Hara (2001, p150), 'in Ireland then, the terms social economy and social enterprises are generally understood to refer to initiatives involved in the production of goods and services but with social, rather than purely profit-making or commercial goals'. There was no formal statistic as to the number of social enterprises in Ireland. Table 3.1 provides a compendium of available statistical information.

Table 3.1 – Compendium of available statistics on Irish social enterprises

Category	Number	Turnover/Savings in €	Employees
Co-operatives - ICOS[8]	93	12,054,212.34	34,904
Credit Unions – ILCU[9]	530	10,869,320, 328[10]	N/a
NSEP[11] - FAS[12]	312	N/a	2,257

Source: ICOS (2005), ILCU (2006),
WRC Social and Economic Consultants (2003)

It must be noted that these figures under-represent the total number of social enterprises in Ireland. There were difficulties with the figures presented as not all co-operatives were members of the Irish Co-operative Society (ICOS) and, furthermore, not all co-operatives are social enterprises. Credit Unions are a financial co-operative and technically under the American 'nonprofit' definition would not qualify as a social enterprise. However, the norm in Europe would be to include them. Additionally, not all credit unions are members of the Irish League of Credit Unions (ILCU), although the large majority were.

According to Donoghue, Prizeman, O'Regan and Noel (2006, 71), 2.2% of their respondents felt that the social economy role was important for the community and voluntary sector. It was interesting that, 'although overall the policy development, service and social economy roles were regarded as less important, they were relatively more important amongst younger than older organisations'. If 2.2% of those who responded to the survey were social enterprises (accepting that there was no evidence to support this) then this would account for 93 organisations. If the overall figure of 24,000 was correct, then a rough estimate of the number of social enterprises within this survey would be 528. This is, of course, not scientifically accurate but purely an estimate. However, it demonstrates the fact that 'any attempt to delineate or categorise social enterprises is, necessarily, rather arbitrary' (O'Hara, 2001, 152).

---

[8] Irish Co-operative Organisation Society (2005), 'Annual Report – 2004', (ICOS, Dublin), p 32
[9] Irish League of Credit Unions (2006), 'Annual Report – 2005', (ILCU, Dublin) pp 86-87
[10] ibid, p86, note Republic of Ireland figure only, excludes NI
[11] National Social Economy |Programme (NSEP) was a programme to promote community-based social enterprises and is discussed in depth later in this chapter
[12] WRC Social and Economic Consultants (2003), 'Evaluation of the social economy programme' (WRC, Dublin, p22)

The remainder of this section comprises two elements. The first examines the historical roots of Irish social enterprises and the second examines their current position.

Historical evolution of social enterprises in Ireland

The historical evolution of Irish social enterprises can be defined by reference to categories of social enterprise: co-operatives, including credit unions, industrial and provident societies and community-based enterprises.

Co-operatives

Co-operatives cover a range of organisational types in the Irish case, particularly agricultural co-operatives, community development co-operatives in the Gaeltacht areas, worker co-operatives and credit unions. As discussed in the previous chapter, not all co-operatives are social enterprises. Many are 'for-profits' with a democratic management/ownership structure. However, the co-operatives are an important tradition in the development of the Irish social enterprise tradition, as they incorporate mutuality, self-help and trading within their organisational form.

The first *agricultural co-operative* in Ireland was a creamery co-operative and was established in 1889 at Dromcollogher, County Limerick. Committed individuals such as Horace Plunkett and his associates saw the co-operative idea as a way to assist farmers' pool their resources and achieve economies of scale. In 1894, the Irish Agricultural Organisation Society (IAOS)[13], a representative body for the co-operative movement, was established. There were three main types of agricultural co-operative: dairy creamery co-operatives, meat and mart (livestock) co-operatives and agricultural credit co-operatives. The dairy creamery co-operatives were the largest in number and

[13] Later to be renamed the Irish Co-operative Organisation Society

size, the livestock cooperatives developing only later while the agricultural credit co-operatives died out around the 1920's. The role of agricultural co-operatives in transforming Irish agriculture has been significant (McCarthy, Briscoe and Ward, 1998)

The 1920's were the high point for the number of agricultural co-operatives, but still many of these were small in volume and membership (see Table 3.2). Between the 1930's and 1960's several historical events, notably the great depression, the Anglo-Irish trade war and World War II and its aftermath, notably Irelands inability to access Marshall Plan funding, created difficult conditions for the agricultural sector. In response, the co-operative movement saw the need to rationalise in order to take advantage of economies of scale. In 1966, IAOS commissioned Dr. Joseph Knapp of the U.S. Department of Agriculture to draft a plan for the rationalisation of the co-operative movement in Ireland, especially the amalgamation of creamery co-operatives. The first phase of amalgamations took place in 1966 with a second stronger wave in 1972 (ICOS, 2007). This helped to create a far stronger co-operative and agricultural sector by the time of Ireland's accession to the European Economic Community in 1973. By 1995 there remained only 70 co-operatives (both creamery and livestock co-operatives). Combined, they had 136,333 members and 29,500 employees.

Table 3.2 – Number of IAOS affiliated co-operatives in Ireland in selected years

Year	No. of co-operatives
1884	50
1900	374
1920	1,114
1995	70

In the 1980's and 1990's, many of the creamery co-operatives chose to de-mutualise and become publicly listed companies (PLC's). According to McCarthy, Briscoe and Ward (1998), there were good reasons for this. Over time, many co-operative members had ceased to be dairy farmers yet remained as co-operative members. Also, as the creameries grew, they took

supply from dairy farmers who were not members of the co-operative. Thus, the actual base of diary farmers who were members of the co-operative reduced in scale and many non-farming members saw the financial benefit of making profits personally by capitalising the co-operative's assets by converting into a PLC. Breathnach (2004) gave an outline of the historical development of Glanbia from its early roots in the Dungarvan Co-op, into its development as the Waterford Co-operative Society and Waterford Foods, which emphasised the trajectory that the co-operative movement had followed over the past century.

From a policy perspective, agricultural co-operatives operated under the Industrial and Provident Societies Act, 1893. However, in the 1930's the agricultural co-operatives obtained their own separate legislation, the Agricultural Co-operative Societies (Debentures) Act, 1934, which was 'an Act to empower certain societies registered under the Industrial and Provident Societies Act, 1893, to issue debentures, and to borrow money on the security of their uncalled capital, and for other purposes connected with the matters aforesaid'. Statutory instruments were issued in 1934 and 1949 under this Act.

An agricultural co-operative society is defined by law as:

> 'a society the business of which is wholly or substantially agricultural and the majority of the members of which are mainly engaged in farming and derive the principal part of their livelihood from farming, and in which the acceptance of deposits and the making of loans constitute an insubstantial part of the business of, or are incidental to, or are intended to assist the carrying on or the development of, the society's principal business'.
>
> Government of Ireland (1978)

National policy in relation to agricultural co-operatives, like agricultural policy generally, was subsumed into the Common Agricultural Policy (CAP) when Ireland joined the then European Economic Community (EEC), now the European Union (EU), in 1973. Irish government policy with regard to

agricultural co-operatives was primarily one of regulation, facilitating necessary financial instruments.

The 1934 Act was enacted to allow certain agricultural co-operative societies to raise debentures as, prior to this, the members of the management committee were required personally to guarantee loans if funds needed to be borrowed However, whereas the government would facilitate necessary legal instruments, the primary role for the development of the sector remained within the sector. To quote the then Parliamentary Secretary for Agriculture and Fisheries in 1972, 'as I pointed out in my statement of 10th October, creamery amalgamation is a voluntary matter, no individual creamery society is being forced into an amalgamation against the wishes of the majority of its members' (Dail Eireann, 1972, Vol. 264). The role of government policy was to facilitate, not to promote and develop the sector *per se*.

Community Development Co-operatives (CDCs) were established in rural and island Gaeltacht areas starting in West Kerry in 1966. By 1977, 16 CDCs had been established (Breathnach, 1986). According to Briscoe, McCarthy and Ward (2000, 65) 'there is a common tendency to invoke the co-operative approach only in exceptional circumstances, when more conventional approaches to meeting needs have broken down...the Gaeltacht co-ops evolved in just such unfavourable circumstances'. CDCs were established as a hybrid between a business and a community development organisation. They provided piped water, roads, electricity and other services to isolated areas (Bricsoe, McCarthy and Ward, 2000) and supplemented the work of the state in local economic development in areas 'characterised by declining and unbalanced demographic structures with severely depleted public service provision' (O'Shaugnessy, 2005, 7). Although established as co-operatives, they performed tasks more akin to local authorities and local development agencies. Breathnach (1986, 106) questioned the level of buy-in by local community people who 'although disposed to the efforts being made by them, take little interest or active involvement in CDC affairs. He concluded that, as a consequence of the Lack of 'buy in', the status of CDCs as true co-

operatives was 'doubtful'. The other issue raised by Breathnach was the 'serious defects as regards overall long-term planning' (ibid 104). However, it should be noted that the CDC model was adopted in other areas, notably the Highland and Islands region of Scotland (CENTRAC, 1991).

Ireland did not have a major tradition of *worker co-operatives*, certainly as compared with some other European countries like Spain and Italy. Nevertheless, there was a national programme to support and develop worker co-operatives. FÁS established the Co-operative Development Unit (CDU) in 1994. The unit was small, with a manager and two project officers, but it had a high profile and had its own distinctive identity within FÁS. The unit was established under the remit of the national partnership agreements. The original idea, to promote co-operatives, was set out in the Programme for National Recovery (PNR, 1987), but in the Programme for Economic and Social Prosperity (PESP, 1991) a formal budget was given to the concept and FÁS established the unit. Like many FÁS programmes, the co-operatives that qualified got financial assistance by way of capital and wage grants; they also got advice and mentoring. The unit continued until 2001, at which stage it was closed after FÁS carried out a 'strategic review' of its remit, services and targets. In 1998, Fitzpatrick & Associates carried out an evaluation of the programme and the unit. This report was unpublished, but apparently gave a positive evaluation of the unit and its work[14]. FÁS moved its focus from assisting the unemployed to capacity building for those at work, especially in the lower-skilled positions, which evolved into the competency development programme. The programme, although subsequently terminated, did represent one of the first real national programmes aimed at not just recognising and supporting, but actually developing, one small sector of the social economy in Ireland.

[14] Although the evaluation was unpublished I wish to thank Colm Hughes, the manager of the FAS CDU, for his insight and information.

Credit unions are self-help organisations where small investors pooled their savings and lent to one another at a reasonable below-market rate of interest. The surplus generated from the lending was either kept in a reserve fund to cover future lending and/or was distributed back among the members. Credit unions in Ireland were created under a 'common bond', the criteria by which membership of the credit union was determined. Usually this was geographic, commonly comprising the residents of a particular area or parish, but some were vocational, such as the employees of a certain company or public sector body. The biggest representative body was the Irish League of Credit Unions (ILCU) but a smaller group has formed since 2000 of ex-ILCU unions, called the Credit Union Development Association (CUDA), apparently in a disagreement about the running of the ILCU.

The first credit union in Ireland, the Donore Credit Union, was formed in Dublin in 1958 (ILCU, 2007). Agricultural credit co-operatives had existed in the early twentieth century but had died out by the 1920's. These co-operatives had been formed on the philosophy of mutual support and laid the foundation for the credit unions later on. However, it was somewhat surprising that the Irish credit union movement started so late. According to the ILCU, by 1984 there were 648,000 members in Irish credit unions with total savings of €361 million. By 2001, there were 2.6 million members on the island of Ireland with total savings of just over €7 billion in assets in 530 credit unions of which over 400 were in the Republic of Ireland. Credit unions operate as co-operatives with democracy and mutuality as their guiding principles. Credit unions are also not-for-profit organisations supporting members' needs, which meant that profit maximisation was not primary goal.

From a policy perspective, the government saw the need to formalise the operation of these new financial institutions, as the credit union model was spreading rapidly and in 1966 the Oireachtas passed the Credit Union Act. The 1966 Act defined a credit union within the context of the Industrial and Provident Societies Acts, gave regulatory control and powers to the registrar

of friendly societies and defined the 'common bond' and the types of common bond. The common bond is the nature of the association under which the members come together and form their credit union.

The credit union movement grew through the 1960's and 1970's under the remit of the 1966 Act. However, as times changed, so did the financial markets and this necessitated a review of the 1966 Act, which culminated in the passing of the Credit Unions Act, 1997. According to the then Minister for Finance, Charlie McCreevy T.D., the Act:

> 'consolidated all previous legislation in relation to the registration and supervision of credit unions with provision for the expansion of credit union services in the future. This Act will allow credit unions to provide, within a proper regulatory framework, financial services currently provided by the main financial institutions'.
>
> (Dail Eireann, 2000, 2nd February)

Apart from updating the provisions of the 1966 Act, the new Act required all credit unions to maintain minimum reserves and allowed for the remaining surplus generated to be paid as dividends to members. The Act also allowed credit unions to provide a wider range of financial products, thus allowing them to compete with the growth in financial products that had occurred in the preceding thirty years, since the original Act. Importantly, it legislated for the establishment of a Credit Union registrar. Irish government policy in relation to the credit unions was to recognise their place in society and maintain regulatory control. According to the then Minister for Finance, Brian Cowen T.D., in a speech to the ILCU consultative general meeting on 29th April 2006, '...your movement [ILCU] is an integral part of Ireland's social fabric and I welcome the opportunity to contribute to your discussions' (Department of Finance, 2006). To cite former Taoiseach, Bertie Ahern T.D., 'the government fully recognises and very much values the unique ethos guiding the credit union movement in Ireland. As I have stated before however, good regulation is critical for the movement and the solvency and safety of member's funds is of absolute importance' (Department of the Taoiseach, 2006). The policy would appear to recognise the role of credit

unions and regulate them, rather than to promote them. The policy is 'hands-off' and supervisory in nature. Although recognising the 'unique ethos' of the credit unions, the government was consistent with its policy to regulate financial services generally.

Other forms of social enterprise in Ireland

Apart from the co-operative movement described above, the other potential social enterprise forms were provident and industrial societies and community enterprises established as companies limited-by-guarantee.

Many social enterprises traditionally operated as *industrial and provident societies* under the auspices of the Industrial and Provident Societies Acts 1893 – 1978. This was broad legislation that covered many charities, credit unions, agricultural and fisheries co-operative societies. The Acts gave a legal framework under which such organisations could legally operate, raise funds, expend funds, hold property and be held accountable. The purpose of the Acts was to give a regulatory framework, rather than a promotional framework, as can be discerned from the second reading of the 1978 Amendment Act, which discussed the importance of regulation. Again, not all industrial and provident societies were social enterprises but, rather, some social enterprises used this legal form in order to establish themselves legally.

Community-based social enterprises are more recent developments and, in Ireland, the main promoters of social enterprise have been 'those involved in local and community development through their various networks and representative bodies' (O'Hara, 2001, 162). Thus, there has been a correlation between the growth in strength of community development and social enterprise. It is these social enterprises that formed the focus of this investigation and they will now be discussed further.

Community-based social enterprises

O'Hara (2001, 152) identified five categories of social enterprise in Ireland: work integration social enterprises (WISE), social enterprises concerned with housing provision, credit unions, social enterprises providing personal and proximity services and local development organisations. These categories defined social enterprises by their operational function, not by their legal structure. Alter (2007, 53) noted that 'a social enterprise may be incorporated either as a for-profit or a nonprofit. It is however important to recognize that social enterprises are not defined by their legal status: legal status may be arbitrary. A social enterprise's structure or model is not a definitive determinate of its legal status'. O'Hara (2001, 152) has observed that there was no distinct legal definition of social enterprise in Ireland and continued that 'we can distinguish social enterprises in the basis of their objectives, activities and operation rather than by their organisational form'. O'Shaugnessy (2005, 16-18) outlined several legal forms for a social enterprise in Ireland – a company limited by guarantee, an industrial and provident society, an incorporated scheme under the Charities Act or as a trust. However, as outlined in the previous chapter, the definition of a social enterprise by its operation rather than its legal status appeared to hold firm in the Irish case.

There exists no official definition of a social enterprise in Ireland. The only official categorisation of social enterprises comprises the three categories defined under the National Social Economy Programme (discussed in detail below). The three categories highlighted are demand-deficient social enterprises, enterprises based upon public contracts and community businesses (FÁS, 2000; O'Hara, 2001, 149; Teague, 2007, 95). Demand-deficient social enterprises provide necessary products and services in communities which could not afford to pay the full commercial rate. Public-contract social enterprises provide products and services on a fixed- term contract for a public body, the example of a community estate management company providing services to its community on a contract from a local

authority. Community businesses are defined as commercial social enterprises that had the capacity to become self-sustaining with three years initial support.

The issue of work-integration social enterprises (WISE) has been discussed by O'Shaugnessy (2000 and 2005) and by Kerlin, (2006). These are social enterprises which use their trading activity to reintegrate disadvantaged individuals back into the mainstream labour market. These are themselves connected with intermediate labour market programmes (ILM). O'Shaugnessy (2005) has highlighted the importance of active labour-market programmes to the community and voluntary sector as many community groups had become reliant on labour-market programmes to function and deliver services. Approximately 1.75% of Irish Gross Domestic Product was spent of active labour market programmes - particularly the Community Employment Programme (CE) and the Full-time Job Initiative Programme (JI) (p3). However, not all Community Employment and Job Initiative projects could be counted as embedded social enterprises. The primary objective of a Community Employment or Job Initiative project was the training, placement and progression of participants. If the definition of a community-based social enterprise, discussed in Chapter 1 were to be applied, that it comprises a community-based organisation with a traded income which achieved its social aims through its trading, most Community Employment and Job Initiative projects would fail as they do not have a traded income *per se*. They received employment, management and operational grants from FÁS and this could be considered a public-sector contract. Yet the projects had very little discretion over these budgets and all discretionary expenditure must be pre-approved by FÁS. Like most other categories used by social enterprises, a work-integration social enterprise could only be identified by the manner in which it operated. Some community centres which had Community Employment projects did generate income from room rental, coffee shops, childcare facilities and other programmes. In this case the community centre may be described as a mission-centric social enterprise as it delivered

community development activities through the operation of a community centre. The role of the Community Employment project however, must be brought into question. Was the Community Employment project a work-integration social enterprise (WISE) or did it facilitate the community centre that was a WISE? There was a difference between a community-based business with social objectives and a community group with economic objectives. It appeared that many WISE should have properly been defined as the latter.

The definitional problems outlined earlier in this chapter, with co-operatives, industrial and provident societies and WISE, made it difficult to obtain an accurate measurement of the number of embedded social enterprises in Ireland. Area Development Management Limited (1996) commissioned a report that identified a total of 489 community enterprises, defined as organisations with both a trading and service provision role (O'Hara, 2001). FÁS identified 312 social enterprises within the implementation of the National Social Economy Programme. There was no way to estimate accurately the number of social enterprises in Ireland identified in the literature. Whether the numbers were increasing, constant or decreasing was an open question as was the question of its current role. O'Hara (2001, 163) asserted that 'as Ireland becomes an increasingly prosperous society, it seems likely that social enterprises may come to be seen as an effective and appropriate means of providing services to socially excluded groups'. Not all would agree. Allen (1996, 41-42) set a note of caution regarding social enterprise and people's expectations of it. He argued that the ambiguous understanding of the sector may result in difficulties as 'nobody knows what it is or what exactly it is for, yet everybody agrees it is a good thing'. National policy and funding programmes had clearly failed to clarify the understanding of social enterprises. The following section will examine the publicly-funded programmes that supported and attempted to develop social enterprises in Ireland.

Social enterprise programmes

There have been several discreet programmes aimed at supporting social enterprises in Ireland. The earliest was the Community Enterprise Programme (CEP) established in the early 1980's to provide 'advisory and financial assistance to community enterprise projects' (O'Shaugnessy, 2005, 10). This programme was managed by FÁS and consisted of a series of modules that community groups considering establishing a community enterprise could complete, allowing them to draw up a business plan and evaluate whether the community business route was appropriate. If the community group did establish the community enterprise then small-scale grants were offered as seed capital. However, there were other more significant programmes. The European Union ran a Third System and Employment Pilot Action (TSEP) under which Irish social enterprises participated. The Irish government established a National Social Economy Programme (NSEP) which, after a programme review by external consultants, was transformed into the Community Services Programme (CSP).

Third System and Employment Pilot Action

Since the mid 1990's, the European Union has had an interest in what they labelled the 'Third System', or what would be normally referred to in Ireland as the social economy[15]. European Union interest in this area was centred on reducing the high levels of unemployment that persisted across the member states and also as a way to provide services in disadvantaged communities. In 1997, the European Commission launched the Third System and Employment Pilot Action (TSEP). This was a pilot action initiated by the European Parliament. It aimed 'to test out, and to demonstrate, what benefits the Third System approach generates and what factors influence

[15] For the purpose of this discussion on the TSEP, the labels 'Third System' and 'social economy' are being used interchangeably. This is because the EU use of the term third system is relatively equivalent to the Irish use of the social economy.

whether and how it works in practice.' (ECOTEC, 2001, 3-4). The launch of the pilot action was based upon three considerations:

> 'First, the existence of **a series of unsatisfied needs** to which neither the State nor the market seem to be able to respond satisfactorily, in particular in the fields of social services, services to improve the environment and the quality of life, as well as cultural and leisure services. Secondly, the need to promote new avenues for **employment growth** that are labour rather than capital intensive and can fight unemployment more effectively. Third, the burgeoning of thousands of **initiatives which combine social and economic objectives**, and which offer an effective response to unsatisfied needs while simultaneously creating jobs.'
>
> (ECOTEC Research and Consulting, 2001, 3-4)

The TSEP was a major piece of work which initially aimed to test the value of the social enterprise model as a mechanism to address unemployment whilst meeting unmet social needs. However, the European policy agenda broadened during the period of the project. The European Employment Strategy (2006) came out of the Amsterdam Treaty which, under the 'Title on Employment', set out commitments and guidelines for a higher level of co-operation and involvement between the member states and the EU institutions. The Luxembourg Job Summit of November 1997 looked at ways in which the title could be implemented and the outcome of this summit was the European Employment Strategy (EES). As part of this strategy, based upon Article 128 of the Amsterdam Treaty, each member state was to implement a National Action Plan for Employment, which manifested in Ireland as the National Employment Action Plan and the Local Action Plans, and make an annual report on its progress on implementing the plan and strategy. One of the areas identified under the EES and upon which there must be an annual report on progress, was the development of the social economy. This brought to the fore the necessity of developing a social economy strategy in Ireland.

The TSEP funded 81 social enterprises across the European Union, including three in Ireland: Get Tallaght Working Co-operative Limited, Roscommon

Home Services Co-operative and Skyline Foundation Limited (ECOTEC, 2001). The TSEP also represented the first real systematic attempt to analyse the overall benefits of the social economy. The project lasted four years and was evaluated on an ongoing basis by ECOTEC Research and Consulting Limited. This allowed for a detailed evaluation of the programme and a detailed learning process.

The programme evaluation found that a number of countries, including Ireland, had very high levels of people employed in the social economy (16% being quoted for Ireland) (ECOTEC, 2001, 4-5). This appeared to be very high. Many of the social enterprises funded under the pilot action used employment of their 'target group' within their organizations as a method of 'integration' and this proved successful. These were equivalent to the work integration social enterprises discussed earlier. Many funded social enterprises used different approaches and perspectives to work with their target groups. They used 'specialist knowledge of their target groups as well as improved insight of how to gain access to these target groups'. Social enterprises used 'softer methods of working with the target groups and increased flexibility and responsiveness of these methods to the needs of their beneficiaries' (ibid, 17). These were equivalent to the holistic approaches referred to in the previous chapter. There was an even distribution between high- and low-skilled jobs created under the pilot action. To cite ECOTEC (2001, 19-20), 'this is a significant finding as the common perception of jobs created in the third system is that the vast majority of them are low skilled. It must be remembered however that many of the higher quality jobs related to administration and delivery of the projects themselves, rather than being the result of the quasi-market operation of social enterprise.'. The social enterprises examined not only created jobs, but yielded social and economic returns. Clearly there were savings in the payment of unemployment benefits, but also in the fact that social enterprises were bringing people into the labour market whom the private sector would not normally employ. 'Hence, the jobs created by the Third System... are

additional in the economy' (ibid, 21). The evaluation undertook a comparison of the benefits of service provision between public and social enterprise delivery and found that the social enterprises were better than public agencies at 'identifying new, latent needs and at transforming them into demand for innovative goods and services' (ibid, 26). The evaluation found that social enterprises added to social capital. Social enterprises 'added significant value to local partnerships through their ability to nourish trust relationships'. The evaluation also found that social enterprises 'contribute to a greater sense of local solidarity', and 'owe their success to the energy and the commitment stemming from the community' (ibid, 31).

ECOTEC (2001, 34) identified a number of challenges faced by social enterprises. These included the reconciliation of social and commercial objectives, ensuring that the quality of products and services remained high, the constant challenge of upgrading the competencies of staff, securing expertise and support from agencies, gaining access to finance, developing networks and co-operation between social enterprises and molding a supportive legislative and regulatory environment.

The evaluation expressed concern at one conclusion reached:

> 'One perhaps disappointing aspect of the Pilot Action is that there are few examples where production models originated in one project show much likelihood of being adopted by other organisations or by other sectors...the contextual specificity of projects, combined with the lack of clear focus on the input and output equation has in practice undermined the wider replicability of the individual models which were put into operation.'
>
> (ECOTEC, 2001, 71)

The ECOTEC evaluation made recommendations in relation to the European Employment Strategy (EES) and suggested that European institutions should take a wider view with regard to the benefits accruing from the social enterprises. The benefits identified were wider than just creating jobs and meeting unmet needs. Specifically, 'it is the view of the Evaluation that the Third System has a possible bearing in almost all areas of the EES and

associated guidelines, and that development of policy in this area needs to take this wider relevance into account' (ibid, 72).

The National Social Economy Programme

The National Social Economy Programme (NSEP), which aimed to establish a framework for the development of the social economy in Ireland, was launched in September 2000. The rationale for the programme lay in two places, the European Employment Strategy as stated earlier and the social partnership process and agreements. Teague (2007, 93) raised the problem with developing a social economy programme in Ireland – whether the policy objectives would best be 'realized by a strategy or a programme based on the narrow rather than the broad definition of the social economy'. He continued that 'the Irish government was probably too wedded to the narrow definition of the social economy and as a result missed an opportunity to launch a more expansive, exciting programme for the sector to promote a wider range of not-for-profit activity' (ibid, 101). Teague opined that 'it would be more prudent to adopt a broader definition of the social economy. This would allow the sector to be seen less as a small business and service sector – albeit dressed up in community clothing – and more as involving the delivery of social and public goods to communities in a manner that strengthens mutuality and self-reliance' (ibid, 104). Crossan, Bell and Ibbotson (2003, 6) noted that under 'Partnership 2000 for Inclusion, Employment and Competitiveness' a working group on the social economy was established to undertake a detailed examination of the potential for the social economy. This working group considered that:

> 'There is a clear case for developing the social economy in the context of combating disadvantage and with the aim of regenerating communities. But this has to be balanced with recent market trends, skills shortages and forecasts in relation to the labour market...a specific social economy programme should be funded...from existing resources. The most obvious source of such funding is Community Employment, as it is already the primary supporter of the social economy activity in Ireland'.
>
> (Government of Ireland, 1998, 53)

The implication was to place the programme under the remit of the Department of Enterprise Trade and Employment, with operational control given to FÁS, which managed and delivered community employment and its budget. The working group report recommended a budget of just under £41 million (€52 million). Based upon the recommendations of the working group, FÁS set up a Social Economy Unit within its Head Office to implement the programme and oversee the budget. At a local level, FÁS established with the assistance of ADM-funded Area-based Partnership Companies (APC) and funded non-partnership community groups, what were called Local Social Economy Working Groups (LSEWG). These were made up of local FÁS management, local development organisations, community representatives and other stakeholders. The LSEWG would oversee the implementation of the NSEP at local level, establish local needs and priorities, assess applications for NSEP from social enterprises and provide a framework for the development of local support actions (FÁS, 2000). However, the LSEWG only had a consultative role in relation to the approval of projects and the final decision remained with the local FÁS management. At a national level, there was a monitoring group established within the Department of Enterprise, Trade and Employment. This national monitoring group was chaired by the Principal Officer in the Department responsible for the programme and had representatives from the social partners and local development representative groups, notably PLANET (the network for the APC). At local and operational level, the programme was managed by the local FÁS Community Services Unit (CSU), which also managed the operation of Community Employment and Full-time Job Initiative programmes at local level.

The objectives of the programme were to promote the emergence and consolidation of the social economy, to maximise the potential of the social economy to generate employment that is sustainable and of high quality, subject to labour market constraints, to regenerate both urban and rural communities by providing urgently needed local services, employment opportunities and experience for people who have been distanced from the

labour market and to promote equal opportunities between men and women (FÁS, 2000, 25).

The 'Guidelines for social economy enterprises' (FÁS, 2000) established the funding rules for the new programme. To qualify, social enterprises had to fall under one of the following categories:

- A community business, which by definition was a social enterprise capable of being self-sustaining within the three-year life span of the programme.
- A demand-deficient social enterprise, which is a social enterprise that is meeting an important community need in a sector that is not commercially viable.
- That the social enterprise is fulfilling a public-sector contract, which is an enterprise fulfilling a contract under tender to a local authority, health-service executive, or other similar body. An example of the type of contract envisaged might be estate management (O'Shaugnessy, 2005, 11; Teague, 2007, 95)

The social enterprise applied through the procedures laid down and completed a business plan for a three-year period. FÁS initially would fund the cost of contracting a consultant to write the business plan. If accepted under the programme, the social enterprise would receive grants towards the wages of participants, the salary for a manager, staff training, accountancy and auditing fees, the purchase of necessary capital items and a contribution to general overheads. However, there were strict criteria relating to the employment grants. As a result, the employees recruited must have been thirty-five years of age or over and be unemployment for at least three years. For the purpose of calculation, the three years of unemployment included time on unemployment benefit, unemployment assistance, community employment projects, job initiative projects, single-parent allowance, disability benefit, back-to-work allowance, carers allowance and a number of smaller social welfare benefits. There was a small derogation to hire more highly-skilled staff; 10% of the employees could be exempted from the above cited

criteria with the pre-approval of FÁS. The Manager could be employed from the open-market as this person required specific skills. Initially, each enterprise was required to complete an annual social audit to quantify social benefits generated but this requirement was later relaxed, with enterprises being asked to fill in a shorter social benefits report on an annual basis. Funding was given for three years but there was no guarantee of funding beyond this point. The annual grant per social enterprise was determined by the number of grant-aided employees plus the manager. So, if there were a manager and three employees, the total grant would be €79,514 annually but for a manager and ten employees the total grant would be €223,818 annually. FÁS capped approvals at ten employees plus a manager, so this figure became the operational maximum grant.

WRC Social and Economic Consultants were contracted to conduct an evaluation of the programme and they reported in October 2003. The evaluation, although never formally published,[16] established that at end of May 2003, 312 social enterprises were funded under the programme. A total of 2,257 people were employed under the auspices of the programme. This figure consisted of 312 managers, 1,165 full-time employees and 780 part-time employees (WRC, 2003). This was close to the target of 2,500 employees set under the programme, even though the programme was considerably under-spent.

The WRC evaluation noted that the programme demonstrated a number of structural and operational weaknesses:

- The use of a labour-market mechanism did not suit the needs of many approved social enterprises. FÁS, as the national training and employment agency, managed all the labour market programmes for the government. FÁS, in effect, established the NSEP as a quasi-intermediate labour-market programme. FÁS had operational

[16] I wish to thank colleagues on the PLANET Social Economy Working Group and FÁS for offers of copies of the evaluation report.

experience of Community Employment and Full-time Job Initiative and their predecessor programmes such as the Social Employment Scheme (SES) and the Community Youth Training Programme (CYTP). The strict recruitment criteria laid down with respect to eligible employees made it difficult for some approved enterprises to recruit staff at times. It also made it difficult in areas where there were high levels of youth unemployment.

- Both FÁS, and the Department, saw the programme as an opportunity to restructure CE. Thus several community-based projects, like community centres, were steered in the direction of the NSEP. The report noted that the NSEP did not meet the needs of such highly demand-deficient social enterprises.
- Operational issues regularly created difficulties for both FÁS and the approved enterprises. At several stages, the FÁS CSU budget was issued late and the local offices had to place embargos on recruitment until their budgets were established. During this time, approved enterprises could not replace staff who moved on. Also, FÁS initially miscalculated the budget allotted to the local areas and there was a potential overspend. The net effect was a total embargo on new applications approved for NSEP for three years. Recruitment on NSEP was frozen while this budget miscalculation was rectified.
- The number of demand-deficient social enterprises was far higher than expected. FAS initially expected that many of the approved enterprises would become self-funding within a three-year span, but it became obvious from an early stage that this was not realistic and that funding for most enterprises would have to be long-term. This point was made by Teague (2007, 97) who asserted that 'there was strong suspicion is that many of the enterprise set up under the social economy programme were from the very outset never going to generate a surplus'.

Teague (2007, 102) considered that 'the experience of the social economy programme in Ireland is that the government exercised too much control over its operation and selected the wrong agency to manage the initiative'. In reality, however, FÁS was the only agency with the capacity to establish this new nationwide programme. FÁS had the local and national infrastructure and the local contacts to get this programme operational. The NSEP did succeed in many respects. It funded and supported 312 social enterprises with well over 2,000 people employed as a direct result of the programme. Many communities attained new and important local services provided in a manner that was more sustainable than using Community Employment and Full-time Job Initiative.

Following the evaluation, the government set up an inter-departmental group to look at the future of the programme. A key recommendation of the evaluation stated:

> 'In recognition of the shift away from operating a programme falling within the policy framework of active labour market policy, it is recommended that operational responsibility for the development and delivery of the transition strategy would transfer out of the Department of Enterprise, Trade and Employment. Based on current departmental structures the most appropriate department to take up responsibility for the development and delivery of the transition option is the Department of Community, Rural and Gaeltacht Affairs.'
>
> (WRC Social & Economic Consultants, 2003, 134)

The Community Services Programme

According to Teague (2007, 96) the National Social Economy Programme came to an end in 2003. However this was not accurate. The WRC evaluation of the NSEP looked at different options for the future progress and structure of the social economy programme. It explored three possible options or strategies and recommended what they called the 'transition option' which:

> 'involves recognising that – despite its limitations – a substantial number of enterprises have been established with support from the SEP but also acknowledging that the SEP is neither an appropriate programme nor a realistic policy framework within which to meet the varying ongoing needs of enterprises in terms of enabling them to achieve sustainability. Effectively, this option recognises both the current state of play...and the presence of current pressures on public expenditure...the need to reposition the SEP more firmly as a programme prioritising the provision of essential-services in disadvantaged urban and rural areas and addressing the needs of people experiencing or at risk of social exclusion...in a manner that does not leave enterprises reliant on funding from an active labour market programme.'
>
> (WRC Social & Economic Consultants, 2003, 134)

In making the case for the transition option, WRC made clear reference to the use of social enterprise in addressing 'market failure' situations:

> 'Market failure [on the ground of inequities in consumption of services in disadvantaged communities, among members of communities of interest experiencing disadvantage, and among persons experiencing or at risk of social exclusion]...pragmatically recognising the need to address particular priorities such as child and elder care, securing equality, and maintaining needed services in disadvantaged urban and rural areas. (ibid, 131)'

In 2005, the government decided to implement many of the recommendations of the WRC evaluation. In December 2005, operational management of the programme budget and operational aspects moved to the Department of Community, Rural and Gaeltacht Affairs. However, as the result of a civil service recruitment embargo, the Department could not hire the staff to manage the programme itself and was required to outsource operational management of the programme to Pobal (formerly ADM). Pobal was an independent management intermediary for publicly-funded community-based programmes. Pobal specialised in programme management, funding dispersal, financial control and auditing of programmes, especially in the area of social inclusion and countering disadvantage.

There was an immediate change of name, as the programme became known as the Community Services Programme (CSP). Between February and May 2006, Pobal hired staff on fixed-term contracts to manage the programme. It also introduced an interim measure by which it would fund all existing enterprises until 31st December 2006. This was a sensible measure for Pobal while it gained a detailed understanding of the programmes and allowed for all projects to be brought to one end-of-year date. Pobal made the following interim decisions[17]:

- The numbers employed as of 31st December 2005 were fixed. Thus, if staff were to leave they could be replaced up to this operational number, but in many cases this was below the number approved by the original FAS contract.
- Pobal agreed to issue new contracts to funded enterprises up to the end of 2006.
- Pobal introduced new financial-control procedures, in line with other Pobal funded programmes.
- Pobal relaxed the criteria for staff recruited after 1st January 2006. Under the new criteria 75% of staff have to be unemployed. This dramatically widened the potential employee base for the funded social enterprises and was clearly in line with the WRC evaluation recommendations.
- Pobal indicated a change of emphasis, from the development of the social economy, to the delivery of community services using a business model. This shift was also clearly in line with the recommendations of WRC.
- Pobal held separate information meetings for managers and administrators of enterprises and agreed to facilitate a network of funded enterprises.
- Extra funding was secured for new projects (€5 million in 2006) and an increase of €5,650 per annum in the managers' grant was

[17] This information came from personal involvement with the CSP, and from information gleaned from the semi-structured interviews with decision and policy-makers.

approved. The managers' grant had not increased in five years and this had been a point of contention at some of the information meetings[18]. It became clear from these meetings that many of the managers were being paid the basic manager grant amount, as many social enterprises could not 'top up' the managers' salaries as a result of insufficient traded income, indicating the high levels of demand-deficient social enterprises.

These were interim measures introduced by Pobal while it consulted with the Department and drew up new operational guidelines for the CSP, to run from 2007 to 2009. The new programme had a three-year rolling budget and all enterprises previously on the programme had to re-apply. A new business plan was required and a new set of criteria based upon community-based services was introduced. As a result several social enterprises had their total grant reduced as they did not fully meet the criteria set down. The CSP continues up to the present day and its future currently seemed stable.

Summary

Ambiguity has been a term that has arisen repeatedly with respect to social enterprises. Social enterprises have here been identified as part of the Irish community and voluntary sector, a response to external pressures faced by restructuring of the welfare state and the retrenchment of government from social service provision. The role of social partnership gave the community sector the impetus to promote the social enterprise model in the late 1990's and early years of the new millennium. Irish social enterprises cab best be defined by their operational function, not by their legal status. Social enterprises provide a range of services to disadvantaged communities and marginalised individuals. There remains no clear definition of a social enterprise in the Irish case or a clear knowledge of how many exist. The original emphasis of the National Social Economy Programme, to promote the development of the social economy, had been replaced by a programme to

[18] As a manager of a CSP-funded social enterprise, I personally attended some workshops

deliver community service using a social enterprise model: a clear diminution of purpose. Indeed, the last social partnership programme – 'Towards 2016' – omitted all reference to the social economy, the first social partnership programme to do so in many years. Thus, social enterprises appear to have become a community without a champion in the last few years.

Chapter Four

Methodology

Introduction

This chapter outlines the precise aims of the research and presents the underlying considerations determining the sources of information required and the methods used in its collection. It commences with a review of the key issues emerging from the review of literature and theory and notes their impact in establishing the research strategy. The chapter continues with an outline of the field research, detailing the elements of the research process. It concludes by reviewing methods of data and analysis.

Research questions and literature review

In chapter one, the definition of the subjects under investigation was given as: **a community-based social enterprise is defined as a community-based organisation with a traded income (although a mixture of trading and non-trading income sources may be used) and which is mission-centric in that it achieves its social mission through its trading activities.** Eight specific research topics were identified in the analysis of embedded social enterprises:

- What are social enterprises in the Irish case?
- What activities do they engage in and in which areas do they have a competitive advantage over traditional community and voluntary groups?
- Who established these social enterprises?
- What were the motivations of the founders of social enterprises?
- Was there a coherent national policy towards social enterprises and is it successful?
- How successful were the existing social enterprises in meeting their social mission?
- How successful were the existing social enterprises in achieving their financial objectives?

- What trends could be identified with regard to the prospective evolution of social enterprises in Ireland?

A number of issues that arose in the literature review will be addressed within these research questions.

General

The first research question aimed to identify social enterprises and their characteristics in the Irish case. Of interest was which definition of the social economy was predominantly used within Irish social enterprises, the continental or Anglo-American definition. Were social enterprises seen as secure and with a positive future? Was the balancing of social and financial objectives recognised as a real issue and if so, how was it addressed? Were any contextually-specific factors identified relating to social origin theory?

Activities

The second research question aimed to examine the activities of social enterprise and their competitive advantages. What activities, products and services did Irish social enterprises actually provide? What beneficiary groups were being served, or were social enterprise purely commercial and opportunistic in nature?

Origins

The third question related to the establishment of social enterprises. Why were social enterprises set up? Was it in response to a specific incident or an identified local need, was market failure identified as a cause, or were there other issues? Was there evidence of contract-failure theory and the trust hypothesis? Are social enterprises providing public goods? Were social enterprises established, or at least driven by, the community and voluntary sector and are social enterprises actually situated in the community and voluntary sector?

Motives

The fourth question aimed to examine the motivation behind the establishment of social enterprises. Was there a social entrepreneur identified within the establishment and operation of social enterprises and if so, did they have significant business skills? Had the Irish experience demonstrated the predominance of the broad or narrow definition of social entrepreneurship? What were the motivations identified by these social entrepreneurs: altruistic, social or commercial?

Policy

The fifth questions related to national policy towards social enterprises. Was there actually a coherent national policy or even a common understanding at an administrative level of social enterprise? What effect had the National Social Economy Programme/Community Services Programme in the view of senior civil servants and what lessons could be learned? Was the view of the programme the same between the administrative centre and the social enterprises? What influence had social partnership on the establishment and continued existence of social enterprises? Was the 'partnership approach' institutionalised within social enterprises? What role had the policies of the European Union had with regard to social enterprises in Ireland?

Achievement of social mission

The sixth question related to the achievement of social mission? Were social enterprises actually established to achieve a social mission or some other purpose? Why was a social enterprise established rather than another organisational form? Was there evidence of mission drift?

Achievement of financial aims

The seventh question related to the success of social enterprises in achieving financial stability. Were social enterprises predominantly self-funded or were they state-dependent? Did they predominantly use volunteers or paid staff?

Prospects

The last research question related to the changing socio-political environment. Of particular interest was the identification of social trends which might impact on social enterprises and the degree to which they possessed the ability to adapt to the changing environment in the immediate future.

Designing the research programme

In order to examine the questions outlined above, in the absence of appropriate published information or accessible unpublished records which might furnish the required information, a number of different field research elements were going to be required.

Some broad information relating to the activities of social enterprises, the beneficiaries served, the proportion of traded income and the elements of the funding mixes used, the number of board members and their representative roles and other broad attitudinal questions could be gleaned by use of a broad survey of social enterprises. As there was no legal definition or database of all social enterprises, the best available option was to survey the existing networks of social enterprises. This offered the best opportunity to access the largest number of social enterprises and gain the widest body of analytical data.

To examine the policy-related questions it was appropriate to attempt to gain information from senior policy- and decision-makers. This was considered to be best effected through direct interviews. Ideally, an interview with the appropriate Minister was identified, as were interviews with the senior civil servants with responsibility of the National Social Economy Programme and the Community Services Programme. Furthermore, as a result of the partnership approach, representatives of the community and local

development sectors had also been involved in policy formation and programme monitoring, so key people within these sectors were identified for interview.

To access more detailed analysis of subjects like social entrepreneurship, market failure, the role of social and economic objectives and other specific questions, a more detailed discussion was required. Thus, conducting in-depth case studies of individual social enterprises was considered to be necessary. However, conducting case studies would require a considerable amount of work, with many interviews across the range of managers, board members or directors and in some case staff members. It was therefore decided to select six case studies to reflect a broad spread of social economic activity. It was also decided, for reasons outlined below, that social enterprises in a single geographic area be selected. The area chosen was the local authority area of Fingal which was an administrative area covering north and northwest county Dublin. Fingal County makes for an interesting geographic location for study. It has one of the largest populations of any local authority area with 239,992 (CSO, 2006) which represents a 22.2% increase in population since 2002. This makes Fingal the fastest growing county in Ireland, in both absolute and relative terms[1]. Fingal now makes up 5.75% of the total national population. Within this, there are large urban areas such as Blanchardstown with a population of 90,952, Swords with a population of 43,360 and Balbriggan with a population of 16,217. Fingal also has a large rural area, especially towards the north of the county, especially around the Naul, Ballyboughal, Garritstown and the rural areas between Lusk, Skerries and Rush.

Fingal has a large youth population with 27.2% of people in the county under the age of 18, as compared to a national average of 20.7%. Fingal has a very high proportion of its population comprising from other nationalities. In

[1] The statistical data is based upon the 2006 census. The additional analysis was distilled from a MS Powerpoint presentation from the Fingal County Development Board, 'Implications of the 2006 Census'. Thanks to Ciaran Staunton of FCDB for his permission to use his work.

Fingal, the total percentage of the population from other nationalities stands at 17.2% as compared to a national average of 10.1%. However, in the large urban areas this percentage figure is higher. In Blanchardstown, the proportion of the total population of people from other nationalities came to 19.4%. In Fingal, the proportion of social housing as a percentage of all housing types stood at 10%, compared to a national average of 12.2%. Thus with a rapidly growing population and a large proportion of its population from other nationalities, Fingal had a lower percentage of social housing provision than the national average. Fingal also has a slightly lower level of volunteerism, based upon the percentage of the population who volunteer. 14.7% of the population in Fingal volunteer compared to a national average of 16.4%. In Blanchardstown the percentage of people who volunteer was as low as 10%.

Fingal is an area of wide disparity, with a rural/urban split and wide income/wealth disparity. There are wealthy areas such as Howth, Castleknock and Malahide, whilst areas of deprivation such as Mulhuddart, Blakestown, Corduff coexist in the same local-authority area. The RAPID[2] area in Blanchardstown is recognised as one of the most disadvantaged areas in the country.

From a practical viewpoint and, as a result of the European Edge Cities Network survey, a database of social enterprises in the County of Fingal already existed. Thus, a carefully-drawn representative sample of social enterprises to act as case studies could be drawn from this database. It therefore seemed appropriate to use the primary data already gathered to build the case studies upon.

The other topic to be addressed comprised an examination of social origin theory. This required a comparison of social enterprises in different

[2] Revitalising Areas by Partnership, Investment and Development (RAPID) is a national programme aimed at targeting public-sector expenditure into the areas of highest deprivation and marginalisation.

geographic areas in order to ascertain whether the characteristics of social enterprise in Ireland were different to those in other areas and whether specific social, historical, political and institutional factors could be identified to explain any differences that might exist. The researcher had conducted a cross-national survey of social enterprises in certain city areas for a European network of municipal authorities. The information gathered for this mapping exercise was suitable for the purposes of examining social enterprises in Ireland with other European countries. Furthermore, the area examined in Ireland had been County Fingal and this allowed for the identification of potential case study subjects from this database.

A summary outline of the research programme was given in Figure 4.1.

Figure 4.1 – Research Strategy Outline

Part 1 – Survey of European Edge Cities Network members on the social economy **Type**: Extensive **Method**: Quantitative mapping exercise using questionnaires **Expected outcomes**: Establish the extent of the social economy across several European countries. Examine the presence of social origin theory and socially embedded factors.
Part 2 – Interviews with policy makers and agency managers **Type**: Intensive **Method**: Qualitative using formal and semi-structured interviews **Expected outcomes**: Establish the broader policy influences and mechanisms at work. Establish the relative strengths and weaknesses of social enterprises and related policy. Assess the thinking policy makers and the policy approach in the short-medium term.
Part 3 – Survey of existing social economy networks **Type:** Extensive **Method**: Quantitative / Qualitative using questionnaires **Expected outcomes**: Establish the recognition of certain key factors and mechanisms. Establish broad picture.
Part 4 – Specific case studies of social enterprises **Type**: Intensive **Method**: Qualitative and in-depth study, using semi-structures interviews, questionnaires and examination of secondary records (annual accounts, social audits, business plans). **Expected outcomes**: Establish underlying causes for the establishment and operation of social enterprises. Ascertain the strengths and weaknesses of identified underlying mechanisms, and identify primary underlying mechanisms.

The design of the research programme used inductive methods. Having reviewed the social economy literature and theory and using my own personal experience as a social enterprise practitioner, the questions within the research programme in the different parts tried to test the issues raised. However, the analytical interpretation in chapters' five to eight used a deductive approach. In the final chapter; the conclusions drawn from the analysis, deductive and retroductive methods were used. Retroductive analysis required asking 'what type of phenomenon would be necessary for this observable data to be the case?' The purpose of using this retroductive analysis was to test the conclusions drawn from the deductive analysis and verify the conclusions.

The European Edge Cities Network

The purpose for using this piece of research was to examine social origin theory, the idea that social enterprises had specific social moorings and were embedded in cultural, historical, political and institutional factors, specific to their society.

The original objective for conducting this exercise was to map and compare social enterprises in four member areas within the European Edge Cities Network. The background to this mapping exercise goes back some time. The European Edge Cities Network was a network of local or municipal authorities that were located at the edge of a major European city or capital. The network was formed in 1996 and had at different times up to twelve member cities. In 1998, the network made an application to the European Union's RECITE II programme[3] to fund a major exploration of the benefits of small-medium enterprises (SME) internationalisation and other measures to address social exclusion. This project was eventually funded and comprised the largest single project funded under RECITE II. The researcher was

[3] The Recite II Programme was a European Union structural fund aimed at the regeneration of city areas.

contracted through the BASE Enterprise Centre to conduct the interim evaluation of the project. Through this evaluation, the researcher gained an intimate knowledge about the network and its work. One of the aspects of commonality between the partners that arose at the end of the project was the interest of several partners in the development of the social economy. The network formed a social economy sub group and Fingal County Council asked the researcher to represent them on this new sub group. Through 2003 and 2004, the sub group met on several occasions. The lack of benchmark data on the social economy proved a barrier to further discussion within the group and it was agreed that the researcher would conduct a mapping report on the social economy across the sub group members and that this information could be used for the purpose of this thesis.

Of the initial five members of the sub group, two were interested in finding out more about the social economy, based upon their desire to develop social-economic activity within their area. Three members had more developed social economies within their areas and these members participated with the mapping exercise. The three areas were Fingal County Council (edge of Dublin, Ireland), North Down Borough Council (edge of Belfast, Northern Ireland), Croydon Borough Council (edge of London, UK) and, although not represented on the sub group, Getafe Municipal Authority (edge of Madrid, Spain) also participated.

Each area was provided with a template questionnaire to be completed in the partner area for each social enterprise that they identified in their area. As local authorities had an interest in the knowledge of all businesses and organisations within their area from an economic and community developmental aspect, if not just for the rate-raising capacity, they tended to have good, if not perfect, information of the social enterprises operating in their areas. In Getafe, the compilation of data was contracted to the agency with responsibility for co-operative development. In Croydon the Social Economy Officer undertook the work. In North Down the work was

completed by the SIGNAL Business Growth Centre, and in Fingal by the Business Development Executive and the researcher. All the information was returned to the researcher to compile and analyse. The analysis was conducted using SPSS and as the mapping exercise yielded predominantly quantitative data there was little qualitative data derived. The mapping exercise report was presented to the network's sub-group in September 2005 and accepted at its meeting in November 2005.

This was the earliest piece of field research completed and it was used in the selection of the case studies. Fingal had 32 social enterprises identified and having already identified this cohort and, by gaining broad quantitative data on it, it made sense to delve more deeply into this pre-identified group. Many of these social enterprises were also identified within the social economy networks.

Several difficulties arose with this survey. The decision of two partners not to engage with the mapping exercise was disappointing. These partners were both Scandinavian. The inclusion of these partners would have added richness to the research outcomes. Initially there was also reluctance from Getafe to engage with the exercise. Whereas two partners did not engage as a consequence of a lack of social enterprises within their areas, Getafe had the opposite problem. The large number of co-operatives in Getafe proved a daunting task for the local authority to map. This was eventually addressed by talking to the organisation looking after co-operatives in Getafe, which had the ability to access the information more easily. These apart, once the relevant people in each area were identified the collection of data was relatively easy.

Another difficulty that arose was the issue raised in the previous chapters regarding the continental European and Anglo-American definitions of social enterprises. Three areas used the Anglo-American definition (Fingal, North Down and Croydon) whereas Getafe was clearly using the continental l'économie sociale definition. However, as the purpose of the work here was

to examine social origin theory, this did not create a major difficulty but rather helped to draw the distinctions between social enterprises in the different areas more clearly.

Each partner engaging with the mapping exercise was asked do the following: appoint a staff member to coordinate the dissemination and collection of questionnaires (and translations if necessary), translate the short questionnaire if necessary, identify the local organisations and individuals within each organisation which had the information being south; disseminate the questionnaires and be available to explain the questionnaires and objectives to respondents; organise the collection of questionnaires and forward them to the researcher. Finally, they were asked to translate the responses into English, if necessary.

The questionnaire was short, asked for initial contact details, the main activity of the organisation, the number of employees, its legal structure, management form and ownership.

Interviews with policy- and decision-makers

The rationale for these interviews was to ascertain the attitudes of those involved in the policy- and decision-making processes relating to social enterprises. The potential interviewees consisted of national government ministers[4], senior government and agency officials with a remit for social enterprise and representatives of the community and sector with a role in social enterprise policy. At the time of planning this survey, the responsibility for the social economy lay within the Department of Enterprise, Trade and Employment and was implemented through FÁS under the National Social Economy Programme. Subsequently, responsibility diversified and the social economy programme transferred to the Department of Community Rural and

[4] Interviews were requested with the Minister for Enterprise, Trade and Employment, Michéal Martin T.D. and also former minister for Enterprise, Trade and Employment, Mary Harney T.D. Both requests were denied and recommendations to talk directly to officials were suggested.

Gaeltacht Affairs, and was then called the Community Services Programme (CSP) and administered through POBAL. FÁS still played an important role in staffing some social enterprises through the Job Initiative and Community Employment programmes. Thus the selection of interviewees had to take account of this diversity and the following list of individuals was selected.

Figure 4.2 – List of policy interviewees

Name	Role
David Brennan	Principal Officer, Department of Community, Rural and Gaeltacht Affairs, with responsibility for the Community Services Programme (CSP); formerly the National Social Economy Programme.
Christy Cooney	Assistant Director General, FAS. Responsible for FAS Community Services nationally, and previously responsible for the National Social Economy Programme.
Justin Sammon	Manager Meitheal Mhaigheo, the APC for Mayo. Member of PLANET and chair of the PLANET social economy sub group. Represented PLANET on the national monitoring committee for the social economy programme when in the Department of Enterprise, Trade and Employment.
Robert Beggs	Manager, BEaT Centre, Balbriggan. Chairperson of both the Mid-Eastern Enterprise Centres Association and National Association of Community Enterprise Centres. Robert was also a member of the Fingal Enterprise Alliance.
Ignatius Fields	Manager, FAS Community Services Unit Dublin North West. Responsible for CE and JI in most in Fingal, and formerly manager for the NSEP in Fingal.
Senan Turbull	Director of Services for Community, Parks, Library, Sports and Recreation for Fingal County Council. Responsible for oversight of community based activity within the council area, including social enterprise. Senan was also Director for the Fingal County Development Board whose remit was the strategic co-ordination of public services within Fingal.

Social enterprises operate in a socio-political environment influenced by national and local government policies. As discussed in the previous chapter, the National Social Economy Project was the largest programme aimed at both supporting and promoting social enterprises in Ireland. The programme was developed and managed by FÁS under a remit authorised by social partnership agreements. Thus, the programme details were developed by a policy unit which answered to the Assistant Director General of Community Services in FÁS, Mr. Christy Cooney. The programme was reviewed by a monitoring group established within the Department of Enterprise Trade and Employment. This monitoring group had representatives from the Department, FÁS, representatives of the area-based partnership companies and other agencies. The area-based partnership companies had a network called PLANET, which in turn had a Social Economy Working Group. The chairperson of this working group was the manager of Meitheal Mhaigheo[5], Mr. Justin Sammon. Mr. Sammon also sat as the representative of PLANET on the national monitoring group for the social economy programme. Mr. Cooney and Mr. Sammon were therefore at the centre of the process for the development, monitoring and ultimate decision to transfer the social economy programme to the Department of Community, Rural and Gaeltacht Affairs and, thus, they possessed first-hand knowledge of the establishment, operation and evaluation of the programme: Mr. Sammon from the local development point of view and Mr. Cooney from the FÁS policy and operational perspective. When the programme was transferred, responsibility for the programme transferred to Mr. David Brennan, Principal Officer in the Department of Community. Mr. Brennan had day-today responsibility of the handover from FÁS and the establishment of the Community Services Programme, as well as the contracting of the programme administration to Pobal. He was also responsible for reporting progress to the Secretary of the Department and the Minister. Mr. Brennan had first-hand information regarding the programme transfer and the rationale for the changes within the Community Services Programme.

[5] Meitheal Mhaigheo is the area-based partnership company for the county of Mayo.

At a local level, the social economy programme was managed by the local FÁS Community Services Unit. The programme in Fingal County was managed by Mr. Ignatius Fields. Mr. Fields, as area manager, oversaw the programme implementation and had the final decision as to the approval of social enterprises for the programme, FÁS management having had final decision-making authority on the recommendation of the Local Social Economy Working Group (see previous chapter). Mr. Fields therefore had first-hand information as to the state of social enterprise on the ground and the effects that the social economy programme had on the approved social enterprises.

Mr. Robert Beggs was manager of the BEAT Centre, the community enterprise centre in Balbriggan, North Dublin. Mr. Beggs oversaw an approved social economy programme social enterprise and therefore had first-hand information regarding the effects of the programme from the perspective of a social enterprise. He was also chairperson of the National Association of Community Enterprise Centres (NACEC) which was a network of over 130 community enterprise centres nationally. As the community enterprise centres were some of the most commercially sustainable social enterprises, based upon their higher levels of traded income from rental of enterprise space, Mr. Beggs also represented the Association on several national committees, mainly within Enterprise Ireland. Thus, Mr. Beggs also had first-hand information regarding commercial social enterprises at a local and national level and had many years experience as a social enterprise manager.

Within Fingal County, the other agency with an interest in the active support of social enterprises was Fingal County Council, the local authority for the county. The Director of Services for Community within Fingal County Council was Mr. Senan Turnbull. Mr. Turnbull had an interest in social enterprise with reference to the running of the community centres in the county. The council had provided land and funding for the building of most community centres in the county and it was interested in the social enterprise model as a way to

reduce the level of subsidy required by the centres. Mr. Turnbull had preciously worked in both Area Development Management Limited (ADM) and FÁS and therefore possessed an overview of the broad policy perspective relating to social enterprises nationally.

Requests for interviews with both the serving Minister for Enterprise Trade and Employment, Michéal Martin T.D. and his predecessor Minister Mary Harney T.D., were both declined.

The interviews were based upon a semi-structured questionnaire, broken into five discreet sections (copy included in Appendix B). The interviewees were not given sight of the list of questions in advance of the appointment. The interviews lasted somewhere around an hour in duration. The interviews were of approximately one hour in duration and conducted in person. Subsequently, a summary of each interview was prepared and forwarded to the interviewees for their comment, clarification and ratification of its accuracy.

The first set of questions related to the socio-political environment that social enterprises operated within. The questions asked were intended to allow interviewees to discuss the overall policy environment, and were:

- 'What do you see as the current policy priorities in relation to social policy and social inclusion policy?'
- 'What do you see as the current economic policy priorities?'

The second set of questions related to the social economy itself and specifically what underlying factors the interviewees believed were driving social enterprises. The questions asked were:

- 'How would you define the role of the social economy?' This was asked to ascertain whether there were commonalities in understanding relating to the overall sector and its role.

- 'What potential do you see for the social economy, especially in relation to the priorities already discussed?' This was asked to ascertain how interviewees saw social enterprises within the broader policy context.
- 'Who has driven the recent development in the social economy (EU, national or from within sector)?'
- 'What do you perceive the contribution of the social economy in Ireland has been?'
- 'Do you see the social economy as having a role in achieving social change/social justice?'
- 'Do you think the social economy had developed and grown in the last 10 years?' This question was asked to determine whether there was a perceived growth or decline in the scale of social enterprises in recent years, remembering that there was no official statistics available.
- 'Do you think there is clarity amongst policy and decision makers regarding the social economy; its definition, role and contribution?' This question was asked to ascertain whether there existed a consensus of any description relating to the definition and role of social enterprises.

The third set of questions related to the role of national and European Union policy with regard to social enterprises. These policy and decision makers were in a position to give insightful comment on the following questions:

- 'What is the current national strategy in relation to the social economy?'
- 'Would there have been a national impetus without EU policy? This related to whether a national programme would have existed without the European Union's intervention as outlined in the previous chapter.
- 'What role has social partnership played, if any, in relation to the development of the social economy in Ireland?' Social partnership, as outlined in the previous chapter, was identified as the primary social-

policy making forum and this question was asked to ascertain the level of agreement regarding the role and importance of social partnership.

- 'What role has the national social economy programme played with regard to the social economy in Ireland?' This question aimed to ascertain the views of interviewees as to this policy experiment. The next two questions were follow-up questions:
- 'Has the NSEP been successful?'
- 'What lessons have been learned from the NSEP?'

The fourth set of questions related to the extent of entrepreneurial governance in Ireland. All interviewees were in a position to recognise if such influences were in existence and what effects these influences were having. The questions asked were:

- 'What role does 'Value For Money' now play in relation to government funded social programmes, especially those of interest to the social economy?'
- 'Market failure is a term used to describe a situation where there are social needs in a community and the market for whatever reason cannot meet this demand. Can you recognise any situations where this exists and what options do you see for meeting this demand?'
- 'What are the relative strengths and weaknesses of the social economy in meeting these needs, compared to the two main alternatives; direct public provision or contracting to the private sector?'
- 'The Irish state operates within what academics call an enterprise state, where government is influenced by private sector ideas like, PPP, VFM and fiscal responsibility. Do you recognise this as true and do you see these as positive or negative influences and what are the implications for the social economy if any?'

The last set of questions related to the opinions of interviewees with regard to the future direction for social enterprises in Ireland. The questions asked were:

- 'What do you see as the future for the social economy in Ireland?'
- 'What do you see as the future of the NSEP?' The interviews having taken place before the transfer of the programme made this interesting.
- 'What supports do you see the public sector providing for the social economy moving forward?'
- 'Who should be responsible for policy in relation to the social economy; i.e., which government department, agencies etc'.
- 'Finally, do you have any comments or other points that you feel are relevant and we have not discussed?' This was a catch-all questions to cover issues not perceived in advance of the interviews.

Survey of practitioners involved in social economy networks

The objective of surveying social enterprise networks was predominantly to access the attitudes and opinions of practitioners within social enterprises. A questionnaire (see Appendix C) was sent to the contact person listed in the database of each respective network. It was therefore the professional managers who generally returned the questionnaires. The outcomes from the returned questionnaires gave a snapshot of the range of opinions of professionals working within the social enterprises, those with the greatest practical knowledge. There were several networks of social enterprises in Ireland. In particular this survey ascertained the level of recognition within practitioners of the theories and concepts identified in the academic literature, attained an overview of the types of market and services offered by the responding social enterprises, examined the main motivations behind the participating social enterprises and provide an estimate of the level of trading income generated by these social enterprises. The following was the list of social enterprise networks surveyed.

Figure 4.3 – list of social economy networks to be surveyed

Network	Rationale
Mid-East Enterprise Centres Association (MEECA)	An association of the community enterprise centres in Leinster. MEECA had 15 members, all are social enterprises.
Dublin 15 Enterprise Managers Network	Consisted of the managers of 7 approved social enterprises for NSEP/CSP.
Wicklow Social Economy Network	Consisted of the managers of 13 approved social enterprises for NSEP/CSP in Wicklow area
NSEP approved social enterprises in North East region	A database of 25 approved NSEP social enterprises provided by FÁS
CSP-funded social enterprise network	This database was provided by Pobal. This was a nationwide database of 275 CSP-funded social enterprises

The survey was conducted through questionnaires, delivered either by mail or electronic post. A covering letter was attached to the survey questionnaires explaining the purpose and use of the data collected. Each network was surveyed separately because the databases of members were received at different times during this period. Access to the Mid-Eastern Enterprise Centres Association (MEECA) and Dublin 15 networks was achieved through professional membership of these networks. Access to the Wicklow and North East region was accessed through professional colleagues who were members of these networks. By far the largest database was provided by Pobal, an intermediate-funding agency used by the government to fund several programmes with a social focus. This database was circulated to all social enterprises funded under the Community Services Programme (CSP), and thus access to all the databases was achieved through professional connections.

Most of the questionnaires to the first four databases listed were dispatched electronically (e-mail request with questionnaire as attachment). In the case of the CSP list this was sent by postal mail. A covering letter and paper copy of the questionnaire was sent, as was a stamped addressed envelope.

Initially the MEECA list was circulated, this acting as a test run. This was sent out in October 2004 and the questionnaires were returned by January 2005. The Wicklow, North East and Dublin 15 network surveys were sent in April 2005 and were signed off by January 2006. The CSP database questionnaires were posted in May 2006 and were signed off on at the end of December 2006.

Between the five networks 102 questionnaires were returned, a 36.3% response rate, which can be regarded as satisfactory for a postal questionnaire (Gregory, 1978). Each represented the return from a social enterprise that was a member of a network. The returns were coded and put into an SPSS database, and the responses were analysed. Qualitative data was either categorised (usually into positive, negative, neutral or did not respond) or direct quotations were extracted for emphasis and clarification. The statistical descriptions came through tables, pie charts and bar charts.

A number of difficulties were encountered during this survey. First, as a result of time constraints, it was difficult to get managers to fill in and return questionnaires. Administrative support was used, in the guise of a BASE Enterprise Centre staff member who agreed to conduct a large number of follow-up phone calls and e-mails. Without this effort the number of returns would have been significantly less. Another difficulty was that some social enterprises were members of several networks. Thus, one enterprise might be surveyed three times, yet only one questionnaire can be counted within the overall survey. However, this being said, the rate of return was high for this type of survey and 102 was a satisfactorily large sample of social economy managers.

The survey questionnaire was split into three sections: one gathering general details about the social enterprise, another gathering information on the funding mix used by the social enterprise and a third addressing respondent's attitudes and opinions. The first section on general details commenced by

asking for the social enterprise's name, address, phone, fax and e-mail details, as well as the name and position within the organisation of the respondent. Two further questions were asked relating to how long the respondent had been in their current position and secondly, how long they had been involved in the social economy. Other questions asked in this section were:

- 'What goods and services do you provide?'
- 'What are the main social objectives of your organisation?'
- 'What target groups/communities of interest does your organisation serve?'
- 'Why was this organisation established (was there a specific reason/event)?'
- 'Why was the organisation established as a social enterprise?'
- 'Do you use volunteers in any of the following capacities?' The respondent was given the choice of indicating the use of volunteers on their Board of Management, in the management/supervision of the organisation, in the delivering goods and services and in fundraising activities.
- 'What legal structure does your organisation have?' Respondents were given the following options: a company limited by guarantee, a company limited by shares, a co-operative, a mutual society, a trust or other.
- 'What is the composition of your Board?' and gave the respondent the option to give the number of representatives from the following sectors: representatives of their target group or community of interest, representatives of local or community development organisations, representatives of local authorities or City and County Development Boards, representatives of government agencies, representatives of local business or representatives organisations, representatives of trade unions or other social partners, representatives of educational institutions and bodies, representatives of financial institutions (including credit unions) and then others.

The second part of the questionnaire addressed questions relating to the funding mix used by the social enterprise and asked:

- 'Can you give a rough breakdown of your funding mix?' Respondents were given the following categories: direct or traded income from the supply of goods and services, income derived from public sector tenders and contracts, income generated from public sector grant aid, income from private donations and other fundraising and other sources.
- 'What are the sources of your grant aid?' to ascertain which agencies were the main funding bodies for social enterprises.
- 'Can you give a projection of your direct/traded income for next year?'

The final set of questions was attitudinal questions and asked:

- 'For a social enterprise, achieving social objectives is more, less or equally as important than achieving economic objectives'?
- 'Should campaigning for positive social change/social justice be of importance to a social enterprise?'
- 'The process of 'social partnership' has had a positive, negative or neutral influence on the development of social enterprise in Ireland, or whether the respondent had no opinion.
- Respondent were asked their opinions with regard to volunteerism and had the option of answering 'true', 'false' or 'unsure' to the following list of statements: 'volunteerism has declined compared to 20 years ago', 'patterns of volunteerism have changed in Ireland compared to 20 years ago', 'today, volunteers are more discerning about the type of work they will do', and finally 'today, people will make a financial contribution rather than contribute time'.
- A series of questions relating to the relative strength and weaknesses of social enterprises compared to other community-based organisations were asked with regard to the following, for which the respondent had the option to answer 'stronger', 'weaker' or 'unsure'. The areas under

examination were the delivering goods and services to disadvantaged groups, the campaigning for social reform, sustaining community-based services, in protecting social assets/buildings, with regard to empowering disadvantaged people/groups and finally, in providing a platform for public consultation.

- The final question asked respondents to score the importance of the following criteria for the development of the social economy in Ireland. Respondents were asked to score in a range, ranking 1 for unimportant and 7 for very important. It also gave the option to score 'unsure'. The following criteria were proposed: 'the existence of grant-aid to support the social economy', 'strong 'community development' structures in the local area', the presence of 'supportive/pro-active local authorities', the existence of 'effective local partnership arrangements', the presence of 'strong links to local business organisations/chambers of commerce', 'personal commitments from individuals or small groups of committed individuals', the existence of 'a strong sense of local community or local cohesion', 'value for money considerations', 'local political support by public representatives' and finally, 'a situation where the market has failed to meet local needs'.

The information gathered was compiled in SPSS and analysed. Quantitative information was tabulated as appropriate. Qualitative data was either grouped and tabulated or used as quotations for emphasis in explaining statements.

In-depth case studies

Six in-depth case studies of social enterprises were conducted as part of the field research. The objective of surveying the six case studies was to obtain a deeper understanding of why social enterprises were established, what drives them currently and what lessons have been learned from the experiences of interviewees. This was the most intensive work within the field research and the outputs were most insightful. The choice of the case studies needed

careful consideration. The decision to survey social enterprises in County Fingal (in north Dublin) had a number of factors. First, the data collected from Ireland in the European Edge Cities Network mapping exercise (see later) was conducted in Fingal and a ready-made database existed of the social enterprises in the area. Second, the researcher had worked within Fingal area as a social economy manager and had knowledge of the social enterprises in the area. A third factor was practicality. In-depth case studies took a considerable amount of work and restricting the research to a relatively tight geographic area facilitated completion. Moreover, where all the case-study social enterprises operated within the same local authority area, the possibility of variability resulting from differing local socio-political contexts did not have to be factored into the research programme.

The case studies were conducted in the following manner. First, suitable social enterprises were identified as case studies. Second, permission of the Board and management in the respective social enterprises was sought. Third, one or two days were spent in each of the organisations, examining how the organisation operated. Next, interviews were conducted with the management of the social enterprises and, where possible, with staff members. Interviews were then conducted with Board members of the social enterprises. These were semi-structured interviews and were conducted either in person or by phone. Next, reviews were conducted of interim and annual reports, social audits, social benefit reports and data from any other quantitative or qualitative report systems which had been collated by the enterprise were conducted. Depending on the level of information available, interviews with supporting organisations, target groups, end-users were requested. Finally, a report on each case study was written up.

32 social enterprises were identified by Fingal County Council within the European Edge Cities mapping exercise. Table 4.1 provided a cross tabulation of the number of social enterprises engaged in the 28 main activity categories in that mapping exercise. From this table the top five categories of

social economic activity in Fingal were drawn (Figure 4.4). The top five categories accounted for 90.6% of all identified social enterprises in Fingal.

Table 4.1 - Cross tabulation of main activity of social enterprises within the Edge Cities survey

		Partner area				
		Getafe	Croydon	North Down	Fingal	Total
Main activity	arts and crafts	0	1	1	0	2
	Catering	3	2	0	0	5
	clothing and apparel	4	0	0	0	4
	Community development	6	5	1	5	17
	Construction and building	15	0	0	0	15
	education and training	27	4	3	4	38
	Electronic equipment manufacture	14	0	0	0	14
	enterprise support	0	2	1	3	6
	event management, travel	22	0	0	0	22
	Gardening	10	1	0	0	11
	general services/ manufacture	13	0	0	0	13
	graphic design	5	0	0	0	5
	hostel accommodation	17	0	0	0	17
	Information services	11	0	1	1	13
	joinery/fabrication	6	0	0	0	6
	management and consultancy service	25	1	1	0	27
	motor repairs and service	3	0	0	0	3
	Photographer	2	0	0	0	2
	Printing	0	0	1	0	1
	Property management	0	0	1	0	1
	recruitment agency	5	1	0	0	6
	recycling, environmental and health services	10	2	1	0	13
	repair of domestic electrical goods	4	0	0	0	4
	retail outlet	16	2	0	0	18
	savings and loans	0	4	0	11	15
	social service provider	9	5	4	6	24
	sporting body	0	0	0	2	2
	transport and courier service	7	1	0	0	8
Total		234	31	15	32	312

It was decided to maintain a balance across these sectors when selecting social enterprises to act as case studies. The entire savings and loans category comprised credit unions and, as most credit unions have similar operational practices, one credit union sufficed as a case study. As there were only two enterprise support organisations listed, one enterprise support organisation sufficed. The remaining social enterprises were made up of social service providers, education and training, and community development organisations. Many social enterprises fulfilled dual functions, for example running training and educational courses, providing support for community development work and providing social services simultaneously. Thus, the four other case studies were drawn from across the remaining three identified categories.

Table 4.2 - Top five categories of social economic activity in Fingal

Main Activity	No. of social enterprises
Savings and loans	11
Social service provider	6
Community development	5
Education and training	4
Enterprise support	3

Other factors to be considered were spatial and demographic issues. Fingal had two broadly distinct areas within its boundary. Fingal was effectively made up of two Dáil electoral constituencies. There was the north Fingal area (Swords to Balbriggan) which constituted Dublin North constituency and there was the western Fingal (Dublin 15 area) which constituted Dublin West constituency. North Fingal comprised less than 60% of the population and Dublin 15 made up more than 40%. It was considered appropriate to select the case studies broadly according to this population distribution. Thus, three were drawn from north Fingal and three from Dublin 15. With these factors in consideration, the six social enterprises identified in Figure 4.5 were selected as potentially good case studies.

Figure 4.4– list of case studies selected with description

Social Enterprise	Description
Blanchardstown Credit Union	Based in Dublin 15, Blanchardstown Credit Union was one of the older credit unions in Fingal and was well established. It had a full-time management and staff and had a 'common bond' area covering Blanchardstown, Clonsilla and Castleknock.
Beat Enterprise Centre	Balbriggan Enterprise and Training Centre has existed since 2000 and was located in north Fingal. It had a full-time manager and provided enterprise space for the Balbriggan area.
North Dublin Rural Transport	Based in Ballyboughal in north Fingal, the rural transport initiative provided a local bus service to the residents in Fingal's rural heartland. Regular bus services were limited in the area and this social enterprise met a significant need.
The Seamus Ennis Cultural Centre	Based in the Naul in north Fingal, the Seamus Ennis Centre was established to commemorate Seamus Ennis, a legendary traditional Irish musician. The Centre provided workshops and training courses in Irish music, language and culture, provided rooms for community groups and ran a coffee shop for the local population. It also ran the annual Seamus Ennis Summer School, which was an international Irish music school, attracting musicians from around the world.
BAPTEC Limited	BAPTEC was a community based IT training company based in Dublin 15. Initially a spin-off from the local Area Partnership Company, BAPTEC was now an independent social enterprise providing certified IT training, especially targeted at unemployed, ILM participants and specific target groups. It also ran commercial training courses.
Mulhuddart Community Centre	Mulhuddart was in Dublin 15 and had been recognised as an area of high deprivation in Dublin. The Community Centre opened in 2003 and catered for community development work, youth services, room and hall rental and it ran a coffee shop.

Once identified, the six managers and boards of directors needed to be contacted so that permission to conduct the individual case studies could be agreed. In all cases there was a high degree of support and openness. With regard to the semi-structured interviews, the manager, Board members and in some cases senior staff members were interviewed. In total 35 in-depth interviews were conducted. On average, each interview lasted just over one hour. After each interview, the notes were transcribed and each interviewee subsequently was sent a copy in order to seek verification of accuracy of the transcription. No interview sought amendments to the interview notes. The interviews were conducted during the period of January to June 2006.

The information within the questionnaires was analysed in a number of ways. The financial information was analysed by way of an MS-Excel spreadsheet. The quantitative and qualitative analysis was completed using SPSS. Qualitative answers were categorised using a system of positive, negative, neutral or did not answer categories. Other qualitative information was used as quotations in the script for emphasis. In order to protect anonymity, each interviewee was coded according to an alphanumeric code (C01 to C35) where C represented a case study. Thus, direct quotations have been cited thus (C04) when referring to the fourth person interviewed. In each of the six case studies, the manager of the social enterprise identified the individuals to be interviewed, or the relevant board of management agreed it.

The semi-structured interviews followed a list of questions and prompts. The interviewee did not have sight of the questions in advance. The questions fell into three sectors as laid out in Appendix D. The first set of questions related to the establishment of the social enterprise, the second related to the current position and the third section examined the medium- to long-term future of the social enterprise.

The first set of questions consisted of the following questions:

- 'How long have you been involved with the social enterprise?' so to ascertain the level of knowledge attained by the respondent.
- 'What is your understanding of why the social enterprise was established?'
- 'What target group/community of interest do you see as most important to the social enterprise?'
- 'Who were the most important people/organisations behind the establishment of the social enterprise?' This addressed directly to role of social entrepreneurship in the establishment of the social enterprise.
- 'In hindsight, what do you think motivated these people/organisations?'

- 'Why do you believe the social enterprise was established as a social enterprise; as compared to another form of organisation?' This was important as it addressed the question of the advantages of social enterprises over other forms of community and voluntary sector organisation.
- 'Where there any specific 'local-factors' in the establishment of the social enterprise?'

The second section addressed the operational position and short-term outlook of the social enterprise at the time and asked:

- 'How effective is the social enterprise in achieving its aims?
- 'All social enterprises have social and economic objectives. Can you identify the main social and economic objectives of the social enterprise?'
- 'Is the social enterprise financially stable at present? This related to the sustainability of the social enterprise as did the next follow up question,
- 'Are there any elements of the current funding mix over which you have concerns?'
- 'What influence has social partnership had on the social enterprise in your opinion?' This was the first of a series of questions probing issues developed within the review of literature and theory.
- 'Are there any specific social changes over the past few years that are changing the mission or operations of the social enterprise?'
- 'Did the NSEP have an effect on the social enterprise, and if so what type of influence did it have?'
- 'Who do you think is driving the social enterprise at the moment?'
- 'What keeps driving the social enterprise?'
- 'Market failure is a term used to describe a situation where there are social needs in a community and the market for whatever reason cannot meet this demand. Do you see the social enterprise as operating in a market failure situation, or what part of its operations is

'market-failure' driven?' Market failure was the main economic explanation offered for the existence of social enterprises and the perspectives of the interviewees was important to test the veracity of the economic theory.

The final set of question examined the perspectives of interviewees with regard to the future of the social enterprises in the medium-long term and asked:

- 'What future do you see for the social enterprise?'
- 'How will financial sustainability be achieved?'
- 'If a surplus is generated, what uses will it be put to?'
- 'What support can the government be in the future to the social enterprise?'
- 'Do you fear that economic considerations may overrun the social mission of the social enterprise, and if so how can this be addressed?' This was discussed in the literature as mission drift.
- 'What future do you see for the social economy generally in Ireland?'
- Finally interviewees were asked to comment on any issues of relevance not raised during the interview.

This was the most in-depth field research carried out during the thesis. The findings were discussed in chapter 8.

Data analysis

Analysis of both intensive and extensive research methods was required to analyse the data collected from the four levels outlined above. This data was handled in the following manner in order to allow reliable interpretation:

- Quantitative data from surveys and interviews was inputted and analysed using SPSS version 12. The researcher conducted the variable coding, input and analysis.
- Qualitative data was handled in a number of ways

- Some qualitative replies were linked to specific questions and in this case they were used as proxy indicators, and were interpreted, categorised and analysed in SPSS
- Some qualitative replies were used as quotes, to illuminate specific points being made.

- Secondary research documentation (information from business plans, social audits and the like) was similarly categorised and used in SPSS or used for specific quotations.
- Interpretation of the data analysis was conducted through comparison of the results gained against the different research questions discussed at the beginning of this chapter.

Summary

The application of a four-part research strategy allowed for both extensive and intensive research on social enterprises in Ireland. The extensive research allowed for the collection and analysis of general data relating to size, products and services provided, the extent of income and trading levels, the constitution of board members and attitudinal issues. The intensive methods allowed to delve into detail on policy issues and to test specific questions relating to motivation and rationale for the establishment and continued operation of social enterprises in Ireland.

Chapter Five

A mapping exercise of the social economy in certain European Edge Cities Network partner areas

Introduction

This chapter was included for its ability to test social-origin theory as developed by Salamon and Anheier (1998) and discussed in Chapter 2. If social origin theory is correct, then social enterprises in different countries and, in some cases regions, should develop different characteristics as the development of social enterprises had culture-specific 'moorings' which were 'embedded' in cultural, social, political, institutional and historical factors. The chapter draws on information gathered as part of a mapping exercise undertaken for the Social Economy Sub-group of the European Edge Cities Network (to be referred to as 'the network') which investigated the scale and extent of the social economy across several member areas.

The network is an association of eight local and municipal authorities which share a common characteristic, as they are all towns or cities on the edge of large European cities, mainly capitals. The objective of conducting the exercise was to obtain baseline data for the network on the nature and extent of their social economies. It also afforded an opportunity to compare and contrast the nature of the social economy over four different participating areas in Europe. As a comparative study, the mapping exercise allowed an examination of the different models of social enterprise in use across the sample areas. It also permitted an examination to be carried out into the level of embeddedness[1] of the social economy in different countries.

The partner in the Republic of Ireland was Fingal County Council and this allowed for a direct comparison of social enterprises in Fingal with

[1] Embeddedness is understood here to refer to contextually-specific factors at a social, national or regional level.

comparative cities on the edge of Belfast (North Down), London (Croydon) and Madrid (Getafe).

The European Edge Cities Network has been in existence since March 1996[2] and meets twice a year. The network has been a platform for the implementation of a number of European Union-funded projects in areas such as SME[3] development and internationalisation, countering disadvantage, and craft development. At the time of reporting the members of the network were:

- Fingal County Council – edge of Dublin, Ireland.
- Croydon Borough Council – edge of London, UK
- North Down Borough Council – edge of Belfast, UK
- Municipality of Getafe – edge of Madrid, Spain
- Municipality of Nacka – edge of Stockholm, Sweden
- City of Espoo – edge of Helsinki, Finland
- Municipality of Ballarup – edge of Copenhagen, Denmark
- Municipality of Kifissia – edge of Athens, Greece

The main areas of commonality between the partners were defined as the 'edge cities factors' (European Edge Cities Network, 1999, 59) and were identified as:

- 'Rapid population growth, particularly in the 1970's and 80's
- SME's dependence upon nearby capital is a limiting factor on growth and profitability and there is very little internationalisation
- Town centres are threatened by edge of city retail developments on green fields with parking
- Unemployment pockets and social exclusion exist in public sector housing concentrations
- SMEs are without organised international commercial links
- Slow recovery from recession in the 1980's and early 90's

[2] See European Edge Cities Network submission for Recite II project 1998
[3] Small to medium sized enterprises

- SMEs are predominantly service based
- Skills mismatch between employers and potential employees
- Importing of social and economic problems from capital
- The existence of 'haves' and 'have nots'
- Loss of skilled workforce to capital
- Loss of identity
- Lack of investment by central government
- High levels of unemployment'

Since 1999, some partners have experienced changes in these factors to varying degrees. Some have identified new factors, such as economic migration. However, the network considered that the core issues of commonality remain.

In 2003, the network formed a social economy sub-group to look at ways to exchange information and ideas relating to the development of this sector. The interest in social enterprise arose from the outcomes of the Recite II Edge Cities Network Project[4]. This EU-funded[5] programme had two main strands; internationalisation of SME's and countering disadvantage. Upon termination of the programme several partners noted that they had an interest in the development of the social economy in their areas. The first objective of the sub-group was to establish a common definition of the social economy for the use of the network. The network subsequently adopted the following definition:

> "Social enterprises are competitive businesses, owned and trading for a social purpose. They seek to succeed as businesses by establishing a market share and making a surplus. Social enterprises combine the need to be successful businesses with social aims. They emphasise the long-term benefits for employees, consumers and the community".
>
> (European Edge Cities Network, 2004, 1)

[4] RECITE was a European Union structural fund aimed at regeneration of city areas.
[5] Funded by the European Union

The members of the social economy sub-group were Fingal, Croydon, Ballarup, Nacka and North Down. Only some of the partners felt they were in a position to participate in the mapping exercise as a result of resourcing issues. Although not formally represented on the sub-group, Getafe did participate in the mapping exercise.

Outline of participating areas in mapping exercise

Whereas the four participating partners all shared some common characteristics, each had its own legal and constitutional frameworks and specific priorities. The following gives a contextual outline of each partner area which participated in the exercise and was based upon information provided by the partners during the interim evaluation of the RECITE II project (European Edge Cities Network, 2002).

The London Borough of Croydon

Croydon lies to the south of London at least fourteen kilometres from the centre. Its total population in 1995 was just below 330,000. Croydon had a long history as a market town and began to grow with the advent of the railways and as a result of becoming the site of the first London airport. It was during the 1960s that Croydon took on the characteristics of an edge city with regard to London and became the key focus for outer London office and retail developments. This was part of a UK-government initiative and Croydon underwent a large-scale building programme, particularly in the town centre during the 1960s and 70s, attracting considerable inward investment, but with little planning control. During this period, Croydon also experienced extensive housing development and became the focus of large public-sector housing estates, to take the overspill from central London. This resulted in the area attracting a large number of disadvantaged communities. It also attracted a large number of ethnic minority communities, who currently form roughly 20% of the population. During the 1980s, the economic fortunes of the town changed rapidly as the economic recession took hold. The recession affected London to a greater extent than many other areas and this had a

severe impact on its hinterland, especially Croydon. Unemployment at this time trebled, manufacturing went into severe decline and there was large-scale restructuring and downsizing of the office-based economy in Croydon. Unemployment currently varies according to the different areas of the borough, but in the most deprived areas it is as high as 16%, with unemployment amongst certain ethnic communities up to twenty-five percent. At the same time, Croydon, like most edge cities, experiences a situation where its most highly qualified professionals work in central London. The Council recognised that there was a need to widen the employment opportunities for all the communities in the borough, and that specific strategies for intervention in the local economy were required.

North Down Borough Council

North Down lies to the south east of Belfast on the southern shore of Belfast Lough. The population of the Borough is roughly 75,000 people, of which 53,000 live in Bangor, which lies at about 20 kilometres from central Belfast. Historically, Bangor can trace its roots back to the fifth century A.D. It later became a market town, and then more recently a commuter town and overspill for the growth of Belfast. The population of North Down has doubled over the past 25 years, mainly due to outward migration to escape the social difficulties of Belfast. There have been extensive public-sector housing developments, but there has been insufficient infrastructure provided, in terms of community facilities, schools or employment, to meet this extra demand. Whilst unemployment is at a moderate level overall, there are severe pockets of long-term unemployment in the public-sector housing estates. Inward investment to the area has proven difficult to attract and there is a proliferation of government and semi-state bodies in the area. The Council has established a local economic development partnership to establish a more integrated local approach, involving the business community. In addition, it has played a leading role in establishing a local partnership under the European Union special programme for Peace and Reconciliation, which

will provide funding to target some of the socially excluded groups and work with the local community.

Fingal County Council

Fingal covers an area of 450 square kilometers on the northern fringes of Dublin City and, until December 1993, was part of the single County Council of Dublin. It is a diverse area with agricultural and coastal areas in the north and east, urban areas in the south and accommodates Dublin Airport within its borders. Having been an entirely rural area with a population of somewhere between thirty and forty thousand people until 1970, the population has quadrupled to over 160,000 people in the subsequent thirty years. The 2006 census stated the population of Fingal at 239,813. The area has become increasingly urbanised, particularly in the areas bordering on Dublin City. Growth and expansion of the city of Dublin resulted in the development of significant quantities of 'overspill' housing in Fingal, yet there has remained a paucity of local employment opportunities and poor infrastructure to compensate. During the last fifteen years, there has been significant improvement in the economic situation in Fingal as a result of the 'Celtic Tiger'[6]. Yet Fingal still faces continued rapid population growth, large-scale residential development and significant infrastructure problems, especially concerning transport. There have been numerous activities aimed at supporting the social economy in the last ten years and Fingal County Council has supported a number of social enterprises through its Community, Culture and Sports Department and the Property and Economic Development Department.

Municipality of Getafe

Getafe is located to the south of the metropolitan area of the autonomous community of Madrid. It has an area of approximately 78.5 square kilometres, and is located some 13 kilometres from Madrid. Access to the municipality is quite good given that Getafe is located between the N-IV, the

[6] The Celtic Tiger was a name given to the Republic of Ireland during the years of rapid economic growth between 1998 and 2001.

Andalucía freeway, and the N-401, the Toledo freeway, and is segmented by the two major ring-roads accessing the capital, the M-50 and the M-45. The two railroad lines have five stations and 19 bus lines provide service to Madrid, other municipalities, and neighbouring cities. The eight "Metrosur" stops provide access to other municipalities south of Madrid, while the Metro, or subway, not only links the city with Madrid but also with the Cercanías (local trains) network, which is one of the major channels for reaching the capital. Currently, the municipality is structured around nine residential neighbourhoods and has seven civic centres; all provide free access to the Internet and various cultural and social activities for its citizens.

Survey findings

Four Edge Cities Network partners returned information on the number of social enterprises in their geographic areas of responsibilities. The total number of identified social enterprises was 312 (the total population). There was an imbalance in the distribution of the population across the partner areas with Getafe making up 75% of the total population and the other three partners making up the remaining 25% (see Table 5.1).

Table 5.1 - Total number of social enterprises and breakdown by area

Partner area	Frequency	Percent
Croydon	31	9.9
Fingal	32	10.3
Getafe	234	75.0
North Down	15	4.8
Total	**312**	**100.0**

There range of activities undertaken by the social enterprises can be seen from Table 5.2 to have been very broad indeed. The three activities mentioned most frequently as the most important among their activities included 'education and training' (12.2% of organisations), 'Management and consultancy services' (8.7%) and 'social service provision' (7.7%).

Table 5.2 - Main activity conducted by social enterprises identified

	Category	Frequency	Percent
Main Activity	Arts and crafts	2	.6
	Catering	5	1.6
	Clothing and apparel	4	1.3
	Community development	17	5.4
	Construction and building	15	4.8
	Education and training	38	12.2
	Electronic equipment manufacturing	14	4.5
	Enterprise support	6	1.9
	Event management, travel	22	7.1
	Gardening	11	3.5
	General services/manufacturing	13	4.2
	Graphic design	5	1.6
	Hostel accommodation	17	5.4
	Information services	13	4.2
	Joinery/fabrication	6	1.9
	Management and consultancy service	27	8.7
	Motor repairs and service	3	1.0
	Photographer	2	.6
	Printing	1	.3
	Property management	1	.3
	Recruitment agency	6	1.9
	Recycling, environmental and health services	13	4.2
	Repair of domestic electrical goods	4	1.3
	Retail outlet	18	5.8
	Savings and loans	15	4.8
	Social service provider	24	7.7
	Sporting body	2	.6
	Transport and courier service	8	2.6
	Total	**312**	**100.0**

Table 5.3 attempts to shed greater light on this profusion of prime operations by allocating their main activities into categories and listing the top ten types of activity undertaken by social enterprises across all partner areas.

Table 5.3 – Top ten main activities conducted by social enterprises examined

Main activity	Number	% of population
Education and training	38	12.2
Management and consultancy services	27	8.7
Social service provider	24	7.7
Event management and travel arrangers	22	7.1
Retail outlets	18	5.8
Community development	17	5.4
Hostel accommodation	17	5.4
Construction and building	15	4.8
Savings and loans	15	4.8
Electronic equipment manufacturing	14	4.5

Considering the remit of social enterprises to provide services to specific target groups or communities of interest, some of the top ten categories are not surprising. These education and training providers, including childcare, the provision of social services, community development, hostels, and savings and loans, all of which were credit unions appear to be common to social enterprises in many countries. Similarly, it would be expected that retail outlets would be of significance as many charities use retail outlets to recycle goods, clothes, books etc. as a source of income. The other categories, including management and consultancy services, event management and organisers of special travel events, construction and building and electronic equipment manufacturing, are all related to co-operatives in Getafe. What this analysis demonstrated was the breadth and scope of social-economic activity and the potential for the development of new social-economic activity in areas with a less well-developed social economy.

In order to examine the breadth and scope of the social economy in Fingal as compared to the other partners, Table 5.4 outlines the number and proportion of social-economic activity categories in each partner area.

Table 5.4 - Number of categories in which there is social economic activity by partner area

Partner area	Total number of categories in which there was social economic activity	% Categories in which there was social economic activity
Croydon	13	46.4
Fingal	7	25
Getafe	22	78.6
North Down	10	35.7

Of the 28 categories identified in Table 5.2, the social enterprises in Fingal were involved in the smallest number of categories, engaging in only 7 of the total number of categories identified. Taking Fingal and Croydon for comparison, both had similar numbers of social enterprises, Croydon having 31 and Fingal having 32, yet the social enterprises in Croydon operated in nearly twice as many categories (13) as did Fingal (7). In the case of North Down, a borough with less than a third of the total population of Fingal and less than half the number of social enterprises, it was nevertheless engaged in a greater diversity of activities. In contrast, social enterprises in Getafe were involved in no fewer than 22 types of activity. Indeed, many of the categories of activity related solely to the case of Getafe and were not present in any of the other three area. Thus, it would appear that the social economy in Fingal was more narrowly focused as compared to any of the other areas examined.

Table 5.5 summarises the legal structure adopted by the social enterprises in each of the partner areas.

Table 5.5 - Cross tabulation of legal structure of social enterprises by partner area

		Partner area				
		Croydon	Fingal	Getafe	North Down	**Total**
Legal structure	Cooperative	3	0	234	0	**237**
	Ltd by guarantee	18	21	0	15	**54**
	Credit union	4	11	0	0	**15**
	Community group	6	0	0	0	**6**
Total		**31**	**32**	**234**	**15**	**312**

Table 5.5 demonstrates the clear difference between Getafe and the other three areas. This reflected back to the discussion in Chapter 2 of the differences between the Anglo-American definition and the continental European definition of the social economy. Getafe operates in a Spanish social-welfare system which had, until recently, been underdeveloped. Thus, it can be postulated that community and voluntary organisations in Getafe did not have access to the levels of funding available to voluntary and community groups in Ireland and the United Kingdom. As a result, social enterprises may have been established as co-operatives and fully self-sustaining in response to this lack of public funding. The other three areas had access to higher levels of government funding in the social services area. Thus as Fingal, Croydon and North Down were more similar, it was necessary to exclude Getafe from further discussion, as it was skewing the figures and did not provide a useful comparative analysis with the social enterprises in Fingal.

Table 5.6 – Crosstabulation of main activity of social enterprise by partner area

		Partner area			
		Croydon	Fingal	North Down	**Total**
Main Activity	Gardening	1	0	0	**1**
	Information services	0	1	1	**2**
	Arts and crafts	1	0	1	**2**
	Catering	2	0	0	**2**
	Community development	5	5	1	**11**
	Education and training	4	4	3	**11**
	Enterprise support	2	3	1	**6**
	Management and consultancy service	1	0	1	**2**
	Printing	0	0	1	**1**
	Property management	0	0	1	**1**
	Recruitment agency	1	0	0	**1**
	Recycling, environmental and health services	2	0	1	**3**
	Retail outlet	2	0	0	**2**
	Savings and loans	4	11	0	**15**
	Social service provider	5	6	4	**15**
	Sporting body	0	2	0	**2**
	Transport and courier service	1	0	0	**1**
	Total	**31**	**32**	**15**	**78**

In Table 5.6 a cross tabulation was conducted between the main activity of the social enterprises and the partner area. The first thing to note was that, when Getafe was excluded, there were only 17 categories compared to the 28 categories in Table 5.2. The largest number of social enterprises identified in Fingal were the credit unions (savings and loans), followed by social service providers, community development organisations and education and training providers.

Table 5.7 provides a cross tabulation between the legal structures of the social enterprises versus partner area. When the credit unions were excluded, as they have a common and specific legal formation in both jurisdictions, the company limited-by-guarantee was the most used legal form in all three areas: 100% of non-credit unions in Fingal and North Down and 66.6% in Croydon. Another point to emerge was that the social enterprises in both Fingal and North Down were all formalised and incorporated as a legal entity and only Croydon had unincorporated social enterprises.

Table 5.7 – Crosstabulation of legal structure of social enterprise by partner area

		Partner area			
		Croydon	Fingal	North Down	**Total**
Legal structure					
	Ltd by guarantee	18	21	15	**54**
	Community group	6	0	0	**6**
	Cooperative	3	0	0	**3**
	Credit union	4	11	0	**15**
	Total	**31**	**32**	**15**	**78**

Table 5.8 shows the ownership of the social enterprise, as identified by the organisation itself, by the partner area. Overall, 74.4% identified that their organisation was owned by a voluntary board (consistent with the predominance of the company limited-by-guarantee structure). 13 credit unions identified themselves as being owned by their members, which was technically correct. One social enterprise in Croydon was owned by a religious organisation (a Muslim-faith café).

Table 5.8 – Crosstabulation of social enterprise ownership by partner area

		Partner area			
		Croydon	Fingal	North Down	**Total**
Ownership					
	Employees	2	0	0	**2**
	Members	2	11	0	**13**
	Part of local organisation	1	0	0	**1**
	Part of national organisation	1	0	1	**2**
	Proprietor	1	0	0	**1**
	Religious organisation	1	0	0	**1**
	Voluntary board	23	21	14	**58**
	Total	**31**	**32**	**15**	**78**

Table 5.9 shows the main income source of the social enterprises by the partner area in which they were located. Croydon had a majority of its social enterprises having traded income as their main income source, with a further 29% identifying grant aid as their main income source. North Down had a broader spread of main income source. Here, 8 social enterprises had income from combined public-sector contracts from local authorities and social services as their main income source (53.3%). North Down also had a third of its social enterprises identifying traded income as their main income source. In Fingal the main income source identified by social enterprises which were not credit unions was intermediate labour-market programmes (81%). Apart from the 11 credit unions (all of which were self funding and generated their main income from members' deposits) only 3 other social enterprises in Fingal had traded income as their main income source. It appeared that the social enterprises in Fingal were heavily reliant on labour-market programmes like the Community Employment and Full-time Job Initiative programmes for operational funding.

Table 5.9 – Crosstabulation of main income source of social enterprise by partner area

		Partner area			
		Croydon	Fingal	North Down	**Total**
Main income source					
	ILM	0	17	0	**17**
	grant aid	9	0	2	**11**
	local authority	3	1	4	**8**
	social services	1	0	4	**5**
	traded	18	14	5	**37**
	Total	**31**	**32**	**15**	**78**

Table 5.10 reveals the percentage of traded income of the social enterprises in each partner area. When the 11 credit unions were removed from the analysis for Fingal, 54.1% of social enterprises in the county had a traded income of less than 25% of total income. Another 28.6% of social enterprises had a traded income level between 25% and 50% of total income. Thus 82.7% of the social enterprises in Fingal, who were not credit unions, had a traded income less than 50% of total income and could be described as demand-deficient. In North Down 60% of social enterprises had a traded income of less than 50% of total income and in Croydon only 42% of social enterprises had a traded income less than 50% of total income. Thus, both Fingal and North Down had a majority of demand-deficient social enterprises, again excluding credit unions. This was mirrored when the number of social enterprises with a traded income greater than 75% (including those with 100% of traded income) of total income were examined. Again excluding credit unions, Fingal had only 3.1% of social enterprises in this category, North Down had 26.6% and Croydon had 58%. Thus only in Croydon was there a majority of social enterprises identified which could be described as self-sustaining.

Table 5.10 - Crosstabulation of partner area by percentage of traded income of social enterprise

		Traded income percent					
		100%	>75%	>50%	>25%	<25%	**Total**
Partner area	Croydon	2	16	0	4	9	**31**
	Fingal	12	0	2	6	12	**32**
	North Down	4	0	2	3	6	**15**
	Total	**18**	**16**	**4**	**13**	**27**	**78**

Table 5.11 displays the number of employees in the social enterprises in each partner area. Overall 52.6% of social enterprises examined had employee numbers between 10 and 49. In Fingal this percentage was 68.8% and in North Down it was 66.6%, both relatively similar characteristics. Both Fingal and North Down had very low use of volunteers. While North Down had no social enterprises using volunteers and in Fingal only 9.4% of social enterprises did so, the figure was much higher for Croydon at 45.2% of social enterprises using volunteers. The previously identified high dependence of social enterprises on labour-market programmes may account for the low use of volunteers in Fingal, as the social enterprises can access paid labour through these programmes.

Table 5.11 - Crosstabulation of number of employees of social enterprise by partner area

		Partner area			
		Croydon	Fingal	North Down	**Total**
Number employees	1-4	2	0	2	**4**
	5-9	3	3	3	**9**
	10-14	4	5	4	**13**
	15-20	3	8	4	**15**
	21-49	2	9	2	**13**
	50-99	2	3	0	**5**
	>100	1	1	0	**2**
	all volunteers	14	3	0	**17**
	Total	**31**	**32**	**15**	**78**

Summary

The main reason for undertaking this comparative study within the field research was to test social origin theory (Salamon and Anheier, 1998) and the social, cultural, political, historical and institutional moorings of the social economy within its country of origin (Salamon and Anheier 1998; Lewis, 2000; Evers and Laville, 2004; Anheier, 2005). The ECOTEC (2001) evaluation of the Third System and Employment Programme (TSEP) noted:

> 'One perhaps disappointing aspect of the Pilot Action is that there are few examples where production models originated in one project show much likelihood of being adopted by other organisations or by other sectors...the contextual specificity of projects, combined with the lack of clear focus on the input and output equation has in practice undermined the wider replicability of the individual models which were put into operation.'
>
> (ECOTEC Research and Consulting, 2001, 71)

One could conclude that the inability to replicate successful social enterprise models might be the result of the specific social, cultural, institutional, political and historical factors in each country. This survey might lend support such a conclusion. The difference between the continental European definition of

social enterprise and the Anglo-American definition was visible in the differences between Getafe and the other three areas . Getafe was clearly operating in the continental European model with all the identified social enterprises being co-operatives (Crossan, Bell and Ibbotson, 2003, 3-4; Delors, 2004, 206-215; Teague, 2007, 92). The other three areas: Fingal, North Down and Croydon, all fell within the Anglo-American model with more emphasis on the not-for-profit characteristic entailed in the company limited-by-guarantee legal structure adopted by most non-credit unions (Weisbrod, 1998c; Defourney, 2001; Ben-Ner and Gui, 2003; Kerlin, 2006). Fingal fell within the Anglo-American model. In some respects Fingal had more in common with North Down than North Down had with Croydon. As both North Down and Croydon are within the United Kingdom this demonstrated that political factors may be less important than cultural factors, Fingal and North Down being both on the island of Ireland. Institutionally, all three areas had similar historical roots within the British Empire and had relatively similar legal institutions and codes. Thus historical, legal and institutional factors could not explain the differences between the three areas. Social and cultural factors seem more likely explanations for the differences seen.

The survey also provided a broad picture of social enterprises in Fingal. Fingal had a high prevalence of credit unions and these credit unions were larger, more self sufficient and professionally staffed compared to the majority of other social enterprises in the county. Apart from this, the other social enterprises appeared predominantly demand-deficient and reliant upon grant aid, including access to labour-market programmes, for their sustainability. Of the social enterprises in Fingal which were not credit unions, fewer than 10% had a traded income comprising more than 75% of total income. The social enterprises operated in a narrow scope of social enterprise activity, considerably narrower in scope than the primary range of operations undertaken by social enterprises in any of the other areas examined. This reliance on state funding resulted in all social enterprises in

Fingal being legally incorporated, with all non credit unions being established as companies limited-by-guarantee.

The next chapter will examine the views of policy and decision makers within the Irish system with regard to social enterprise.

Chapter Six

National policy and social enterprise

Introduction

Social enterprises do not exist in a vacuum but operate within a national policy environment. This policy environment sets the rules under which social enterprises have been established, owned, taxed, funded and traded. Thus an investigation of the opinions of policy- and decision makers was appropriate. The list of interviewees and the rationale for their selection was outlined in chapter four. This chapter outlined the responses given by those interviewees to a semi-structured questionnaire discussed in the Methodology chapter. It enables conclusions to be drawn with regard to the current socio-political environment and the consequential effects on social enterprises, the perceived contribution of social enterprise, the role of social partnership, the role of national strategy for social enterprise and the perceptions of interviewees towards the future of social enterprise in Ireland. The chapter will commence by examining the attitudes of interviewees to the specific issues raised in the semi-structured questionnaire and will then examine a profile of each interviewee in their own right.

The socio-political policy context

Interviewees were asked to identify, from their perspective, the main economic- and social-policy priorities of importance to the Irish government. Within economic policy, the main themes that arose were the maintenance of a low corporate-tax regime and its importance for continued foreign direct investment (FDI), labour market issues, including the up-skilling of the existing workforce and its augmentation by immigration and, the importance of improving infrastructure and maintaining control over the public

expenditure. Social-policy priorities identified related to breaking the cycle of poverty and unemployment through the adoption of policy frameworks, like RAPID[1], the National Anti-Poverty Strategy (NAPS), and co-ordination of public-sector activity through bodies like City and County Development Boards and area-based partnership companies.

With regard to social policy frameworks it was noted by P04 that 'social inclusion policy has dropped down the agenda. Absolute poverty has dropped in hard numbers. Social inclusion policies have moved from hands on action on the ground to policy frameworks that will ensure that national and local agencies, programmes and actions do not accidentally exclude people. Agencies now focus on structural policies to ensure that there is no passive exclusion'. P06 concurred with this and emphasised that 'the main objective of social policy has been to break a cycle of poverty. There were many disfranchised people who had been distant from the labour market all their lives, and in fact had experienced this for 2 to 3 generations'. P01 asserted that the Irish 'government has been extremely committed in responding to the needs of target groups, assisting socially disadvantaged groups with funding and other resources, especially in conjunction with the Department of Education'. However, 'this effort needs all sides working together to move the issue on'. The recognition of the role of 'frameworks' within policy has strong overtones of institutional theory as discussed in Chapter 2, especially with regard to 'isomorphic pressures'[2] and the legitimisation of the actions of organisations and agencies within the prevailing policy environment.

With regard to economic policy priorities, the social economy and social enterprises was not mentioned. P05 outlined his view of the current economic priorities as 'low corporate tax, then building infrastructure, using immigration to maintain economic growth and then social cohesion'. P01

[1] Revitalising Areas by Planning, Investment and Development (RAPID) is an Irish government programme aimed at focusing public-sector expenditure into the most deprived and marginalised communities in Ireland.
[2] Isomorphic pressures are those pressures that encourage organisations to conform to a standard or norm.

added that 'keeping control over public sector expenditure and inflation is always a priority'. Several interviewees discussed the importance of labour-market issues. P04 asserted that 'job creation is off the agenda. Main issues now relate to people's quality of life and the economic argument is now fitting around this; transport, infrastructure, life long learning'. P06 concurred and argued that 'the main priority at present is to generate an increased labour force. To empower and up-skill those most distant from the labour market and to improve the skills of those on the lower runs of employment'. P01 further concurred that 'upskilling the current workforce is a major priority'.

The two community and voluntary sector interviewees noted their scepticism with regard to economic policy and noted the importance given to foreign direct investment over indigenous enterprise. P03, when asked about the presence of an economic policy, asserted that 'I don't honestly know if there is one. High dependence on inward investment and hope that current boom continues. Not enough emphasis placed on indigenous industry. Some local SME[3] could amalgamate as co-operatives and create effective competitive companies. We have become complacent and need to refocus on a long-term vision'. P02 concurred with this viewpoint and commented that 'the emphasis on industrial policy is still on foreign direct investment. There is a lack of government priority on IT[4] infrastructure and this has a detrimental effect on SME sector going forward, especially in the BMW[5] region. I am sceptical that there is any policy in place, a lack of long-term vision'. Thus the macroeconomic policy priorities related to maintaining a low-tax base, developing physical infrastructure and increasing the labour force.

The question that then arose was how social enterprises fitted into these policy priorities. Some interviewees asserted that social enterprises had a role within this policy environment, although the real commitment of government to achieve social cohesion was questioned. According to P05,

[3] Small-to-medium sized enterprises (SME) were privately-owned indigenous businesses
[4] Information technology (IT) infrastructure related to issues like broadband width and access
[5] The Borders, Midland and West Region Assembly area

'there is a role for the social economy within the social cohesion policy; however this is a lower level priority from a national policy viewpoint than say health, education and economic growth. P06 concurred and argued, in a clear reference to entrepreneurial governance, that the social economy 'will always be needed. The state is distancing itself from direct service delivery and this is creating opportunities for the social economy. The government wishes to fill a policy role, funding actions through agencies rather than operating as an executive. The agencies then act at arms length'. P01 also agreed that the social economy 'has a purpose. The social economy is satisfying a need at a local level. Whether it is meeting the actual needs on the ground or government policy is unclear. There is probably no one answer but we need to rethink this now whilst the economy is buoyant otherwise it will be swamped by other issues at a later stage'.

With regard to social enterprise, P02 opined that 'there is a load of potential if it were allowed to develop. In rural areas the social economy has a role in developing tourism and innovation. It is not a scheme. In urban areas it has a role in estate management which is a social good. There is no cross-departmental action at government level therefore there is no overall vision'. However, P04 was not convinced with regard to the potential of the social economy and believed that 'a fresh look is needed. Social economy is delivering necessary public services in health, education, and other public goods. In essence I think that most of the work done should be mainstreamed. New gaps need to be dealt with by short-term programmes and if they prove successful they should be mainstreamed also. Funding should be based on hard real results and needs'.

This mixture of funding on one hand and policy frameworks on the other was derided by both the community and voluntary sector interviewees. According to one interviewee 'the government is trying to trample groups like APC's and

Leader companies[6] into agreement. They are more interested in structures than innovation. There are templates for everything. Social inclusion policy is not present, there are just schemes'. The other interviewee believed that the objective of social policy was 'appeasement rather than a properly structured plan. Government is reacting to situations rather than being proactive?' From these comments, it may be implied that the community and voluntary sector was resistant to these 'isomorphic pressures' and the resultant conformity that arose.

However, it was not only from within the community and voluntary sector that criticism appeared. P05 was also sceptical arguing that the real objective of social policy was 'getting re-elected'. He continued that 'there is an underlying cynicism as funding is tied to political election considerations. However, the collective wealth of the country makes funding programmes possible now in ways that did not exist ten years or more ago'. P06 concurred and argued that 'with economic prosperity the policy is to rehabilitate society and improve the quality of life of all members of society and ensure that people do not fall back into this poverty cycle in the future'. Thus, the government was apparently attempting to utilise the revenue generated from taxation of the economic success of the last fifteen years in an attempt to address social inequalities in society. The mechanisms developed to achieve this related to creating policy 'frameworks', which resulted in institutional conformity and a degree of bureaucratisation. It was also noticeably that social enterprise was viewed within the ambit of social-cohesion policy rather than macroeconomic policy.

[6] Area-based partnership companies (APC) and Leader companies are local development organisations. APC operate in disadvantaged urban and suburban areas and Leader is a programme for disadvantaged rural areas.

The Role of the community and voluntary sector and the European Union

The two community and voluntary sector interviewees emphasised the role of the community and voluntary sector itself and the EU in driving recent developments within Irish social enterprise. According to P02 'the EU sees a legitimate role for the social economy, in tandem with the co-operative movement'. P03 was in agreement that 'the EU put it out there and there was also pressure from within the sector'. P02 further noted that 'a lot of the development is ground up'. P05 and P06 also agreed that recent developments were internal to the sector itself, but notably both played down the role of the EU. P05 observed that, the 'main driving force is from within the sector and is supported by the community and voluntary platform at the national level and the area-based partnership companies. I do not believe that the EU is driving the sector'. P06 commented that, 'recent developments in the social economy have been organic rather than planned. The EU has set a priority on social development and cohesion. However this suits the objectives of government social policy and the community and social economy sector itself'. Thus, a majority of interviewees believed that the main driving force behind the recent developments in Irish social enterprise could be attributed to the community and voluntary sector and some further noted the influence of the European Union.

However, P01 and P04 both identified national policy, including social partnership, as key drivers of recent developments with regard to social enterprise. Both also noted and underplayed the role of the European Union. P01 connected the recent developments in the social economy to 'the development of social partnership. The trade unions, government and the community and voluntary pillar have made the recent developments possible. EU policy initiatives have also played a role. The Taoiseach[7] [Bertie Ahern] has also played a role at a personal level'. Whilst P04 stated that the recent

[7] An Taoiseach is the title for the Irish Prime Minster

developments were driven by 'national policy - not the EU. There are hangover issues from the labour market problems of the 1980's. There needs to be a cold hard look at public needs. The community and voluntary sector is not the force it was ten years ago. The needs are now less desperate; politicians are not raising these types of issues with senior officials as they did ten years ago. The sector has grown and become more mature and complacent'.

Interestingly, all the public-sector interviewees played down the role of the European Union with regard to social enterprise in Ireland. According to P04, 'the social economy is driven by our own social and economic needs. EU has supported and encouraged the sector and provided funding. However this dovetailed with Irish national policy. I think that things would have happened anyway'. P01 concurred and argued that 'I think things would have happened but not to the same degree. The EU gave an impetus. EU funding was also a significant assistance in moving things on'. P06 also concurred and argued that 'what happened would have happened anyway, with or without EU policy. However, it represents the EU seeing the development on the ground and responding in a way to support the activities that were emerging'. P05 believed that 'there might have been [a social economy programme] but called something else. Initiatives in childcare, rural transport and rural tourism would have happened anyway. The creation of the NSEP was result of policy initiative but was heavily adapted to Irish circumstances; both nationally and regionally. The programme is rolled out very differently in Donegal say than in Dublin'.

Both community and voluntary sector interviewees, however, placed a higher importance of the EU role. According to one interviewee 'it would appear that DETE[8] is unaware of what is going on in Europe. It is not part of their thinking. Developments are being driven from the bottom up'. The other

[8] The Department of Enterprise, Trade and Employment (DETE) is the parent department for FÁS and had original responsibility of the NSEP

interviewee noted that 'there are short-term measures to address specific problems, but I don't believe there would have been a national programme without the EU intervention'. Thus, most interviewees recognised the influence of the European Union but there was a sectoral difference between the community and voluntary sector and the public-sector appraisal of the importance of this influence.

Growth of Irish social enterprise in the past ten years

Interviewees were equally split with regard to whether or not the social enterprise sector had grown in the past ten years with P01, P02 and P04 believing that it had not. In a reference to labour-market programmes, P01 argued that 'people are there for the rest of their lives and the social economy equals sheltered employment for many people'. On the other hand, P03, P05 and P06 believed to the contrary and that the sector had grown. According to P05 'the NSEP has made a serous impact on identifying and developing the social economy'. P06 believed that 'the social economy has become more formalised and organised. Funding for the sector has also been more systemic and structured. The government gets a rate of return from the development of participants and the delivery of services. The sector is in return becoming more professionalised'. Thus, perceptions with regard to the growth of 'sector' were directly connected to the perception of the interviewees as to the definition of the social economy and social enterprises.

All six interviewees agreed that there was a lack of clarity with regard to the definition, role and contribution of the social economy amongst policy- and decision-makers. P01 believed that there existed a 'need fort a think-tank. It has also dropped down the social partnership agenda as the economy has grown'. P02 believed that there was a 'chaotic understanding. The officials see it as a scheme rather than having any wider vision'. P04 asserted that 'you will get as many different answers to that question as people asked'. P05 noted that 'there is still confusion even within the sector itself'. P06

believed that 'the social economy is a default area that has traditionally operated on ad-hoc bases. The social economy is the grey area between economic and social objectives. Politically seen as a sector that can strengthen the centre'.

Both community and voluntary sector interviewees defined the social economy and social enterprise within the framework of supporting people and developing marginalised communities. According to one interviewee the social economy had a 'hugely important role to play in taking people and progressing them. The social economy can be seen as a mechanism for the advancement of people who would be seen as distant from the mainstream. It has a more direct impact on communities compared to other interventions'. The other interviewee argued that 'the social economy should be a recognised player in economic and community development. The social economy is seen here as a FÁS[9] scheme and as such has failed and is now being renamed and moved to Pobal[10]. IRDs[11] etc have played a major role without recognition. The social economy is understood in the non-Anglo-Saxon countries but not here. There is no social finance to support the growth of the social economy and at present there is no recognised social economy sector in Ireland'.

Whereas the community and voluntary sector representatives might have been expected to support and promote the social economy, the perceptions of the public-sector interviewees as to the definition and scope of the social economy and social enterprise demonstrated a lack of coherence and clarity. P05 believed that 'the social economy lies between the commercial and state sectors. The social economy constitutes economic activity with a social employment focus, but is a broad church and membership is to some extent in the eye of the beholder. Its primary role is explicitly social (employment) to people who would not gain employment in mainstream labour market'.

---

[9] Foras Áiseanna Saothair (FÁS) is the Irish national training and employment agency
[10] Pobal is an intermediate funding body used by the Irish government to distribute funding and manage social programmes
[11] Integrated Rural Development (IRD) companies established to implement European Union pilot rural development actions

P06 argued along a similar line that 'the social economy is defined in my mind as a default sector; anything that falls between the public and private sector. Not a coherent entity in itself and is replacing that which would have been previously been done by volunteerism and vocationalism. It is mopping up the needs that are falling between the cracks'. P01 agreed with this and argued that 'the perception of the social economy is very diverse. What is it? Are programmes like CE and JI[12] part of the social economy...whether social economy jobs are real jobs or sustainable is questionable? There is need for a think-tank engaging all sides in the discussion as to what we see the social economy as, and what returns we expect to see from it'. P04 asserted that he was 'confused. I don't think that the sector is properly understood by those in the system, much less by those outside it. The social economy has never created a proper niche for itself in the minds of policy makers and this has created the lack of clarity. Initially it was seen as a labour market instrument. In principle the social economy is unreal and artificial. The third sector should be redefined and mainstreamed within the public sector. Ultimately what is the difference between someone working on a 'scheme' in a community centre and a person cleaning the street outside the centre, who is a local authority employee. Both are providing a necessary social service to the community yet one is seen as a real job and the other is seen as a lesser type job. Workers in the voluntary and community sector should be employed centrally and contracted out to community-based organisations'. Thus, amongst the public-sector managers interviewed, the social economy was seen as a 'default' sector and was even readily conceptualised as a 'scheme' rather than a collection of social enterprises providing goods and services to a wide range of marginalised communities, groups or individuals.

[12] Community Employment (CE) and the Full-time Job Initiative Programmes are Irish active labour-market programmes managed by FÁS

The contribution and relative strengths of social enterprise in Ireland

All interviewees were able to recognise and identify the contributions made by social enterprises. According to one of the FÁS managers, 'FÁS funded a study of the NSEP[13] programme two years ago. We found that 75% of the projects funded were unsustainable but meeting an essential need in the community. The NSEP has not been successful as a labour market programme and thus the logic of moving the programme to DCRGA[14]. I don't know to what extent services are being created or meeting a need, or if they disappeared tomorrow would they be missed'. In contrast, the other FÁS manager argued that 'the social economy has made a massive contribution. It has filled gaps that government has not, or has not been able to meet. FÁS Community Services unit operates almost totally within the wider social economy. Social enterprises get the staff to meet their own objectives, but FÁS objectives are also met in relation to developing participants. Other social policies met include health related issues, social welfare services, addiction services etc'. P03 agreed that the contribution of the social economy was 'fairly substantial. Provided opportunities in geographic areas of marginalisation that would not have happened otherwise, the credit unions and cooperative movements have been particularly influential'. P02 also noted that 'credit unions and cooperatives have made a considerable impact, despite national policy. The Gaeltacht[15] cooperative movement has made a positive impact on their communities, and provide a good model'. P05 noted that 'the sector employs 1,500 people within the NSEP and has a much wider number employed in the broader sector (co-operatives, credit unions etc.). The co-operatives and credit unions have been strong and had long and enduring legacies within the sector. Church activities have also had a long enduring legacy within social economic activity and social work. There is a stronger tradition here than in eastern European countries'. However, P04

[13] The National Social Economy Programme (NSEP) as managed by FÁS
[14] The Department of Community, Rural and Gaeltacht Affairs (DCRGA)
[15] The Gaeltacht is the Irish-speaking areas in the Republic of Ireland

was 'unclear and confused. I am not clear what it is doing right now; not sure where it begins and ends. The credit unions and cooperatives are volunteer initiatives and worthwhile initiatives. But not clear they are driving forces in society'. The multiple references to co-operatives, including Gaeltacht community development co-operatives and credit unions indicated that public-sector, as well as community and voluntary sector interviewees identified these institutions as part of the social economy in Ireland. There appeared to be recognition of the contribution of these institutions even if the interviewees could not properly define the sector. There was also recognition of the high proportion of social enterprises that were demand-deficient.

Overall, interviewees saw the relative strength of social enterprise as that it provided better value for money as compared to the private sector in the provision of publicly-funded goods and services, as a result of the removal of the profit motive and, provided a better modality as compared to public-sector provision, which resulted in a dependency culture. Social enterprises had a higher level of community ownership and promoted capacity building in communities and individuals. P01 summarised the point when he stated that 'the advantage of the social economy is that it gives opportunities to people who wouldn't have opportunities otherwise. It also has community support and higher levels of community ownership. However, it gives less sharp levels of value for money compared to direct service provision as there is a level of 'social support'. It creates vibrancy in a community'. P02 concurred and asserted that 'engaging with the community is a major strength of the social economy. There is no community ownership of the other two options. Direct public provision only builds dependency whereas the social economy builds capacities. The government couldn't deliver the same services for the same cost, thus the social economy delivers VFM. You cannot measure the levels and value of commitment and volunteerism'. P03 also concurred and noted that 'direct provision closes off opportunities for community to contribute and take ownership. It removes the self-help ethos that has proven to be successful in countering disadvantage. Private sector provision

has the same drawback by and large. It is also more expensive on the whole'. P05 agreed and stated that 'PPPs[16] have not given great returns to the public sector as civil servants are not good business people, and in negotiations the state does not get good deals. In social enterprises the state gets much better value as activity is based on not-for-profit. In direct service provision there is no local ownership and social enterprises are more flexible. Try negotiating with CIE[17] to drop you at your door, whereas a rural transport scheme always drops you at your door. The public sector is governed by rules and procedures and therefore is less flexible than the social enterprises'. P06 agreed that 'private provision of social services is more expensive on the whole. Social economy provision is better value as it eliminates the profit motive and gives ownership to those community-based people who provide and deliver the service. It is also close to the ground and responds more quickly than private or public services. State provision supports a handout culture and is also more expensive'. Only P04 disagreed significantly and asserted that 'I don't see it those terms. There are two sectors; public and private. The community and voluntary sector in its wider context meets the gap and should be mainstreamed within public sector umbrella. We should not be dealing with these social needs through labour market programme mechanisms'.

When asked about the role of social enterprises in achieving either social justice or social change, there was a diversity of opinion. Some interviewees saw the social economy as having a role in achieving both social justice and social change, whilst others believed it had a role in achieving one or the other. P01 believed that 'it can create opportunities for people to develop and progress into the mainstream employment. Thus it has a role in creating social justice by increasing people's self esteem'. P02 concurred and argued that 'it has the ability to give dignity to people who wouldn't be employable in the mainstream. It provides services to disadvantaged communities and has

[16] Public-private partnerships (PPPs)
[17] Córas Iompair Éireann is the Irish national bus and rail authority

a role in community development'. This was further agreed to by P06 who asserted that 'in many ways the people engaged in service delivery are empowering those most distant from the system and those most in need. The social economy achieves change at a local level and alleviates poverty with the people most affected rather than looking at target groups, and this is the way to go'. P05 believed that; 'social justice yes; social change not so sure. I doubt if the sector has had a serious impact on social change'. However, P04 argued that the social economy was not delivering social justice or social change, or at least 'not in this context. Ireland is being driven by an economic agenda, not responding to social agenda. There is too much comfort in society. We have forgotten very quickly where we came from and the social and economic situation only twenty years ago'. Thus, social enterprises, through their work, were seen as having a role in achieving social justice by addressing marginalisation. However, achieving large-scale social change may be a role for the community and voluntary sector at a societal level.

In relation to addressing market failures, the primary explanation proffered by neoclassical economic theory for the existence of social enterprises, interviewees recognised a number of areas where social enterprises were engaged in meeting market failures. However, addressing market failure was not seen as a comprehensive explanation for the existence of social enterprises in Ireland. The following identified market failures were being addressed; childcare; rural transport and estate management. According to P01, 'the social economy is mainly responding to community needs not meeting market failures per se. It is meeting deficiencies in local community services like childcare, meals on wheels. People have less time to volunteer and thus the there is need for government supported social services'. P03 asserted that 'childcare is the one major market failure issue I can see. Leadership at a national level is required to resolve this issue; it's not just about money. A national framework strategy with adequate support needs to be put in place. However, the majority of social enterprises do not operate in

market failure situations'. P05 concurred and noted that 'childcare provision is a clear example. Private childcare is extremely expensive and cannot meet the demand in many disadvantaged area; community based childcare meets this demand. Rural transport schemes are also within this category. On a VFM basis rural transport schemes would not be funded but on a social cohesion basis they must be funded. Also if the state had to fund some of the services funded under the social economy, the government would have a worse VFM return than funding them under the social economy'. P02 concurred and stated that the market failure element 'was the demand deficient part of the SEP. Meals on wheels, rural transport, elderly care are all not market failure as the private sector would not touch them with a barge poll. Estate management is another example. No these would not be market failures'. However, P04 made the point that 'the whole public sector meets market failure situations. Even the private sector is funded and subsidised; look at the public expenditure on infrastructure, waste disposal, running water and sewerage. The private sector is not paying the full costs of these and are all public goods. Most social enterprises are not operating in market failure situations'.

The role of Social Partnership

There was no clear agreement as to the role of social partnership with regard to the development of social enterprise in Ireland. Responses divided into three broad categories. There were those who believed that social partnership had been a key driver in the recent developments in the social economy in Ireland, there were those who believed that it had an effect, but that it was not a driving factor and, there were those who believed that social partnership has had a marginal effect. P01 and P03 emphasised the importance of social partnership. P01 asserted 'that is where most of the recent developments have come from recently, with an EU stimulus'. P03 asserted that 'the social economy would not have developed so fast in the last ten years without the social partnership process'. P04 believed that social

partnership had 'a reasonably strong influence. The social partners saw the need and made commitment to do things in this area in the late 1980's and early 1990's. But I feel it is now off the agenda'. P05 concurred and argued that 'social partnership has had a reasonable impact. The Community and Voluntary platform and the other social partners were happy to endorse the move of the NSEP programme to Community Department and this certainly had an impact'. However, P02 and P06 saw social partnership as having only a minimal role. According to P02 the effect of social partnership was 'marginal. The community and voluntary pillar and the trade unions have an interest. It was useful in the beginning, but the talks are now controlled by lobby groups'. According to P06 'social partnership has not driven the social economy, but it has helped the process that was already underway. It has facilitated not driven. Social partnership does affect the rules by which organisations are funded, supported and prioritised under national agreements'. There was, therefore, a divergence of opinion as to the level of influence that the social partnership process had played with regard to social enterprise. However, there was one outcome of social partnership that did have an effect, the development of the National Social Economy Programme (NSEP), which was later transformed into the Community Services Programme.

National strategy towards social enterprise and the role of the National Social Economy Programme/Community Services Programme

The National Social Economy Programme was managed by FÁS until it was transferred to the Department of Community, Rural and Gaeltacht Affairs (DCRGA) in 2005. It was interesting that the two FÁS interviewees had mixed views regarding the National Social Economy Programme (NSEP). According to one FÁS interviewee the NSEP effects were 'very mixed. 15-20% are successful economically. Other 80% would be economically unviable but socially necessary. Should it have been set up as a labour-market

programme? FÁS had the ability to set the programme up quickly, and we had high levels of over 35 years long-term unemployed. We might look more critically at the projects funded if we were going to do it again'. The other FÁS manager stated that 'I'm too close to make an objective decision. NSEP highlighted the dichotomy between the social and economic objectives. There was a bad fit between the opportunities to support some good community groups to deliver social services to the community; however, the viability conditions were inappropriate to the vast bulk of the projects who are demand-deficient. FÁS was given the programme to get up and running but nobody thought out how it fitted into the FÁS tool-kit; FÁS has a primarily economic/employment focus'. On the positive side, P03 believed that the NSEP 'has focused attention onto the social economy. There are increased numbers of people employed in the sector and the quality of projects has improved over time'. P05 argued that 'the programme must be seen as one of the key players as a global entity. The companies funded under the programme however are a very diverse group who employ a lot of people; many vulnerable people. However, the companies funded have to date not acted as a coherent entity'. Thus, FÁS appeared to have recognised the success of getting the programme operational but felt that the programme did not fit their primary remit.

Other interviewees were also ambivalent regarding the programme's success. According to P02, 'with a few exceptions it has failed. There was no clear understanding of what it was about and it was more a response to political pressure. FÁS had no clear vision as to the extent and potential of the social economy'. P04's opined that the programme effects were 'confused. It was a small adjunct programme and was used to reorganise CE. It was based on the false premise that community organisations would become self sufficient. The underlying concept was vague and false, monitoring was poor and evaluation was wishy-washy'. P06 outlined his view of national strategy towards social enterprise in the following way, 'I'm not sure there is a formalised thought out process at work. There is a rethink happening at

national level and thus the move of the NSEP to DCRGA. There is a change in expectations. FÁS was seen as the agency to get the programme up and running but now the programme has a track record the government is revisiting the future direction and objectives of the programme'.

P01, P02, P03 and P04 concurred that there was a lack of a coherent national strategy relating to the social economy. P01 hoped that 'the new social partnership process may define a new strategy as part of the negotiations'. P02 noted 'there is an extra €5million to fund an extra 30 new projects under the CSP'[18], but no strategy. P03 continued that he didn't 'think there is a coherent strategy or those implementing it are not aware of one'. Or as P04 noted, 'nobody has asked me to input into a discussion on a national strategy'. However, P05 believed that the strategy was 'to stabilise the sector and then to identify areas where greater support is needed'. The lack of a coherent national strategy, based upon the earlier discussed lack of agreement regarding the definition of the sector, can be seen as a serious impediment to the development of the sector.

There were some successes pertaining to the National Social Economy Programme. According to P06, 'it has been successful at getting large volumes of funding to organisations. It has been successful in relation to the development of certain projects. The viability condition has not been met by majority of the projects; although this had been predicted at the beginning of the programme. Successful at funding the delivery of services on the ground - not successful at creating a large amount of self-sustaining social enterprises'. P05 believed that 'the programme has had limited success. The programme did not have a very clear focus at the initial stages and would have been more successful if it had a clearer focus then. Not all the projects supported deliver community services per se. All the companies are strong on social employment, not so on output or activity'. P01 further concurred

[18] The Community Services Programme (CSP) is the name given to the old NSEP after its transfer from FÁS to Pobal

and argued that 'it put the social economy on the political map. It may not have met FÁS expectations and did not meet the outputs FAS would have liked. It is a mixed bag'. P02 argued that the programme had not really succeeded and only assisted 'those social enterprises that would have succeeded anyway using other funding lines' while P03 believed that the programme had made some success 'but if it were to be done again I would make changes and do things differently'. P04, when asked about the success of the programme admitted, 'I don't know the answer to that question'. Thus the programme apparently raised awareness of the sector and what social enterprises do. It also had a number of shortcomings, especially with regard to the programme's criteria.

The main lessons learned, as expressed by the interviewees, related to the programme criteria applied by FÁS. P04 noted that 'the programme was built on a false premise and created a non-viable context for the delivery of social services. The people who drew up the operational programme had never worked in community organisations on the ground'. P05 commented that 'one lesson is that programme structures need to be better defined at drafting stage. In relation to operations FÁS extended projects from CE and JI[19] into NSEP; working within their experience and tried to create artificial boundaries around their existing projects'. P06 noted 'the danger of force-fitting organisations that are good at what they do into programmes with criteria that run counter to their objectives. The best projects developed where there was respect and understanding between the funding agency and the social enterprise of each others needs'. P03 believed that 'FÁS didn't understand the programme at the beginning and to be fair the programme was hoisted on FÁS by politicians. The programme operated differently in different areas and the criteria was interpreted locally. Budget was not controlled properly in the beginning. Instead of starting from scratch and building up a suitable programme, they developed the programme based upon their knowledge of CE and JI and they created a hybrid programme. There was not enough prior

[19] The Full-time Job Initiative Programme

consultation with practitioners and the result was reactive rather than proactive'. The result, as P01 outlined, was that 'the social economy programme has transferred to DCRGA and is now a service support programme, not a labour market programme. It will now become a state subsidy'. P02 argued that 'the social economy is not understood by the state and financial institutions do not want to know. There is no national thought process. It should be centred around social inclusion policy. It has great potential if allowed to grow'.

There was a diversity of opinion regarding the future of the Community Services Programme. P06 outlined the factual situation as 'the NSEP is changing into the Community Services Programme and seems to be changing direction. The future of the programme is unclear at present'. P05 asserted that 'the NSEP will become the CSP and will continue to expand over the next 2-3 years. The programme will be tightened up slightly. Some projects will fall into other programmes as appropriate. There will be a concentration on social services and community services moving forward, especially in relation to any programme expansion'. P03 believed that 'the new CSP should have a positive future. If the government was going to do away with it then this would have happened at the review and it would not have transferred to DCRGA'. However, P01 asserted that 'the NSEP is gone. National future of CSP is as a community support programme, not a labour market programme'. P02 believed that it will become 'an urban version of the Rural Development Scheme. The minister is more interested in social provision than the social economy'. P04 believed that 'the projects should be mainstreamed and moved under the agencies with core responsibility for their activity. The CSP should be kept as a residue programme for new innovative projects. If they prove successful then they should be mainstreamed'. Thus, again, the perceived view of the programmes future was connected to the definition of social enterprise applied by the interviewees.

The influence of entrepreneurial governance

Entrepreneurial governance, as discussed in Chapter 2, is a phenomenon where public-sector bodies are increasingly influenced by private-sector, market-driven philosophies and where government is adopting a 'hands-off' role with regard to the direct provision of public services. Interviewees were asked as to their perceptions relating to the existence of and, influences ensuing from, the effects of entrepreneurial governance. All six interviewees recognised the presence and, the perceived importance of, entrepreneurial governance, although some believed it to be a positive influence and others believed it less so.

P01, when asked about the presence of entrepreneurial governance, agreed with its existence and believed that 'it is a positive influence from my point of view. Social partnership is crucial to its development. There is a distinct advantage to having a vibrant economy as it gives time and resources to work with the most disadvantaged groups, and this is beneficial to the social economy. It is important that nobody is left behind'. P06 agreed with the statement and asserted that 'on the whole I think this is positive. It keeps an overall reign on service provision and keeps operational activities tethered to reality. There always must be someone accountable and responsible or the system would go out of control. However, there must be a balance between bureaucracy and service delivery. Bureaucracy must be kept to the minimum necessary to keep accountability whilst allowing the actual service provision to be maximised'. P03 further concurred and believed that 'the effect is positive in general although it has strengths and weaknesses. It does result in more accountability and this is good, but it also involves more bureaucracy in accessing funding. There are times when it appears we have audits for the sake of audits and the result is a paper mountain on one side and clients get less service as resources are wasted on bureaucratic demands'. P04 further concurred and argued that 'it would be wrong not to learn from the positive points within the private sector. I thing the influence is positive. There

should be increased ambition and resources and the work of the community and voluntary sector should be mainstreamed. No critical opinion brought to bear on this subject'.

However, although P05 recognised the phenomenon, he argued that 'there are many VFM[20] and accountability systems in place; e.g., Quality Customer Service (QCS), Strategic Management Initiative (SMI), Performance Monitoring Development System (PMDS) and Risk Management. Where as the civil service must be accountable there are times when the civil service is becoming too slavish to these systems. And they are creating a lot of extra bureaucracy that is taking resources away from delivering services. There are many grandiose ideas being generated but the civil service is not performing any better than previously, but people are writing a lot more about what they do rather than serving the public. This has not had a great impact on the social economy as it has generated a lot of bureaucracy and paper work'. P02 also held a negative opinion and argued that 'I am not sure, if anything it has a negative influence overall'.

Thus, all interviewees recognised the phenomena of accountability, bureaucratisation and, the adoption of private-sector philosophies within the public sector. The overview was that value-for-money considerations were important but not the only measure of value to be considered. P03 opined that 'VFM is becoming increasingly important. There are many facets to value, but there should be value for money within an enterprise situation. However, VFM should be seen within the possibilities and practicalities of the enterprise and the resources and objectives open to it. A one size fits all approach does not work'. P05 concurred and argued that 'VFM is one consideration but not the be all and end all. In any programme there is going to be weak projects with low VFM. Countering disadvantage is more important than VFM'. P01 asserted that value for money was 'absolutely

[20] Value-for-money considerations

essential...you cannot keep pumping money into bad programmes ...programmes must be judged on their outcomes'.

P04 believed that there were not enough value-for-money considerations relating to social programmes and argued that 'social' allows monitoring and evaluation to be too soft. If the government was serious about addressing the real issues then per capita investment would have to be much higher. The political edge has gone out of society and there is a comfort zone. Ireland has been in the right place at the right time for the past fifteen years and the success has led to complacency'. P06 argued that the 'jury is out on that. FÁS had strict criteria for the NSEP for example that was suspended in 2005. VFM was a more serious consideration at the time the programme was set up as compared to the present time as we are in the run up to an election'. However, P02 believed that 'VFM is usually an excuse to make cuts in programmes. There is no realistic view as to the value and contribution of particular projects. What is the real value of CE, JI and SEP[21]. The real value is greater than that on a balance sheet. The view of VFM is unrealistic'.

The future for social enterprise and the social economy in Ireland

Several interviewees saw the future for social enterprises as positive. Included in this number was P03 who noted that 'while there is a need there will be a social economy'. P05 asserted that the 'wider community and voluntary sector will remain an important player in relation to community development and service provision. Economic trends and political cycles will ebb and flow, but the underlying trend is very good for the sector. Sector will continue to expand and the level of state support will continue to increase'. P06 concurred and stated that 'I see the social economy increasing. The government are still committed to small government and distancing itself from direct service provision and the social economy is consistent with this policy and preferable to the other options'. P01 and P02 noted the

[21] SEP is an abbreviation for the National Social Economy Programme

importance of national social policy for the future development of the social economy. According to P01 'social partnership is essential to drive the process, with government and community sector supporting people to progress and develop'. Whilst P02 believed that 'it needs to be an integral part of social inclusion policy and community development policy'. P04 was not convinced regarding the future of the social economy and argued that it was 'not as relevant as it once was...partnership with the community is driving current developments'.

With specific regard to the Community Services Programme, the interviewee from the Department of Community, Rural and Gaeltacht Affairs asserted, for the record, that 'the state will provide the same type of support; funding. Funding rules and criteria will be relaxed on a gradual basis. Programme will evolve into two strands, a) quasi-commercial and b) non-commercial. As this evolves there will be different levels of support given to the 2 strands as one is more able to fund itself. However, at this time no actual decisions have been made however, the Department feels that the WRC consultants report is a good roadmap for the future of the programme'. P01 concurred that the main support was 'funding, providing a clear policy framework and moral support and goodwill for disadvantaged groups'. P03 also identified 'funding in the main. There is also a role for agencies to facilitate the sector in working together; i.e., Enterprise Ireland facilitated the community enterprise centres to come together and organise on a regional basis'. P06 concurred that there will be 'more of the same - funding. There seems to be greater awareness that there are two sides to the equation (social not just economic)'. P02 asserted that 'the government should support the social economy. Public sector should be giving contracts to social enterprises, especially the local authorities. There needs to be continued core funding. There must be a multi-departmental approach as the effects of the social economy are wide in range'. P04 argued that 'good projects should be mainstreamed. Staff working in community projects should be mainstreamed into the public sector'.

P04 noted that the social economy 'doesn't fit comfortably into any one department. The projects should be segregated into their relevant departments. The definition of the social economy is too vague and this is creating the lack of clarity'. P05 stated that 'the Department of Community, Rural and Gaeltacht Affairs will take over responsibility for the programme. The programme will become more focused on community services than a labour-market programme. Key emphasis moving forward is on social not economic objectives'. P03 held judgement and believed that the 'move to DCRGA needs time to happen and see how it rolls out'.

P06 was 'not sure there is an overall policy. Used by institutions to deliver services and needs'. P01 wished to see the responsibility for the social economy to be located with 'government with support from social partners. Agencies are part of government with all having a role within their specific remits. Responsibility should be at social partnership'. P02 in a similar vein suggested an 'inter-departmental committee, possibly situated in the Department of the Taoiseach. This is where social partnership and the social economy started out'. Thus the future of social enterprise in Ireland appeared, in the main, positive.

Profile of individual policy and decision makers

Having examined the commonalities between the interviewees with regard to the specific questions raised in the semi-structured questionnaire, it is now useful to look at each interviewee in their own right.

P01 - public sector

This interviewee worked for FÁS and some of his responses were consistent with this, in that, he believed that upskilling the workforce was the main objective of economic policy and that achieving balanced growth was the primary objective of social policy. With regard to the social economy, this

interviewee did not have strong opinions with regard to the role, potential or contribution made by the social economy. Considering that the NSEP was about to move from FÁS to Pobal around the time of the interviews, his views on the programme were not strongly supportive. He believed that the NSEP had achieved very mixed results and that its success was 'mixed'. He believed that there was no national strategy for the social economy and did not know what future the programme had. He believed that the role of social partnership had been important in the development of the social economy in Ireland and that the sectors future was tied to social partnership. He recognized the existence of entrepreneurial governance in the Irish state, felt that 'value for money' was 'essential' and that the Irish state will continue to provide funding as its main support to the social economy in the future. He did not believe that market failure was the most important factor driving social enterprises in Ireland.

P02 – community and voluntary sector

Overall, this interviewee was cynical regarding the government's approach to the social economy in Ireland. He believed that social policy was now driven by an emphasis on structures and mechanisms; 'there are templates for everything'. He believed that the role of the social economy in Ireland was not recognised properly, that the potential for the sector was significant but that its contribution was varied. He believed that the developments in the sector had been driven from within but that the social economy had stalled over the past ten years. With regard to national policy he believed that there was no national strategy for the social economy, that the role of social partnership was marginal and that the NSEP had mainly failed and its future was unclear. He saw the future of the social economy as within social inclusion policy and did not accept market failure as a primary motivation for the majority of Irish social enterprises. 'Value for money' was seen as an excuse to 'cut spending' but he did recognize the existence of entrepreneurial governance in the Irish system.

P03 – community and voluntary sector

This interviewee saw 'appeasement' as the primary function of social policy and was unsure whether there was a deliberate and coherent primary objective to economic policy. He saw the role of the social economy as hugely important and that it's potential was high and its contribution fairly substantial. Interestingly, he saw the European Union as the primary driver of the social economy in Ireland and felt that the social economy had grown over the past ten years. He saw the NSEP as having 'focused attention' onto the sector and felt it had been successful and saw its future as positive. He also saw the role of social partnership as important for the development of the social economy and generally saw a positive future. He recognised the existence of entrepreneurial governance in Ireland and saw the role of 'value for money' as important. He saw the main support that government would contribute to the sector as continued funding and did not know if there was a national social economy strategy.

P04 - public sector

This interviewee had a particular point of view with regard to the social economy. He appeared to define the social economy according to the continental European definition as outlined in Chapters 1 and 2 defining the social economy as the entire community sector. He believed that the role of social policy was to implement policies and structures to ensure that nobody now falls out of the security net and that economic policy had moved from creating employment to quality of life issues. He believed that the role and contribution of the social economy in Ireland was confused and unclear, as well as its potential. He believed that the social economy was driven by national policy yet agreed that there was no common understanding between policy makers as to the social economy and he also concurred that there was no coherent national policy towards the social economy. He believed that the social economy had not grown over the past 10 years and he did not have an opinion regarding the future direction of the sector. With regard to the NSEP he believed the programmes outputs to be confused and he was not certain

regarding the programmes success. He, in common with the other interviewees, recognised the presence of entrepreneurial governance in the Irish system and believed that there was not enough 'value for money' being delivered by the system. He believed that social partnership had been an important factor in the development of the Irish social economy but was not convinced that the majority of Irish social enterprises were driven to address market failures.

P05 – public sector

This interviewee had a rather cynical view of national policy stating that the primary objective of social policy was getting the government re-elected and that maintaining a low-tax base as the primary objective of economic policy. He saw the social economy as a default sector between the public and private realms. He believed that the sector had been driven from within and had grown over the past 10 years. He believed that the sector had strong potential and it was needed but was currently a low priority for government. He believed that there was a national strategy which aimed at stabilizing the sector but agreed that there was no agreement amongst policy makers regarding the role of the social economy. With regard to the NSEP he believed that the programme had been important for promoting the social economy but that its results had been limited but that the altered CSP had a positive future. He recognised the presence of entrepreneurial governance in the Irish system and believed that 'value for money' was one important factor in public policy but only one of many. He believed that the main support that government would continue to provide to the social economy would be funding and that some social enterprises were motivated to address market failure situations.

P06 – public sector

This interviewee was also from FÁS and believed that the role of national social policy was to break the cycle of poverty and that economic policy was to increase the labour force. These would both be roles given by government

to FÁS. With regard to the social economy he, similar to P05, believed that it was a default sector between the public and private realms. He believed that the sector had grown over the past ten years and that these developments had been driven from within the sector itself. He saw that the social economy was needed and had a 'massive' contribution to make. He concurred with the other interviewees regarding the presence of entrepreneurial governance in the Irish system and the effects of 'value for money' strategies had been varied. He concurred that there was no national strategy towards the social economy and felt that the NSEP had been a 'bad fit' within the 'FÁS toolkit' and it had mixed results. He was the only interviewee to accept market failure as the primary motivation behind social enterprises. With regard to the future he believed that the state would continue to provide funding to the social economy and that the sector had a positive future. With regard to the NSEP he felt that the programmes future was unclear at that time.

Summary

Overall, there appeared to be very little consensus between the people interviewed on issues relating to the social economy in Ireland. For example the two interviewees from the community and voluntary sector, both with considerable experience of social enterprise, held differing opinions on many points. Whereas they agreed regarding the scope and potential of the social economy in Ireland, they disagreed as to who was driving it; the sector itself or the European Union. They disagreed as to the role, success and future of the NSEP. They both agreed that there was a lack of agreement between policy makers regarding the social economy and that there was no national strategy towards the sector and that the entrepreneurial governance did exist in the Irish case, as well as, the lack of importance of addressing market failures as a rationale for social enterprises. However, they did not agree as to whether the social economy had actually grown over the past ten years or to the actual contribution that the social economy has made.

The public sector interviewees also showed little by way of consensus in their interviews. Apart from the existence of entrepreneurial governance, that funding was the main support that the public sector will provide the social economy moving forward and that there was a lack of clarity amongst policy makers regarding the social economy, there was little by way of agreement. Even the two FÁS representatives varied significantly in their opinions. Although their answers on national social policy stressed balanced growth and breaking the poverty cycle, whilst both agreed that the primary objective of national economic policy related to labour-market issues, all FÁS-related policy priorities, they disagreed on many issues. They disagreed on the contribution that the social economy had made in Ireland, they did not agree as to who had driven the social economy in Ireland, they disagreed on the impact of value for money initiatives, the role of social partnership with regards to the social economy and as the importance of addressing market failures as motivations for social enterprises. They did agree noticeably on the role and the degree of success of the NSEP. Both felt that the programme had not met their expectations, was a bad fit for FÁS and that the programme had generated mixed results. The lack of consensus between the social-economy sector interviewees, between the public-sector interviewees and across all the interviewees on many issues supported the conclusions of the few questions on which there was consensus; there is a lack of clarity amongst policy makers as to the role, potential and contribution of the social economy in Ireland and this has led to an incoherent national strategy towards the sector.

With regard to the specific issues examined there were institutional factors in evidence throughout the interviews. The adoption of 'frameworks', 'structural policies' and 'templates for everything' demonstrated the convergence of institutional mechanisms across the public sector and through the community and voluntary sector in response to funding requirements. Also in relation to social partnership, which appeared to have been institutionalised in both the public- and community and voluntary sectors, it affected the rules by which

organisations are funded, supported and prioritised under national agreements. There would appear to be no coherent national policy framework in existence in relation to the social economy and social enterprises specifically. There were programmes discussed, however there was divergence regarding the success and impact of these programmes in the development of the social economy and social enterprises in Ireland. The social-economy agenda was identified as being situated within the broader social policy agenda and social partnership and there was evidence that the social economy had fallen down, if not off, the social partnership agenda. The social economy was not identified as a significant part of the national economic policy agenda. It was noted that the public-sector interviewees demonstrated a lack of clarity regarding the role of the social economy and in several instances identified the social economy within the context of a scheme rather than a collection of social enterprises. Four respondents identified the recent developments within the social economy as driven from within, or as 'organic' growth. Other interviewees identified social partnership as driving the recent developments, whilst noting that the community and voluntary was one of the key drivers within the social partnership process. Interestingly, all the public-sector interviewees underplayed the role of the European Union in recent developments in the Irish social economy. It was also interesting that the majority view defined the social economy within the narrow Anglo-Saxon definition: the aggregate of community-based social enterprises, like those within the NSEP/CSP and, some co-operatives, specifically Gaeltacht community development co-operatives and credit unions. Although most interviewees recognised that certain social enterprises addressed market failures, childcare and rural transport initiatives being the two most commonly cited, all the interviewees agreed that addressing market failures was not the main rationale for the existence of social enterprises in Ireland. However, all interviewees recognised the presence of entrepreneurial governance within the Irish system. Specifically, value-for-money considerations were seen as important but not necessarily the only value consideration. Also, it appeared that the Irish government operated a

'hands off approach' to service delivery and programme management and, aimed to develop social and economic policy by the achievement of political consensus through social partnership. Thus, funding and moral support was seen by the majority of respondents as the main support from government for social enterprises moving forward. However, there was majority agreement that the broad future of the social economy was positive and that the Community Services Programme had a secure future in the medium term. Thus, to summarise, there was no broad national strategy for the development of the social economy. There was a narrowly based programme (CSP), based firmly within the national social inclusion and anti-poverty strategy. Outside of this there were regulatory frameworks. There was no consensus understanding at policy level of social enterprise - its definition, role and potential. Thus, it can be concluded that the social economy was not being driven by national policy as a result.

Chapter Seven

Survey of social enterprises

Introduction

The purpose of this chapter was to examine social enterprises in Ireland and specifically attain an overview of the characteristics and current performance of the sector. As there was no single database of social enterprises in Ireland, access was gained through surveying networks of social enterprises. The large majority of respondents were social-enterprise managers and the survey therefore became an overview of the opinions of practitioners within the Irish social economy. The chapter commences with a general overview of the respondent social enterprises, continues with an analysis of the responses given by respondents and concludes with a summary and discussion of the findings.

An overview of the social enterprise survey

The survey examined community-based social enterprises that were members of a social-economy network. Of the social-economy networks examined, some were locale based; the Wicklow Social-Economy Managers Network and other were sector based; the Mid-Eastern Enterprise Centres Association for example. In order to ascertain the opinions of those involved with the management of social enterprises, the following networks were identified and surveyed, in early 2006.

- Mid-Eastern Enterprise Centres Association (MEECA)
- Wicklow Social-Economy Managers Network
- Tallaght Social-Economy Network
- FAS North-East social enterprise network
- All enterprises funded under the Community Services Programme (CSP)[1]

[1] This network was formed at a national meeting held in October 2005 in Mullingar. The meeting was attended by over 200 people and was organised by the Wicklow Social Economy Network members.

Some social enterprises were members of several networks. For example Wicklow Enterprise Park was a member of MEECA, the Wicklow network and was funded under CSP. When duplicated returned questionnaires were eliminated, the total number of identified social enterprises was 281 and, of these, 102 enterprises returned the completed questionnaire, a 36.3% return.

Geographic analysis of survey

Figure 7.1 plots the geographic distribution of all identified social enterprises and Figure 7.2 shows the geographic distribution of the social enterprises which returned the questionnaire.

Figure 7.1 – Geographic distribution of identified social enterprises

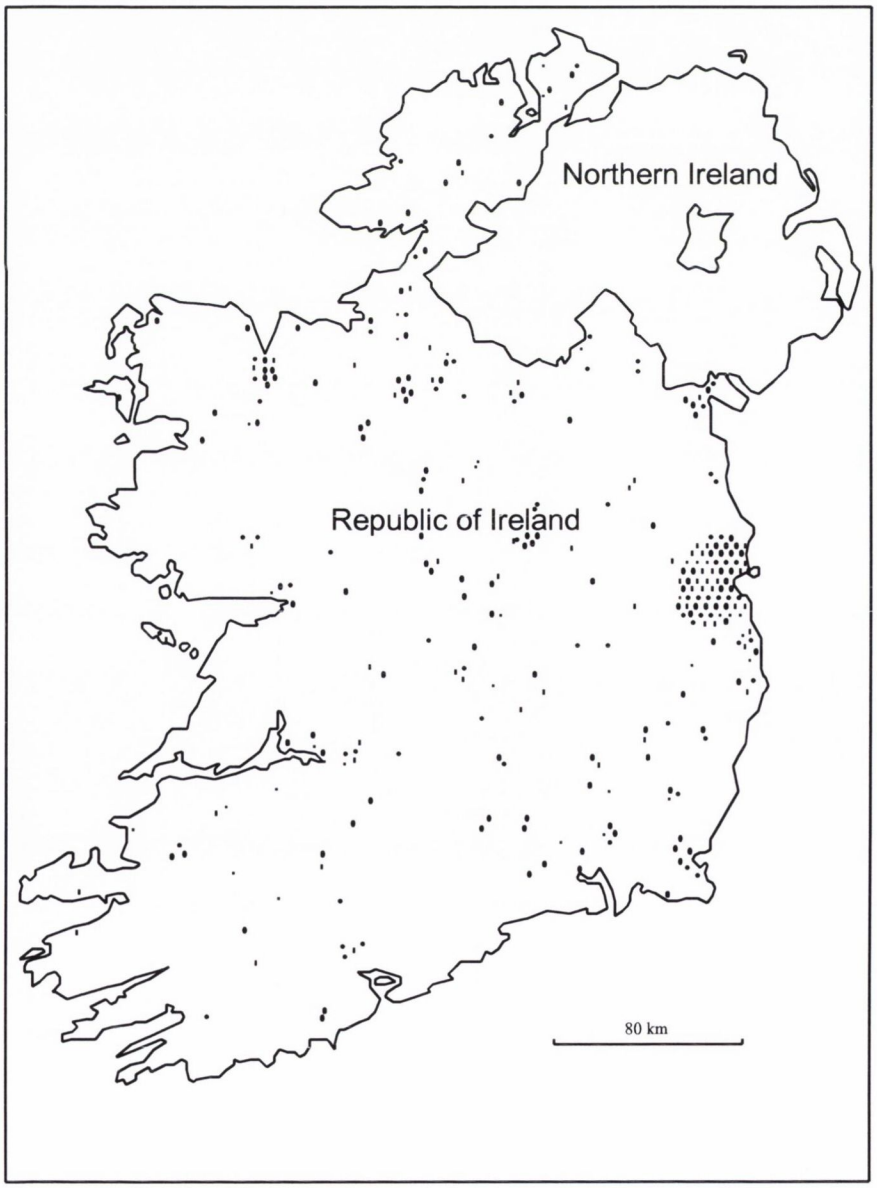


Figure 7.2 – Geographic spread of respondent social enterprises

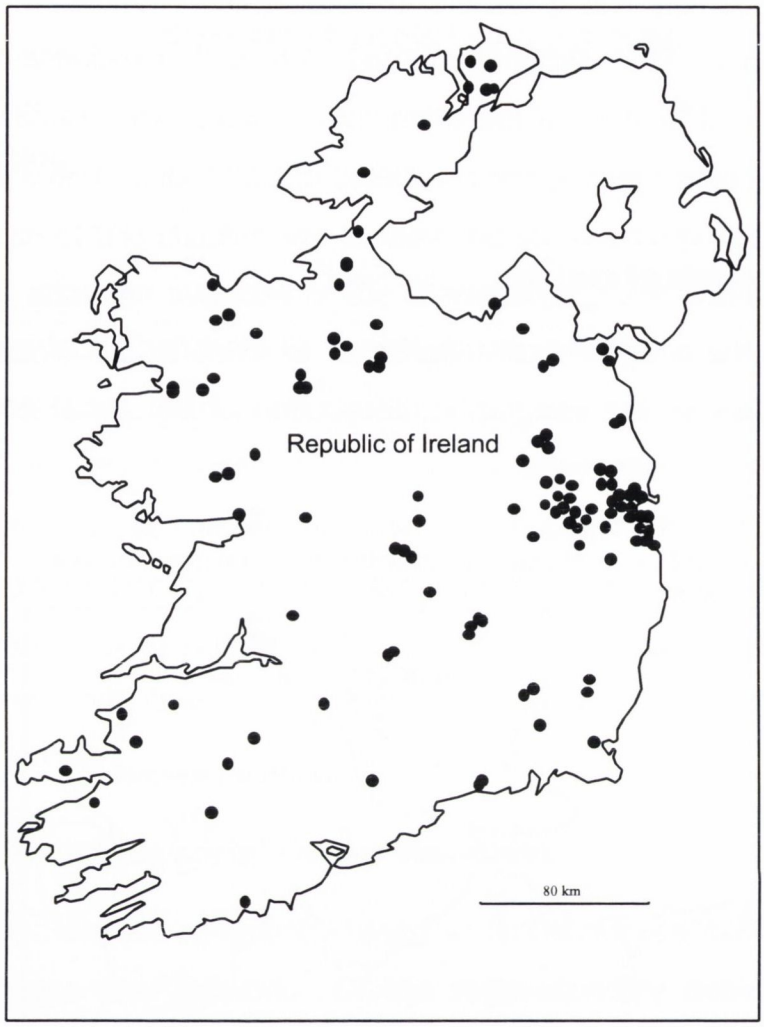


Table 7.1 presents a breakdown by county of total population, the number of social enterprises identified and the number of social enterprises that returned questionnaires. As can be seen from Table 7.1, no questionnaires were returned in only 2 counties and there were only a small number of social enterprises identified in these counties. Dublin had the largest number of social enterprises identified in any one county with 61 or 21.7% of the total number identified nationally. In 6 counties, the response rate was 50% or higher. Overall, the response rate at 36% was acceptable and gave a reasonable sample for analysis.

Table 7.1 – Analysis of response to the survey by county

County	Population	Total number of social enterprises identified	Number of social enterprises that returned the questionnaire	Response Rate in %
Carlow	50349	3	0	0.00
Cavan	64003	7	2	0.29
Clare	110950	7	1	0.14
Cork	481295	11	4	0.36
Donegal	147264	18	6	0.33
Dublin	1187176	61	26	0.43
Galway	231670	13	5	0.38
Kerry	139835	11	5	0.45
Kildare	186335	6	2	0.33
Kilkenny	87558	4	2	0.50
Laois	67059	4	2	0.50
Leitrim	28950	12	5	0.42
Limerick	184055	6	1	0.17
Longford	34391	2	0	0.00
Louth	111267	9	3	0.33
Mayo	123839	19	5	0.26
Meath	162831	6	5	0.83
Monaghan	55997	4	2	0.50
Offaly	70868	9	3	0.33
Roscommon	58768	13	6	0.46
Sligo	60894	5	1	0.20
Tipperary	149244	6	1	0.17
Waterford	107961	5	3	0.60
Westmeath	79346	12	1	0.08
Wexford	131749	16	5	0.31
Wicklow	126194	12	6	0.50
Total	**4239848**	**281**	**102**	
Average response rate				**0.36**

Analysis of the survey responses

The discussion of the survey data will address the following issues. First, the characteristics of the respondents will be examined, followed by a review of the activities conducted by and characteristics of the respondent social enterprises. The chapter will continue by discussing ownership and corporate governance issues, the relative strengths of Irish social enterprises, financial sustainability issues and the sources of funding utilised by the social enterprises. The discussion will then examine issues relating to market failure

and will finalise with a discussion of other issues of importance that arose within the survey data. The frequencies of the responses to the individual questions asked in the questionnaire and detailed crosstabulations of the data including statistical tests are outlined in Appendix F.

When conducting crosstabulation the Chi-Square test for independence was used in the first instance. The Chi-Square test is suitable for use with sample frequency data where parameters such as mean and standard deviation cannot be calculated (Gravetter and Wallnau, 2006). Chi Square compares the observed frequencies per category for two or more variables in a sample against an expected frequency which would exist if no real relationship existed between observed frequencies per category for each variable (i.e. if the observed frequencies per category for each variable were independent of each other). Thus the Chi Square test allows us to determine whether the sample data provides sufficient evidence to conclude that observed frequencies per category for each variable are sufficiently different from hypothetical expected frequencies to conclude that a relationship exists between categories for each variable (i.e. that the observed frequencies per category for each variable are not independent) (Gravetter and Wallnau, 2006).

In the present chapter, the overall sample developed as a result of the survey of 102 social enterprises was split into several variables for this purpose. The first variable related to the location of each social enterprise, with each social enterprise falling into one of two categories under this variable (i.e. whether the social enterprise was sited in a rural or urban location). The second variable related to the type of main good or service provided by each social enterprise. Each social enterprise fell into one of five categories under this variable, such as whether the primary activity of a social enterprise was in the provision of tourism/cultural/heritage and recreation. The third variable related to the main income source of each social enterprise, with two categories, one for social enterprises where trading was the main income

source, and one for social enterprises where grants/other was the main income source.

To conduct a Chi Square test for independence a number of stages must be followed (Hammond & McCullagh, 1978; Gravetter and Wallnau, 2006). In conducting the Chi Square tests the initial step was to establish a null hypothesis which followed the following form: in the general population of social enterprises, there existed no relationship between social enterprise numbers per category for each variable and that any observed difference per category for each variable in the sample arose by chance alone. The alternative hypothesis to this null hypothesis followed the following form: there did exist a relationship between social enterprise numbers per category for each variable and this did not arise in the sample by chance alone. SPSS was used to conduct the tests and does so in simple terms by comparing the Chi Square values generated by the differences between observed frequencies per category for each variable to those expected if the frequencies per category for each variable were actually independent. It was decided that a significance level of 5% or beyond would be sufficient to accept the alternative hypothesis. Chi-Square could only help assess whether a relationship between categories for each variables existed or not. Thus, a subsequent test was conducted through SPSS to assess the strength of any relationship. This is known as the Cramer V test. Cramer V is a post test for Chi-Square and measured the strength of the difference between the samples examined on a scale of 0 to 1, where the closer to 0 the value of Cramer V the weaker the relationship between the categories for each variable examined and the closer to 1 the stronger was the relationship.

A precondition for accepting the validity of a Chi Square test is that at least 20% of the expected frequencies per category for each variable must not fall below a value of 5 (Ebdon, 1985, 70). If more than 20% of the expected frequencies have values less than 5 then the test outcomes are not sufficiently robust. Unfortunately, with a sample of 102, many of the

crosstabulations resulted in expected frequencies where more than 20% fell below this value and their results became statistically unreliable. Attempts to address this by combining categories was attempted, as suggested in the literature (Ebdon, 1985); there being only 5 categories of main good or service provided and 5 broad categories of main social objective for example. However, these attempts did not address the issue in the main and further reduction of the number of categories per variable of interest would have undermined the meaningfulness of the results. The results of the crosstabulations conducted were outlined in Appendix F. Only crosstabulations which were suitable for Chi Square tests were reported in the text.

The purpose of running Chi Square on the sample data in this survey was to assess the actual versus the perceived relationships relating to social enterprises. For example, the economic theory explains social enterprise by way of market failure theory. Many practitioners may say that market failure is important for the existence of social enterprises but if that is to be actually true then the relationship between the perceived importance of market failure and the actual goods and services delivered or the main income source of the social enterprise should not be independent (highly demand-deficient social enterprises tend to have a low traded income and are highly grant dependent because they tend to operate in market failure situations for instance). Thus, by testing whether actual relationships exist between categories of, for example, social enterprise activity when examined by variables such as whether social enterprises were situated in urban or rural location, we can speculate upon the possible reasons for such relationships.

Characteristics of respondents

The questionnaire sought to obtain information regarding the actual respondents themselves; in particular, their role in the organisation and length of service, as well as, their length of involvement in the social economy generally. Of those (98) respondents who disclosed their period of service, 21 respondents had served in their current position for seven years or greater (21.4%). Another 37.7% had served in their position for between 4 and 6 years. Thus, 59.1% of respondents held their current position for more than 3 years (Table 7.2). From a review of the survey questionnaires, it appeared that the majority of respondents (84.4%) were the company managers (Table 7.3). Also, 66.3% of respondents identified themselves as having been involved in the social economy for more than 3 years, a higher proportion than had held their current position over a similar time period (Table 7.4). Thus, with 66.3% of respondents involved in the social economy for more than 3 years and 59.1% of respondents holding their current position for more than 3 years, with the large majority of respondents being social enterprise managers, the respondents appeared well experienced with the issues of social enterprises. It also appeared that there was a very low turnover at managerial level in the social enterprises examined. This could be explained by the fact that staff within social enterprises were more committed to their 'cause' and were less motivated by financial reward, as discussed in Chapter 2, or it could result from a lack of progression opportunities for social-enterprise managers in Ireland.

Table 7.2 – Length of service in current position (Question i)

	Frequency	Percent
Under 1 year	8	8.2
1-3 years	32	32.7
4-6 years	37	37.7
7 years or greater	21	21.4
Not disclosed	4	-
Total	**102**	**100.0**

Table 7.3 – Position of those completing the questionnaire

	Frequency	Percent
Manager	76	84.4
Assistant Manager/Administrator	11	12.2
Board member	3	3.4
Not specified	12	-
Total	**102**	**100**

Table 7.4 – Duration of involvement in the Social Economy (Question ii)

	Frequency	Percent
Under 1 year	4	4.1
1-3 years	29	29.6
4-6 years	49	50
7 years or greater	16	16.3
Not disclosed	4	-
Total	**102**	**100.0**

Characteristics of examined social enterprises

One of the main research questions of this thesis related to examining what social enterprises were and what they did in the Irish case. Table 7.5 outlined the main activities conducted by the social enterprises examined. Having examined the wide range of activities conducted, the activities could sensibly be fitted into 5 broad categories which were general services including transport (this category encompassed a wide range of activities and social enterprises funded under the Rural Transport Initiative[2]) (33.3%), activities to promote tourism, culture, heritage and recreation (27.5%), the provision of community centres and other community-based facilities (15.7%), activities relating to education, training and childcare (15.7%) and social enterprises providing services to promote enterprise and employment (7.8%). Thus, from an initial examination, the social enterprises were

[2] The Rural Transport Initiative is an Irish government programme aimed at funding community-€based transport companies to serve rural areas. It is funded under the Department of Community, Rural and Gaeltacht Affairs and administered through Pobal.

involved primarily in the delivery of services many of which appear to be public goods or community-based services.

Table 7.5 – Frequency of main good or service provided by respondent social enterprise (Question 1)

	Frequency	Percent
Tourism/cultural/heritage and recreation	28	27.5
Enterprise/employment service or centre	8	7.8
General service including transport	34	33.3
Community centre/facility	16	15.7
Childcare/education and training	16	15.7
Total	**102**	**100.0**

From the view of economic geography the presence of a relationship between the activities conducted by social enterprises and their geographic location was important. A comparison was made between the main good or service provided by the social enterprises examined and their location in an urban versus rural setting (Table 7.6). With regard to Table 7.6 the designation of each social enterprise as urban or rural was determined by the researcher on a case by case examination of the address of the respondent social enterprise. Sufficiently high expected frequencies per category for each variable were obtained to enable a valid Chi Square analysis. The null hypothesis here maintained that no relationship existed between the main good or service provided by social enterprises and their location in either an urban or rural setting. The alternative hypothesis stated that a relationship did exist in the main good or service provided by social enterprises in urban as opposed to rural areas. A significance level of 0.05 (or 5%) was required before the null hypothesis could be rejected and the alternative hypothesis accepted. At 4 degrees of freedom the test produced an x^2 value of 0.145 with a probability value of 0.002 which meant that the null hypothesis could be rejected and the alternative hypothesis accepted with a 0.2% probability that the observed frequencies per category for each variable in the sample were due to chance in sampling alone. This was less than the 5% level of significance chosen before the test and thus the null hypothesis was rejected. Extrapolating from this result, geographic location on an urban or rural basis

could be interpreted as a factor influencing the activities carried out by social enterprises. Thus, the existence of a majority of the social enterprises involved in tourism, cultural, heritage and recreational activities located in rural areas made sense and indicted the drive to promote local areas and create employment opportunities. Enterprise centres and employment services tend to be located in urban areas where there is a critical mass of people in need of these services. The transport social enterprises were predominantly located in rural area and could be seen as a response to the lack of public-sector transport services in rural areas and the social enterprises responding to the RTI. Thus, the activities conducted by the social enterprises examined would appear to be at least to some degree influenced by their situation in an urban or rural location and indicated that the services met by social enterprises differ in urban and rural areas.

Table 7.6 – Crosstabulation between main good or service provided by respondent social enterprises and whether they were located in an urban or rural area

	Urban	Rural	Total
Tourism/cultural/heritage and recreation	6	22	**28**
Enterprise/employment service or centre	7	1	**8**
General service including transport	10	24	**34**
Community centre/facility	8	8	**16**
Childcare/education and training	10	6	**16**
Total	**41**	**61**	**102**
Pearson Chi-Square	Value =17.145	Df = 4	Stat. sig. = .002
Cramer V	Value = .41		

In the review of theory in Chapters 2 and 3, social enterprises were identified as providing services in order to achieve a social objective/mission and the identified social mission of the respondent organisations was outlined in Table 7.7. Local economic development, including enterprise development, was the single largest social objective identified with 25.5% of respondents outlining this as their primary social mission, promoting tourism, heritage, recreation and the arts was identified by 23.5% as their primary social mission, community development was identified by 20.6%, education, training and

childcare was identified by 11.8% and providing services to the community made up 18.6%. Again, it appeared that the primary social mission of the organisations examined would appear to be the delivery of community-based public goods. These were broad categories and would raise the question as to whether these social enterprises were established to address the needs of a specific target group or not. It would appear that only 35.3% of respondents identified their organisation being established to meet the needs of a particular target group and that 64.7% were set up to meet the needs of the general public or community (Table 7.8). The activities and social objectives identified would be similar to what one might expect from the literature review and previous chapters. The fact that roughly two-thirds of social enterprises examined were general-interest social enterprises was interesting.

Table 7.7 – Frequency of main social objective identified by social enterprise (Question 2)

	Frequency	Percent
Community development and facilities	21	20.6
Education, training and childcare	12	11.8
Local economic/enterprise development	26	25.5
Promote tourism, heritage, recreation and arts	24	23.5
Provide general services to the community	19	18.6
Total	**102**	**100.0**

Table 7.8 – Frequency of whether a specific main target group was identified by social enterprise (Question 3)

	Frequency	Percent
Community/general public	64	62.7
Established for specific target group	36	35.3
Not disclosed	2	2.0
Total	**102**	**100.0**

When asked if their social enterprises had been established as a response to a specific event, 81.2% of respondents identified no specific event (Table 7.9). Thus, social enterprises appeared to evolve through some 'process' in the main other than a response to a specific 'event', e.g. a response to a specific tragedy or inspiring event.

Table 7.9 – Frequency as to whether there a specific reason/event resulting in the establishment of social enterprise (Question 4)

	Frequency	Percent
Yes	19	18.8
No	82	81.2
Not disclosed	1	-
Total	**102**	**100.0**

In order to probe this further, respondents' were asked as to why the organisation was established as a social enterprise, as compared to another form of community-based organisation. 37.2% of respondents' identified funding reasons for the establishment of a social enterprise, 36.2% identified meeting social needs as the reason, 16% identified creating employment as the reason and only 10.6% identified the social enterprise model as the natural structure that suited their organisation (Table 7.10). If funding and staffing issues are combined then 53.2% adopted the social-enterprise structure for what might be described as internal organisational and pragmatic reasons.

Table 7.10 – Why was the organisation established as a social enterprise? (Question 5)

	Frequency	Percent
To benefit from funding/grants/increased income	35	37.2
In order to respond to social needs	34	36.2
The structure naturally suited the needs of the organisation	10	10.6
Creating employment/retaining staff	15	16.0
Did not disclose	8	-
Total	**102**	**100**

Ownership and corporate governance

Social enterprises, as community-based organisations, must have a constitution and as many are funded it may be expected that they were legally incorporated. When asked as to the legal structure adopted by their social enterprise, 86.1% of respondents identified the company limited by

guarantee as the legal form adopted, with 5.9% identifying a co-operative structure, 5% identified a company limited by share capital and 3% identifying a trust or other legal form (Table 7.11). The use of the company limited by guarantee structure could be explained through the fact that most social enterprises examined received funding and the Irish government requires funded bodies to be legally incorporated (Pobal, 2006) and the Revenue Commissioners favour this legal form in issuing charity numbers.

Table 7.11 – Frequency as to the legal structure used by respondent social enterprises (Question 7)

	Frequency	Percent
Company limited by guarantee	87	86.1
Company limited by shares	5	5.0
Co-operative	6	5.9
Trust	1	1.0
Other	2	2.0
Not disclosed	1	-
Total	**102**	**100.0**

Respondents were asked to outline if they used volunteers in their organisations. 98% of those who disclosed information confirmed that they used volunteers on their boards of management or directors. Interestingly, only 38% used volunteers for operational purposes (Table 7.12), although this may not be surprising considering that the majority of social enterprises examined had adopted the model for funding and staffing purposes. The composition of boards of management was examined in Table 7.13.

Table 7.12 – Use of volunteers by social enterprises examined (Question 6)

	Use Volunteers on Boards		Use Volunteers for Operations	
	Frequency	Percent	Frequency	Percent
Yes	96	98	38	38
No	2	2	62	62
not disclosed	4	-	2	-
Total	**102**	**100**	**102**	**100**

Table 7.13 – Sectoral composition of boards of management /directors (Question 8)

Sector	Frequency	Percent
Community/voluntary	431	46.4
Local development	102	10.9
Local Authority	51	5.6
Public agencies	55	6
Private sector	140	15
Trade Unions	6	0.6
Education sector	33	3.5
Financial institutions	18	2
Other (incl. Public reps)	93	10
Totals	**929**	**100**

Some 929 individuals were identified as members of boards of management or directors. The social enterprises which responded had an average (arithmetic mean) of 9.1 board members. As social enterprises were identified within the literature review as part of the community and voluntary sector, it was not surprising that the largest sector represented on boards was the community sector itself (46.4%). The second highest sector represented was the private sector (15%) and it might appear surprising that there were more private-sector representatives than for local-development organisations (including the area-based partnership companies (APC), Leader companies and the community-development projects). However, the nature of a social enterprise as a business with social aims may make the running of social enterprises better understood by private-sector businesspeople as compared to other forms of community and voluntary activity, which may have less of a business focus. Private-sector businesspeople did not include representatives from the private banks, as they were included in the financial institutions category. There was a very low representation from the local authorities (5.6%) and trade unions (0.6%). As many local authorities are potential funders of social enterprises, this may create a conflict of interest for local authority officials to sit on boards of directors. This could also be explained if

some local authorities were more proactive with regard to social enterprise in their areas, as compared to other local authorities. The very low representation of the trade unions may be surprising, as in Chapter 3, the trade unions were seen as very supportive of social enterprise within the social-partnership talks. This could be explained by a lack of human resources, as many trade unions are organised on a national basis and may not have the staff resources to sit on many boards of directors. However, the predominance of the community and voluntary sector was identified by the fact that its representatives were the largest single sector represented on the boards of directors or management of the respondent social enterprises, with more than three times the representation over any other sector.

In Question 12, respondents were asked about the importance of achieving social objectives over other objectives for social enterprises. 56% of respondents believed that achieving social objectives were equally as important as achieving other objectives, with 41% believing it to be more important to achieve social objectives (Table 7.14). If we remember that it was the managers of the social enterprises that predominantly answered the questionnaire then this might not be unexpected, as the managers are answerable for both the financial and social outcomes of the operation. However, only 1% believed that achieving social objectives were less important than other objectives. Thus, the social enterprises examined appeared to be constituted as part of the community and voluntary sector and the single largest component of their boards were also from this sector.

Table 7.14 – Frequency of the relative importance of achieving social objectives for social enterprises (Question 12)

	Frequency	Percent
More	41	41.0
Less	1	1.0
Equally as	58	58.0
Not disclosed	2	-
Total	**102**	**100.0**

Relative strengths of social enterprises

Respondents were asked a series of questions regarding the perceived relative strength of social enterprises as compared to other forms of community-based organisation in Question 16 of the questionnaire and their responses are outlined in Table 7.15.

Table 7.15 – Comparison of those who thought that social enterprises were 'stronger' as compared to other community-based organisations in a range of issues (Question 16)

	Frequency	Percent
Sustaining community services	84	83.2
Delivering goods and services to disadvantaged individuals/communities	80	79.2
Empowering disadvantaged individuals or communities	72	72
Protecting social assets and buildings	59	59
A platform for public consultation	48	47.6
In campaigning for social change	47	46.5

Detailed frequencies of the responses to Question 16 were outlined in Appendix F, Tables F.29 to F.33. As can be seen from Table 7.15, social enterprises were perceived to have a relative strength with regard to sustaining community services, in the delivery of goods and services to disadvantaged individuals and communities and with regard to empowering disadvantaged individuals and communities. Social enterprises were perceived as having a relative weakness with regard to being a platform for public consultation and as a vehicle for the community and voluntary sector in campaigning for social change.

As social enterprises used an enterprise model, it was not surprising that a majority of respondents believed that social enterprises were relatively strong in the areas of sustaining community-based services (social enterprises generated their own income and were likely to be more sustainable), delivering goods and services and protecting social assets and buildings (again related to their relatively more independent income). The fact that 72% of respondents believed that social enterprises had a relative strength

with regard to empowering individuals and communities may appeared high, especially considering the existence of community-development organisations and active labour-market programmes. 46.5% and 47.5% respectively of respondents saw social enterprises as stronger with regard to campaigning for social reform and as a platform for public consultation. These would not have been the attributes highlighted in the literature review connected to social enterprises (Pearce, 2003, 31-32; Defourney, 2001, 16-18; Anheier & Seibel, 1990, 382).

Financial issues and sustainability

Respondents were asked questions regarding their funding sources and these responses are outlined in detail in Appendix F, Tables F.15 to F.20. Table 7.16 outlines the main income source of the social enterprises examined.

Table 7.16 – Frequency of the main income source of respondent social enterprises (summary of Question 9)

	Frequency	Percent
Traded income	26	26.3
Grants/others	73	73.7
Not disclosed	3	-
Total	**102**	**100.0**

With only 26.3% of respondents social enterprises generating their main income source through traded income and 73.7% identifying grant aid or some other form of donation, the demand-deficient characteristic of the Irish social enterprises examined became obvious. This is in line with the picture of Irish social enterprise compiled in the previous chapters.

Another area investigated was the sources of grant aid accessed by social enterprises. Of those which disclosed information, 88 identified receiving funding under the Community Services Programme as managed by Pobal. 26 identified local authority funding. 14 identified funding from local development organisations and another 14 identified funding from the Health Service Executive. 29 identified grants received from a plethora of other

sources (Table 7.17). From the information given in the questionnaire, these other sources included County Enterprise Boards, the Arts Council, Peace and Reconciliation Funds, the International Fund for Ireland, Vocational Educational Committees, the Department of Agriculture and Food, The Department of Social and Family Affairs, the Lotto, European Union structural funds and local drug tasks forces, to name but a few.

Table 7.17 – What are the sources of grant aid (Question 10)

	Frequency	Percent
Pobal/Community Services Programme	88	86.3
Local authorities	26	25.5
APCs/Leader Companies	14	13.7
Health Service Executive (HSE)	14	13.7
Rural Transport Initiative	3	2.9
Department of Justice, Equality and Law Reform	2	2
Other grant aid sources	29	28.4

The level of projected income for the following year was another area investigated. Only 53.9% of respondent social enterprises provided information regarding their projections for traded income. This may have been the result of the unwillingness to discuss business-sensitive information or may have resulted from the lack of such management information being available, due to shortcomings in financial planning. Of those who did disclose such information, the 55.4% expected a turnover of less than €100,000 in the following year (Table 7.18). This supported the view that social enterprises were, in the main, small-scale operations and demand-deficient in orientation. However, the corollary was that 44.6% had turnover in excess of €100,000 and 12.5% of the social enterprises who answered this question expected a projected income in excess of €300,000. Thus, only a small percentage of social enterprises examined appeared self-sustainable.

Table 7.18 – Projected income of social enterprises for 2006 (Question 11)

	Frequency	Percent
Under €20K	7	12.5
€20-50K	9	16.1
€51-100k	15	26.8
€101-200k	14	25.0
€201-300k	4	7.1
Greater than €300k	7	12.5
Not disclosed	46	-
Total	**102**	**100.0**

A final analysis conducted compared the main source of income generated by the social enterprises examined and their location in an urban versus rural setting (Table 7.19). With regard to Table 7.19 the designation of each social enterprise as urban or rural was determined by the researcher on a case by case examination of the address of the respondent social enterprise, as before. The number of expected frequencies below 5 per category for each variable was low enough to allow a valid Chi Square analysis. The null hypothesis maintained that there was no relationship between the main source of income for the social enterprises and their situation in either an urban or rural setting. The alternative hypothesis stated that there was a relationship between the social enterprises' main income source and their situation in either urban or rural areas. A significance level of 0.05 (or 5%) was required before the null hypothesis could be rejected and the alternative hypothesis accepted. At 1 degree of freedom the test produced a chi square value of 9.138 with a probability value of 0.003 which meant that the null hypothesis could be rejected and the alternative hypothesis accepted with a 0.3% probability that the observed frequencies per category for each variable in the sample were due to chance in sampling alone. This was less than the 5% level of significance chosen before the test and thus the null hypothesis was rejected. Thus, the test provided evidence that a relationship between the main income source of social enterprises and their situation in urban or rural locations was likely to exist in reality (i.e. in the population of social enterprises at large). In particular the presence of a majority of the social

enterprises with a majority of their income generated through traded sources being located in urban areas, whilst in comparison, the majority of grant-dependent social enterprises being located in rural areas was very interesting.

Table 7.19 – Crosstabulation between main income source and whether the social enterprises were located in an urban or rural area

	Urban	Rural	Total
Traded	17	9	**26**
Grants/others	23	50	**73**
Total	**40**	**59**	**99**
Pearson Chi-Square	Value = 9.138	Df = 1	Stat. Sig. = .003
Cramer's V	Value = .304		

Thus, a picture emerged of a majority of demand-deficient social enterprises, heavily grant dependent and that the level of income was related to the good and service provided and the urban/rural location of the enterprise. Thus, social enterprises with a high traded income tended to focus on certain activities and were more likely to be found in urban areas and social enterprises which were heavily grant dependent focused on other activities and tended to be more likely located in rural areas.

Market Failure

Within the review of literature and theory, addressing market failures was identified as one major theoretical rationale for the existence of social enterprises. Within the questionnaire respondents were asked as to their opinions regarding the importance of market failure for social enterprises in Ireland. 75% indicated that addressing market failures was important for social enterprises with only 7% indicating that this was unimportant (Table 7.20)

Table 7.20 – Combined frequencies of responses as to the importance of market failures for social enterprises (Question 17j)

	Frequency	Percent
Important	75	75
Unimportant	7	7
Neutral/unsure	18	18
Not disclosed	2	-
Total	**102**	**100.0**

Unfortunately, the crosstabulations conducted against the perceived importance of market failure for social enterprises conducted and outlined in Appendix F, were not suitable for Chi Square analysis and thus the presence of a relationship between this and other important variables such as the main good or service provided, main social objective and regional distribution could not be reliably measured.

Other findings

Respondents were asked attitudinal questions aimed at testing their responses to a range of issues (Question 17). Detailed frequencies for the individual answers to these questions are outlined in Appendix F, Tables F.36 to F.45b. Table 7.21 summarises the aggregate percentage of 'very important' and 'important' responses for each of the attitudinal questions. 87.2% of all respondents stated the existence of grant aid as 'important' or 'very important' for social enterprises, 76.5% of all respondents identified personal commitment and 74.5% identified a strong sense of community and local cohesion. The presence of support bodies like local development agencies, local authorities and local partnership arrangements was identified as 'important' or 'very important' by fewer respondents. Addressing market failures was identified as 'important' or 'very important' by 62.7% of all respondents, with value-for-money considerations, local links to businesses and politicians coming towards the end of the list. Thus, it can be argued, that the issues deemed most important for the development of social enterprises were the issues that may have been most important for the community and voluntary sector, funding to allow the social mission be achieved, the personal commitment of community members and the presence

of a strong sense of community. Whilst other issues were identified as important, they were given a lesser ranking of importance. The issues that may appear of importance to public agencies; addressing market failures, value-for-money considerations and the importance of social partnership arrangements; appeared as a lower level of importance.

Table 7.21 – Aggregate percentage of 'very important' and 'important' responses rated by priority

	Frequency	Percent
The existence of grant aid	89	87.2
Personal commitment by individual/group	78	76.5
Strong sense of local community/local cohesion	76	74.5
Strong local development structures	75	73.5
Proactive local authorities	72	70.5
Addressing market failures	64	62.7
Strong local partnership arrangements	63	61.7
Value-for-money considerations	60	58.8
Links to business	51	50
Local political support	46	45

In Question 15 respondents were asked about their views on volunteerism. 70.3% believed that volunteerism had declined in the past 20 years, 82.2% believed that patterns of volunteerism had changed and that volunteers were more discerning now about the types of work they will do with 54.5% believing that volunteers would rather make a financial contribution rather than contribute time (Appendix F, Tables F.25-F.28 respectively). This could explain the reliance on paid staff by these social enterprises, remembering that a majority of the social enterprises had used this model for funding and staffing purposes and a minority used volunteers for operational purposes.

A final comment on social partnership: 66% of respondents expressed the opinion that social partnership had been a positive influence on social enterprises in Ireland. Only 2% believed it to be a negative influence with

the remainder having a neutral or no opinion on the effects of social partnership.

Summary and discussion

The survey received 102 responses from 281 social enterprises identified and distributed broadly across the country. There was a 36.3% rate of return on questionnaires, which appeared a good response. The questionnaires were generally completed by social-enterprise managers in the main and there appeared to be a very low turnover in management within the respondent social enterprises. The social enterprises examined were situated within the community and voluntary sector. 46.4% of board members were identified as being from the community and voluntary sector. 99% of respondents saw achieving social objectives as equally, or more, important than economic objectives. Thus, there was little evidence that these social enterprises were 'for-profits in disguise' (Weisbrod, 1998a, 11).

Table 7.5 described the range of activities conducted by the respondent social enterprises. It appeared that most social enterprises examined were involved in the delivery of community-based public goods. 27.5% of respondents were engaged in tourism, heritage and cultural services. The management of community facilities made up 15.7% of respondents, as did education, training and childcare. 33.3% were involved in the provision of general services and transport. The actual breadth of activities appeared quite narrow and consistent with evidence from previous chapters. The activities conducted by social enterprises appeared to be connected to their location in either an urban or rural setting. Thus, there appeared to be evidence that the majority of demand-deficient social enterprises were located in rural areas and the majority of social enterprises which generated the majority of their income through traded goods and services were located in urban areas and, interestingly, that the goods and service provided by social enterprises differ largely in urban as compared to rural area.

The most important social objectives identified were the provision of general services, the provision of tourism, culture, heritage and arts activities, running community centres and facilities, childcare, education and training and the provision of enterprise and employment services. It was also discovered that 62.7% of respondent social enterprises were general-purpose social enterprises, rather than serving a single target group. The social enterprises examined used volunteers for fundraising activities and their boards of management/directors were also predominantly volunteers. However, the responses to the attitudinal questions asked appeared to show that volunteerism was on the decline compared to 20 years ago and that patterns of volunteerism had changed, with volunteers more discerning about the type of volunteer work that they did. This would validate the references in Chapter 2 regarding the increased professionalism of the sector and the need for earned-income strategies. In their delivery of goods and services, the social enterprises used predominantly paid staff. 37.2% of respondents admitted that the organisation had been established as a social enterprise to access funding. 36.2% used the social enterprise model to deliver goods and services to meet an identified social need. 16% of respondent social enterprises adopted the model in order to employ or retain existing staff. Only 10.6% of respondents stated that the social enterprise model was adopted because it best suited the characteristics of the organisation.

Financially, 73.7% of the social enterprises examined had a traded income amounting to less than 50% of their total income and appeared not only to be demand-deficient but also heavily reliant on grant aid in particular for their survival. Not surprisingly, 87.2% of respondents saw the existence of grant aid as 'very important' and 'important; for social enterprises (Table 7.20). Apart from the Community Services Programme, from which many of the social economy network databases were gleaned, funding by local authorities, local development organisations and the Health Services Executive were highlighted as important. However, the wide range of grant aid accessed by the social enterprises for smaller items and programmes was quite diverse.

With only 26.3% of respondent social enterprises having a trading income in excess of 50% of their total income, very few social enterprises appeared to be in large measure self-sufficient. Total turnover levels were low, with 55.4% of respondent social enterprises expecting to generate a traded income amounting to less than €100,000 in the following year.

Social enterprises were deemed most appropriate for sustaining community services, delivering community-based goods and services and protecting assets. They were regarded as less suited for campaigning and advocacy-type activities. Attitudinally, respondents felt that the existence of grant aid, personal commitment from individuals and a strong sense of community and local cohesion were important for social enterprises. Meeting situations of market failure was deemed to be 'important' or 'very important' for social enterprises by 62.7% of all respondents but was ranked only sixth in order of overall importance in Table 7.20. Overall, social enterprises were addressing the needs of marginalised groups in both urban and rural settings and appeared to be grant-reliant and demand-deficient entities as a result.

The purpose of this chapter was set out as to understand the characteristics of social enterprises in Ireland through analysing this survey and to gain some understanding of the sector's performance. It would appear that the social enterprises examined were broadly achieving their social mission but were not generally self-sufficient. There was a notable urban/rural split between the social enterprises examined. In urban areas there were more social enterprises which generated a majority of their income through traded income, whereas, in urban areas the majority of social enterprises were grant dependent. The Chi Square test indicated that the differences noted in the sample between the activities conducted by social enterprises as compared to their location in an urban versus rural setting was not due to random chance in the sampling but was likely to exist in the general population of social enterprises. An interesting point that emerged was the pragmatic reasons for the adoption of the social enterprise model, with 53.2% of respondents

admitting that the adoption of the social enterprise model arose from internal organisational and financial reasons; funding and staffing issues. Social enterprises adopted the model because the funding allowed them to pay full-time staff and deliver their service. Notably, 62% of respondents did not use volunteers for operational purposes.

Market failure was stated by 75% of respondents as important for Irish social enterprises. However, it was only ranked in the mid-range of issues of importance to the sector. It was noted that the social enterprises examined were primarily involved in the delivery of community-based public goods, which as discussed in Chapter 2 was part of market failure theory. Unfortunately, no reliable conclusion could be drawn from the survey regarding the perceived importance of market failure and either the goods or service provided, social mission or geographic distribution.

Chapter Eight

An examination of six in-depth case studies of social enterprises in the Fingal area

Introduction

This chapter will explore the mechanisms at work within six specific social enterprises. Through these case studies it is hoped to arrive at a deeper understanding of social enterprises and to answer questions such as:

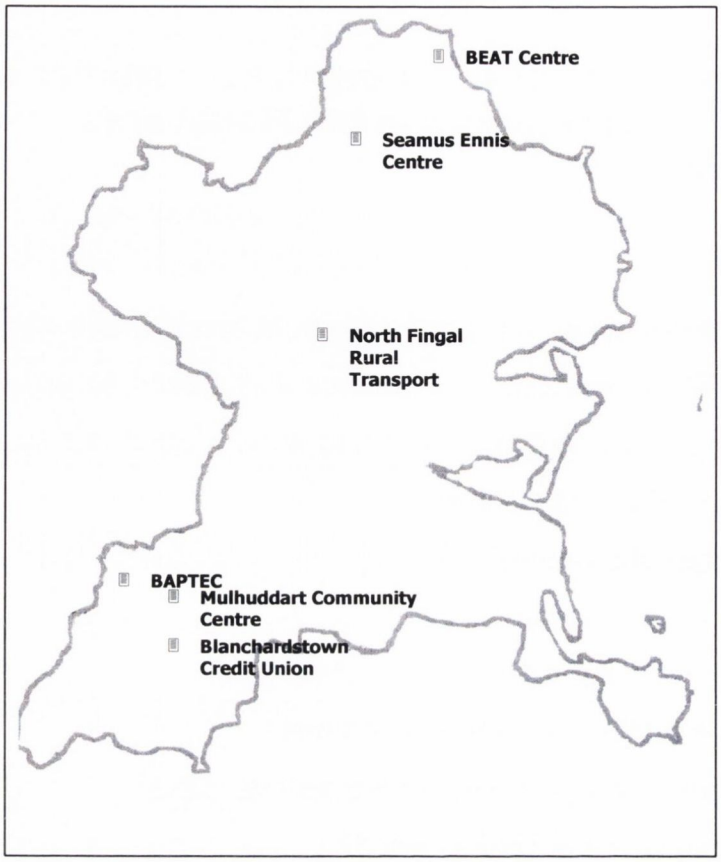
- Why were they established?
- Who established them?
- What were their motivations?
- How have the social enterprises developed?
- Have the original objectives been met?
- Have they developed new objectives over time?
- What lessons have been learned?

The six case studies have been selected from the Fingal local authority area in north Dublin. The chapter will start by looking at the historical development of the social economy in Fingal and the current context within which the social enterprises operate. This will be followed by a detailed analysis of the six case studies and the outcomes of the survey. The chapter will then continue with a profile of each case study individually and the chapter will conclude with a short summary.

Historical development of the social economy in Fingal

The development of the social economy in Fingal mirrors the growth of the county itself. Fingal County was created in 1993 when the old Dublin County Council area was split into three new local authority areas. Fingal covers the area to the north and northwest of Dublin city.

Fig. 8.1 – Geographic locations of case studies within County Fingal



It is estimated that the population of what is now Fingal, was roughly 40,000 people in the late 1960's. At that time, the county was predominantly rural and towns like Swords, Blanchardstown, Mulhuddart and Balbriggan were rural villages. In the 1960's, plans were mooted to develop a series of 'new towns' surrounding Dublin city to facilitate economic development. Blanchardstown and Swords were marked for development as the foundations for two 'new towns'. Population growth in Fingal since then has been dramatic. By 1991, the population had almost quadrupled in twenty years and stood at 157,761 people. In the subsequent fifteen years, the population continued to grow rapidly and the 2006 Census data stated the population of Fingal as 239,813[1]. This rapid growth in population was accompanied by large-scale residential development concentrated in several large urbanised areas – Blanchardstown, Swords and Balbriggan. Other villages in the county also saw also seen significant housing developments, especially those on the coastal region. These housing developments have created demand for

[1] Central Statistics Office (2006), 'Census 2006' (CSO, Dublin)

services, especially for schools, transport, employment opportunities, retail outlets, and community facilities and services. Much of the growth in the social economy in Fingal has been created as a response to these demands.

Moulaert and Ailenei (2005) have observed that the social economy is not only embedded in their institutional context, but also in their historical context. In each country or region, the social economy developed in historical waves and this is true to a certain extent in Fingal. The first phase can be identified in the 1960' and 1980's. The social enterprises formed in this time were established to service the needs of a predominantly rural community. Many of the members of these communities were financially insecure and small-scale agriculture was still predominant. They were established to assist local people who were in need of financial support. This phase of development occurred prior to Irish membership of the European Union, prior to the CAP and before the rapid population growth.

The second phase of social enterprise formation dates from the 1990's. These enterprises were formed in response to the effects of demographic change and the needs generated by this growth. These effects included high levels of local unemployment, a skills mismatch between employers in the area and the local unemployed, a lack of community services and facilities which became reflected in the growth in anti-social behaviour in certain areas (especially the local-authority housing estates). Both the community enterprise centres (BEAT and BASE) were established to give local unemployed people the opportunity to start small-scale businesses in what were defined as unemployment black spots. BAPTEC was formed to meet a skills mismatch between the large-scale Information and Communication Technology (ICT) companies in Blanchardstown and the local unemployed people, who had no ICT skills and could not secure employment. Mulhuddart community centre, initiated following a serious joy-riding incident, was built in response to high levels of anti-social behaviour and a lack of positive outlets for the large youth population in its local area. These social enterprises were responding to high levels of social and economic need. Most of these

enterprises were planned before, or at the early stages of, the Celtic Tiger phenomenon.

The third phase of development has been growth-driven. As the levels of affluence and economic development increased as a result of the economic prosperity since the mid 1990's, the levels of unemployment and social exclusion have reduced. This is not to say that they have been eliminated. There still exists a large cohort of long-term unemployed and Ireland has seen the development of new socially-excluded groups. However, the affluence has made resources available to address these issues that would have been unimaginable only fifteen years earlier. Social enterprises are now addressing issues developing from economic growth. North Fingal Rural Transport is an initiative developed as a result of increased population growth in the remaining rural areas of the county. The two enterprise centres have changed their focus. BASE Phase II was opened in 2004 and BEAT is currently planning the building of its second phase. These phase-two developments were not driven by the desire to give unemployed people the opportunity to become self employed, but to meet the needs of the large numbers of skilled employees who wished to be entrepreneurial, and to meet the needs of the new ethnic minority communities that were proving highly entrepreneurial. This is an interesting example of the pragmatic and flexible nature of social enterprises. Although established to meet one type of need, the enterprise centres have changed with the circumstances and have developed new products and services to meet the new demands of their communities of interest.

Fingal County Council has been highly supportive of these last two phases, especially in the development of infrastructure. Fingal has been a key partner and supporter of BASE, BEAT, Seamus Ennis Centre and all the community centres. In nearly all cases, the council provided the land for these developments and supported the establishment of social enterprises to manage and develop their operations. The current situation is one of hiatus, as there seems to be little development of new social enterprises. The only

exception to this is the newly proposed enterprise centre in Swords. However, this follows on from the track record and success of the two other community enterprise centres in the county. Fingal County Council is both developing and promoting this venture and it is likely that it will initiate the establishment of the community-based limited-by-guarantee company to run this venture. It is notable that it is not being driven by a pre-formed community organisation.

Case Studies

Six social enterprises were chosen within the county of Fingal as case studies to provide a broad geographic and activity spread. The six case studies were chosen to give a cross sample of the social enterprises identified in Fingal within the European Edge Cities Network survey in Chapter 5. Each case study represents a type of social enterprise: a community IT training company, a community enterprise centre, a community-resource centre, a cultural/arts centre, a credit union and a community rural transport company. There exists no official list of social enterprises in Ireland so it is impossible to say if these are representative of all social enterprises but they clearly represent many of larger categories of social enterprises. Thirty-five in-depth interviews were carried out between the case studies. The information from these in-depth case studies is analysed here following a short introduction to each of the six social enterprises. These short introductions were compiled from the information provided through the interviews and supported in some cases by documents provided by the social enterprises including business plans and social audits for example.

BAPTEC

BAPTEC is a community-based IT training company operating in the Dublin 15 area. BAPTEC is an offshoot of an area-based partnership but it is unusual in several ways. Area-based partnership companies are local development organisations formed under the remit of the national social partnership agreements and funded by the government. They are established as

companies limited-by-guarantee and have a board of directors usually comprising an equal proportion of directors from the community and voluntary sector, public-sector representatives and representatives from the social partners. The partnership companies are funded under the Local Development Social Inclusion Programme (LDSIP) and are administered and overseen by Pobal[2]. Partnerships are funded under three-year programmes. At the beginning of each programme, under the direction of government and social partnership, Pobal outlines the priorities for the next three-year phase. Each partnership then engages in a process of community consultation to identify the actions to be included in the next three-year plan. This consultation leads to a three-year programme of activities which the partnership management and programme staff implement during those three years. However, BAPTEC was established in a reverse process, under which the project was initiated by the programme staff and then adopted by the board as part of the programme of activities. In 1997, Blanchardstown Area Partnership (BAP) was in its first strategic programme and, as a result, all its programmes were new. At the time, Blanchardstown saw a strong demand for staff from the newly-established information and communication technology (ICT) companies[3] in the area. The programme staff within BAP had clients on their books with strong potential, yet most of these clients were unemployed. With no infrastructure in the area to meet the ICT training needs of clients, people were being sent into the city and other areas to be trained. This was creating difficulties as many of these clients were lacking in confidence and many failed to complete their training. There were also difficulties in transporting these clients into town or other areas, as there was a restricted public transport service available at the time.

In 1998, the Job Initiative (JI) project co-ordinator saw an opportunity to provide ICT training for her participants. She identified two JI participants

---

[2] Pobal is an intermediary funding body, established as a company limited by guarantee, that manages and oversees programmes for the government, especially in community-based programmes

[3] A number of large information and communication technology (ICT) companies established in Blanchardstown in the 1990s. In particular IBM established their European call centre in the Ballycoolin Industrial Park and also their European manufacturing plant in Damastown Industrial Estate.

who wanted to become ICT trainers and suggested that if these participants could have their skills enhanced then they could provide training for other participants within the programme. She secured a quarter of the main training room in BAP and set up six computers workstations as a computer training room. Initially, the trainers became qualified to offer the European Computer Driving Licence (ECDL) and later they became qualified to offer Microsoft Office User Specialist Programmes (MOUS). Over the next two years the trainers became fully-qualified ICT trainers. Based upon the success of this, the computer training room doubled in size and took over half of the main training room. In time all JI participants who needed IT training received these skills and qualifications. As capacity grew, the other Community Employment projects in the area started to look for places within the training programmes and the 'IT project' grew organically. At the same time, there were several other project staff who had an interest in the social economy, prior to any national programme. A number of conversations took place about 'spinning off' the computer project into a separate social enterprise with the capacity to become self-sufficient. In 1999, this occurred. A board was brought together consisting of the key programme staff, comprising the enterprise officer, employment officer, Local Employment Service (LES) co-ordinator, the JI co-ordinator, STEPS[4] programme co-ordinator (Enterprise Programme) and a few other staff, the social enterprise being established as a company limited by guarantee. One point of interest was that there was collaboration from an early stage with IBM and it nominated a director to represent a commercial/industry focus on the BAPTEC board. IBM still has the same representative on the BAPTEC board.

BAPTEC initially earned most of its income through charging training fees to the JI project, CE[5] projects and the LES. In 2001, it received funding under the NSEP[6] and also moved to new premises belonging to the partnership in

[4] STEPS was a special Community Employment project that provided an extended pre-enterprise training for unemployed persons interested in starting their own business.
[5] Community Employment (CE) projects are intermediate labour-market programmes.
[6] National Social Economy Programme (NSEP)

Coolmine Industrial Estate. A full-time manager was hired, as well as new trainers and administrators. In 2006, BAPTEC moved to its own 288 sq m. unit in the BASE Enterprise Centre. It is still in receipt of CSP[7] funding. BAPTEC currently has a manager, three full-time trainers and two part-time administration staff and has a turnover of €530,393, of which 52% is self-generated traded income.

BEAT Centre

Balbriggan Enterprise and Training Centre was opened in 2000 in the Stephenstown Industrial Estate, Balbriggan. BEAT was established as a joint initiative between the Balbriggan Enterprise Development Group (BEDG) and Fingal County Council as a response to the very high levels of unemployment in Balbriggan in the 1980's and 1990's. Balbriggan had been a centre for the textile and clothing trade and, when these declined in the 1980's, Balbriggan became an unemployment black spot. BEDG was established as a community response with a strong commercial focus, Balbriggan Chamber of Commerce having been a key player in BEDG. BEDG gave advice and information on self-employment to the local residents and ran enterprise-related training programmes. One key issue identified by BEDG was the lack of a community enterprise centre for people looking to set up a local business. There was no suitable enterprise space in Balbriggan at the time. BEAT became the response. The local authority and BEDG became one of the first examples of building a centre using a public-private-partnership (PPP). Fingal came to an arrangement with a developer, whereby a site owned by the Council would be developed. The site was designated with tax incentives. The developer agreed to build the enterprise centre on one half of the site, and, in return, was allowed build a unit for itself on the other half of the site. The developer got the full benefit of the tax incentive and a small contribution towards the enterprise centre. BEAT was established as a company limited by guarantee with charitable status to act as a facilities management company for the centre. It also had a remit to establish a training element within the project,

[7] Community Services Programme (CSP)

later to become the Balbriggan Enterprise Support Service (BESS) project funded by INTERREG III[8] and the NSEP, and later the CSP.

Today, BEAT comprises a 2,000 sq m. enterprise centre with 22 units. It has a manager and administrator but is supported by participants from other CE projects in the area. BESS has a manager and 6 staff and, although separate, is effectively run by BEAT management. BEAT had a turnover of €215,253 in 2005, all of which was generated through traded income.

Mulhuddart Community Centre

Mulhuddart Community Centre is located in the heart of Mulhuddart parish, consisting of the DED[9]s of Tyrellstown and Mulhuddart. These two DEDs and the parish as a whole are areas of long-standing social and economic disadvantaged, characterised by very high levels of deprivation (Blanchardstown Area Partnership, 2005). In the 1990's, the-local authority housing estates that surround the new centre - Parslickstown, Dromheath, and Wellview - had very high unemployment and high levels of anti-social behaviour. In 1995, there was a serious 'joy-riding' incident in the area and a number of people were invited by the Blanchardstown Youth Service (BYS) and the WEB[10] project to a meeting to discuss the issues surrounding the incident. Residents in the area were so concerned about reprisals that the meeting was held in secret. From this meeting a small sub-group was formed in order to hold a public meeting regarding the development of a community centre providing services especially to the youth of the area. A building committee was established with representatives of the community, local development groups and agencies, especially BYS and Fingal County Council.

[8] Interreg is an inter-regional programme funded under the European Union structural funds. Interreg III was the third round of Interreg funding.
[9] A district electoral division (DED)
[10] The WEB project is a community-based programme aimed at working with youth that have been in trouble with the law.

Fingal provided the land for the centre and funding was secured through the Young Persons Facilities and Services Fund[11].

Fig 8.2 – Outside photograph of the Mulhuddart Community Centre

The centre was completed in 2002 and received operational funding under the then FÁS Social Economy Programme that allowed the centre to recruit a manager and staff. This programme has subsequently changed over to the POBAL Community Services Programme. The centre provides meeting rooms for community groups and training, it has a coffee shop, but also operates a very successful youth programme sponsored by Blanchardstown Youth Service. The youth project includes outreach workers who engage the local youth directly and develop initiatives to give the local youth a positive social outlet and access to other services and training opportunities. At present, Mulhuddart community centre has a manager and 12 staff. Traded income makes up roughly 16.7% of the centre's turnover.

The Seamus Ennis Centre

The Seamus Ennis centre is a unique cultural project supporting the traditional arts, music and language. It is the brainchild of one person, Sean MacPhilibin. He has been the organiser of the Seamus Ennis Festival held annually for over 15 years and was the main organiser of the Scoil Seamus Ennis that provides courses in traditional music and instruments, as well as the Irish language. In the mid 1990's, MacPhilibin saw the opportunity to create a centre to act as a hub for such cultural activity.

---

[11] The Young Persons Facilities and Services Fund is a programme aimed at assisting disadvantaged young people and is funded by the Irish Exchequer.

Fig 8.3 – Statue of Seamus Ennis outside Seamus Ennis Centre

Seamus Ennis was a musician and archivist who recorded many traditional music and musicians and different genres within the Irish music tradition and lived most of his life in the Naul, a small rural village in north Dublin. In the 1990's, two small cottages at the centre of the village had fallen into disrepair and MacPhilibin made an approach to Fingal County Council to take over these cottages and restore them as a centre for the arts. Supported by two officials within the Council, the Senior Executive Officer in the Property and Economic Development Department and the Arts Officer, the Council agreed to initiate the project. The two cottages were bought and were restored using the traditional building methods, including original thatch roofing. A prefabricated building was located at the rear of the building to act as a larger hall. The centre was dedicated to the memory of the Seamus Ennis and has two main objectives: to act as a centre for the traditional arts, culture and language, but also to act as a local meeting place for the people of the Naul and surrounding hinterland.

The centre opened in 2001 and provides meeting rooms for local community groups, it runs a coffee shop, provides a home for the Scoil Seamus Ennis and the Seamus Ennis Festival, and it also runs musical events, mainly traditional music evenings but other genres are also encouraged. Today the Centre has a manager and a staff of six. Its turnover in 2005 was €429,652 of which €289,178 was traded income.

Blanchardstown Credit Union

Blanchardstown Credit Union is the oldest social enterprise of the six case studies examined. It was set up in 1970 by an initial group of thirteen community leaders as a vehicle to assist local residents who could not access financial services from the main banks at the time. The local parish priest, Canon Morgan Crowe, was a key supporter of the credit union in the initial stages. It also received mentoring support initially from the Navan Road Credit Union. Blanchardstown today is a new town with a population of nearly 100,000, with large-scale residential, retail and commercial property developments. It is hard to envisage that in 1970 it was a small rural village[12] with limited public services. Many local residents were financially challenged and it was in response to this that the credit union was initiated. All credit unions are set up on a 'common bond' and the Blanchardstown Credit Union has a bond based on the local residents of Blanchardstown.

Fig 8.4 – Exterior photograph of the Blanchardstown Credit Union's offices

Blanchardstown Credit Union has developed considerably in its lifetime. Initially starting as a wholly voluntary credit union operating out of the parish hall, it is now a significant local financial player, with a full-time manager, a staff of 8 supported by 3 volunteers and has built its own premises in Blanchardstown Village. It has a strong and proactive voluntary board and had total assets in 2005 worth €53.3 million, with a turnover of €2,833,198, all of which is derived from traded income.

[12] CSO, 'Census 2002, (CSO, Dublin, 2002), Volume 1, Table 5 (information gathered is from 1996)

North Fingal Rural Transport

North Fingal Rural Transport (NFRT) is a social enterprise providing a flexible transport service to the rural area of north Fingal and was part-funded under the national Rural Transport Initiative (RTI). In the late 1990's, several residents in the area, with the support of public representatives, made efforts to ask Dublin Bus to increase their service to the area, which was showing rapid signs of population growth. Dublin Bus was not in a position to justify a significant increase in public service provision and this spurred the creation of a new independent local transport provider. In 2002, the RTI was launched and the management by POBAL. 34 projects have engaged with the initiative and 26 have moved to operational status[13]. Of these, 11 were given permission to buy and operate their own buses. NFRT was one of these eleven companies. In the first instance, a working group was established under the auspices of Co-operation Fingal, a local development organisation covering north Dublin. This working group initiated a report on the local need from Fitzpatrick and Associates, which formed the basis of the application to RTI.

NFRT was approved for RTI funding in 2002. It recruited a manager and trained her in-house as they did not know what requisite experience would be required. The new manager started work on 31st December 2002 and two buses were delivered in early 2003. However, due to a temporary FÁS embargo on recruitment, no staff could be recruited until the summer of 2003 and the buses did not become operational until July 2003.

NFRT currently runs two buses and has a manager and six staff. Each bus can accommodate three wheelchairs or fifteen passengers under optimal seating arrangements. NFRT runs a commuter service to Swords, the main town in the area, five times a day, servicing school children and commuters. From Swords, commuters can access main-line bus services. It provides a service to people with a disability who are going to sheltered employment. In

[13] see www.pobal.ie/live/RTI

the evening there are services for the elderly and for bingo. On Fridays, there is a shopping run to the Pavilions Shopping Centre in Swords, the main shopping centre in the north Dublin fringe. There is also a contract to service a day-care centre in Baldoyle, run by the Health Service Executive. NFRT has a manager and staff of six. Its board disclosed neither its turnover nor traded income.

Table 8.1 summarises the quantitative information provided by the six social enterprises.

Table 8.1 – Summary overview of case study outputs in 2005

Case study	No. of paid staff	Traded income as %
BAPTEC	6	52
BEAT	2	100
Mulhuddart Community Centre	13	16.7
Seamus Ennis Centre	7	67.3
Blanchardstown Credit Union	9	100
North Fingal Rural Transport	7	n/a
Totals	44	82.5

In total, the six enterprises have a paid staff/management of 44 people and the five enterprises on which there is information had a combined turnover of €4,364,966, of which traded income averaged 82.5%. However, NFRT is a demand-deficient social enterprise and would probably have a lower level of traded income than the average.

Findings from the case studies

Figure 8.5 outlines the coding used for the case-study interviewees for the purpose of analysis.

Figure 8.5 – Key to case-study interviewees

Case study	Interviewee codes
BAPTEC	C01-C07
BEAT	C08--C12
Blanchardstown Credit Union	C13-C18
Mulhuddart Community Centre	C19-C27
North Fingal Rural Transport	C28-C30
Seamus Ennis Cultural Centre	C31-C35

Characteristics of respondents

In order to understand the respondents and their attitudes, an examination of their positions, length of service and the sector they represent is presented. The analysis is based upon 35 in-depth interviews covering both general and specific issues which were carried out across the six case studies, with other primary documentation also being gathered. Table 8.2 summarises the length of time that respondents have been involved with the social enterprises.

Table 8.2 – Length of involvement of respondents in case studies

	How long involved			
Case Study	1-3 years	4-6 years	7 years +	Total
Mulhuddart Community Centre	3	2	4	9
BAPTEC	2	2	3	7
Blanchardstown Credit Union	0	0	6	6
BEAT	1	2	2	5
Seamus Ennis Centre	0	1	4	5
North Fingal Rural Transport	0	1	2	3
Total	**6**	**8**	**21**	**35**

Overall, some 18 interviewees whom were board members and managers of the six social enterprises examined (60%) had been involved with their social enterprise for more than seven years. This demonstrated the longevity of board membership, which in turn could indicate either high levels of commitment or high levels of stagnation.

Table 8.3 provides a breakdown of the number of interviewees for each case study and the breakdown of membership *vis-à-vis* stakeholders. Not all board members were interviewed, but a majority were. The selection of those to be interviewed was the decision of the management and board of the individual case studies. If one excluded the managers from the equation (as they normally are not allowed to be board members, based upon accepted best practice in this sector), then 18 interviewees were members of the community and voluntary sector (66.6%), 5 were from public bodies and agencies (18.5%), with 2 interviewees each from the private sector and local development organisations (7.5% each).[14]

Table 8.3 – Sectoral composition of interviewees

Case study	Community/ voluntary/third sector	Public sector	Private sector	Local development – BAP	management	Total
Mulhuddart Community Centre	6	2	0	0	1	9
BAPTEC	1	0	2	2	2	7
Blanchardstown Credit Union	5	0	0	0	1	6
BEAT	1	2	0	0	2	5
Seamus Ennis Centre	3	1	0	0	1	5
North Fingal Rural Transport	2	0	0	0	1	3
Total	**18**	**5**	**2**	**2**	**8**	**35**

With two-thirds of board members of the six social enterprises examined being drawn from the community/voluntary sector, it might indicate that control of these social enterprises rests within this sector. The low percentage of representatives from public-sector bodies and agencies was broadly consistent with the findings from the survey of the previous chapter.

[14] Local development sector would include area partnership companies and similar.

However, as not all board members were interviewed as part of this exercise, no statistical reference was taken from the output.

Table 8.4 – Length of time respondents have been involved in case studies by sector

	How long involved			
Sector	1-3 years	4-6 years	7 years +	Total
Community & voluntary sector	0	4	14	18
Public sector	3	1	1	5
Private sector	1	0	1	2
Local development	0	0	2	2
Management	2	3	3	8
Total	**6**	**8**	**21**	**35**

In an examination of sector representation, summarised in Table 8.4, it became evident that it was the community and voluntary sector and local-development sector representatives who had been engaged with the social enterprises for the longest duration and it was they who provided the majority of the respondents who had been engaged for seven years or longer, comprising 66% of all interviewees possessing a long-standing involvement. This was generally consistent with the findings from the survey of social economy networks. Interestingly, the majority of public-sector representatives had been engaged for the shortest period of time, less than three years. However, the high turnover in public-body staff, resulting of promotion and restructuring, may account for the brevity of public representative membership.

Beneficiaries of social enterprises and social mission

All 35 respondents identified specific social objectives for the original establishment of their companies, all respondents citing clear 'social' motivations as catalysts for their original foundation. According to C01 (BAPTEC), 'there was an identified gap in the availability of locally-based

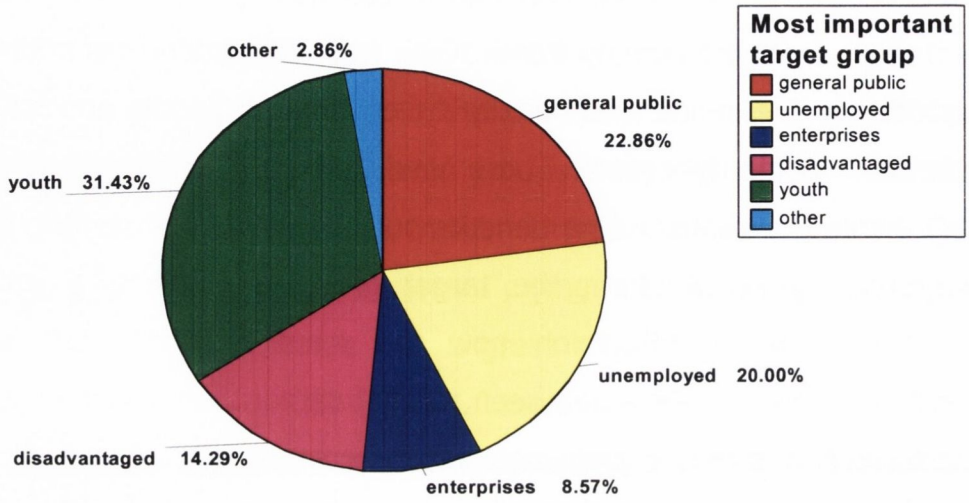
training...this training needed to be delivered in a non-threatening holistic environment as our participants were some of the most distant from the mainstream'. In the case of BEAT, C12 affirmed that it was established 'to address a community need. At the time there were high levels of unemployment in Balbriggan and there were two obvious needs if we were going to solve this problem'. In the opinion of C13, BCU was set up 'to help people in certain socio-economic groups that might have needed financial assistance and to encourage thrift'. In relation to Mulhuddart Community Centre, C24 stated that 'there was a crying need for even a basic community facility in the area. There was a great level of demand for any facility or service'. According to C30 (NFRT), ' there was transport need. There is very little public transport services in the Naul, Ballyboughil and Garretstown areas. This is still a rural area'. Finally, in relation to the Seamus Ennis Centre, C35 stated that the centre was set up 'to meet a number of objectives, artistic and community-based'.

Interviewees were asked to identify the main beneficiaries, or target groups, of their social enterprise and their responses is outlined in Figure 8.6, showing that 65.7% of interviewees noted the disadvantaged, youth and unemployed as their main target groups, all involving categories that would be expected when addressing the needs of the socially marginalized. Interviewees from BAPTEC and BEAT mainly noted the unemployed as their major target group, while Mulhuddart interviewees identified youth as their main target group. In the case interviewees from the Seamus Ennis Centre, the community and the traditional arts and music community were particularly identified, with North Fingal Rural Transport respondents identified the local community of north Dublin, the elderly and those with a disability and Blanchardstown Credit Union serving the residents of Blanchardstown common bond area.

One interesting point that emerged from the comments of respondents was that staff in most of the case-studies social enterprises had been recruited from the local community or from the target groups. Thus the social

enterprises were using employment as a progression route. This had advantages for the employee but it also assisted the enterprise. To quote C03 from BAPTEC ' ninety percent of our staff has been recruited from CE and JI. Our staff is community-based and progressed through the system and know where our clients are coming from'. C25, from Mulhuddart community centre, stated that 'the centre was initially driven by local people and many local people now work in the centre. There needs to be a maintenance of this local ethos...within the centre'. The benefits outlined by C22 of staffing the social enterprise by people from the target group are, 'being a social enterprise does have an effect on how the managers and staff see themselves and their work. Definitely seen as a job rather than a scheme and as a result there is a greater professionalism and commitment'. Many social enterprises, especially BAPTEC, BEAT and Seamus Ennis Centre, argued that they possessed a more 'holistic approach' and also took the time and effort to work with new staff members and empower people through employment. This could be seen as one major social advantage of social enterprises over other businesses, as private-sector business could not take the time and effort necessary to work so intensively with staff members within a fully commercial environment. Another point of interest was the representation of the target group on the boards of management. As the community and voluntary sector was the largest group represented on boards, many of these community representatives saw their role as representing the target groups in the decision-making process. In fact, several social enterprises, including BAPTEC, Seamus Ennis Centre and Mulhuddart Community Centre, had members of their boards appointed to represent specific target groups. Furthermore, some social enterprises, like BAPTEC, conducted social audits and polled the opinions of clients and service-users as to their satisfaction with the performance of the company. These were examples of social enterprises including target groups in decision making and evaluation processes to ensure that the goods and services provided were meeting the needs of beneficiaries.

Fig 8.6 – Main target group for the case-study social enterprises



Respondents were asked for the reason the organisation was established as a social enterprises as compared to another form of community-based organisation. The purpose of asking this question was to ascertain the motives underlying the establishment of the operations as social enterprise. The responses fitted into three main categories. Fifteen respondents (42.8%) stated that their social enterprise was a social enterprise by nature, generally operating along business lines. Eight respondents (22.8%) stated that it was because of the funding streams available and that benefit might be derived for their local communities by chasing available funding sources. Seven respondents (20%) referred to sustainability issues, the trading income allowing them to be sustainable in the long run and less dependant on funding. Of the rest, one did not answer and four gave other answers.

It was the respondents from credit unions, enterprise centres and IT training companies who tended to stress that they had been established as social enterprises, as they generally operated 'naturally' along business lines. Social enterprises also tended to be pragmatic and the fact that 22.8% of interviewees admitted to 'chasing funding' was not unusual as many

community projects were set up to meet a need and will use whatever resources are available to meet this need. Thus, all the social enterprises were created to meet an identified need and the majority used the social enterprise model in the main because it suited their needs, to protect the company/assets in the future or as a result of the service offered being best suited to an enterprise model, with a minority citing the availability of a funding stream for this type of social enterprise model.

In five case studies, specific local factors were identified as the catalyst for the establishment of the social enterprise. In BAPTEC, there were two specific issues noted by interviewees. The skills mismatch between the jobs available and the unemployed as well as the presence of high-technology companies. In BEAT, the 'chronic unemployment', the lack of facilities and the tax designation on the land were cited as specific local factors. In Mulhuddart community centre, the high unemployment rate and high youth population were both cited, as was the lack of facilities. In the Seamus Ennis Centre, the historical connection of Seamus Ennis to the Naul area and the availability of suitable premises were the two factors cited, while respondents from North Fingal Rural Transport identified the paucity of suitable public transport services and there appeared to be no specific local factors in the establishment of the Blanchardstown Credit Union.

Table 8.5 – Respondents opinion as to the effectiveness of their social enterprise

Case Study	Very effective	Effective (>70%)	Total
Mulhuddart Community Centre	2	7	9
BAPTEC	6	1	7
Blanchardstown Credit Union	4	2	6
BEAT	3	2	5
Seamus Ennis Centre	2	3	5
North Fingal Rural Transport	1	2	3
Total	**18**	**17**	**35**

Table 8.5 represents the perceptions of interviewees regarding the success of their social enterprise in achieving its social mission. All respondents felt that their social enterprise was either 'effective' or 'very effective' in achieving its social aims, a slight majority feeling that the enterprise was indeed 'very effective', interviewees also having had the opportunity to respond by characterising the enterprise as 'functional', 'ineffective' and by failing to respond. Thus the decision to respond in the positive was a choice for respondents.

When the 17 respondents who felt that their enterprise was effective rather than very effective were isolated, the reason for their 'marking down' would seem to yield very little specificity. It would appear that the rating fell as a result of what C24 outlined as ' if there is a negative it is that we may have set our initial ambitions too high. The committee feels that there is a lack of community involvement'. Similarly, as C26 observed 'we have met around seventy-five percent of our initial aims. We will achieve all our original aims in due course' and as C29 stated 'we are always a little behind the need and playing catch-up'. Thus, it appeared that it was not, in the main, dissatisfaction with the performance of the social enterprise itself but rather a feeling that it could have done better. Table 8.6 examines whether satisfaction was affected by sector representation.

Table 8.6 – Effectiveness of social enterprise by sector of respondent

Sector	Very effective	Effective (>70%)	Total
Community/voluntary, third sector	5	13	18
Other board members	8	1	9
Management	5	3	8
Total	18	17	35

The majority of the public-, private- and local-development sectors representatives felt that the social enterprise was very effective. Those believing that the social enterprise could do better were drawn mainly from the community and voluntary representatives and some of the managers.

A large majority (34) of interviewees were able to identify specific social objectives currently for their social enterprise and 33 could also identify specific economic objectives. Most of the social objectives were similar to those identified in responses to previous questions: empowering the unemployed, providing community facilities, creating employment opportunities. 31 of the respondents noted achieving or maintaining financial stability as the sole economic objective identified. Thus, it appeared that 94% of respondents related economic objectives with the financial stability and sustainability of the social enterprise. Social objectives appeared to be related to the social mission. In some cases social mission included issues relating to creating employment, training the unemployed and addressing service shortages which were economic in nature, but most (94.1%) of the interviewees identified these as social objectives.

All bar two respondents identified their social enterprise as being driven internally, by the board of management or by management itself, clearly identifying that a small number of individuals (managers and board members) were in control of these social enterprises (Table 8.7). Each individual social enterprise had its own character and in all cases there was a balance between the role of management and the board. In Mulhuddart Community Centre, there appeared to be a strong board. In BEAT and Seamus Ennis Centre, the enterprise seemed to be driven by the management. In BAPTEC and Blanchardstown Credit Union there seemed to be a collaborative relationship between board and management.

Table 8.7 – Who is driving the social enterprises

Case Study	Board/ management committee	Manager	Target group	Board and management	Membership	**Total**
Mulhuddart Community Centre	6	1	0	2	0	**9**
BAPTEC	1	1	1	4	0	**7**
Blanchardstown Credit Union	1	1	0	3	1	**6**
BEAT	0	3	0	2	0	**5**
Seamus Ennis Centre	0	4	0	1	0	**5**
North Fingal Rural Transport	1	1	0	1	0	**3**
Total	**9**	**11**	**1**	**13**	**1**	**35**

A majority (54.3%) of interviewees identified the achievement of its social mission as the driving force behind the social enterprise, with 40% stating that the social enterprise was driven by its own success and the remainder (5.7%) identifying the personal commitment of individuals. As the respondents comprised managers and board members possessing full access to information on their company's performance, it was informative that a majority felt that the enterprise was still driven by its social objectives. As most respondents felt that their social enterprises were 'very effective' or 'effective' and were being driven by their own success, this indicated an ability to meet its social objectives. However, no respondent stated a factor like making a surplus (profit motive) or to any other issue relating to finance or economics.

One concern that might arise within a social enterprise is that economic considerations (making a profit) might overrun the social mission of these social enterprises. When specifically asked about this, 28 interviewees (80%) felt that economic considerations would not overrun the social objectives of the company, 4 (11.4%) were unsure and only 3 (8.6%) felt that it could be an issue (see Table 8.8).

Table 8.8 – Fear of economic consideration overrunning social objectives

		Economic overrun			
		Yes	No	Unsure	**Total**
Case study	Mulhuddart Community Centre	0	8	1	**9**
	BAPTEC	1	3	3	**7**
	Blanchardstown Credit Union	1	5	0	**6**
	BEAT	1	4	0	**5**
	Seamus Ennis Centre	0	5	0	**5**
	North Fingal Rural Transport	0	3	0	**3**
Total		**3**	**28**	**4**	**35**

This demonstrated that not only were the six social enterprises set up to meet social objectives but that the majority of board members and managers felt that they would remain driven by social objectives into the future. This was not to say that respondents were not aware of the possibility of mission drift, or that this had not been debated at board level. To quote C33, 'it may have been an initial fear but has not become a real issue'. C04 stated that 'I don't see it happening based upon the company's track record. The board is very mindful of our social objectives'. C06 pointed out that 'it is a balance issue. The board needs to keep a close eye on this. That is why we put an emphasis on annual social audits'. This balance issue was raised several times. C09 stated that 'commercial considerations regarding the viability have had an influence, the need for anchor tenants for example...viability of the centre is critical and prudent financial management is essential, but generating a profit should not be our goal. Our primary concern should be delivering services to our clients'.

One concern that also became apparent was a change in the make-up of the board. According to C24 'there is a very good balance at present. The only concern I have is that the committee is personality dependent. A coherent group could take over the centre's management committee and hijack the centre for their own agenda. The committee is only as good as the people on

it and their beliefs and ethics' or as C13 put it, 'it is up to the members to maintain control of the organisation and keep it doing what they want it to do'. What can be argued is that there was a consciousness of the balance between social and economic priorities between the respondents and that there was a conscious effort being made to ensure the priority of the social objectives with regard to the management of the organisation.

Financial sustainability

As social enterprises, all the case studies are driven by social objectives, but they are also businesses and must pay their overheads. Thus sustainability issues were always a concern. Nevertheless, all bat two, of respondents felt that their social enterprise was financially stable at present (Table 8.9).

Table 8.9 – Financial stability of case studies

Case Study	Yes	No	Unsure	**Total**
Mulhuddart Community Centre	8	1	0	**9**
BAPTEC	6	0	1	**7**
Blanchardstown Credit Union	6	0	0	**6**
BEAT	5	0	0	**5**
Seamus Ennis Centre	5	0	0	**5**
North Fingal Rural Transport	3	0	0	**3**
Total	**33**	**1**	**1**	**35**

In response to a follow-up question on whether the respondents had concerns over any part of their enterprise's funding mix, 29 interviewees (82.8%) had no such concerns, whilst only 5 (14.3%) did (Table 8.10). The concerns that did exist all related to their social enterprise's reliance on public funding and external contracts, concerns being based upon the uncertain nature of these contracts. Some other respondents, although not concerned regarding financial stability, did make comments about the changeover of the Community Services Programme from FÁS to POBAL and how this might be administered, but overall the social enterprises examined appeared quite stable financially.

Table 8.10 – Funding concerns of respondents in relation to their case study

Case Study	Yes	No	Unsure	**Total**
Mulhuddart Community Centre	1	8	0	**9**
BAPTEC	2	4	1	**7**
Blanchardstown Credit Union	0	6	0	**6**
BEAT	0	5	0	**5**
Seamus Ennis Centre	2	3	0	**5**
North Fingal Rural Transport	0	3	0	**3**
Total	**5**	**29**	**1**	**35**

BEAT and Blanchardstown Credit Union were both self-sufficient and this was noted by all the relevant interviewees. Three BEAT interviewees did note the importance of building a phase 2 development as strategically important for the future of the organisation. All of the interviewees from the other four case studies noted the need for continued government funding (grant aid) as important. The importance of a funding mix between grant aid and increased traded income was noted by 19 of the 24 respondents. Thus, for those not already self-sufficient, the funding mix appeared important.

Respondents were also asked what would happen to any surplus generated by the company. Blanchardstown Credit Union stated that any surplus would be divided as a mix of dividends and reserves. All of the responses from the other five case studies stated that any surplus generated would be reinvested into the enterprise. The majority of those who responded to this question could also identify how they wanted any surplus to be spent. For example, BEAT, Mulhuddart Community Centre and the Seamus Ennis Centre all had nascent plans for capital building projects. BAPTEC interviewees pointed to the purchase of their own premises and North Fingal Rural Transport wished to buy extra buses and renew the existing ones. The fact that respondents were able to identify specific items that required future investment indicated that they had already considered the future development of the company and had at least tentative ideas regarding how this development would unfold.

This again counters any concern about stagnation and indicates a high level of confidence in the future.

In an associated question, interviewees were asked their opinion regarding the success, or failure, of the National Social Economy Programme (NSEP). The three enterprises that were funded by the NSEP/CSP felt that the programme had a positive influence and those that were not funded did not venture an opinion. This was not entirely surprising, but the level of perceived benefit from those supported projects was much higher than the feedback from the policy makers on the same programme. For example, interviewee C03 from BAPTEC, stated that the NSEP had 'a huge impact. It has been a positive influence and has provided us with more funding to hire employees over a longer period of time'. C04, also from BAPTEC, added that 'it gave us financial support at a time when we needed it. At the time there was nothing else available. It did allow us to recruit a full-time manager and staff which was most important'. An interviewee from Mulhuddart community centre, C20, noted that 'without the social economy programme we wouldn't have been able to open the centre. The move to CSP may be of benefit to us'. C21, also from Mulhuddart community centre, observed that 'we wouldn't have the staff structure we currently have without it. Not moving people on; as compared to CE or JI; has had a stabilising effect on the centre'. However, the operation of the programme did have its snags from time to time, as one interviewee from North Fingal Rural Transport (C28) commenting that 'we did have good a working relationship with FÁS and the programme helped us employ staff, but we did have problems initially as FÁS placed a recruitment embargo...and I couldn't recruit staff initially'. Overall, the impression from the three enterprises that did receive funding was that it had made a large impact, allowing managers and staff to be recruited and retained. In the absence of any other funding lines, many respondents believed that without the programme, their social enterprises would have been detrimentally affected.

Social entrepreneurship

Interviewees were asked whether a specific individual or small group had been responsible for the establishment of the social enterprise. This question was asked in order to identify the presence, or not, of social entrepreneurs. The most important sector behind the establishment of the individual social enterprise is depicted in Table 8.11.

Table 8.11 - Most important people/organisation in establishing the social enterprise by sector

Case Study	community /volunteers	local development	local authority	not specified	Total
Mulhuddart Community Centre	8	0	1	0	9
BAPTEC	0	7	0	0	7
Blanchardstown Credit Union	5	0	0	1	6
BEAT	1	4	0	0	5
Seamus Ennis Centre	4	0	1	0	5
North Fingal Rural Transport	3	0	0	0	3
Total	**21**	**11**	**2**	**1**	**35**

In four cases (Mulhuddart Community Centre, Blanchardstown Credit Union, Seamus Ennis Centre and North Fingal Rural Transport), individual community members and volunteers were identified and, in many of the interviews, individual persons were mentioned by name as being the most important people in establishing the social enterprise. BAPTEC and BEAT were established out of local development processes: Blanchardstown Area Partnership and Balbriggan Enterprise Development Group. In the case of BAPTEC, the social enterprise was established by a small number of BAP project staff that identified a need and developed BAPTEC to meet this need. Thus a small number of individuals were named as being responsible for establishing this company; it did not develop as a result of a consultative process. In BEAT, the company did develop from a 'process' based upon the partnership model.

What can be seen from the above discussion is that several companies were heavily influenced by a small number of community and voluntary people. Most were initiated by a small number of individuals who saw a 'need' and brought other people and agencies together to meet this need. The boards of these companies had a majority of members coming from the community/voluntary sector and all were driven by a small number of committed individuals, be they managers or board members. To cite C26, from Mulhuddart community centre, 'the overall success of the centre has to be attributed to the commitment of the people involved'. C09, from BEAT, stated that their social enterprise 'is an example of where a couple of people can make a real change with the application of commitment and vision. The success of any organisation (either voluntary or commercial) is down to the vision and commitment of people with entrepreneurial flair'. However, a warning was given by C18, from Blanchardstown Credit Union, that although 'the social ethos of helping people is still needed, people are less inclined to give time today compared with the past'. In summary, these social enterprises are being driven from within their board or management and that most of the longest serving board members are drawn from the community and voluntary sector. Subsequently, there is evidence of the presence and influence of social entrepreneurs within most case studies.

When asked a follow-up question regarding the motivations of these social entrepreneurs, responding to an identified community need and altruism were the two predominant answers given to this question. With regard to BAPTEC, there was general agreement that the founders were responding to an identified skills mismatch between the jobs available in high-technology companies and the skills of unemployed people living in housing estates adjacent to these high-technology enterprises. The primary motivation identified was to progress long-term unemployed persons back into the labour market. In BEAT, the objective had also been that of helping people out of unemployment but, in this case, through the provision of enterprise space and general training. There had been no training or enterprise facility in

Balbriggan prior to the establishment of BEAT. In the case of Blanchardstown Credit Union, the organisation was established to respond to changing circumstances, especially the rapid growth in population over a twenty-year period. It was to help those unable to access financial services from other establishments and to prevent moneylenders taking advantage of people. Altruism and a strong sense of community were noted by three of the six interviewees. Mulhuddart community centre also addressed an identified need. In this case, it was the lack of a focal point for the community, especially the youth of the area. There had been anti-social behaviour in the area and the community people involved with the centre's committee wished to provide a positive outlet for the young people in the area. North Fingal Rural Transport met a specific market failure as neither public- nor private-transport providers were not providing a bus service to the rural areas and to those in most need. The promoters were motivated to address this service shortfall. The Seamus Ennis Centre interviewees noted the love of traditional music and language as the primary motivation.

The influence of social partnership on social enterprises

Table 8.12 outlines the broad responses concerning the influence of social partnership on the case-study social enterprises. As can be seen, 22 believed social partnership to have a positive influence (62.8%), with 9 thinking it had a neutral or no effect on their social enterprise (25.7%) and 4 interviewees (11.5%) unsure as to its impact. It is noteworthy that interviewees drawn from social enterprises which engaged in local development structures and local partnership structures (BAPTEC, BEAT, Mulhuddart Community Centre and North Fingal Rural Transport) tended to rate more highly the importance of social partnership than the two social enterprises with the least connection to local development and partnerships (Blanchardstown Credit Union and the Seamus Ennis Centre).

Table 8.12 – The influence of social partnership on the case studies

		Social partnership			
		Positive	Neutral	Unsure	**Total**
Case study	Mulhuddart Community Centre	7	2	0	**9**
	BAPTEC	6	0	1	**7**
	Blanchardstown Credit Union	1	4	1	**6**
	BEAT	4	0	1	**5**
	Seamus Ennis Centre	1	3	1	**5**
	North Fingal Rural Transport	3	0	0	**3**
Total		**22**	**9**	**4**	**35**

Further investigation of respondents' answers revealed that there appeared to be three streams of thought on social partnership: it was important because of the structures and access to agencies, it was important because funding was accessed through 'partnership' offshoots (Partnership companies, RAPID, Young Persons Facilities and Services Fund, social economy programme), or it was not that important because the agencies would have gone ahead with the project in any case, having been driven by local factors. C08, an interviewee from BEAT, believed that social partnership, 'has had an indirect influence...is a three-way partnership between the community, private and public sectors, but evolved alongside partnership processes. To what extent the public sector was being influenced by social partnership is hard to say'. C31, a respondent from the Seamus Ennis Centre, stated that 'it has played a role. The partnership model is at the core of the centres activities and it has been a successful use of the model'. C24, of Mulhuddart community centre believed that social partnership had, 'created a situation where the pressure from the community was brought to bear on the statutory sector. Without BAP, RAPID etc. progress would have been lessened'. These comments indicate the importance of the 'framework' of social partnership, giving the community and voluntary sector access to public-sector agencies and their management and prioritising public-sector involvement. Other comments emphasised the importance of the funding-role of social partnership. C20, also from Mulhuddart community centre, stated that funding associated with

social partnership 'was highly important. The centre was built by using Young Persons Facilities and Services Fund that is a direct spin-off of social partnership. This is also what funds...and affects how we access our funding'. Other comments mirrored C25's view, that 'what has happened would have happened anyway!'

Thus, it would appear that there are several understandings as to what social partnership is and there is some debate as to what its influence has been, if any. Overall there would seem to be a balanced view. Social partnership ensured that agencies and public bodies engaged with community-based projects. It gave a template for bringing the three sides (public, private and community) together and it gave a template for the working of these relationships. C12, an interviewee from BEAT, summarised this succinctly, noting that 'social partnership assisted as a process as it allowed all local organisations to come together and ensured regular consultation with the agencies. However, I believe that the project would have happened... as the agencies we engaged with would have worked together anyway.'

None of these social enterprises was set up as a simple response to social partnership, although BAPTEC and BEAT emerged from social-partnership processes. However, they were all set up to meet an identified need. Social partnership in many cases provided a template for working with agencies and other bodies to get work done. To this end, social partnership facilitated and supported the work already being done, but the community and board members drove the projects.

Social changes and their influences on social enterprise

27 respondents (77.1%) answered that they had observed social changes over the past few years, with the remainder stating that they had not seen any social changes affecting the operation of their social enterprise (22.9%).

Of the 27 respondents who noted a social change, five main issues were identified, some respondents having noted several issues:

- Issues relating to the new ethnic minority communities (thirteen respondents)
- The effects of increased economic affluence (nine respondents)
- The levels of employment/unemployment and the subsequent needs of long-term unemployed (eight respondents)
- Other demographic changes including the population increase in society (eight respondents)
- Changes in government social/employment policies (especially relating to changes in CE, JI and the NSEP/CSP) (two respondents)

The credit union members noted that economic affluence has had a negative effect on them, as had the fact that the banks were now targeting their traditional markets. With regard to unemployment, respondent C06 from BAPTEC, argued that 'over time, the needs of people has changed. The skills required by employers and employees are changing rapidly...the long-term unemployed are a smaller cohort of clients but their needs are greater and they have a longer road to travel'. Thus the increased economic affluence has generated challenges as well as advantages. A majority of respondents noted the rise in the size of ethnic minority communities. Most noted the rise but very few commented on the social implications. C24, from Mulhuddart community centre, commented that 'there is a huge diversity in the population now. We have to fight against huge levels of discrimination. Anti-social behaviour hasn't really got worse, but with the lessening of pressure of economic issues, they have raised up to the top of the agenda', later going on to add that in relation to ethnic minority communities that 'what could happen is the generation of two disadvantaged groups, indigenous and ethnic minority, who have competing needs and become antagonistic to each other'.

Overall, the responses acknowledged a growing population with increased economic affluence. There were new ethnic minority communities who were meeting the economy's current need for employees. All of these factors were

increasing the demand for community-based services and, in an economic slowdown, these same factors could create new disadvantaged groups. The existing indigenous disadvantaged groups were having more resources expended on their needs, but the multi-faceted challenges they faced were proving harder to resolve, and there was still a cohort of long-term unemployed even within an economy with a high level of demand for employees.

The influence of market failure on social enterprises

An issue that regularly surfaced in both the policy interviews and theory review in relation to the social economy was its role in meeting market-failure situations. However, for all bar one of the social enterprises, the respondents indicated that this was not a major issue (Table 8.13):

Table 8.13 – The importance of market failure to the case studies

		Market failure			
		Yes	No	Unsure	**Total**
Case study	Mulhuddart Community Centre	0	9	0	**9**
	BAPTEC	1	4	2	**7**
	Blanchardstown Credit Union	1	4	1	**6**
	BEAT	2	2	1	**5**
	Seamus Ennis Centre	1	3	1	**5**
	North Fingal Rural Transport	3	0	0	**3**
Total		**8**	**22**	**5**	**35**

North Fingal Rural Transport was unquestionably meeting a market failure. Mulhuddart Community Centre and the Seamus Ennis Centre were in niche markets where private-sector companies would not enter the market, while BEAT, Blanchardstown Credit Union and BAPTEC all provided services to their target groups but were also in direct market competition with the private sector in other areas of their businesses. BEAT was an interesting example as because when it started up it was the only enterprise space in Balbriggan.

However, since then the market there has expanded and, despite starting up to meet a market failure, it is now in open-market competition, albeit providing niche services to start-up businesses.

There was a distinction made by some interviewees between market failure and having a 'niche' in a market. An interviewee from Blanchardstown Credit Union, C13, argued that 'we have our niche in the market and we service our niche'. This is an interesting argument but cannot be sustained as if another competitor in the market decided to target this segment, or adopt the same 'holistic' approach, then the niche disappears. There is a difference between market failure and unique selling point. This would be the better-understood position, to quote C06 'I am not sure...is meeting a need that exists in a different way to the private training companies. In some ways we are in direct competition...in other ways we are not doing exactly the same'. Or as a respondent from Blanchardstown Credit Union (C15) put it, 'no, we are part of the market. It is our ethos that makes us different'. In relation to NFRT, a company that would appear to be meeting a clear market failure, it appears that the market is taking a close look at the situation. C29 commented that 'the private sector was, and are interested, but they couldn't operate efficiently as they could not access the grant subsidies we do. I am sure the private sector is watching us'.

The future of social enterprise in Ireland

As can be seen from Table 8.14, 33 interviewees (94%) saw a positive future for their social enterprise, 2 (6%) were unsure as to the future with no respondent answering that the future would be negative.

Table 8.14 – Future outlook of respondents in relation to their case study

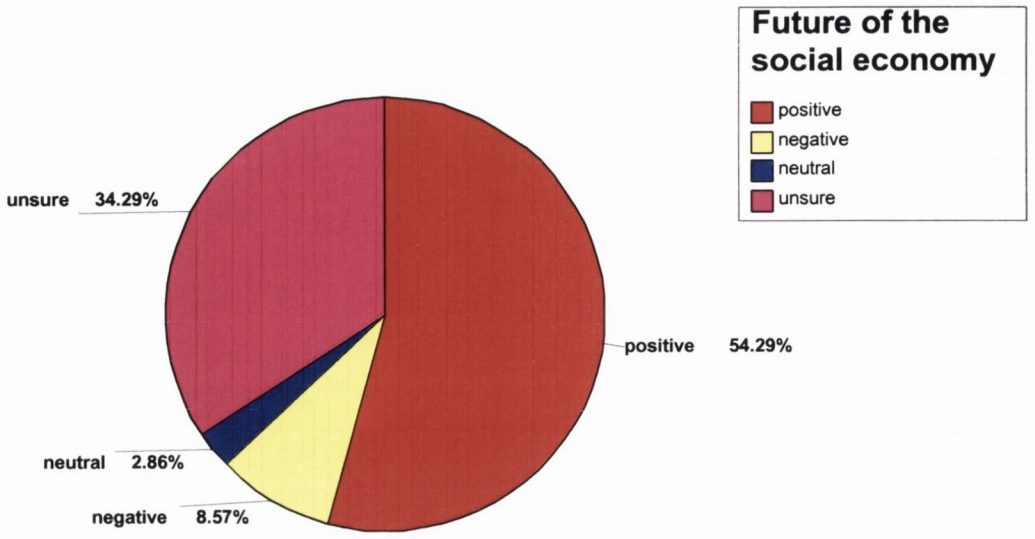
		Future		
		Positive	Unsure	**Total**
Case study	Mulhuddart Community Centre	9	0	**9**
	BAPTEC	6	1	**7**
	Blanchardstown Credit Union	5	1	**6**
	BEAT	5	0	**5**
	Seamus Ennis Centre	5	0	**5**
	North Fingal Rural Transport	3	0	**3**
Total		**33**	**2**	**35**

As has already been seen, 82.8% of interviewees felt that they had no cause for concern over medium-term funding. The fact that all respondents felt that their social enterprise was either 'very effective' or 'effective' demonstrated strong confidence in the future.

When asked for their opinion regarding the support government could provide to their social enterprise in the future, in five cases: BAPTEC, BEAT, Mulhuddart community centre, North Fingal Rural Transport and the Seamus Ennis Centre, funding was mentioned by all of the interviewees. In particular, capital funding for building projects was noted by six respondents. In the case of Blanchardstown Credit Union, all the respondents noted the updating of the Credit Union legislation as the sole issue of import relating to this question.

Figure 8.7 outlines the responses to a question on the future of the social economy in general. Whereas a majority felt that there was a positive future for the social economy generally in Ireland, nearly half of the interviewees (45.7%) were either unsure as to the future, or thought the future was neutral (stagnant) or negative.

Fig 8.7 – Respondent's opinions as to the future of the social economy in Ireland



There was a wide range of comments on this question but they fitted into three general themes: the development of the system, the role of government and what the effects would be of an economic slowdown. In that most respondents had considered that their social enterprise had a positive future, it was interesting that several respondents were less confident about the future of the sector in general. C04 believed that 'there is a need for the third sector and the social economy. But the future is difficult to tell. Systems need gatekeepers, guardians and advocates and at the moment they are few and far between. There is a lack of philanthropy in Ireland, that limits funding to public sector and chasing the funding available at the time'. C01 commented that 'the social economy needs to be clearer as to what it is. Social enterprises generate a benefit as a tangible product or service to a community. The more clear the community is as to the benefit or product being offered the more likely is it to succeed'. These comments suggested that there was a lack of clarity and understanding regarding the social economy as a sector and it had a scarcity of advocates and this was consistent with the findings from the opinions of policy and decision-makers in Chapter 5. C24 made an insightful comment into the future of the social economy, 'it is a necessary process within the community sector. But it needs

to be carefully used and not to generate unnecessary pressure on community groups that are not suited to a 'business model'. It worked well for us overall, but it was not an easy process'. This feeds back to the policy interviews where there was agreement as to the lack of clarity amongst policy makers as to the nature and extent of the social economy. Social enterprises are not a cure-all; they are a form of community-based activity that is particularly good in the delivery of goods and services to specific communities or individuals within communities. It would appear that many who operated within the sector, but not all, understand the nature and potential of the social economy in Ireland.

The role of government was also seen as important to the future of the social economy. On the positive side, C07 from BAPTEC, commented that 'there has to be a future for the social economy. It meets a need. The government has a major role in its future funding and direction'. This would seem sensible as social enterprises deliver goods and services to groups that are categorised by the government as disadvantaged and as a priority for social policy and funding. However, it must be remembered that the policy makers were unclear as to the future of the social economy. Within the sector itself, there was confusion as to the nature of the social economy and the FÁS Social Economy Programme. Respondent C19, from Mulhuddart community centre, believed that the social economy had 'not a very large future. There is still the attitude that the social economy is a 'scheme' rather than anything else'. C03 added that the future is 'hard to say. The current situation looks good. Moving the NSEP to POBAL looks like a good move from our viewpoint. However I do have a fear of a clampdown on funding after the next general election; it happened the last time'. This is, of course, pertinent as FÁS made dramatic cuts in the Community Employment (CE) and Full-time Job Initiative (JI)[15] programmes after the last general election, cutting almost a third of the places out of CE alone. Thus, there was agreement that the role of government was important, but there was a debate regarding the nature of

[15] Both the Community Employment and Full-time Job Initiative programmes are Irish government sponsored intermediate labour-market programmes.

its role. Some saw the government's role as positive and some feared a cynicism based upon political expediency. However, the Department of Community Rural and Gaeltacht Affairs had stated that it had secured extra funding for the Community Services Programme for the next few years and this gave some degree of security.

The role of the social economy in an economic slowdown appeared to be important to respondents. C29 noted that 'when the economic boom peters out and unemployment rises, there will be a greater need for the social economy'. C10 added that 'in a downturn the social economy will become more important in delivering services to marginalized groups'. The fear was outlined by C08 as 'the future of the social economy is closely tied to social partnership. In a future slowdown the social economy may suffer as public and private sectors retrench and leaves the social economy isolated, even though this is exactly the time the social economy is needed most'. There appeared to be a consensus that in an economic slowdown the social economy will become more important.

Thus, there appeared to be some hope as to the future of the social economy in Ireland. Most social enterprises surveyed felt that they were secure individually and the majority felt that the system had a positive future. However, this was predicated on three things: the social economy clarifying its role and promoting its role and benefits, and the ongoing commitment of government.

Final comments

Only three interviewees did express extra comments. C09 noted that 'BEAT is an example of where a couple of people can make a real change with the application of commitment and vision. The success of any organisation (either voluntary or commercial) is down to the vision and commitment of people with entrepreneurial flair. Robert is both a manager and a driver'. C25 noted in relation to Mulhuddart community centre that 'the centre was

initially driven by local people and many local people now work in the centre. There needs to be a maintenance of this local ethos and maintain the voluntary nature of the activities within the centre'. C26, also in relation to Mulhuddart, noted that 'The overall success of the centre has to be attributed to the commitment of the people involved. The community centre is conscious of the needs in the community. The centre is aesthetically pleasing and well fitted into the plans for the area. Community centres need support (financial and personnel) especially at the beginning. Agencies need to be more supportive in their outlook, they are not just there to audit the projects, but support and nurture them. Some projects still have a fear of some agencies and the agencies need to promote themselves as supporters, not just regulators'.

Specific lessons from the individual case studies

Having examined the commonalities that exist across the case studies, it is useful to look at them separately and examine lessons from each type of social enterprise. Each social enterprise will be examined along the lines of the research questions described at the beginning of this chapter.

Baptec

Baptec was formed with the single mission of providing IT training for those unemployed or on labour-market programmes in the Blanchardstown area. It is an example of a more recent breed of more commercially-focused social enterprise. Baptec has a slight majority of its income generated from trading sources. Baptec was formed out of a social-partnership process when programme officers in a local area partnership company identifying a need for locally-based IT training and working in unison to bring resources and the target group together to address the identified need. This was a 'bottom-up' approach initiated by the Co-ordinator of the Full-time Job Initiative Programme in Blanchardstown.

The primary motivation of the initiators of Baptec was to assist unemployed or labour-market programme participants gain the necessary training in IT skills and so allow them to access the available jobs in ICT companies in the late 1990's. From its humble beginnings in a quarter of the training rooms of the Blanchardstown Area Partnership, Baptec evolved into a medium-sized IT training company. It now has its own 300 square metre training centre, with several training rooms. It outsources external training from public bodies yet still delivers the core training to the unemployed and labour-market programme participants for which it was established. C06 noted that 'traded income has been expanding and will now grow gradually over time. The company has to balance between providing training to private-sector clients and continuing with our primary social objective of meeting the training needs of the target group'.

Baptec has existed for ten years and has grown from strength-to-strength. It still maintains the primary goal of providing training to the disadvantaged in the Blanchardstown area whilst developing a range of other training programmes, many profitable, to subsidise the primary goal. According to C02 when asked about the success of Baptec in meeting its objectives he asserted that Baptec was successful and delivered 'increased student throughput, successful attendance and completion results...[and] relevant courses to industry'. C03 added that 'Baptec has surpassed all its performance targets in 2005, both social and economic'. Baptec have not as much developed new objectives over time but rather the range of IT training programmes and services offered have expanded.

Baptec is probably a good example of a social enterprise established to meet an identified need that suited the social-economy model. Training for unemployed persons and labour-market programme participants was needed and there were training budgets available to meet those needs. As it developed, Baptec was able to offer additional fee-paying courses which

assisted it in generating other traded revenues. As C03 noted, 'Baptec is a true social enterprise and was set up to be self funding and sustainable. Baptec identified itself as a social enterprise before there was a social economy programme'.

Beat

Beat was established as a response to the long-term unemployment issue in Balbriggan and to give opportunities for the unemployed to start a small business or access training. Beat is one of over 100 community-enterprise centres funded by the Community Enterprise Scheme administered by Enterprise Ireland (Forfás, 2007, 75-76). Beat is fully self-sufficient financially. The need for Beat was outlined by C08 when he noted that Beat was established 'primarily to address a perception within the community that there was a lack of initiative in local job creation...at the time there was high levels of generational and structural unemployment. Beat was set up as an employment generator within Balbriggan. This was to be achieved through the provision of enterprise space, training and retraining services'. Beat was established as a partnership between the Balbriggan Enterprise Development Group (BEDG) and Fingal County Council. The primary motivation of BEDG and Fingal County Council was to alleviate the effects of long-term unemployment in the Balbriggan area of north Dublin. According to C08, the people who established Beat were motivated by 'the realisation that there was the vision, ability and resources present to bring the project to completion. There was commitment from all at the very start'.

BEAT was established as a social enterprise to build and manage the community enterprise centre in Balbriggan. The Centre has maintained a very high level of occupancy since its opening and plans are currently underway to initiate the building of a second phase on land adjoining the current site. According to C12, Beat was established as a social enterprise as it 'seemed to be the most suitable model to achieve the aims and objectives

of the organisation. BEDG, although community based, had a strong business ethic and was run with a business mentality. How BEDG was ran influenced the establishment and model used by Beat, with strong roots in both community and business'. Beat has met its original social and economic objectives. The enterprise centre has been successful and it also provides an environment for the delivery of a wide range of training courses for the people of Balbriggan. To note the comments of C10, Beat is 'very effective. We have high occupancy rates in the enterprise units and our training courses are developing nicely'. It is less that Beat has developed new objectives over time but rather that the original objectives have evolved as the needs of the community has changed. According to C09, 'the original objectives have changed due to a change in the economic circumstances. Housing social activities was not in the original idea...Beat is now a valuable point of contact for start-ups in the area'. C11 commented that 'I think we are still meeting the needs of the target groups'.

C09 concluded that 'Beat is an example of where a couple of people can make a real change with the application of commitment and vision. The success of any organisation; either voluntary or commercial, is down to the vision and commitment of people with entrepreneurial flair'.

Mulhuddart Community Centre

The community centre in Mulhuddart was built to service the significant lack of community, especially youth, services in a highly disadvantaged area. To cite C20, the centre was build 'to provide a meeting place, a community facility, in an area that has no social facilities; an area that had nothing'. C25 added that 'the primary focus was on providing youth facilities and services as Mulhuddart has such a large youth population'. The Centre is an example of a highly demand-deficient social enterprise with only 16.7% of its income generated by traded services.

The initiators of Mulhuddart community centre were local development agencies, community activists and the local authority. C21 observed that the original project was driven by 'community activists, people involved in other projects in the area' and that 'Blanchardstown Youth Service (BYS) played a major role in identifying the need'. The initiators were motivated to fill a significant identified gap in community services and address anti-social behaviour in the area. C26 believed that 'all the people around the table had a common vision. There was nothing for kids to do. Criminal activity was happening and the community perception was that the area was not as safe as desired. The people involved were motivated to address these issues'. Since its inception the centre has been fully completed and is running successfully. An additional extension is planned and an all-weather pitch has been opened.

The main objectives of building a community centre, opening it, staffing it and getting community 'buy-in' have all been achieved. C21 believed that the community centre was 'very successful in some respects. Youth services have improved dramatically in the area. In some areas there have been disappointments; there was an expectation that local residents would use the facility to develop new initiatives however the centre is predominantly used by pre-existing groups'. C24 generally agreed and believed that the centre 'has been very successful at engaging youth and it is proactive with the community. It is a very open and welcoming centre. If there is a negative it is that we may have set our initial ambitions too high. The committee feels that there is a lack of community involvement'. In general, the centre has not developed new social objectives above the ones originally set. This is asserted by C20 when she noted that 'on balance we knew what we were going to do and have done so. There is still a huge emphasis on youth. 90% of the people who work in the centre are locals and there is a strong commitment to the community as a result'.

Community centres will always be demand-deficient social enterprises. C20 summarised the point when she commented that 'the centre will never be commercially viable. The social objectives are being met through the crèche, the youth project which now has 4 youth workers, there is a vibrant senior citizens group and the coffee shop is a place for social interaction'. C25 added that 'as a community centre we are meeting and exceeded our expectations. The centre is always full, we have dedicated staff and there is a great atmosphere when you go into the centre. The coffee shop and catering services have not expectations and the centre does not generate the percentage of traded income desired. But overall, the centre is successful'.

Seamus Ennis Centre

The Seamus Ennis Centre was established to meet the identified lack of Irish language and cultural services in North Dublin. C31 outlined the objectives as 'to provide a focus for the activities of Scoil Seamus Ennis. To promote the traditional art forms on a more consistent basis then heretofore. To increase the range of and, availability of, traditional arts and cultural activities'. The Seamus Ennis Centre generates 67.3% of its income through traded services.

The centre was established as an initiative of a social entrepreneur who brought together the differing parties and convinced Fingal County Council to support and advocate the project. The committee were predominantly local community people, residents of the Naul and its hinterland. The social entrepreneur and the committee which he brought together all had an interest in the Irish language, music and culture and were motivated to provide a platform for the promotion of the arts and the language. They were also motivated to provide a multi-purpose facility for the general use of the community in and around the Naul. According to C35, the social entrepreneur involved, the centre was established 'to meet a number of objectives; artistic and community based. The artistic side was the development of a purpose-built traditional arts centre in Fingal. The

community side was to meet community needs through creating local employment and creating a social meeting point for the local community'.

This was an interesting project with the purchase of 2 disused thatched houses and their refurbishment using traditional methods. The centre then purchased a temporary cabin for use as a hall at the rear of these buildings which has subsequently been replaced by a larger and more substantial hall facility. The Centre has developed a coffee shop and runs a wide range of programmes in Irish culture, music and language. The original objectives of the centre have been met and surpassed. C32 believed that ' the centre is achieving its initial aims of promotion traditional music, culture and arts. There is a huge programme of activities happening every week'. C34 added that 'with respect to the programming and educational aspects the centre is the leading music centre in the country, usually being open all-year round and six nights a week. The centre has outgrown the existing space. In relation to the restaurant it has had its problems and we hope to outsource this element of the centre'. Over time the original objectives have been expanded rather than there are new objectives formed.

C32 believed that the social entrepreneur 'is the main driving factor. The fact that he can work full time at the project is a major benefit. The local people on the board also want the centre to succeed'.

Blanchardstown Credit Union

Blanchardstown Credit Union was established 38 years ago to address the lack of financial services available to what was then a rural village community. As C13 noted, Blanchardstown Credit Union was established to 'help people in certain socio-economic groups that might have needed financial assistance and to encourage thrift'. In Chapter 3 it was noted that there are over 400 credit unions in the Republic of Ireland. Blanchardstown Credit Union is fully self-sufficient financially.

It was formed by a number of community leaders, especially the local Catholic parish priest. According to C15 the people who set up the Blanchardstown Credit Union were 'people with social standing; there were 2 Garda, a local schoolmaster and other well regarded people'. The primary motivation of the initial members was to form a self-help organisation for the local community, especially those who did not have access to banking services. C14 noted specific rationales, commenting that the founders were motivated by 'Christian values, charity, compassion and to support others less well off'. C15, a founding member of the union, noted that ' a number of people living in the area had tried to join the Navan Road Credit Union but were unable to do so as we lived outside of their common bond. The local parish priest at the time thought it would be a good idea to set up a local credit union...set up a study group to look at the feasibility'. He also noted that their primary motivation was 'altruism, a desire to help the community'. Since its inception operating out of a parish hall, Blanchardstown Credit Union has grown into a relatively large social enterprise. It has its own premises and considerable reserves.

It would appear that the primary objectives of Blanchardstown Credit Union have been met. However, it must be noted that the intervening time has seen radical changes to Irish society and the banking system which has altered the scope and nature of the services provided. As C18 critiqued, 'the credit union originally helped those who the banks would not. We still provide a unique offering; with compassions and interpersonal relationships, but we are now offering a service to everybody...it is very effective. We maintain the traditional approach to the credit union and keep to traditional core business'. Again, Blanchardstown Credit Union is providing the same types of services but the range of services offered and the manner in which the services are offered, have developed over time. Ultimately, C14 believed that 'Blanchardstown Credit Union is driven by its members. We have a good membership base and a solid minority of members are interested enough to

drive the union forward'. C16 added that ' we are motivated to keep meeting the needs of our members and help members get out of financial trouble'. According to C15, 'there will always be a need for a credit union at some level but credit unions are changing as society changes'.

North Fingal Rural Transport

North Fingal Rural Transport was established to provide a transport service for those living in the rural areas of north Dublin who did not have a regular bus service. According to C30, 'there was transport need. There is still little public transport services in the Nual, Ballyboughal and Garretstown areas. This is still a rural area. So we were meeting an identified need'. North Fingal Rural Transport is one of 26 projects funded under the Rural Transport Initiative (RTI) as discussed earlier in this chapter. Co-operation Fingal; a local development organisation, formed a study group initially to examine the feasibility of setting up a rural transport company under the then new Rural Transport Initiative (RTI) scheme. A voluntary committee was formed of community activists to be the board of this new social enterprise.

The overall impression is that NFRT was established as a practical solution to an identified need. C28 identified that 'the members of the working group were very community conscious and they were aware of the huge need in the north Fingal area'. C30 added that NFRT was established 'to meet the identified need. Several people identified the need and the project built momentum'. Since its inception, NFRT has bought and runs 2 fully-fitted transport buses and provides a regular schedule of services for the local community. Broadly, NFRT is meeting its original objectives as it is providing a schedule of services to the local community. However, C28 believed that 'we are hitting only 50-60% of our target market. We carried 11,000 passengers last year. We are quite effective but there are areas we haven't reached yet'. C29 agreed with this assessment and argued that the service delivered by NFRT was 'not bad, on a scale from 1 to 10, I would say a 7.

We are always a little behind the need and playing catch up with the market and where the demand really is'. This is a relatively new social enterprise being established in 2002. To date, the work of the social enterprise has been to deliver the original objectives set out by the board.

Summary

The six case studies straddle the 'spectrum' of social enterprises described in Chapter 2. There were 2 fully self-sufficient social enterprises (Beat and Blanchardstown Credit Union) and one highly demand-deficient social enterprise (Mulhuddart community centre). In between there were Baptec, the Seamus Ennis Centre and North Fingal Rural Transport. Mulhuddart community centre is a classic example of a demand-deficient social enterprise and is never likely to be self sufficient. It is the approach it takes to the running of the centre, as well as its small traded income, that distinguishes it as a social enterprise. Mulhuddart could have gone another route, i.e., adopting Community Employment as the method of funding staff costs but it chose the social enterprise route, although some interviewees felt that it had been forced down this path. Thus, it can be argued that social enterprises are defined by their entrepreneurial approach rather than the level of traded income they generate. North Fingal Rural Transport represents a social enterprise created in response to a funding opportunity. This is not to say that the need did not exist but rather the government's decision to offer a budget to address this specific need spurred the initial developments. However, since its inception it has developed a business model that, although still demand deficient, can be sustainable. In fact Mulhuddart community centre, North Fingal Rural Transport, Baptec and the Seamus Ennis Centre demonstrate another important characteristic of a social enterprise; the funding mix. This allows these social enterprises to mix and match traded income, grant aid, fundraising and volunteerism to meet their requirements so as to deliver their services to their communities of interest. Only social

enterprises that are fully self sufficient can afford to be selective in the types of funding and programmes that they utilise.

Social enterprises appeared to be established to meet an identified need in a community. The six social enterprises examined in the case studies all addressed different social needs, be it a lack of facilities, services or skills. They all have different markets and meet the identified needs in different ways, yet they were all responses to an identified community need. The six social enterprises were established by a variety of people and through a range of mechanisms. In all cases, a voluntary committee was responsible for the formation of the organisation and, in four cases, a specific individual was named as a primary driving force (social entrepreneur). These initial groups were motivated by several factors to promote the social enterprise, of which altruism and the desire to help other less fortunate community members was mentioned most often. Over time, the social enterprises have developed and adapted to the changing needs of the community and in some cases (BEAT, BAPTEC, Blanchardstown Credit Union) the social enterprises were actively competing against the private sector in certain parts of their business. Many interviewees noted recent social and demographic changes that affected their social enterprise and noted how the organisation was responding to these changes. Most interviewees noted that their social enterprises was either 'effective' or 'very effective' in meeting their social objectives, or social mission. In the main, the community and voluntary sector representatives, based upon their initial high expectations of what the social enterprise would achieve, were less impressed by performance. Nevertheless, there was some evidence that these social enterprises were being socially effective. They also appeared to be financially stable. Two social enterprises were self-sufficient and the other four had a funding mix of grant aid and traded income that they believed secure in the medium term.

Two-thirds of the board members interviewed were from the community and voluntary sector, higher than the percentage of community and voluntary

sector board members in the social enterprise survey in the previous chapter. Three social enterprises had received funding under the National Social Economy Programme/Community Service Programme and those approved social enterprises felt that the funding was important for their establishment and secured ongoing existence. The three non-funded social enterprises did not have an opinion on the programme. Five case-study social enterprises considered continued funding as the main support that the government should provide for such enterprises and at least four of the case studies were heavily grant dependent. Market failure was not considered very important overall by a majority of respondents even though many of the case studies were engaged in addressing market failures for some or all of their business.

Chapter Nine

Summary, discussion and conclusions

Introduction

The subjects of this investigation were community-based social enterprises, defined as community-based organisations with a traded income (although often possessing a mixture of trading and non-trading income) and which achieves its social mission through its trading activities. In Chapter 1, the following research questions arose with regard to these social enterprises:

- What are community-based social enterprises in the Irish context?
- What activities do they engage in and, in what areas of activity do possess a competitive advantage over traditional community and voluntary groups?
- Who established these social enterprises and what were their motivations?
- Does there exist a coherent national policy towards social enterprises and, if so, is it successful?
- How successful have the existing social enterprises been in meeting their social mission?
- How successful have the existing social enterprises been in achieving their financial objectives?
- What is the nature of the current trends influencing the evolution of social enterprises in Ireland?

In this chapter these eight questions will be examined in light of the four field research chapters: the survey of social enterprises across the participating European Edge Cities Network members, the six in-depth interviews with policy- and decision-makers, a survey of social enterprises that were members of social-economy networks and the results of the six in-depth case studies of social enterprises in the Fingal local-authority area. The information arising from these chapters will be examined in the light of the

contextual literature review undertaken in the first three chapters of the thesis and the discussion of theory undertaken in Chapter 2. The thesis will conclude with a summary of the key findings and some general comments.

What are community-based social enterprises in the Irish case?

If one examines the list of social enterprises funded under the Community Services Programme[1], then these community-based social enterprises tend to be companies limited-by-guarantee with an income comprising a mix of traded income and grant aid, many supplemented by the use of intermediate labour-market programmes like Community Employment. It appears that the majority of these funded social enterprises were demand-deficient and dependent on grant aid for their survival. This was supported by the surveys of social enterprises in Chapters 5 and 7. In Chapter 5, it was noted that 75.5% of the social enterprises in Fingal had a traded income comprising less than 50% of their total income. In Chapter 7, 86.1% of respondent organisations in the survey of social enterprises were established as companies limited-by-guarantee.

Other community-based social enterprises were social-enterprise co-operatives. It was stated in Chapter 2 that not all co-operatives were social enterprises and this appeared to be true. Likewise, some credit unions (a specialised form of co-operative) were community-based social enterprises. Credit unions are established under a common bond and this common bond has a variety of forms. Some credit unions with a common bond established on the residents of a particular area have demonstrated the characteristics of a community-based social enterprise. For example, St. Anthony's and Claddagh Credit Union in Galway built and run a community-enterprise centre for their local community. Blanchardstown Credit Union provided loans for the BASE Enterprise Centre towards the building of an extension. Some

[1] Pobal (2008), 'List of CSP beneficiary companies', http://www.pobal.ie/media/SortedbycountyWEBSIRECEBBeneficiaryContactListUpdatesJuly08.html

credit unions should therefore be included in the definition of a community-based social enterprise. Thus, community-based social enterprises were defined by their activities rather than their legal form. This would support the contention in Chapter 2 that social enterprises fit into a spectrum of organisational forms.

Social-enterprise activities and their competitive advantage

While social enterprises appear to engage in a wide variety of activities, the social enterprises in the Republic of Ireland represented within the European Edge Cities Network survey had a narrow breadth of activity compared to the other three areas examined. In Table 5.6, credit unions made up 34.4% of the social enterprises identified, social services providers comprised 18.8%, community development was engaged in by 15.6%, education and training activities accounted for 12.5% of social economic activity and support for local enterprise accounted for 9.4%. Within the survey of social enterprises in Chapter 7, Table 7.4 indicated that 27.5% of the social enterprises surveyed were involved in tourism, culture and heritage activities, 15.7% were involved in the provision of community centres and facilities, as was the same percentage involved in the provision of childcare, education and training. 7.8% involved in the provision of enterprise centres and 33.3% were involved in the provision of general services. Thus, a wide range of social-enterprise activity was identified, predominantly the delivery of tangible goods and services to marginalised individuals and communities, as well as, the general public.

Another interesting finding from the survey of social enterprises in Chapter 7 was that the examined social enterprises used volunteers less in their operations than did the third sector as a whole.[2] Consequently, the social economy had a higher use of professional staff. As social enterprises are businesses, one might conclude that they need paid staff to ensure that

[2] This was with comparison to with Donoghue, F, Prizeman G, O'Regan A, Noel V, (2006)

services are delivered. This would also explain the importance given to intermediate labour-market programmes in Chapter 5 and the Community Services Programme in Chapters 7 and 8, as these programmes provide staff, or staff grants, to meet the need of the social enterprises.

As social enterprises used an enterprise model it was not surprising that a majority of respondents in Chapter 7 believed that social enterprises had a relative strength in the areas of sustaining community-based services (social enterprises generated their own income and were likely to be more sustainable), delivering goods and services and protecting social assets and buildings (again related to their relatively more independent income). A minority of respondents saw social enterprises as relatively strong with regard to campaigning for social reform and as a platform for public consultation. As can be seen from Table 8.13, 94% of all respondents saw a positive future for their social enterprise, 6% were unsure as to the future and no respondent believed that the future would be negative for their social enterprise.

Who established these social enterprises?

There was some evidence that social enterprises may be established by members of the community and voluntary sector, or what were described in the literature as social entrepreneurs. In four case studies (Mulhuddart Community Centre, Blanchardstown Credit Union, Seamus Ennis Centre and North Fingal Rural Transport) individual community members and volunteers were identified and, in many of the interviews, individuals were mentioned by name, as being the most important people in establishing the social enterprise. BAPTEC and BEAT were established out of local development processes: Blanchardstown Area Partnership and Balbriggan Enterprise Development Group.

Not only were the community and voluntary sector identified as the prime movers in the above cases, it also remained the largest sector represented on

the boards of management/directors of the social enterprises examined. 98% of the surveyed social enterprises confirmed the use of volunteers on their boards of management/directors (Table 7.12). Within Chapter 8, two-thirds of the board members of the social enterprises were identified as having been drawn from the community/voluntary sector (Table 8.2). Furthermore, in Chapter 7 (Table 7.13), 46.4% of the members of the boards of management/directors were from the community and voluntary sector, 15% from the private sector, 10.9% from local development organisations and 6% from public-sector agencies. Considering the relatively high percentage from the private sector, there was only a small percentage from trade unions (0.6%) and the figure for local authorities also appeared low at 5.6%.

Thus, individual social entrepreneurs appeared responsible for the establishment of the social enterprises examined and these individuals came predominantly from the community and voluntary sector, which still remains the largest sector constituting the membership of the boards of management/directors of these social enterprises.

Motivations of founders

The primary motivation of those who established a social enterprise was to meet an identified social need. In Table 7.7, the main social objective was the creation of local economic/enterprise development (25.5%), followed by the promotion of tourism, heritage, culture and the arts (23.5%), the promotion of community development was identified by 20.6%, 11.8% advanced the promotion of childcare, education and training with the remainder established to meet a range of general needs by the community (18.6%) In Chapter 8, all 35 respondents were able to identify specific social objectives for their companies. When asked as to why the social enterprise was established in the first instance, all respondents identified what can be described as 'social' motivations. Responding to an identified community need and altruism were the two predominant motivations given to the people

who established the social enterprises within the case studies. 54.3% of respondents identified the achievement of its social mission as the driving force behind the social enterprise, 40% identified that the social enterprise was driven by its own success and 5.7% pointing to the personal commitment of individuals.

If achieving a social mission was the primary motivation behind these social entrepreneurs, then whom were they trying to assist? In Table 7.8, 62.7% of respondents identified multiple target groups or pointed to the community as their main beneficiaries. Only 35.3% of respondents were established to meet the needs of a specific target group. The responses to this question might indicate that the social enterprise surveyed could be defined a general-interest social enterprises. Within the case studies examined in Chapter 8, 65.7% of interviewees noted the disadvantaged, youth and unemployed as their main target group - all categories that would be expected when addressing the needs of the socially marginalized (Figure 8.6). One interesting point that emerged from the comments of respondents was that many of the staff in most of the case-study social enterprises had been recruited from the local community or from the target groups themselves. Thus, the social enterprises were using employment as a progression route.

However, this was not why they necessarily utilised the social-enterprise model. In Table 7.10, of those who disclosed a response, 37.2% identified a financial reason; either to access grants or increased finance and income as the reason why the social enterprise model was used. However, almost as many (36.2%) stated that it was the social enterprise model was adapted to best respond to identified social needs. A further 16% identified staffing issues, either to gain new staff or retain existing staff, while 10.6 % stated that the social enterprise model best suited their activities. Within the case studies, fifteen respondents (42.8%) stated that their social enterprise was a social enterprise by nature. Eight respondents (22.8%) stated that it was because of the funding streams available (chasing funding) while seven

(20%) referred to sustainability issues, the trading income allowing them to be sustainable in the long run and less dependant on grant aid. Thus, the social-enterprise model was adopted in many cases for pragmatic financial reasons as a vehicle to achieve the desired social mission. This could account for the point raised in Chapter 8 where 94% of respondents related economic objectives with the financial stability and the sustainability of the social enterprise. The social objectives identified related to the achievement of the organisations social mission, although issues relating to creating employment, training the unemployed and addressing service shortages, which are economic in nature, were identified by 94.1% of interviewees as social objectives.

Apart from the existence of grant aid, the relative importance of community- and voluntary-sector factors were highlighted in Table 7.21 as being either 'very important' or 'important' for social enterprises. These factors included the commitment from individuals or groups of individuals (76.2%), a strong sense of community and strong social cohesion (74.3%) and strong local development structures (73%). Other factors were relatively less important, for example addressing market failures (63%), strong local partnership arrangements (61.3%) and value for money considerations (58%).

Thus the motivation for those who established social enterprises appears to have been the achievement of a specific social mission. The community and voluntary sector still has the strongest influence over the boards and strategies followed by the identified social enterprises, even if the social-enterprise model had been adopted, in many instances, for largely pragmatic financial reasons.

Social enterprises and national policy

In Chapter 6, a discussion of six interviews with policy and decision makers was undertaken. This showed that there was no coherent national policy in place with reference to social enterprises. Rather, a number of support programmes exist and that there was little 'joined-up thinking' at a national level. The traditional policy of government was to recognise the good work of social enterprises and to regulate them. Individual pieces of legislation had been developed over time for agricultural co-operatives, mutual societies, and credit unions. The National Social Economy Programme (NSEP) did attempt broadly to support the sector, but its effects were piecemeal and its establishment and relative failure as a quasi-active labour-market programme resulted in its conversion to the Community Services Programme (CSP) in 2006. However, the restrictive criteria developed by the Department of Community, Rural and Gaeltacht Affairs for the CSP is currently resulting in several social enterprises which were originally funded under the programme but who now no longer meet the new criteria, now being phased-off of the programme.

A disconcerting finding from the policy interviews was the consensus that there existed a lack of clarity amongst policy and decision makers as to the nature, role and extent of the social economy in Ireland. The result was a confused national policy framework. This may explain the anomalous findings within the case studies where a majority of social enterprises felt that the future of the Irish social economy was positive and roughly one-third were unsure as to the future. Whereas, in comparison, 94.3% of case-study respondents felt that their social enterprise had a positive future but practitioners were confident in the future of their own social enterprise, but were less confident about the future of the social economy generally. Without a common understanding of the social economy at policy level, no coherent policy framework can be developed. As a result, there would appear to be a lack of confidence amongst practitioners in the national policy

framework. However, grant aid was still highly important for social enterprises. The survey of social economy networks indicated that a majority of social enterprises surveyed had a reliance on grant aid for more than 50% of turnover. Thus, the impact of changes in national policy can still have a severe impact on the social enterprises.

In Chapter 8, the three case studies which were funded by the National Social Economy Programme (NSEP) felt that the benefits accrued by the programme were very high. The practitioners had a much higher opinion of the role of the NSEP than the policy and decision makers, among whom there was a distinct absence of consensus regarding its impact. Half of the policy interviewees felt that the NSEP had a 'neutral' effect, two stated a positive effect, and one interviewee was unsure. The main factor influencing the dissatisfaction of the policy interviewees with the NSEP related to the criteria set down for the programme. FÁS ran the programme as a quasi labour-market programme, and this did not meet the needs of the social enterprises. It became obvious to FÁS and the practitioners that the programme criteria could not work as set down. As a result, FÁS felt that the programme had not met the expectations and outputs that they had set for it. Thus, practitioners rated the benefits accrued by the NSEP more highly than policy makers.

The social-partnership process had developed a framework for the engagement of the 'community and voluntary pillar' within the national policy-setting agenda. Apart from the national policy framework, locally-based programmes have been developed as offshoots of the process (area-based partnership companies, the RAPID[3] programme, and the LEADER[4] programme being examples). The findings of the field research supported the positive influence of social partnership on the social economy, with roughly a third of policy and decision makers, social-economy network respondents and case-

[3] Revitalising Areas by Partnership, Investment and Development (RAPID) was a programme aimed at focusing public expenditure into urban areas with the highest levels of deprivation
[4] The LEADER programme was a local economic development programme for rural areas

study interviewees in agreement as to the positive nature of the social-partnership process. Thus, the concerns raised by some within the community and voluntary sector regarding the negative effects of social partnership as outlined in Chapter 3 did not appear to be prevalent within those surveyed and interviewed for this work. However, as can be seen from the case studies, although a clear majority believed social partnership to have a positive influence (62.8%), with 25.7% thinking it had a neutral or no effect on their social enterprise and 11.5% unsure as to impact, it was noteworthy that those social enterprises which engaged in local development structures and local partnership structures (BAPTEC, BEAT, Mulhuddart community centre and North Fingal Rural Transport) had a higher rating for the importance of social partnership than the two social enterprises with the least connection to local development and partnerships (Blanchardstown Credit Union and the Seamus Ennis Centre).

In Chapter 5, all the policy interviewees identified that the European Union had played a role in relation to the development of the Irish social economy. Both the community-and voluntary-sector interviewees saw the European Union as having an important role and was one driving force behind recent national policy relating to the social economy. However, all four public-sector interviewees accepted that the European Union had played a role but underplayed its importance believing that there would have been a social economy programme with or without the European Union. The majority of policy interviewees saw the role of the European Union as facilitating social enterprise activity at ground level and thus it was deemed a facilitating factor, not a driving factor, behind social economic activity.

When asked what support government could be to social enterprises within the case studies, five cases: BAPTEC, BEAT, Mulhuddart community centre, North Fingal Rural Transport and the Seamus Ennis Centre, identified continued funding as the main support. In particular, capital funding for building projects was noted by six respondents. In the case of

Blanchardstown Credit Union, all the respondents pointed to the need to update the credit union legislation as the sole issue of import.

Thus, social-enterprise policy was confused and inconsistent. Many saw the social-partnership process as the most important policy driver for social economic activity, but this has now slipped off the social-partnership agenda. The European Union played a facilitating role and the Irish government saw its role to fund activities rather than lead. Thus, without a common agreement at a national policy level regarding the definition, scope and benefits of social economic activity, no coherent national policy can exist.

Success of social enterprises in meeting their social mission

A large majority of the respondents to the survey of social enterprise (Chapter 7) and also the case study interviewees (Chapter 8) believed that their social enterprises were achieving their social mission. In Table 8.6, all respondents felt that their social enterprise was effective or very effective, with a slight majority feeling that the enterprise was very effective. In Table 7.14, 99% of respondents were of the view that social objectives were equally as, or more important than, economic objectives, with 80% of all board members and managers feeling that economic considerations would not overrun the social objectives of the company (see Appendix F, Table F.22). Thus, from a social mission perspective, the social enterprises themselves were satisfied that the organisation was achieving its social mission. It should be noted that BAPTEC had itself conducted a social audit and this had supported the view of the achievement of social objectives by other stakeholders, including end-users (BAPTEC, 2002). Others had included the opinions of end-users or clients in the development of business plans and end-of-year reports.

Success in meeting financial objectives

While the measurement of 'success' clearly depends upon how success is defined, across the three relevant field research chapters (the European Edge Cities Network survey, the social enterprise survey and the Fingal case studies), it was apparent that only a minority of Irish social enterprises were self-sustaining. Within the literature review in Chapter 2, it was noted that the concept of a funding mix had gained acceptance as the financial model best suited to social enterprises. A funding mix requires using a variety of funding sources as part of a social enterprise's total income. For example, a social enterprise might have a percentage of its income from trading revenue, indeed this was described within the literature review as a *sine qua non* for a social enterprise. It could also have grant aid as part of its funding mix. For example, most social enterprises saw the benefits of the Community Services Programme because of its emphasis on staff and management grants. Thus, a core overhead was covered, or at least partly covered, by this form of grant. Another specific form of grant aid might be programme funding. Here, a social enterprise might apply for specific funding to run a 'programme' and this funding would be 'ring fenced' for the particular activity. For example, Mulhuddart community centre had ring-fenced funding from Blanchardstown Youth Services to run its community youth project. BEAT Enterprise Centre also had programme funding from Interreg III[5] to establish the BESS project, a community-based ICT training programme. Thus, many of the social enterprises examined had a trading income comprising less than 50% of its total income and used either the Community Services Programme or an intermediate labour-market programme like Community Employment or the Full-time Job Initiative to fund staff wages and many had programme funding from a wide variety of sources as identified in Table 7.17 to address specific needs.

[5] Interreg III was an inter-regional structural funding programme of the European Union

In Chapter 5, most of the social enterprises in Fingal, if credit unions were excluded, were grant-dependent and demand-deficient (Table 5.10). In Chapter 7, 73.7% of social enterprises were discovered to have the main part of their income made up from non-traded activities, predominantly grant aid and only 26.3% of respondents generated their main income source from trading activities. Only 6 social enterprises (7.2%) were not in receipt of grant aid. Also in Appendix F, Table F.18, of those which disclosed information, 86.1% received no income from public-sector contracts, pointing to a sizeable incidence of under use of this funding mechanism. Appendix F, Table F.19 outlined that 68.3% of respondent social enterprises generated no income from donations and only 2 social enterprises had income derived from a source other than traded income, grant aid, public-sector contracts or donations. 55.4% of respondent social enterprises expected a turnover of less than €100,000 in the following year (Table 7.18). This supported the view that social enterprises were, in the main, small and demand-deficient. However, 7 social enterprises (12.5%) expected a traded income in excess of €300,000.

In Table 8.9, 94.3% of respondents considered their social enterprise to be financially stable at present. In response to a follow-up question on whether the respondents had concerns over any part of the enterprises funding mix, a large proportion (82.8%) had no such concerns, whilst only a small minority (14.3%) actually did (Table 8.10). BEAT and Blanchardstown Credit Union were both self-sufficient and this was noted by all the relevant interviewees. However, all of the interviewees from the other four case studies noted continued government funding (grant aid) as important. Of these 79% highlighted the importance of a funding mix between grant aid and increased traded income. Thus, for those not already self-sufficient, the funding mix appeared important.

One issue of considerable interest is the changing influence that economic factors have within social enterprises over time. When social enterprises

were being established, their primary interest was the achievement of social objectives. The market-based enterprise model had been used as a pragmatic mechanism to achieve these social aims. However, as social enterprises became established and acquire management, staff and overhead costs, the relative importance of economic objectives increased. Although, the social objectives still remained primary, the economic responsibilities became more prevalent. Therefore, it can be argued that, economic objectives facilitate, rather than drive, social enterprises at their establishment. However, as social enterprises become established, economic factors become more important, becoming core factors at that stage.

Evolving trends

The case studies identified a small number of social changes of interest to the social economy in Chapter 8. The main points identified were the growth of new ethnic communities, the effects of increased economic affluence, the needs of the remaining long-term unemployed and the effects of population increases. Social enterprises have adapted to new communities of interest, new social needs, and changes in existing communities of interest. This changing environment has created challenges for many social enterprises, yet there was no evidence from the field research to indicate that these social changes were significant catalysts determining the development trajectory of the social economy. These changes were viewed as having both positive and negative effects. In Chapter 8, credit union members noted that economic affluence has had a negative effect on them, as has the fact that the banks were now targeting their traditional markets. With relation to unemployment, C06, from BAPTEC, argued that 'over time the needs of people has changed. The skills required by employers and employees are changing rapidly...the long-term unemployed are a smaller cohort of clients but their needs are greater and they have a longer road to travel'. Thus, increased economic affluence has generated challenges as well as advantages. These social changes also appeared to be having different effects for different social

enterprises. Thus, it is unlikely that these social phenomena have been facilitating the development of the social economy generally. Therefore, these factors are coincidental to the operation of the social economy and are probably affecting some social enterprises more than others.

It also appeared that patterns of volunteerism had changed over the past 20 years. In Chapter 7, a majority of respondents agreed to statements that volunteerism had declined in the previous 20 years and those volunteers were more discerning about the type of volunteer work they were willing to do. Only 38% of those who disclosed a response used volunteers for operational purposes. The implication was that that 62% used paid staff solely for the delivery of goods and services and other operational activities.

Economic versus Institutional theory

In Chapter 2, market failure was highlighted as the main economic explanation for the existence of social enterprises. Market failures were identified as present under the existence of externalities, public goods, non-competitive markets or contract failures, especially in the presence of asymmetric information between suppliers and customers. It was notable that in both the policy interviews, the survey of social enterprises and in the case studies alike, the role of market failures for the existence and operation of social enterprises was not singled out as having much importance.

The alternative theoretical explanation was proffered by institutional theory where it was expounded that organisations develop in order to gain legitimacy, rather than efficiency (Dart, 2003, 415). In order to achieve this legitimacy, organisations tended to conform with the other organisations in their sector, economy or society. This has been referred to as 'isomorphism' and had several varieties including competitive and institutional isomorphism (DiMaggio and Powell, 1991; Dart, 2004; Helmig, Jegers and Lapsley, 2004). In the economy, competitive isomorphic pressures force economic entities to act in a similar fashion and adapt similar organisational fashions. In the

public sector, institutional isomorphic pressures exist and force organisations to act like the other organisations in the public arena either through coercion (legal or enforced social norms), mimetic forces (organisations mimicking apparently more successful organisations) and normative forces (through professionalism there became a norm for how organisations behaved in a particular sector) (DiMaggio and Powell, 1991, 67).

For market failure to be accepted as the explanation for social enterprises, there must be evidence that social enterprises were formed and continued to operate in order to address these market failures. The fact that social enterprises may sometimes operate in a situation of market failure does not render this the sole reason for the creation and continued existence of the social enterprise. It was clear from Chapter 8 that nearly all the case-study social enterprises could be argued to address a market failure of some sort, although the same argument could be made for every public-sector organisation. North Fingal Rural Transport was a clear example of a social enterprise established and continuing to operate in order to address a market failure. BEAT had been initially established to address a market failure, yet this market failure has since been addressed and BEAT is now in competition with the private sector. The same argument could be applied to BAPTEC. Initially, BAPTEC had competition but not in the local area, although again BAPTEC is now in competition with local suppliers. Blanchardstown Credit Union was established to meet a market failure but, again, other local financial institutions are now in open competition with it. The Seamus Ennis Centre may be meeting a market failure for the provision of cultural events and programmes or may simply be involved in a small market that others would not enter due to the lack of market share. Mulhuddart community centre was a different case. It is questionable whether a community centre exists in a market environment at all, whether competitors can exist, or if this constitutes a non-competitive market? Clearly the interviewees and survey respondents were not convinced. Respondents indicated that, for all bar one of the social enterprises, this was not a major issue (Table 8.13). A majority

(62.9%) of respondents stated that market failure was not important for their social enterprise whereas only 22.9% did accept market failure as important, mainly comprising those drawn from North Fingal Rural Transport. In the policy interviews, interviewees were able to identify only a few specific market failures being addresses: childcare, estate management and rural transport social enterprises. However, none accepted market failure as the rationale behind most social enterprises. In the social enterprise survey, presented in Chapter 7, market failure was identified as important but ranked sixth in a list of the most important factors underlying their existence. It would appear that although some social enterprises operated to address a market failure and some may even have been established to address such a market failure, this was not the reason why most social enterprises continued to existed.

In that case, was there evidence to support institutional theory? Within the policy interviews there was acceptance of the presence of entrepreneurial governance in the Irish state. There was evidence of the government's retreating from direct social service provision and its acting more as a funder for the provision of social service. There was also acceptance of the penetration of market-based ideology into public-sector realms, including value-for-money considerations, the adoption of public-private partnerships and the commercialisation of semi-state bodies. The interest in social enterprise was identified within these changes as social enterprises were more commercial, had a traded income and were less reliant on public-sector grants. Thus, social enterprises may have had credibility within these new philosophies and, as a result, gained legitimacy and promotion. This was one argument for the development of the National Social Economy Programme and why the public-sector interviewees in Chapter 6 believed that the programme developed with or without European Union intervention.

There was evidence of institutional isomorphic factors in the field research. If it is accepted that most social enterprises examined were demand-deficient and grant-dependent, then conforming with the views of funding agencies

was a requirement for continued survival. In Table 7.10, 37.2% of respondents identified that the social enterprise had been established to benefit from funding. In Chapter 7, 73.7% of social enterprises had a traded income of less than 50% and were reliant on grant aid for more than 50% of their total income and only 6 social enterprises (7.2%) were not in receipt of grant aid. Thus, when FÁS promoted the new social economy programme as the best option for some Community Employment projects, as identified in Chapter 6, many felt the need to change their operational style and become a social enterprise. This was a clear example of institutional and coercive isomorphism.

Social partnership also generated institutional isomorphic pressures. The 'partnership' or 'multi-agency approach' has become the normal way for community development and local development to work. As pointed out earlier, the social enterprise case studies which engaged in the local partnership processes felt that social partnership had been more important for social enterprises than the two case studies that did not engage in these processes. Social partnership has laid down the 'rules' by which many funding programmes have developed and, in fact, many community-based funding programmes are administered through local partnership structures (area-based partnership companies, LEADER programmes, local drug task forces for example). Thus, for the majority of social enterprises examined there was a wide range of isomorphic processes at work in their political and economic environment. These institutional factors appeared more credible than market-failure theories in the explanation for the formation and continued operation of the social enterprises examined.

Table 9.1 summarises the core, facilitating and coincidental factors which were influential in establishing social enterprises, while Table 9.2 shows the slightly different array of core, facilitating and coincidental factors influencing their continued operation.

Table 9.1 – Factors affecting the establishment of social enterprises

Core factors	Facilitating factors	Coincidental factors
Social mission	National policy framework	Changes in society
Social entrepreneurship	Social partnership process	Addressing market failures
Institutional factors	Financial/economic objectives	
	The role of the EU	

Table 9.2 – Factors affecting the ongoing operations of social enterprises

Core factors	Facilitating factors	Coincidental factors
Social mission	National policy framework	Changes in society
Social entrepreneurship	Social partnership process	Addressing market failures
Financial/economic objectives	The role of the EU	
Institutional factors		

The purpose of this exercise was to distinguish core, facilitating and coincidental factors affecting social enterprise in Ireland, to allow a more detailed examination of the core factors driving the social economy. The next step will be a further analysis of the core factors, attempting to identify the underlying causal mechanisms influencing them.

A retroductive analysis of core factors influencing the Irish social economy

A retroductive analysis requires asking questions relating to the circumstances necessary for a social phenomenon to exist. Four factors have been identified as core themes relating to the establishment and operation of a social enterprise. The first three factors related to the establishment and operation of social enterprises. These factors will be examined initially. Secondly, the factors relating to the continued operation of social enterprises will be examined.

Factors affecting the establishment of a social enterprise

There were three factors identified as important to the establishment of social enterprises:

- Achievement of social mission
- Social entrepreneurship
- Institutional factors

For the achievement of social mission to be important, a number of factors must exist:

- There must exist a demand, an identifiable group of people with a specific and measurable need
- There must be people willing to address these needs
- There must be an organisational platform for the meeting of this demand
- Resources must be available to meet this demand
- There must be an ethical underpinning to the meeting of this demand

The field research demonstrated evidence of beneficiaries, people who have a demand for the products or services offered. The target groups identified between the two surveys were similar, indicating a tendency for social enterprises to work with categories of individuals who were at risk of disadvantage (youth at risk, the elderly, those challenged by a disability, and the unemployed). At a deeper level, this indicated that there exists marked inequality in society. This inequality has generated groups of vulnerable people who, in turn, are in need of support. The primary role for social enterprises appeared to be the support of those vulnerable groups in society.

There was also evidence for the existence of people willing to meet these needs. Both the case studies and the survey of social-economy networks identified small groups of people who were willing to assist in meeting these needs. In particular, each social enterprise had a board of management made up of non-paid volunteers who oversaw the development of each organisation. Most had a professional manager and most had paid staff, some full-time and some part-time. It was also indicated that a minority of social enterprises used volunteers in the delivery of goods and services.

The organisational platforms to meet these demands were social enterprises. Social enterprises were businesses, using an enterprise model, whose primary goal was meeting an identified social mission. In Ireland, the main legal structure used by social enterprises appeared to be the company limited-by-guarantee. There appeared to be two causes for this. First, this formalised incorporated structure protected both the assets of the organisation, as well as the volunteer directors. The second point appeared to relate to the reliance on public funding. As the majority of social enterprises examined were reliant on public funding for more than 50% of their income, it followed that public-funding agencies required incorporated companies to be established in order to protect public funding.

There also exists evidence that financial resources were being invested in these social enterprises. In Chapter 7, the level of projected traded-income generated by the social enterprises was indicated. The majority of those who responded to the question expected a traded income in excess of €50,000 in the following year. They also indicated that the majority of social enterprises surveyed were reliant on grant aid for more than 50% of their total turnover. Thus, it can be concluded that relatively large-scale financial resources were being expended by social enterprises on meeting their social and economic objectives and much of this was financed by government-funded grant aid. The human resources being expended by board members, management, staff and volunteers augmented this.

There was also evidence of an ethical underpinning to the work of social enterprises. The case studies indicated that all social enterprises were established to achieve a social mission. The members of the boards of management, except in the case of a co-operative, receive no financial benefit from the operation of the social enterprises. Board members were not financially rewarded for the time they gave and there was an actual cost incurred by board members for their engagement. Appendix F, Table F.22 indicated the high importance placed by board members in meeting social objectives. If this is combined with the previously-made point that the

primary role of social enterprises was in assisting socially-vulnerable people in society, then this demonstrated an ethical underpinning to the activity of social enterprises.

For the effects of social entrepreneurs to be important factors in the establishment of a social enterprise, the following factors must exist:

- There must exist a number of people (social entrepreneurs) who can bring other people, organisations and resources, together in a manner that meets an identified need in an innovative fashion
- There must exist tangible outcomes, as a result of the innovative action
- Social entrepreneurs must be motivated to act
- There must be an ethical underpinning to this motivation

In the previous section, the members of boards of management were identified as people who gave of their own time and for no financial reward, to initiate and oversee the activities of social enterprises. Before the motivations of these people can be examined, they must be identified. Table 7.13 gave a breakdown of the sector membership of boards. 46.4% of all board members came from the community and voluntary sector. The next largest category comprised representatives of the private sector, who account for fifteen percent of board members. Thus, the community and voluntary sector had three times more representatives than the next largest group. Within the case studies examined, two-thirds of board members came from the community and voluntary sector (see table 8.3). Table 8.11 showed that 60% of all case-study respondents highlighted the community and voluntary sector as being the most important sector in the establishment of the social enterprise. Therefore, it can be concluded that there was a tendency for representatives of the community and voluntary sector to have the largest representation of board members within social enterprises. There was also evidence that the community and voluntary sector was the most

important in the establishment of those social enterprises which were examined in depth in the course of the research.

The tangible outcomes appeared by way of goods and services provided, and the income generated. Social enterprises had a relative strength in the delivery of tangible services (Table 7.15). Other tangible outcomes of the initiation of social enterprises were the actual company structure, the staff employed, and the beneficiaries served. As the community and voluntary sector tended to place a high value on ethical considerations, and as the evidence demonstrated that most social entrepreneurs come from the community and voluntary sector, it was entirely conceivable that there were indeed significant ethical underpinnings to the establishment of social enterprises.

For institutional factors to be important for the establishment of a social enterprise, the following factors must be present:

- Competitive isomorphic pressures
- Coercive isomorphic pressures
- Mimetic isomorphic pressures
- Normative isomorphic pressures

Although most social enterprises examined had an identified target group and, to some degree, were established within situations of market failures, many did at least partly operate in competition with both private-sector and public-sector organisations. Within the case studies, BAPTEC, BEAT, Blanchardstown Credit Union and, to some degree, the Seamus Ennis Centre were in open competition with private-sector companies. This competition required that the social enterprises operated as efficiently as the private-sector companies and, thus, there was some evidence to suggest competitive isomorphic pressures.

Coercive isomorphic pressures were evident with regard to government funding. This was evident on at least two occasions with regard to the

National Social Economy Programme/Community Services Programme. FÁS had initially indicated to a number of Community Employment projects that funding for Community Employment was being reduced and that they should apply for funding under the National Social Economy Programme. Thus to take the case of Mulhuddart community centre, FÁS recommended the social economy programme rather than the Community Employment programme and the centre was administratively obliged to apply for the social-economy programme, even though Community Employment may well have proven a better long-term solution for the community centre. A second example was at the transfer of the programme to the Department of Community, Rural and Gaeltacht Affairs. The new criteria applying to the Community Services Programme were completely changed. Thus social enterprises that had been successful at building a strong trading base, as was the objective of the National Social Economy Programme, now had their funding cut under the new rules. Thus, social enterprises that had played by the 'rules' under the FÁS-managed programme were now penalised under the Pobal criteria, for doing exactly what FÁS had demanded in the first instance. Thus, some social enterprises were forced to change their operations in order to meet the new criteria. The fact that on both occasions, social enterprises were 'forced' to make organisational changes to meet programme funding criteria indicated that coercive isomorphic pressures were present.

The fact that social enterprises were established as enterprises at all may indicate the presence of mimetic isomorphic pressures. If the enterprise model were not deemed 'better' or 'more legitimate', then why would this model be adopted by the community and voluntary sector in the first instance? Social enterprises were conceptualised as commercial responses to changes in the political and economic environments. Thus private-sector models were adopted and adapted by the community and voluntary sector in order to meet changing needs and to legitimise certain activities in the view of key stakeholders, including the government which had adopted private-sector concepts into its management philosophy.

Normative isomorphic pressures resulted from the increased 'professionalism' within the community and voluntary sector and within social enterprises. As nearly all the social enterprise examined had managers and these managers were developing common management philosophies through the work of many professional development courses, run by various third-level institutions and networks, a volume of 'best practice' had developed. Thus, new managers were encouraged to adopt these best-practice models, creating a common and legitimate manner for the management of social enterprises. Thus The Wheel[6] has developed and run a management certificate for community leaders, Waterford Institute of Technology in conjunction with the National Association of Community Enterprise Centres is offering a higher diploma in enterprise development and a number of Chief Executive Officers are completing Masters of Business Administration (MBA) degrees and all of these are adapting private-sector management theory into the running of social enterprises. These were clear normative isomorphic pressures.

Factors affecting the continuing operation of a social enterprise

In Fig 9.2, four core factors were identified as important to the continued operation of social enterprises. Three factors, namely the desire to achieve social mission, the role of social entrepreneurs and the influence of institutional factors, were common core factors in the establishment and the operation of social enterprises. One factor became more important as the operation of the social enterprise developed, that of the role of economic objectives.

For economic objectives to be an important factor in the operation of a social enterprise, then a number of conditions must exist:

- A series of overhead costs must exist
- An income source to pay for these overheads must exist

[6] The Wheel is a large network of community and voluntary sector organisations

- A potential income stream to cover projected overheads and the cost associated with growth in the future must exist

A social enterprise, like any other business, had fixed and variable costs, commonly referred to as overheads. One of the largest overheads applicable to any business are staff costs. As one of the findings of the Edge Cities mapping exercise was the labour-intensive nature of social enterprises and the tendency for social enterprises in Ireland to have paid staff as compared to using volunteers, then staff costs were therefore relevant in all social enterprises. One finding from within the case studies was that several social enterprises used the recruitment of people from their target group, or community of interest, as a means of empowerment. Thus, several social enterprises used employment as a route of progression for beneficiaries. As social enterprises become established, meeting overhead costs, particularly staff costs, become of greater importance. Another economic factor was the cost associated with growth. Many of the case studies examined identified the need for growth, and this growth was heavily capital intensive – building extensions for example. As social enterprises grew, the economic objectives (sustainability for example) became more important than may have been conceived when the enterprise was being established.

The implications of this discussion is that during operational and growth phases there was a requirement for a balanced management of social and economic objectives. While social objectives were still seen by the majority of interviewees as of highest importance, as social enterprises develop, the process of management became far more complex. Social enterprises must simultaneously succeed as both a business and as community-based organisation at the same time. It has already been noted that this was managed in differing ways in different enterprises. Some have strong boards of management, some have strong managers, and some have a more collaborative approach. Thus a social enterprise with no traded income is really not a social enterprise. Likewise, an enterprise with a high traded-income with no social mission is not a social enterprise. It is the ability

successfully to achieve both social and economic objectives simultaneously that characterises a successful social enterprise. The lack of clarity around the need of social enterprises to achieve this dual-function may well be the cause of the identified confusion at policy level. It might well be the case that, upon establishment, social enterprises pragmatically used the enterprise model to achieve their ends, the economic objectives becoming more central to their operation and development over time.

The main factors that changed as social enterprises grew appeared to relate to the formalisation of practices, which were initially pragmatic considerations, into economic objectives. For example, as organisations grew and increased in size, the levels of responsibility on directors grew. As a result, there developed formalised management, financial, human resource and commercial systems and protocols. These systems were put in place, in many cases, to protect the liability of directors. The field research also indicated the heavy reliance of Irish social enterprises on state funding. Thus, there existed a constant consideration with regard to meeting the needs of funding agencies, especially with regard to audit trails, draw down procedures for funds and similar requirements. As the funding agencies were nearly all public bodies, these requirements were under political control and exerted institutional pressures on the social enterprises.

Another consideration of social enterprises as they developed related to meeting the demands of their clients and customers. Not only did social enterprises expand the services they provided to their target group but, through time, they expanded into other areas and served other target groups. For example, BAPTEC commenced by training people on labour-market programmes. However, as it developed, while continuing to deliver services to this target group it expanded into other fields, such as providing training for public bodies and running evening courses for the general public. Meeting these ongoing and growing needs would not have been an initial consideration of the enterprise. However, as turnover increased, so did the

commercial realities of running a trading enterprise. It would appear that the first formalised economic objective that arose in many social enterprises related to raising enough revenue to pay staff costs. This was interesting as many social enterprises employed members of their target group as a social objective. Thus, it would appear that the first real economic objective to develop – raising sufficient revenue to pay salaries – could have been prioritised as a result of an interconnected social objective. However, for whatever reason, meeting salary costs became an imperative for all social enterprises examined and forced the enterprise to generate at least enough traded income to cover these costs. Thus, it can be argued that as time elapsed, those initially pragmatic decisions with regard to the type of enterprise, the funding programme applied for and even whether to formalise as a legal entity, became formalised within the organisation and resulted in systems and procedures being developed within these parameters.

If it is accepted that the Irish social economy was affected by embedded cultural and social norms, as outlined in Chapter 5, there still remained one outstanding question. Why were individual social enterprises established? The field research indicated that many social enterprises were established as the result of an individual member of the local community, or a small group of local individuals, identifying a specific social need and initiating a process that brought other individuals and agencies together to address this need. In the final analysis, social enterprises are an integral part of the community and voluntary sector and are one of the tools available to the community and voluntary sector in addressing the needs of the community and the marginalised in Irish society.

Conclusions

In Chapter 2, it was argued that social enterprises developed as a response from the community and voluntary sector to external socio-political changes,

especially the retraction of the state from welfare-state provision and the development of a 'hands off' approach to service delivery by the public authorities, as a result of the phenomenon of entrepreneurial governance. The findings of the thesis would broadly support this contention. The social enterprises examined were predominantly 'mission-centric' hybrid organisational forms being both a community-based organisation and a trading enterprise at the same time (Alter, 2007, 18). They did not fit within the traditional continental European definition of the social economy (Crossan, Bell and Ibbotson, 2003, 3-4; Delors, 2004, 206-215; Teague, 2007, 92) but rather fitted into a more narrow scope of activity (Pearce, 2003, 28; Haugh, 2005, 1-12; Teague, 2007, 92-92). Nor did they all fit into the American 'nonprofit' definition with its strict 'non-distribution constraint' of profits generated (Weisbrod, 1998c; Defourney, 2001; Ben-Ner and Gui, 2003; Kerlin, 2006). Many of the companies that were limited-by-guarantee could fit comfortably into this category but there were other organisational forms identified as social enterprises in the Irish case. Some community-based credit unions have also demonstrated the traits of a social enterprise as have some other social-enterprise co-operatives. Another difference between Irish social enterprises and the American model was the high level of engagement with the public-sector in relation to social services provision. The American nonprofit sector tended to have less direct involvement with public-sector based social services provision. In contrast, in Europe, social enterprises traditionally filled gaps in welfare-state service provision. In Ireland one finds a modified American definition which includes some co-operatives as well as the limited-by-guarantee company model.

The traditional European definition of the 'economie sociale' relates to what in Ireland had normally been referred to as the 'community and voluntary sector'. In Ireland, the term 'social economy' has generally been employed to relate to a sub-category of the third sector, made up of the combined outputs of Irish social enterprise. Thus, as people have read European-centred literature on the social economy and tried to juxtapose this definition into the

Irish case, confusion has resulted. Teague (2007) can be cited as an example. A key message to be taken from this research is that unless a coherent set of acceptable definitions are agreed and accepted by practitioners and policy makers, no serious progress will be made with regard to developing the Irish social-enterprise sector. The implication of this is that without commonly accepted definitions there cannot be a coherent national policy and the current confused policy environment will continue, to the detriment of the sector.

However, there appears to be another element to the lack of clarity regarding the social economy and this relates to the different considerations regarding the establishment and continued operation of social enterprises. This may be the explanation of difficulties that FÁS experienced with the National Social Economy Programme. FÁS drew up a set of guidelines initially which were aimed at start-up social enterprises (FÁS, 2000). Their difficulty commenced when most of the applications for the programme derived from existing social enterprises. Thus, FÁS initially wanted a new company to be established by community groups for their 'social economy project'. As the existing social enterprises saw little point in setting up a new company to undertake its current work, this became an initial source of conflict. FÁS initially wanted all 'new' manager posts to be advertised, even though the social enterprises already had managers with legal contracts in place and they politely informed FÁS that this was unacceptable[7]. The lesson to be learned from this dissertation, is that any policy relating to the development of the social economy must have two distinct elements – one for start-up enterprises and another for well-established social enterprises. It seems plausible that a lack of understanding of this dichotomy may be partly at the heart of the lack of clarity at policy level.

[7] These examples are cited from personal knowledge, but provide an example of the lack of basic understanding that existed in 2001.

There appeared little evidence of 'mission drift' among the social enterprises or of their acting like 'for-profits in disguise' (Weisbrod, 1998a, 11), two of the main concerns relating to the social enterprise model raised in Chapter 2. However, the argument that social enterprises do not constitute a 'panacea' for all the ills of the community and voluntary sector seems verified (Boschee, 2001, 3; Emerson and Twersky, 1996, 18; McBrearty, 2007, 75). Social enterprises had a relative strength in the delivery of tangible goods and services and in the sustainability of community-based services, although this was mitigated by the high dependence on grant aid by the majority of social enterprises examined. Social enterprises were suitable for some community-based activities but not all. It did not prove possible to examine the broader definition of social entrepreneurship because the research examined only social enterprises and lacked the scope to examine the use of social entrepreneurship in non-social enterprise environments (Dees, Emerson and Economy, 2001; Thompson, 2002; Davis, 2002; Haugh, 2005). Nevertheless, regardless of whether they would use the term to describe themselves, social entrepreneurs were vitally important both in the establishment of the social enterprises examined and in their continuing development (Emerson and Twersky, 1996; Brinckerhoff, 2000; Boschee, 2001; Boschee and McClurg, 2003).

The best description of the social economy in Ireland and its component social enterprises was 'in flux'. The social enterprises examined were heavily dependent on state grant aid and this could prove a strategic weakness in a period of budgetary contraction. The following suggestions are proffered to address this weakness.

There must be a commonly-accepted operational definition of social enterprise accepted across both the public- and community and voluntary sectors. In reality there is no right or wrong definition available for the Irish case. The point regarding social embeddedness is that we must define an Irish definition for the Irish case and spend less time trying to fit Irish social

enterprises into the definitions used in other countries. To date this effort has proved fruitless and created the confusion set out in Chapter 6. The role for scoping this definition needs to be given to a national body with representation from the community and voluntary sector and a social partnership structure seems the most plausible. This might be a role that should be delegated to the National Social and Economic Forum, once there is clear requirement for broad consultation and discussion within the process.

Government needs to focus its attention on building up the existing social enterprises and creating more self-sustaining social enterprises. Policy in relation to community enterprise centres might be cited as a potential starting point. The government has a small building programme to support community enterprise centres administered through Enterprise Ireland. At present the cost of building a 2,000 square meter enterprise centre or extension is approximately €4 million. The current Enterprise Ireland grant is around €250,000 to €300,000. There has been a policy to spread the money around and this has rendered the programme ineffective. Instead of building increased numbers of enterprise centres (there are currently 105 countrywide), the government could focus this budget on supporting the currently successful enterprise centres with plans to grow and make them self-sufficient with a much higher level of capital funding. Enterprise Ireland has no problem in 'picking winners' in the other aspects of their operation and 'community' enterprise centres need be no different.

The 'enterprise' focus needs to be placed back onto the sector. The move to the Department of Community, Rural and Gaeltacht Affairs has removed the enterprise emphasis from the policy arena and currently the policy is purely stressing the community-services aspect. The Department of Enterprise and Employment must be given some remit for social enterprises and at least the Joint Oireachtas Committee on Enterprise and Employment needs to put this back onto its agenda.

The final remarks relate to areas of possible further research. The lack of support for market-failure theory and the support for institutional theory within this work leaves open the possibility for further examination of these ideas with reference to the Irish community and voluntary sector generally and, Irish social enterprise in particular. Potential exists within institutional theory to explore and explain the sector better, yet this area of theory has not been developed fully and more research is desirable.

Bibliography

Abzug, R (1999), 'The nonprofit sector and the informal sector: a theoretical perspective' pp131-149, Voluntas: International Journal of Voluntary and Nonprofit Organizations, Vol.10, No.2 (International Society for Third-Sector Research and The John Hopkins University)

Acheson, N, Harvey, B, Kearney, J and Williamson, A (2004), 'Two paths, one purpose: voluntary action in Ireland, North and South', A report to the Royal Irish Academy's Third Sector Research programme, (IPA, Dublin)

Ahlbrandt R & Cunningham J (1979), 'A new public policy for neighbourhood preservation', (Praeger, New York)

Allen, M (1996), 'The social economy – panacea or placebo' in Scheme Workers Alliance, 'The Social Economy – meeting society's unmet needs Vs temporary jobs for the jobless' – First annual seminar report (Scheme Workers Alliance, Dublin)

Alter, K (2007), 'Social Enterprise Typology' (Virtue Ventures LLC), http://www.virtueventures.com/typology

Anheier, H and Ben-Ner, A (1997), 'Shifting Boundaries: Long-term changes in the size of the for-profit, nonprofit, cooperative and government sectors', pp335-353, The Annals of Public and Cooperative Economics, Vol.68, No.3 (CIRIEC and Blackwell Publishers, Oxford)

Anheier, H & Ben-Ner, A (Eds.) (2003), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

Anheier, H & Seibel, W (1990), 'The third sector in comparative perspective: four propositions' in Anheier, H & Seibel, W (Eds.), 'the third sector: comparative studies of nonprofit organisations', (Walter de Gruyter, Berlin)

Anheier, H (2005), 'Nonprofit organisations – theory, management, policy', (Routledge, Oxon)

Archer, M, Bhaskar, R, Collier, A, Lawson, T and Norrie, A (Eds.), 'Critical Realism, essential readings', (Routledge, London)

Arnold, T (2007), 'Emerging questions and future directions' in Donnelly-Cox and Breathnach, 'Different Images: the Irish nonprofit sector and comparative perspectives', (Centre for Nonprofit Management, TCD, Dublin)

Arthur, L, Scott Cato, M, Keenoy, T and Smith, R (2004), 'Developing an operational definition of the social economy', pp163-189, Journal of Co-operative Studies, Vol. 36 (3) (U.K. Society fro Co-operative Studies, Manchester)

Bacchiega, A & Borzaga, C (2001), 'Social enterprises as incentive structures' in Borzaga, C and Defourney, J (Eds.), 'The emergence of social enterprise' (Routledge, London)

Bacchiega, A & Borzaga, C (2003), 'The economics of the third sector – towards a more comprehensive approach' in Anheier, H & Ben-Ner, A (Eds.), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

Badelt, C (2003), 'Entrepreneurship in nonprofit organisations – its role in theory and in the real world nonprofit sector' in Anheier, H & Ben-Ner, A (Eds.), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

BAPTEC (2002), 'Social Audit' (BAPTEC, Dublin)

Barro RJ (1997), 'Macroeconomics, 5th Edition', (MIT Press, Cambridge MA)

Bartley, B & Treadwell Shine, K (2003), 'Competitive city: Governance and the changing dynamics of urban regeneration in Dublin, in Moulaert, F, Rodriguez, A & Swyngedouw, E (Eds.) (2003), 'The globalized city – economic restructuring and social polarization in European Cities' (OUP, Oxford)

Battle-Anderson, B, Dees, J and Emerson J (2002), 'Developing viable earned income strategies' in Dees, J, Emerson, J and Economy, P (2002), 'Strategic tools for social entrepreneurs: enhancing the performance of your enterprising nonprofit' (John Wiley & Sons, New York)

Ben-Ner, A (2002), 'The shifting boundaries of the mixed economy and the future of the nonprofit sector', pp5-40, Annals of Public and Cooperative Economics, Vol.73 No.1 (CIRIEC and Blackwell Publishers, Oxford)

Ben-Ner, A & Gui, B (2003), 'The theory of nonprofit organisations revisited', in Anheier, H & Ben-Ner, A (Eds.), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

Benton, T and Craib, I (2001), 'Philosophy of Social Science', (Palmgrave, Hampshire)

Birrell, D and Hayes, A (2004), 'Managing cross-border cooperation between voluntary organisation in Ireland', pp41-53, Nonprofit Management & Leadership, Vol.15 No.1 (Wiley Periodicals Inc)

Blanchardstown Area Partnership (2005), 'Social, Economic and Demographic profile of Blanchardstown', (BAP, Dublin)

Borzaga, C and Defourney, J (2001), 'Conclusions – social enterprises in Europe: a diversity of initiatives and prospects' in Borzaga, C and Defourney, J (Eds.), 'The emergence of social enterprise' (Routledge, London)

Borzaga, C & Santuari, A (2003), 'New trends in the Non-profit Sector in Europe: the emergence of social entrepreneurship' in OECD, 'The Non-profit Sector in a Changing Economy', (OECD, Paris)

Boschee, J (2001), The social enterprise sourcebook – profiles of social purpose business operated by nonprofit organisations' (Northland Institute and Jerr Boschee, Minnesota)

Boschee, J and McClurg, J (2003), 'Towards a better understanding of social entrepreneurship: some important distinctions' (Boschee and McClurg)

Boucher, G and Collins, G (2003), 'Having one's cake and being eaten too: Irish Neo-liberal Corporatism', pp 295-316, Review of Social Economy, Vol. LXI, No.3 (The Association of Social Economics and Routledge, London)

Breathnach, C (2007), 'Concluding reflections' in Donnelly-Cox, G. and Breathnach, C. (Eds.), 'Differing Images: the Irish nonprofit sector and comparative perspectives', (CNM, TCD, Dublin).

Breathnach, P (1986), 'Structural and functional problems of community development co-operatives in the Irish Gaeltacht' in O'Cearbhaill, D (Ed.), 'New approaches to the development of marginal regions', Report on 8th International seminar on marginal regions (UCG, Cork)

Breathnach, P. (2004), 'The Dungarvan Creamery', (Waterford County Museum, Waterford) http://www.waterfordcountymuseum.org/exhibit/web/Display/article/183/1/?lang=en

Brenner, N (2004), 'New state spaces – urban governance and the rescaling of statehood' (OUP, Oxford)

Brincherhoff, P, (2000), 'Social entrepreneurship – the art of mission-based venture development' (John Wiley & Sons, New York)

Briscoe, R & Ward, M (2000), 'The competitive advantages of co-operatives' (Centre for Co-operative Studies, NUI, Cork)

Briscoe, R, McCarthy, O and Ward, M (2000), 'Ireland's community co-operatives' in Briscoe, R and Ward, M (Eds.), 'The Co-operatives of Ireland' (Centre for Co-operative Studies, University College Cork, Cork)

Briscoe, R & Ward, M (Eds.) (2000), The co-operatives of Ireland' (Centre for Co-operative Studies, NUI, Cork)

Broaderick, S (2002), 'Community development in Ireland – a policy review' pp101-110, Community Development Journal, Vol.37 No.1 (Oxford University Press, Oxford)

Bull, M and Crompton, H (2006), 'Business practices in social enterprises', pp42-60, Social Enterprise Journal (Social Economy London, London)

CENTRAC (1991), 'Community Trading Organisations – a review of community enterprise characteristics and practices' (CENTRAC, Ross-shire)

Central Statistics Office (2002), 'Census 2002' (CSO, Dublin)

Central Statistics Office (2006), 'Census 2006' (CSO, Dublin)

CIRIEC (1999), 'The enterprises and organisations of the third system', (European Commission, Brussels)

Clarke D.B. (1973), 'The concept of community: a re-examination', Sociological review 21 (3), and reprinted in Henderson P & Thomas D (1981), 'Readings in Community Work', (George Allan & Unwin Limited, London)

Coase R.H. (1937), 'The Nature of the Firm', Economica n.s. 4 (November 1937)

Coates, B., Johnston, R.J. and Knox, P.L. (1977), 'Geography and Inequality'. (Oxford University Press, London)

Collins, T (2002), 'Community development and state building: A shared project' pp91-100, Community Development Journal, Vol.37 No.1 (Oxford University Press, Oxford)

Cooney, K (2006), 'The institutional and technical structuring of nonprofit ventures: a case study of a U.S. hybrid organization caught between two fields', pp143-161, Voluntas, Vol.17 (International Society for Third-Sector Research and The John Hopkins University)

Cox, K. (1973), 'Conflict, Power and politics in the City: a geographical view', (McGraw-Hill, New York)

Cramer, H (1999), 'Mathematical methods of statistics', (Princeton University Press, Princeton)

Crossan, D, Bell, J and Ibbotson, P (2003), 'Towards a classification framework for social enterprises' University of Ulster, Belfast)

Dart, R (2004), 'The legitimacy of social enterprises', pp411-424, Nonprofit Management & Leadership, Vol.14 No.4, (Wiley Periodicals Inc)

Dees, G, Emerson, J and Economy, P (2001), 'Enterprising nonprofits – a toolkit for social entrepreneurs', (John Wiley & Sons, New York)

Defourney, J (2001), 'Introduction; from third sector to social economy' in Borzaga, C and Defourney, J (Eds.), 'The emergence of social enterprise' (Routledge, London)

Delors, J (2004), 'The European Unions and the third sector' in Evers, A and Laville J-L (Eds.), 'The third sector in Europe', pp206-215 (Edward Elgar Publishing Limited, Cheltenham)

Dail Eireann (1934), 'Agricultural Co-operative Societies (Debentures) Bill, 1934 – Second Stage', (Dail Eireann, Vol. 53, 18th July 1934).

Dail Eireann (1972), 'Questions, Oral answers, - Creamery rationalisation proposals', (Dail Eireann, Vol. 264, 13th December 1972).

Dail Eireann (2000), 'Adjournment debate, Dail Eireann, 2nd February 2000, speech by Mr. Charlie McCreevy TD, Minister for Finance, on the taxation of credit unions', see http://www.finance.gov.ie/Viewtxt.asp?DocID=1567&StartDate=1+January+2006

Dail Eireann (1978), 'Industrial and Provident Societies (Amendment) Bill, 1978 – Second Stage', (Dail Eireann, Vol.. 308, 11th October 1978)

Daly, S (2007), 'Mapping civil society in the Republic of Ireland', pp157-176, Community Development Journal, Vol.43 No.2 (Oxford University Press, Oxford)

Davis, S (2002), 'Social entrepreneurship: towards an entrepreneurial culture for social and economic development', Paper presented at Youth Employment Summit, 7th November 2002, http://ssrn.com/abstract=978868

Deakin, N (2005), 'Civil society and civil renewal' in Robb, C (Ed.), 'Voluntary action: meeting the challenges of the 21st Century' (NCVO, London)

Department of Finance, (2006), 'Address by the Minister of Finance, Mr. Brian Cowen , T.D. to the Consultative General Meeting of the Irish League of Credit Unions (ILCU), see http://www.finance.gov.ie/Viewprnt.asp?DocID=3885&StartDate=1+January+2006

Department of Social, Community and Family Affairs (2000), 'A framework for supporting voluntary activities and for developing the relationship between the State and the Community and Voluntary Sector' (Government Publications, Dublin)

Department of the Taoiseach, (2006), 'Speech by An Taoiseach, Mr. Bertie Ahern, T.D. at the launch of the Irish League of Credit Unions' Annual Report St. Raphaels Garda Credit Union, Naas Road'. See http://www.taoiseach.gov.ie/index.asp?IocID=200&docID=2557&COMMAND=PRINT

Department of Trade and Industry (2004), 'National Statistics, Statistical Press Release' (DTI, London) http://www.sbs.gov.uk/SBS_GOV_files/researchandstats/news162.pdf

DiMaggio and Powell (1991), 'The iron cage revisited: institutional isomorphism and collective rationality in organisational fields' in Powell, W.W. and DiMaggio, P.J, 'The new institutionalism in organisational analysis' (University of Chicago Press)

Dobkin Hall P (1987), 'A historical overview of the private nonprofit sector', in Powell, W W (Ed.), 'The non profit sector – a research handbook', (Yale University Press, New Haven)
Donoghue, F, Prizeman G, O'Regan A, Noel V, (2006), 'The Hidden Landscape – first forays into mapping nonprofit organisations in Ireland', (CNM, Trinity College, Dublin

Donnelly-Cox, G, Donoghue, F and Hayes, T (2001), 'Conceptualizing the Third Sector in Ireland, North and South', pp 195-204, Voluntas: International Journal of Voluntary and Nonprofit Organizations, Vol.12, No.3 (International Society for Third-Sector Research and the John Hopkins University)

Donoghue, F, Anheier, H, Salamon, L (1999), 'Uncovering the nonprofit sector in Ireland' (NCI, Dublin)

Donoghue, F, Prizeman G, O'Regan A, Noel V, (2006), 'The Hidden Landscape – first forays into mapping nonprofit organisations in Ireland', (CNM, Trinity College, Dublin)

Douglas, J (1987), 'Political theories of nonprofit organisations' in Powell, W.W. (Ed.), 'The nonprofit sector: a research handbook' (Yale University Press, New Haven)

Ebdon, D (1985), 'Statistics in geography' (Blackwell, London)

ECOTEC Research & Consulting Limited (2001), 'Evaluation of the Third System and Employment Pilot Action – Final Report', (EUC, Brussels)

Emerson, J and Twersky F (1996) 'New social entrepreneurs: the success, challenge and lessons of non-profit enterprise creation' (The Roberts Foundation, San Francisco, CA)

Enterprise Strategy Group Report (2004), 'Ahead of the Curve', (Forfas, Dublin)

Estrin S & Laider D (1995), 'Introduction to microeconomics, 4th Edition', (Harvester Wheatsheaf, Hemel Hempstead)

European Commission (2006), 'European employment strategy – introduction' (EUC, Brussels), see http://ec.europa.eu/employment_social/employment_strategy/index_en.htm

European Edge Cities Network (1998), 'Submission for Recite II funding to European Commission', (Fingal County Council, Dublin)

European Edge Cities Network (1999), 'Recite II Edge Cities Project Feasibility Report – Revised Version', (Fingal County Council, Dublin)

European Edge Cities Network (2004), 'Minutes of social economy sub group – held in Getafe on 27th April 2004' (London Borough of Croydon, London)

Evers, A (2001), 'The significance of social capital in the multiple goal and resource structure of social enterprises', in Borzaga, C and Defourney, J (Eds.), The emergence of social enterprise' (Routledge, London)

Evers, A and Laville J-L (2004), 'Defining the third sector in Europe' in Evers, A and Laville J-L (Eds.), 'The third sector in Europe' (Edward Elgar Publishing Limited, Cheltenham)

FÁS (2000a), 'Guidelines to social economy enterprises' (FAS, Dublin)

FÁS, (2000b), 'Social economy framework document', (FAS, Dublin)

Flockhart, A (2005), 'Raising the profile of social enterprises: the use of social return on investment (SROI) and investment ready tools (IRT) to bridge the financial credibility gap', pp 29-42, Social Enterprise Journal, Vol.1, Issue I (Social Enterprise London, London)

Forrest R & Kearns A (2001), 'Social cohesion, social capital and the neighbourhood', Urban Studies Vol. 38 (12), 2001

Friedman D (2003), 'Price theory', Chapter 18, http://www.daviddfriedman.com/Academic/Price_Theory/Pthy_Chap_18.htm

Frumkin, P (2002), 'On Being Nonprofit', (Harvard University Press, Cambridge, MASS)

Gassler, Robert Scott (1986) 'The economics of nonprofit enterprises – a study in applied economic theory', (University Press of America Inc, Lanham, MD.)

Giddens A (1998), 'The third way: the renewal of social democracy', (Polity Press, Cambridge UK)

Giddens A (2000), 'The third way and its critics', (Polity Press, Cambridge UK)

Giddens A (ed)(2001), 'The global third way debate', (Polity Press, Cambridge UK)

Giddens A (2003), 'Frequently asked questions', (London School of Economics, London), http://www.lse.ac.uk/Giddens/FAQs.htm

Government of Ireland (2006), 'Irish Statute Book, Agricultural Cooperative Societies (Debenture) Act, 1934, see http://www.irishstatutebook.ie/front.html

Government of Ireland, (2006), 'Irish Statute Book, Industrial and Provident Societies (Amendment) Act, 1978, see http://www.irishstatutebook.ie/front.html

Government of Ireland (2006), 'Irish Statute Book, Credit Union Act, 1966', see http://www.irishstatutebook.ie/front.html

Government of Ireland (2006), 'Irish Statute Book, Credit Union Act, 1997', see http://www.irishstatutebook.ie/front.html

Government of Ireland (1996), 'Partnership 2000 for Inclusion, Employment and Competitiveness' (Stationery Office, Dublin)

Government of Ireland (1998), 'Report of the Partnership 2000 working group on the social economy' (Stationery Office, Dublin)

Gravetter, FJ & Wallnau, LR (2006), 'Statistics for the behavioural sciences' (Thomson/ Wansworth, London)

Gregory, S (1978), 'Statistical methods for the geographer' (4th Edition), (Longman, London)

Gui, B (2000), 'Beyond transactions: On the interpersonal dimension of economic reality' pp139-169, Annals of Public and Cooperative Economics, Vol.71, No.2 (CIRIEC and Blackwell Publishers, Oxford)

Habermas J (1978), 'Knowledge and human interests', (Heinemann Educational, London)

Hammond, R & McCullagh, P (1978), 'Quantitative techniques in Geography: an introduction' (Clarendon Press, Oxford)

Hansmann, H (1987), 'Economic theories of nonprofit organisation' in Powell, Walter W (Ed.), 'The nonprofit sector – a research handbook', (Yale University Press, New Haven).

Hansmann, H, (1990), 'The evolution of the U.S. savings bank industry' in Anheier, H & Seibel, W (Eds.), 'the third sector: comparative studies of nonprofit organisations', (Walter de Gruyter, Berlin)

Hansmann, H, (2003), 'The role of trust in nonprofit enterprises' in Anheier, H & Ben-Ner, A (Eds.), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

Hart C, (1998), 'Doing a literature review', (Sage, London)

Haugh, H (2005), 'A research agenda for social entrepreneurship', pp 1-12, Social Enterprise Journal, Vol.1, Issue 1, (Social Enterprise London, London)

Harvey, D. (1973), 'Social Justice and the City', (Arnold, London)

Healy, K (1998), 'The new institutionalism and Irish social policy' in Healy, S and Reynolds, B (Eds.), 'Social Policy In Ireland' (Oak Tree Press, Dublin)

Healy S & Reynolds B (1998), 'Social policy in Ireland', (Oak Tree Press, Dublin)

Helmig, B, Jergers, M and Lapsley, I (2004), 'Challenges in managing nonprofit organizations: a research overview' pp101-116, Voluntas: International Journal of Voluntary and Nonprofit Organizations, Vol.15, No.2 (International Society for Third-Sector Research and The John Hopkins University)

Henderson P & Thomas D (1981), 'Readings in Community Work', (George Allan & Unwin Limited, London)

Herman R.D. and Rendina, D (2001), 'Donor reactions to commercial activities of nonprofit organizations: an American case study', pp157-169, Voluntas: International Journal of Voluntary and Nonprofit Organizations, Vol.12, No.2 (International Society for Third-Sector Research and The John Hopkins University)

Hughes, P (2006), 'The economics of nonprofit organizations' pp429-450, Nonprofit Management & Leadership, Vol.16 No.4 (Wiley Periodicals Inc)

International Co-operative Alliance (2008, May 16th), http://www.ica.coop/coop/principles.html

Irish Co-operative Society (2005), 'Annual Report – 2004', (ICOS, Dublin)

Irish Co-operative Society (2006) 'History of ICOS' (ICOS, Dublin) http://www.icos.ie/about_ICOS/History_of_ICOS/

Irish League of Credit Unions (2006), 'Annual Report – 2005', (ILCU, Dublin)

James, E (1998), 'Commercialism among nonprofits: objectives, opportunities and constraints' in Weisbrod B.A. (Ed.) 'To profit or not to profit: The commercial transformation of the nonprofit sector' (Cambridge University Press, Cambridge)

Jessop, B (1994) 'Post-fordism and the state' in A Amin (Ed.) 'Post-fordism – a reader' pp251-279 (Blackwell, Oxford)

Jessop, B (1995), 'The regulation approach, governance and post-fordism: alternative perspectives on economic and political change?, Economy and Society, Vol 24 (3).

Jewson, N & MacGregor, S (Eds.) (1997), 'Transforming cities – contested governance and new spatial divisions' (Routledge, London)

Jones, D and Keogh, W (2006), 'Social enterprise: A case of terminological ambiguity and complexity', pp 11-26, Social Enterprise Journal, Vol.2, Issue 1 (Social Enterprise London, London)

Kearns, K (2000), 'Private sector strategies for social sector success – The guide to strategy and planning for public and nonprofit organisation', (Jossey-Bass, San Francisco)

Kerlin, J.A. (2006), 'Social enterprises in the United States and Europe; Understanding and learning from differences', pp247-263, Voluntas, Vol.17 (International Society for Third-Sector Research and the John Hopkins University)

Kingma, B.R. (2003), 'Public good theories of the nonprofit sector: Weisbrod revisited' in in Anheier, H & Ben-Ner, A (Eds.), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

Kirby, A. (1982), 'The Politics of Location', (Methuen, London)

Kirby, A. and Pinch, S. (1983), 'Territorial Justice and Service Allocation' in Pacione, M. (Ed.) 'Progress in Urban Geography' (Croom Helm, Beckenham)

Kirby P (2002), 'The Celtic Tiger: A Cautionary Tale of Economic Success and Social Failure in a Globalised World', (University of Sheffield, Sheffield) (presentation to the conference 'Towards a new political economy of development: globalisation and governance, 4-6 July 2002)

Kirk, G (1980), 'Urban planning in a capitalist society', (Croom Helm, London)

Kitchin, R & Tate, J (2000), 'Conducting Research in Human Geography: Theory, Methodology and Practice', (Pearson Education Limited, Essex)

Klein, PG (1999), 'New institutional economics', (University of Georgia, Georgia) http://pncyclo.findlaw.com/0530birk.pdf

Knox, P.L. (1972), 'Spatial Variations in Levels of Living in England and Wales in 1961', unpublished Ph.D. thesis, (Department of Geography, University of Sheffield, Sheffield)

Knox, P.L. (1974a), 'Social Indicators and the Concept of level of living', pp249-257, Sociological Review, Vol.22 (Blackwell Publishers, Oxford)

Knox, P.L. (1974b), 'Level of Living: a conceptual framework for monitoring regional variations in well-being', pp 11-19, Regional Studies, Vol.8 (Taylor & Francis, Oxford)

Knox, P.L. (1974c), 'Spatial variations in level of living in England and Wales in 1961', pp 1-24, Transactions, Vol.62 (Institute of British Geographers and Blackwell Publishers, Oxford)

Knox, P.L. (1975), 'Social Well-being: a spatial perspective', (Oxford University Press, London)

Knox, P.L. and MacLaran, A. (1978), 'Values and Perceptions in Descriptive Approaches to Urban Social Geography' in Herbert, D.T. and Johnston, R.J. (Eds.) 'Geography and the Urban Environment, Volume 1, Progress in Research and Applications', (John Wiley, Chichester)

Knox, P.L. and Pacione, M. (1980), 'Locational behaviour, place preferences and the inverse care law in the distribution of primary medical care' pp 43-55, Geoforum, Vol.11 (Elseiver, Orlando, Florida)

Kramer, R. M. (2004), 'Alternative paradigms for the mixed economy: will sector matter?' in Evers, A and Laville J-L (Eds.), 'The third sector in Europe', pp219-236 (Edward Elgar Publishing Limited, Cheltenham)

Laville, J-L and Nyssens, M (2001), 'The social enterprise: Towards a theoretical socio-economic approach' in Borzaga, C and Defourney, J (Eds.), The emergence of social enterprise' (Routledge, London)

Lawrence, S, Dia, G (2002), ' Foundation Yearbook', (New York, NY: The Foundation Center)

Lee, A (2003), 'Community development in Ireland', pp48-58, Community Development Journal, Vol.38 No.1 (Oxford University Press, Oxford)

Lewis, J (2004), 'The state and the third sector in modern welfare states: independence, instrumentality, partnership', in Evers, A and Laville J-L (Eds.), 'The third sector in Europe', (Edward Elgar Publishing Limited, Cheltenham)

Lloyd, P (2004), 'The European Union and its programme related to the third system' in Evers, A and Laville J-L (Eds.), 'The third sector in Europe', pp 188-205 (Edward Elgar Publishing Limited, Cheltenham)

McAleese D (2001), 'Economics for Business: competition, macro-stability and globalisation, 2nd Edition', (Pearson Education Limited, Essex)

McCarthy, O, Briscoe, R and Ward, M, (1998), 'Irish Agricultural Co-operatives: An Overview' (Centre for Co-operative Studies, UCC, Cork) see http://www.ucc.ie/acad/foodbus/CCS/DiscussionPapers/c_dp2_b.html

McCashin, A, O'Sullivan, E and Brennan, C (2002), 'The National Economic and Social Forum: social partnership and policy formulation in the Republic of Ireland', pp263-279, Policy and Politics, Vol.30 No.2 (Policy Press, Bristol)

McCracken K (2003), 'The Third Way: Post-ideology or Politics as Usual?', Refereed paper presented to the Australasian Political Studies Association Conference, University of Tasmania, Hobart, 29 September – 1 October 2003

McBrearty, S (2007), 'Social enterprise – a solution for the voluntary sector', pp 67-77, Social Enterprise Journal, Vol.3, Issue 1 (Social Enterprise London, London)

MacLaran, A. (1977), 'Spatial Variations in Levels of Living in Dundee', unpublished Ph.D. thesis, (Department of Geography, University of Dundee, Dundee)

MacLaran, A. (1981), 'Area-based positive discrimination and the distribution of well-being.', pp53-67 Transactions, Vol.6 (1) (Institute of British Geographers and Blackwell Publishers, Oxford)

MacLaran, A (1993), 'Dublin – the shaping of a capital' (Belhaven Press, London)

Mair, J and Noboa, E (2003), 'The emergence of social enterprises and their place in the new organizational landscape', Working Paper No. 523, (IESE Business School, University of Navarra, Barcelona)

Mansfield E (1999), 'Microeconomics: theory/application', (WW Norton & Company Inc, New York)

Meade. R and O'Donovan, O (2002), 'Corporatism and the ongoing debate about the relationship between the state and community development', pp1-9, Community Development Journal, Vol.37 No.1 (Oxford University Press, Oxford)

Mertens, S (1999), 'Nonprofit organisations and social economy: two ways of understanding the third sector', pp510-520, Annals of Public and Cooperative Economics, Vol.70 No.3 (CIRIEC and Blackwell Publishers, Oxford)

Minkler, L (1999), 'The problem with utility: Towards a non-consequentialist/utility theory synthesis', pp4-24, Review of Social Economy, Vol. LVII No.1 (The Association for Social economics and Routledge Press, London)

Moulaert, F (2000), 'Globalization and integrated area development in European Cities' (OUP, Oxford)

Moulaert, F, Rodriguez, A & Swyngedouw, E (Eds.) (2003), 'The globalized city – economic restructuring and social polarization in European Cities' (OUP, Oxford)

Moulaert, F & Ailenei, O (2005), 'Social economy, third sector and solidarity relations: a conceptual synthesis from history to present', Urban Studies, Volume 42, No. 11, pp2037 – 2053

Moulaert, F & Nussbaumer, J (2005), 'Defining the social economy and its governance at the neighbourhood level: a methodological reflection' Urban Studies, Volume 42, No. 11, pp2071-2088

Murphy, M (2002), 'Social partnership – 'is it the only game in town', pp80-90, Community Development Journal, Vol.37 No.1 (Oxford University Press, Oxford)

Norris, P (2002), 'Democratic Phoenix; Political activism worldwide', (Cambridge University Press, Cambridge)

O'Carroll, J.P. (2002), 'Cultural lag and democratic deficit in Ireland: Or "Dat's outside de terms of d'agreement" ', pp10-19, Community Development Journal, Vol.37 No.1 (Oxford University Press, Oxford)

O'Donnell R & Thomas D (1998), 'Partnership and policy making', in Healy S & Reynolds B (1998), 'Social policy in Ireland', (Oak Tree Press, Dublin)

OECD (2001), 'Best practices in local development', (LEED Programme, OECD, Geneva)

OECD (2003), 'The Non-profit Sector in a Changing Economy', (OECD, Paris)

O'Hara, P (2001), 'Ireland: social enterprises and local development' in Borzaga, C and Defourney, J (Eds.), 'The emergence of social enterprise' (Routledge, London)

Ortmann, A & Schlesinger, M (2003), 'Trust, repute and the role of nonprofit enterprise' in Anheier, H & Ben-Ner, A (Eds.), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

O'Shaughnessy, M (2000), 'Ireland's social enterprises' in Briscoe, R & Ward, M (Eds.) 'The Co-operatives of Ireland' (Centre for Co-operative Studies, NUI, Cork)

O'Shaughnessy, M (2005), 'National profiles of work integration social enterprises : Ireland', (EMES Project, Cork)

Passey, A and Lyons, M (2006), 'Nonprofits and Social Capital: Measurement through organisational surveys', pp 481-495, Nonprofit Management and Leadership, Vol.16 No.4 (Wiley Periodicals Inc.)

Paton, R (1992), 'The social economy: value-based organisations in the wider society' in Batsleer, J, Cornforth, C and Paton, R, 'Issues in voluntary and non-profit management' (Addison-Wesley Publishing Company, Milton Keynes)

Pearce, J (2003), 'Social enterprise in Anytown', (Calouste Gulbenkian Foundation, London)

Peck, J (2001), 'Neoliberalizing states: thin policies/hard outcomes', Progress in Human Geography, Vol. 25(3) pp445-455

Pinch, S. (1985), 'Cities and Services: the geography of collective consumption' (Routledge & Kegan Paul, London)

Pinch, S. (1979), 'Territorial Justice in the City: a case study of the social services for the elderly in Greater London' in Herbert, D.T. and Smith, D.M. (Eds.), 'Social Problems and the City: Geographical Perspectives' (Oxford University Press, Oxford)

Pitkin B (2001), 'Theories of Neighbourhood Change: implications for community development policy and practice', (UCLA Advanced Policy Institute, Los Angeles)

POBAL (2006), 'Community Services Programme – manual of accounting procedures and practices' (POBAL, Dublin)

Pobal (2008), 'List of CSP beneficiary companies' (Pobal, Dublin) http://www.pobal.ie/media/SortedbycountyWEBSIRECEBBeneficiaryContactListUpdatesJuly08.html

Powell, W.W. and DiMaggio, P.J. (Eds.) (1991), 'The new institutionalism in organisational analysis' (University of Chicago Press)

Putnam, R.D. (1995), Tuning In, Tuning Out: The strange disappearance of social capital in America', pp664-683, Political Science and Politics, Vol.28

Putnam R.D. (2000), 'Bowling Alone: the collapse and revival of American community', (Simon & Shuster, New York)

Reeves, E and Palcic, D (2004), 'Privatization Policy and Enterprise Performance: The case of Ireland', pp 525-548, Annals of Public and Cooperative Economics, Vol.75, No.4 (CIRIEC and Blackwell Publishing, Oxford)

Richter R (2001), 'New Economic Sociology and New Institutional Economics', (Centre for the Study of the New Institutional Economics, University of Saarland, Germany)

Ridley-Duff, R (2006), 'Social enterprise as a socially rational business', (Paper to Social Enterprise Research Conference, South Bank University, London)

Rose-Ackerman, S (1990), 'Efficiency, funding and autonomy in the third sector' in Anheier, H & Seibel, W (Eds.), 'the third sector: comparative studies of nonprofit organisations', (Walter de Gruyter, Berlin)

Salamon, L.M. (1995), 'Partners in public service: government-nonprofit relations in the modern welfare state', (John Hopkins University Press, Baltimore)

Salamon, L.M. (2002), 'Philanthropy, social economy, third sector: Definitions and concepts, myths and realities', (CDC, Paris)

Salamon, L.M. and Anheier, H.K. (1997), 'The challenge of definition: thirteen realities in search of a concept', in Salamon L.M. and Anheier, H.K. (Eds.), 'Defining the nonprofit sector: a cross-national analysis' (John Hopkins nonprofit sector series, No. 4), (Manchester University Press, Manchester)

Salamon, L.M. and Anheier, H (1999), 'The emerging sector revisited – a summary', (Center for Civil Studies, John Hopkins University, Baltimore MD)

Saris, J, Bartley, B, Kierans, C, Walsh, C & McCormick, P (2002), 'Culture and the state: institutionalising the 'underclass' in the new Ireland', City, Vol. 6(2) pp173-191

Sátre Ahlander, A-M (2001), 'The social economy: new co-operatives and public sector' pp413-433, Annals of Public and Cooperative Economics, Vol.72 No.3 (CIRIEC and Blackwell Publishers, Oxford)

Savage M, Warde E & Ward K (2003), 'Urban sociology, capitalism and modernity, 2nd Ed', (Palgrave Macmillan, Basingstoke UK)

Schumpeter, J.A. (1934), 'The theory of economic development' (Oxford University Press, New York)

Seanor, P and Meaton J (2007), 'Making sense of social enterprise', pp90-100, Social Enterprise Journal, Vol.3, Issue I (Social Enterprise London, London)

Seibel, W & Anheier, H, (1990) ' Sociological and political science approaches to the third sector' in Anheier, H & Seibel, W (Eds.), 'the third sector: comparative studies of nonprofit organisations', (Walter de Gruyter, Berlin)

Sjostrand, S-E (2000), 'The Organization of Nonprofit Activities' pp 199-216, Voluntas: International Journal of Voluntary and Nonprofit Organizations, Vol.11, No.3 (International Society for Third-Sector Research and The John Hopkins University)

Skloot, E (1987), 'Enterprise and commerce in nonprofit organisations' in Powell, W W (Ed.), 'The non profit sector – a research handbook', (Yale University Press, New Haven)

Slivinski, A (2003), 'The public goods theory revisited' in Anheier, H & Ben-Ner, A (Eds.), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

Smith A (1776, 1976), 'An inquiry into the nature and causes of the Wealth of Nations, Vol. 1', (Oxford University Press, Oxford)

Smith, D.M. (1977), 'Human Geography: a welfare approach' (Edward Arnold, London)

Smith, D.M. (1979), 'Where the Grass is Greener: Living in an Unequal World' (Pelican, Harmondsworth)

Smith, D.M. (1987), 'Geography, Inequality and Society' (Cambridge University Press, Cambridge)

Social Enterprise London (2001), 'Social enterprises – organisational development issues' (SEL, London)

Speckbacher, G (2008), 'Nonprofit Versus Corporate Governance: An Economic Approach', pp 295-320, Nonprofit Management & Leadership, Vol.18, No.3 (Wiley Periodicals Inc., New York)

Stahl G (1999), 'Still 'winning space': updating subcultural theory', Invisible Culture – an electronic journal for visual studies, http://www.rochester.edu/in_visible_culture/issue2/stahl.htm

Steinberg, R and Weisbrod B.A. (1998), 'Pricing and rationing with distributional objectives' in Weisbrod B.A. (Ed.) 'To profit or not to profit: The commercial transformation of the nonprofit sector' (Cambridge University Press, Cambridge)

Swyngedouw, E, Moulaert, F & Rodriguez, A (2003) ' The world is a grain of sand: large-scale urban development projects and the dynamics of 'Glocal' transformations' in Moulaert, F, Rodriguez, A & Swyngedouw, E (Eds.) 'The Globalized city – Economic restructuring and social polarization in European cities' pp9-28 (OUP, Oxford)

Teague, P (2006), 'Social Partnership and Local Development in Ireland: The limits to deliberation', pp421-443, British Journal of Industrial Relations' Vol.44 No.3 (Blackwell Publishing, Oxford)

Teague, P (2007), 'Developing the social economy in Ireland', International Journal of Urban and Regional Research, Volume 31 (1), pp91-108

Theuvsen, L (2004), 'Doing better while doing good: motivational aspects of pay-for-performance effectiveness in nonprofit organizations', pp117-136, Voluntas: International Journal of Voluntary and Nonprofit Organizations, Vol.15, No.2 (International Society for Third-Sector Research and The John Hopkins University)

Thompson, J.L. (2002), 'The world of the social entrepreneur' pp412-431, The International Journal of Public Sector Management, Vol.15, No. 5 (Emerald)

Tuckman H.P. (1998), 'Competition, commercialization, and the evolution of nonprofit organizational structures' in Weisbrod B.A. (Ed.) 'To profit or not to profit: The commercial transformation of the nonprofit sector' (Cambridge University Press, Cambridge)

Twelvetrees AC (1996), 'Organizing for community development: a comparative study of community based development, 2nd Ed.', (Avebury, Aldershot)

Varian H (2003), 'Intermediate Economics, 6th Edition', (WW Norton & Company Inc, New York)

Walsh, J (1998), 'Local Development and Local Government in the Republic of Ireland' pp329-341, Community Development Journal, Vol.37 No.1 (Oxford University Press, Oxford)
Ward, K (2003), 'Entrepreneurial urbanism: state restructuring and civilizing 'New' East Manchester', Area, Vol. 35(2) pp116-127

Ward, M (2000), 'The spirit of credit unions in Ireland', in Briscoe, R and Ward, M (Eds.), 'The Co-operatives of Ireland' (Centre for Co-operative Studies, University College Cork, Cork)

Weisbrod, B.A. (1975), 'Towards a theory of voluntary nonprofit sector in a three-sector economy', in Phelps, E, (Ed.) 'Altruism, morality and economic theory' (Russell Sage Foundation, New York)

Weisbrod B.A. (1998a) 'The nonprofit mission and its financing: growing links between nonprofits and the rest of the economy' in Weisbrod B.A. (Ed.) 'To profit or not to profit: The commercial transformation of the nonprofit sector' (Cambridge University Press, Cambridge)

Weisbrod, B.A. (1998b), 'Conclusions and public-policy issues: commercialism and the road ahead' in Weisbrod B.A. (Ed.) 'To profit or not to profit: The commercial transformation of the nonprofit sector' (Cambridge University Press, Cambridge)

Weisbrod B.A. (1998c), 'The Nonprofit Economy' (Harvard University Press, Cambridge MA)

Whitman D.G. (2000), 'Theories of Market Failure', (California State University Northridge) (lecture notes), http://www.csun.edu/3dgw61315/Ptlect10y.pdf

Williamson O (1971), 'The vertical integration of production: market failure considerations', American economic Association, LXI (2) May

Williamson O (1991), 'Comparative Economic Organisation: the analysis of discrete structural alternatives', Administrative Science Quarterly, 36(2), June

WRC Social and Economic Consultants (2003), 'Evaluation of the social economy programme' (WRC, Dublin)

Young, D (2001), 'Social enterprises in the United States: Alternative identities and forms' (EMES, Trento)

Young, D (2003a), 'New trends in the US Non-profit Sector: Towards market integration' in OECD, 'The Non-profit Sector in a Changing Economy', (OECD, Paris)

Young, D, (2003b), 'Entrepreneurs, managers and nonprofit enterprises' in Anheier, H & Ben-Ner, A (Eds.), 'The study of nonprofit enterprises – theories and approaches', (Kluwer Academic/Plenum Publishers, New York)

Appendix A

European Edge Cities Network Social Economy Mapping Exercise

Contents

Note to Edge Cities partners on the Social Economy Mapping Exercise – Introduction

Questionnaire

Note to Edge Cities partners on the Social Economy Mapping Exercise

Introduction

The Edge Cities Social Economy Sub Group at its meeting in Croydon on Thursday 16th September 2004 agreed to organise a mapping exercise of the social economy in the participating partner areas. This mapping exercise will be led by Fingal and will be organised and correlated by the BASE Enterprise Centre, Fingal. The following notes are aimed at giving guidelines to the partners to allow them to facilitate this mapping exercise in a short period of time. The objective is to have all questionnaires returned to Ken Germaine, BASE Enterprise Centre, **on or before Friday 29th October 2004**. If this is done then a summary report can be made to the Edge Cities Meeting in November. Your cooperation in ensuring the return of questionnaires by the closing date above is of the highest importance.

What should each partner do?

Each partner engaging with the mapping exercise should do the following:

- Appoint a staff member to coordinate the dissemination and collection of questionnaires (and translations if necessary)
- Translate the short questionnaire if necessary
- Identify the local organisations and individuals within each organisation who have the information required
- Disseminate the questionnaires
- Be available to explain the questionnaires and objectives to respondents
- Organise to collect the questionnaires and forward them to BASE.
- Translate the responses into English, if necessary.

Who should receive the questionnaires?

This social economy consists of many component parts. Some organisations operate in the mainstream economy; some operate within the healthcare sector, some operate within the childcare sector, others within the environmental sector. So in order to get a broad picture of the social economy in each partner area we are asking the relevant professionals working within each sector to be surveyed; for example:

- Social economy officers
- Enterprise Support Officer/Workers
- Environmental support staff
- Healthcare support officers/workers
- Childcare support officers/workers
- Community Development officers/workers
- Cooperative Development officers/workers

What do we want respondents to do?

Ideally we want each professional/officer/worker to fill in a sheet for each organisation that they know who meets the criteria set down (see note with questionnaire). They may fill it in themselves or get the relevant organisation to fill it in. However, we would ask that the respondents return the completed questionnaires to the local coordinator a week before the closing date for return of questionnaires, so that any translation work can be done.

How can questionnaires be returned?

We would ask that questionnaires be returned together, rather than one at a time. We would ask that the questionnaires be translated into English if necessary. Either hard copy or electronic copies of the completed

questionnaires can be returned. Please make back up copies just in case information gets lost in transit.

Where can further information or completed questionnaires be sent?

The survey is being coordinated by:

Ken Germaine,
BASE Enterprise Centre,
Ladyswell Road,
Mulhuddart,
Dublin 15,
Republic of Ireland.

Phone 00 353 1820 30 20
Fax 00 353 1820 94 69
E-mail germaink@tcd.ie

Closing date for return of questionnaires is **Friday 29th October 2004**

Edge Cities Network

Third System/Social Economy Mapping Exercise

Introduction

The Edge Cities Network is a network of local authorities and municipal authorities and associated organisations and agencies, interested in alleviating the marginalizing effects of living and working on the periphery of large capital cities.

One important area of interest to the network is the work of community and voluntary based organisations providing services to disadvantaged areas, or organisations who through their work capacity build those from disadvantaged backgrounds. The European Union would refer to those organisations as being part of the ***Third System***, but many refer to these organisations as being part of the ***social economy***. The Edge Cities Network uses the following definition; "Social Enterprises are competitive businesses, owned and trading for a social purpose. They seek to succeed as businesses by establishing a market share and making a profit. Social Enterprises combine the need to be successful businesses with social aims. They emphasise the long-term benefits for employees, consumers and the community."

This exercise is aimed at trying to map out those groups or organisations with an interest in this area. Many groups actively involve themselves in these activities but have not yet defined themselves as social enterprises. So, we are trying to develop a list of organisations who meet the criteria below and who could be defined as a ***'community of interest in meeting social objectives through economic activity'***. This survey is being sent to:

- Community Development Professionals in Edge Cities area
- Enterprise Support Professionals in Edge Cities area
- Social Economy Support Professionals in Edge Cities area

- Childcare Support Professionals in Edge Cities area
- Healthcare Support Professionals in Edge Cities area
- Environmental Support Professionals in Edge Cities area
- Co-operative Development Support Professionals in Edge Cities area

The aim is to include as many relevant community based organisations as possible that meet the following criteria and thus who can be described as being included in our community of interest as defined above. The criteria are as follows:

Any organisation that fulfils most of the following criteria should be included in the survey responses.

- Any community-based organisations with a **traded income.**
- The primary objective of the organisation is to achieve specific social objectives (although the organisation may operate a financial surplus)
- Is community based or owned (this excludes state agencies, semi-state organisations, local government organisations or private companies whose primary objective is for profit)
- That the organisation has a clearly identified community of interest which it is trying to assist or support
- Any organisation using intermediate-labour market programmes to achieve their objectives
- Any community or voluntary oriented organisation providing services through public sector contracts or tenders
- Any community or voluntary oriented organisations that charges for goods or services, even if only a small percentage of its income comes from this.
- The legal structure does not matter once the organisation is meeting the above criteria

We would ask that you fill in a response sheet for each organisation you identify as meeting the above criteria. We appreciate that you may get many questionnaires to complete, but this mapping exercise is important, as it will

assist the network in developing actions and programmes to support this growing sector.

If you have any questions or queries, or if you wish to return completed survey questionnaires, you can contact:

Kenneth Germaine,
BASE Enterprise Centre,
Ladyswell Road,
Mulhuddart,
Dublin 15,
Republic of Ireland.

Tel. 00 353 1820 30 20
Fax. 00 353 1820 94 69
e-mail info@base-centre.com
or
germaink@tcd.ie

Thank you for your co-operation

Edge Cities Network, Social Economy Mapping Exercise

Questionnaire

Name of Organisation _____

Address _____

_____

_____

Tel _____

e-mail _____

What is the main activity of the organisation? _____

_____

_____

_____

How many employees does it have? _____

What legal structure does the organisation have? _____

_____

_____

_____

Who runs/owns the organisation? _____

_____

_____

_____

Roughly what percentage of the organisations income is 'traded income' and from what general sources?

_____

_____

_____

_____

_____

Appendix B

Survey of policy and decision makers

Contents

Cover letter to interviewees

Notes of semi-structured interview

<Geography Department Headed Paper>

BASE Enterprise Centre,
Michael Galvin Building,
Ladyswell Road,
Mulhuddart,
Dublin 15.
Ph. 01-820 30 20

<date>

Dear <name>,

The third system or the social economy is an area of increasing interest which has seen policy impetus both at a European and National level in the past few years. I have worked in this sector for many years and as a result of my interest in this area I am conducting a thesis to PhD level on the underlying factors and effects of the system in the Irish context. As part of this research I am conducting interviews with a number of policy and decision makers who are, or have had, a responsibility for this area. As part of my research I am requesting an interview with you with regard to obtaining your opinions to certain questions relating to the third system or social economy. This will be a short semi-structured interview which will ascertain your opinions in relation to the following areas:

- Social influences on the system, specifically what social factors affect the development and operation of social enterprise in Ireland? These broad questions are being asked to get a context.
- The social economy itself. What underlying factors do you believe are driving the system.
- National and EU policy in relation to the social economy, what is the current policy strategy, is EU or national policy more influential, what role has social partnership had, and finally what are the lessons learned from the implementation of the National Social Economy Programme.
- The extent of what has been called the 'enterprise state', the role of market-driven factors like fiscal responsibility, value for money and PPP.
- The future direction; where does the social economy go from here.

This survey is for purely academic purposes; any statements made or information given will be used for purely statistical/analytical purposes. No cited quotations will be used without the expressed and prior consent of the respondent.

I would like the opportunity to phone you in a few days and ask that you consent to a short interview. Your assistance in this regard is most appreciated,

Regards,

Kenneth Germaine

Notes for semi-structures interviews with policy and decision makers

1. Social influences on the system, specifically what social factors affect the development and operation of social enterprise in Ireland?

- What do you see as the current policy priorities in relation to social policy and social inclusion policy?
- What do you see as the current economic policy priorities?

2. The social economy itself. What underlying factors do you believe are driving the system?

- How would you define the role of the social economy?
- What potential do you see for the social economy, especially in relation to the priorities already discussed?
- Who has driven the recent development in the social economy (EU, national or from within sector)?
- What do you perceive the contribution of the social economy in Ireland has been?
- Do you see the social economy as having a role in achieving social change/social justice?
- Do you think the social economy had developed and grown in the last 10 years?
- Do you think there is clarity amongst policy and decision makers regarding the social economy; its definition, role and contribution?

3. National and EU policy in relation to the social economy,

- What is the current national strategy in relation to the social economy?
- Would there have been a national impetus without EU policy?
- What role has social partnership played, if any, in relation to the development of the social economy in Ireland?
- What role has the NSEP programme played with regard to the social economy in Ireland?
- Has the NSEP been successful?
- What lessons have been learned from the NSEP?

4. The extent of what has been called the 'enterprise state'.

- What role does VFM now play in relation to government funded social programmes, especially those of interest to the social economy?
- Market failure is a term used to describe a situation where there are social needs in a community and the market for whatever reason cannot meet this demand. Can you recognise any situations where this exists and what options do you see for meeting this demand?

- What are the relative strengths and weaknesses of the social economy in meeting these needs, compared to the two main alternatives; direct public provision or contracting to the private sector?
- The Irish state operates within what academics call an enterprise state, where government is influenced by private sector ideas like, PPP, VFM and fiscal responsibility. Do you recognise this as true and do you see these as positive or negative influences and what are the implications for the social economy if any?

5. The future direction; where does the social economy go from here.

- What do you see as the future for the social economy in Ireland?
- What do you see as the future of the NSEP?
- What supports do you see the public sector providing for the social economy moving forward?
- Who should be responsible for policy in relation to the social economy; i.e., which government department, agencies etc.

Finally, do you have any comments or other points that you feel are relevant and we have not discussed?

Appendix C

Social economy networks questionnaire

Contents

Cover letter to social enterprises

Questionnaire

<Geography Department Headed Paper>

BASE Enterprise Centre,
Michael Galvin Building,
Ladyswell Road,
Mulhuddart,
Dublin 15.
Ph. 01-820 30 20

<date>

Dear Colleague,

It has been as a manager of a social enterprise and a member of several social economy networks that I developed an interest in learning more about the social economy in Ireland. To this end I am currently working on a thesis to PhD level in TCD with the objective of defining and examining the underlying factors and motivations driving the social economy in the Irish context. At the end of this process I would hope to develop a model of the social economy in Ireland that may help practitioners and policy makers alike understand the sector better.

As part of this process I am surveying the members of several social economy networks; all of whom are knowledgeable practitioners and can assist me in obtaining a broad picture of the system at the current time. This survey by questionnaire is for purely academic purposes; any statements made or information given will be used for purely statistical/analytical purposes. No cited quotations will be used without the expressed and prior consent of the respondent.

I am only too well aware of the numbers of surveys, questionnaires and reporting systems you are asked to complete on a regular basis. I would ask you to prioritise the completion and return of this short questionnaire. The report of this survey will be made available to the social economy networks and may be of practical use as baseline data for future plans, applications etc.

The questionnaire can be returned in person, by post, fax or e-mail to the contacts below. I am hoping to complete this survey before the end of <date>. Your assistance in this regard is greatly appreciated. If you have any questions or queries please feel free to contact me at the following contacts:

Kenneth Germaine, BASE Enterprise Centre, Ladyswell Road, Mulhuddart, Dublin 15.	Phone 00 353 1 820 30 20 Fax 00 353 1 820 94 69 E-mail germaink@tcd.ie

Regards,

Kenneth Germaine

Questionnaire of social economy networks in Ireland

This questionnaire is being conducted as part of a doctoral research thesis in the University of Dublin, Trinity College. The aim of this questionnaire is to assess the attitudes of members of social enterprise networks in Ireland, so as to help identify the underlying mechanisms at work in the Irish social economy. The questionnaires are purely for academic use and will not be used for any other purpose. No identifiable quotes will be used without your prior consent. If any of your responses are used to illustrate any point otherwise, then these comments will be cited anonymously. I appreciate that you may be asked to fill in many questionnaires but I would be grateful if you could make a special effort for this academic exercise. If you have any questions or queries please feel free to contact me on 01-8203020 or by e-mail at germaink@tcd.ie.

Thank you for your cooperation,
Kenneth Germaine,
Department of Geography,
TCD,
Dublin 2.

Name	Network
Organisation	Address
Phone	Fax
E-mail	
How long have you held your current position?	How long have you been involved in the social economy?

General details about your organisation

Q1 What goods and services do you provide?

Q2 What are the main social objectives of your organisation?

Q3 What target groups/communities of interest does your organisation serve?

_____

_____

_____

Q4 Why was this organisation established (was there a specific reason/event)?

_____

_____

_____

Q5 Why was the organisation established as a social enterprise?

_____

_____

_____

Q6 Do you use volunteers in any of the following capacities?

- On Board of Management ☐
- In management/supervision ☐
- Delivering goods and services ☐
- Fundraising ☐

Q7 What legal structure does your organisation have?

- Company limited by Guarantee ☐
- Company limited by shares ☐
- Co-operative ☐
- Mutual society ☐
- Trust ☐
- Other ☐

Q8 What is the composition of your Board?

Representing	Number(s)
Representatives of Target Group/Community of interest	
Local / Community Development organisations (Partnership companies, CDPs, CDTs etc.	
Local Authority or County/City Development Boards	
Government agencies (FAS, DSFA, City/County Enterprise Board, Health Authority etc.)	
Local Business or business networks	
Trade Unions/social partners	
Education (VEC, Institutes of Educations, schools etc.)	
Financial Institutions (Banks, Credit Unions etc.)	
Other, Please specify	
Total	

Funding mix

Q9 Can you give a rough breakdown of your funding mix?

Sources of Income	%
Direct or Traded income (from supply of goods and services)	
Public sector tenders or contracts	
Public sector Grant-aid	
Private donations/fundraising	
Other, please specify	

Q10 What are the sources of your grant aid?

_____

_____

_____

Q11 Can you give a projection of your direct/traded income for 2004?

€ _____

Attitudinal Questions

Q12 For a social enterprise, achieving social objectives is

More ☐ Less ☐ Equally as ☐

Important than achieving economic objectives.

Q13 Should campaigning for positive social change/social justice be of importance to a social enterprise?

Yes ☐ No ☐ Unsure ☐

Q14 The process of 'social partnership' has had a

Positive ☐ Negative ☐ Neutral ☐ No Opinion ☐

Influence on the development of social enterprise in Ireland.

Q15 In relation to volunteerism please tick true or false to the following comments?

	True	False	Unsure
Volunteerism has declined compared to 20 years ago.	☐	☐	☐
Patterns of volunteerism have changed in Ireland compared to 20 years ago.	☐	☐	☐
Today, volunteers are more discerning about the type of work they will do.	☐	☐	☐
Today, people will make a financial contribution rather than contribute time.	☐	☐	☐

Q16 In regard to the following set of questions are social enterprises stronger or weaker than other forms of social organisation with regard to...?

	Stronger	Weaker	Unsure
Delivering goods and services to disadvantaged groups	☐	☐	☐
Campaigning for social reform	☐	☐	☐

Sustaining community-based services	☐	☐	☐
Protecting social assets/buildings	☐	☐	☐
Empowering disadvantaged people/groups	☐	☐	☐
Providing a platform for public consultation	☐	☐	☐

Q17 Which of the following factors are important to the development of the social economy in Ireland, in your opinion? Please circle the number that most suits your opinion, where 1 is unimportant and 5 is very important; otherwise tick the 'unsure' box.

The existence of grant-aid to support the social economy

1 2 3 4 5 6 7 ☐ Unsure

Unimportant — Very Important

Strong 'community development' structures in the local area

1 2 3 4 5 6 7 ☐ Unsure

Unimportant — Very Important

Supportive/Pro-active local authorities

1 2 3 4 5 6 7 ☐ Unsure

Unimportant — Very Important

Effective local partnership arrangements

1 2 3 4 5 6 7 ☐ Unsure

Unimportant — Very Important

Strong links to local business organisations/chambers of commerce

1 2 3 4 5 6 7 ☐ Unsure

Unimportant — Very Important

Personal commitments from individuals or small groups of committed individuals

1 2 3 4 5 6 7 ☐ Unsure

Unimportant — Very Important

A strong sense of 'local community' or 'local cohesion'

1 2 3 4 5 6 7 ☐ Unsure

Unimportant — Very Important

Value for Money considerations

1 2 3 4 5 6 7

Unimportant — Very Important

☐ Unsure

Local political support by public representatives

1 2 3 4 5 6 7

Unimportant — Very Important

☐ Unsure

A situation where the market has failed to meet local needs.

1 2 3 4 5 6 7

Unimportant — Very Important

☐ Unsure

Appendix D

In-depth Case Studies

Contents

Cover letter to social enterprises

Notes of semi-structured interview

<Geography Department Headed Paper>

BASE Enterprise Centre,
Michael Galvin Building,
Ladyswell Road,
Mulhuddart,
Dublin 15.
Ph. 01-820 30 20

<date>

Dear <name>,

The third system or the social economy is an area of increasing interest which has seen policy impetus both at a European and National level in the past few years. I have worked in this sector for many years and as a result of my interest in this area I am conducting a thesis to PhD level on the underlying factors and effects of the system in the Irish context. As part of this research I am conducting a number of in-depth case studies on particular social enterprises. I am therefore hoping to conduct interviews with members of the relevant Board of Management/Directors. As part of my research I am requesting an interview with you with regard to obtaining your opinions to certain questions relating to the third system or social economy. This will be a short semi-structured interview which will ascertain your opinions in relation to the following areas:

- The rationale for the formation of your social enterprise
- The current operational position and short-term outlook of your social enterprise
- The future in the medium-long term

This survey is for purely academic purposes; any statements made or information given will be used for purely statistical/analytical purposes. No cited quotations will be used without the expressed and prior consent of the respondent.

I would like the opportunity to phone you in a few days and ask that you consent to a short interview. Your assistance in this regard is most appreciated,

Regards,

Kenneth Germaine

Notes for semi-structures interviews with Board members in case studies

The rationale for the formation of your social enterprise

- How long have you been involved with the social enterprise?
- What is your understanding of why the social enterprise was established?
- What target group/community of interest do you see as most important to the social enterprise?
- Who were the most important people/organisations behind the establishment of the social enterprise?
- In hindsight, what do you think motivated these people/organisations?
- Why do you believe the social enterprise was established as a social enterprise; as compared to another form of organisation?
- Where there any specific 'local-factors' in the establishment of the social enterprise?

The current operational position and short-term outlook of your social enterprise

- How effective is the social enterprise in achieving its aims?
- All social enterprises have social and economic objectives. Can you identify the main social and economic objectives of the social enterprise?
- Is the social enterprise financially stable at present?
- Are there any elements of the current funding mix over which you have concerns?
- What influence has social partnership had on the social enterprise in your opinion?
- Are there any specific social changes over the past few years that are changing the mission or operations of the social enterprise?
- Did the NSEP have an effect on the social enterprise, and if so what type of influence did it have?
- Who do you think is driving the social enterprise at the moment?
- What keeps driving the social enterprise?
- Market failure is a term used to describe a situation where there are social needs in a community and the market for whatever reason cannot meet this demand. Do you see the social enterprise as operating in a market failure situation, or what part of its operations is 'market-failure' driven?

The future in the medium-long term

- What future do you see for the social enterprise?
- How will financial sustainability be achieved?
- If a surplus is generated, what uses will it be put to?
- What support can the government be in the future to the social enterprise?

- Do you fear that economic considerations may overrun the social mission of the social enterprise, and if so how can this be addressed?
- What future do you see for the social economy generally in Ireland?

Finally, do you have any comments or other points that you feel are relevant and we have not discussed?

Appendix E

Geographic breakdown by county for Social Economy Network Survey

Dublin

Dublin City
Dublin County

Rest of East

Meath
Louth
Kildare
Wicklow
Wexford
Carlow

Midlands

Kilkenny
Offaly
Laois
Westmeath
Longford

Northwest

Donegal
Monaghan
Leitrim
Cavan
Sligo

South

Cork
Waterford
Kerry
Tipperary

West

Galway
Limerick
Roscommon
Mayo
Clare

Appendix F

Statistical tables for survey of social enterprises within social economy networks
Chapter 7

Table F.1 - Frequency distribution of respondents by county

County	Population	Total number of social enterprises identified	Number of social enterprises that returned the questionnaire	Response Rate in %
Carlow	50349	3	0	0.00
Cavan	64003	7	2	0.29
Clare	110950	7	1	0.14
Cork	481295	11	4	0.36
Donegal	147264	18	6	0.33
Dublin	1187176	61	26	0.43
Galway	231670	13	5	0.38
Kerry	139835	11	5	0.45
Kildare	186335	6	2	0.33
Kilkenny	87558	4	2	0.50
Laois	67059	4	2	0.50
Leitrim	28950	12	5	0.42
Limerick	184055	6	1	0.17
Longford	34391	2	0	0.00
Louth	111267	9	3	0.33
Mayo	123839	19	5	0.26
Meath	162831	6	5	0.83
Monaghan	55997	4	2	0.50
Offaly	70868	9	3	0.33
Roscommon	58768	13	6	0.46
Sligo	60894	5	1	0.20
Tipperary	149244	6	1	0.17
Waterford	107961	5	3	0.60
Westmeath	79346	12	1	0.08
Wexford	131749	16	5	0.31
Wicklow	126194	12	6	0.50
Total	**4239848**	**281**	**102**	**0.36**

Table F.2 – Frequency distribution of respondents by region

	Frequency	Percentage of total respondents	Valid Percent
Dublin	26	25.5	25.5
Rest of east coast	19	18.6	18.6
Midlands	7	6.9	6.9
West	15	14.7	14.7
South	17	16.7	16.7
North-west	18	17.6	17.6
Total	**102**	**100.0**	**100.0**

Table F.3 – Frequency distribution of respondents by urban/rural location

	Frequency	Percentage of total respondents	Valid Percent
Urban	41	40.2	40.2
Rural	61	59.8	59.8
Total	**102**	**100.0**	**100.0**

Figure F.1 – Frequency of role of respondent within social enterprise

	Number
Manager	76
Assistant Manager/Administrator	11
Board member	3
Not specified	12
Total	**102**

Table F.4 – Frequency of duration of involvement in respondent social enterprise (Question i)

	Frequency	Percentage of total respondents	Valid Percent
Under 1 year	8	7.8	8.2
1-3 years	32	31.4	32.7
4-6 years	37	36.3	37.7
7 years or greater	21	20.6	21.4
Not disclosed	4	3.9	0
Total	**102**	**100.0**	**100.0**

Table F.5 – Frequency of duration of involvement in the Social Economy (Question ii)

	Frequency	Percentage of total respondents	Valid Percent
Under 1 year	4	3.9	4.1
1-3 years	29	28.4	29.6
4-6 years	49	48.0	50
7 years	16	15.7	16.3
Not disclosed	4	3.9	0
Total	**102**	**100.0**	**100.0**

Table F.6 – Frequency of main good or service provided by respondent social enterprise (Question 1)

	Frequency	Percentage of total respondents	Valid Percent
Tourism/cultural/heritage and recreation	28	27.5	27.5
Enterprise/employment service or centre	8	7.8	7.8
General service including transport	34	33.3	33.3
Community centre/facility	16	15.7	15.7
Childcare/education and training	16	15.7	15.7
Total	**102**	**100.0**	**100.0**

Table F.7 – Frequency of main social objective identified by social enterprise (Question 2)

	Frequency	Percentage of total respondents	Valid Percent
Community development and facilities	21	20.6	20.6
Education, training and childcare	12	11.8	11.8
Local economic/enterprise development	26	25.5	25.5
Promote tourism, heritage, recreation and arts	24	23.5	23.5
Provide general services to the community	19	18.6	18.6
Total	**102**	**100.0**	**100.0**

Table F.8 – Frequency of whether a specific main target group was identified by social enterprise (Question 3)

	Frequency	Percentage of total respondents	Valid Percent
Community/general public	64	62.7	62.7
Established for specific target group	36	35.3	35.3
Not disclosed	2	2.0	2.0
Total	**102**	**100.0**	**100.0**

Table F.9 – Frequency as to whether there a specific reason/event resulting in the establishment of social enterprise (Question 4)

	Frequency	Percentage of total respondents	Valid Percent
Yes	19	18.6	18.8
No	82	80.4	81.2
Not disclosed	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.10 – Frequency as to why the organisation was established as a social enterprise? (Question 5)

	Frequency	Percentage of total respondents	Valid Percent
To benefit from funding/grants/increased income	35	34.3	37.2
In order to respond to social needs	34	33.3	36.2
The structure naturally suited the needs of the organisation	10	9.8	10.6
Creating employment/retaining staff	15	14.7	16.0
Did not disclose	8	7.9	0
Total	**102**	**100**	**100**

Table F.11 - Frequency as to the use of volunteers on boards of directors or management (Question 6a)

	Frequency	Percentage of total respondents	Valid Percent
Yes	96	94.1	98.0
No	2	2.0	2.0
Not disclosed	4	3.9	0
Total	**102**	**100.0**	**100.0**

Table F.12 – Frequency as to the use of volunteers in the operations of the social enterprise (Question 6b)

	Frequency	Percentage of total respondents	Valid Percent
Yes	38	37.3	38
No	62	60.8	62
not disclosed	2	2.0	0
Total	**102**	**100.0**	**100.0**

Table F.13 – Frequency as to the legal structure used by respondent social enterprises (Question 7)

	Frequency	Percentage of total respondents	Valid Percent
Company limited by guarantee	87	85.3	86.1
Company limited by shares	5	4.9	5.0
Co-operative	6	5.9	5.9
Trust	1	1.0	1.0
Other	2	2.0	2.0
Not disclosed	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.14 – Frequency as to the sectoral composition of the boards of management/directors of respondent social enterprises (Question 8)

Sector	Frequency	Percentage of total respondents
Community/voluntary	431	46.4
Local development	102	10.9
Local Authority	51	5.6
Public agencies	55	6
Private sector	140	15
Trade Unions	6	0.6
Education sector	33	3.5
Financial institutions	18	2
Other (incl. Public reps)	93	10
Totals	**929**	**100**

Table F.15 – Frequency of the main income source of respondent social enterprises (summary of Question 9)

	Frequency	Percentage of total respondents	Valid Percent
Traded income	26	25.5	26.3
Grants/others	73	71.6	73.7
Not disclosed	3	2.9	0
Total	**102**	**100.0**	**100.0**

Table F.16 – Frequency of traded income as proportion of total income (Question 9a)

	Frequency	Percentage of total respondents	Valid Percent
>25%	41	40.2	41.8
26-50%	38	37.3	38.8
51-74%	10	9.8	10.2
>75%	4	3.9	4.1
100%	5	4.9	5.1
Not disclosed	4	3.9	0
Total	**102**	**100.0**	**100.0**

Table F.17 – Frequency of grant aid as proportion of total income (Question 9b)

	Frequency	Percentage of total respondents	Valid Percent
>25%	11	10.8	11.2
26-50%	19	18.6	19.4
51-74%	36	35.3	36.7
>75%	32	31.4	32.7
Not disclosed	4	3.9	0
Total	**102**	**100.0**	**100.0**

Table F.18 – Frequency of public-sector contracts as proportion of total income (Question 9c)

	Frequency	Percentage of total respondents	Valid Percent
None	87	85.3	86.1
>25%	13	12.7	12.9
26-50%	1	1.0	1.0
Not disclosed	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.19 – Frequency of donations as proportion of total income (Question 9d)

	Frequency	Percentage of total respondents	Valid Percent
None	70	68.6	69.3
>25%	30	29.4	29.7
26-50%	1	1.0	1.0
Not disclosed	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.20 – Frequency of other income sources as proportion of total income (Question 9e)

	Frequency	Percentage of total respondents	Valid Percent
None	99	97.0	98.0
>25%	1	1.0	1.0
26-50%	1	1.0	1.0
Not disclosed	1	1.0	0
Total	**102**	**100.0**	**100.0**

Figure F.2 – Identity of main sources of grant aid (Question 10)

	Number of times identified by respondents
Pobal/Community Services Programme	88
Local authorities	26
APCs/Leader Companies	14
Health Service Executive (HSE)	14
Rural Transport Initiative	3
Department of Justice, Equality and Law Reform	2
Other grant aid sources	29
Number of respondent social enterprises (n) = 102	

Table F.21 – Frequency of projected total income per social enterprise for 2006 (Question 11)

	Frequency	Percentage of total respondents	Valid Percent
Under €20K	7	6.9	12.5
€20-50K	9	8.8	16.1
€51-100k	15	14.7	26.8
€101-200k	14	13.7	25.0
€201-300k	4	3.9	7.1
Greater than €300k	7	6.9	12.5
Not disclosed	46	45.1	0
Total	**102**	**100.0**	**100.0**

Table F.22 – Frequency of the relative importance of achieving social objectives for social enterprises (Question 12)

	Frequency	Percentage of total respondents	Valid Percent
More	41	40.2	41.0
Less	1	1.0	1.0
Equally as	58	56.9	58.0
Not disclosed	2	2.0	0
Total	**102**	**100.0**	**100.0**

Table F.23 – Frequency of the relative importance of campaigning for positive social change/social justice for social enterprises (Question 13)

	Frequency	Percentage of total respondents	Valid Percent
Yes	84	82.4	82.4
No	5	4.9	4.9
Unsure	13	12.7	12.7
Total	**102**	**100.0**	**100.0**

Table F.24 – Frequency as to the relative influence of social partnership for social enterprise in Ireland (Question 14)

	Frequency	Percentage of total respondents	Valid Percent
Positive	66	64.7	66.0
Negative	2	2.0	2.0
Neutral	15	14.7	15.0
No opinion	17	16.7	17.0
Not answered	2	2.0	0
Total	**102**	**100.0**	**100.0**

Table F.25 – Frequency of responses to the statement that 'Volunteerism has declined compared to 20 years ago' (Question 15a)

	Frequency	Percentage of total respondents	Valid Percent
True	71	69.6	70.3
False	12	11.8	11.9
Unsure	18	17.6	17.8
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.26 – Frequency of responses to the statement that 'Patterns of volunteerism have changed compared to 20 years ago' (Question 15b)

	Frequency	Percentage of total respondents	Valid Percent
True	83	81.4	82.2
False	4	3.9	4.0
Unsure	14	13.7	13.8
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.27 – Frequency of responses to the statement that 'Volunteers are more discerning about the type of work they will do' (Question 15c)

	Frequency	Percentage of total respondents	Valid Percent
True	83	81.4	82.2
False	5	4.9	4.9
Unsure	13	12.7	12.9
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.28 – Frequency of responses to the statement that 'Volunteers will make a financial contribution rather than contribute time' (Question 15d)

	Frequency	Percentage of total respondents	Valid Percent
True	55	53.9	54.5
False	13	12.7	12.9
Unsure	33	32.4	32.6
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.29 – Frequency of responses as to the relative strength of social enterprises with regard to the delivery of goods and service (Question 16a)

	Frequency	Percentage of total respondents	Valid Percent
Stronger	80	78.4	79.2
Weaker	4	3.9	4.0
Unsure	17	16.7	16.8
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.30 – Frequency of responses as to the relative strength of social enterprises at campaigning for social reform (Question 16b)

	Frequency	Percentage of total respondents	Valid Percent
Stronger	47	46.1	46.5
Weaker	25	24.5	24.8
Unsure	29	28.4	28.7
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.31 – Frequency of responses as to the relative strength of social enterprises at sustaining community services (Question 16c)

	Frequency	Percentage of total respondents	Valid Percent
Stronger	84	82.4	83.2
Weaker	7	6.9	6.9
Unsure	10	9.8	9.9
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.32 – Frequency of responses as to the relative strength of social enterprises at protecting social assets (Question 16d)

	Frequency	Percentage of total respondents	Valid Percent
Stronger	59	57.8	59.0
Weaker	10	9.8	10.0
Unsure	31	30.4	31.0
Not answered	2	2.0	0
Total	**102**	**100.0**	**100.0**

Table F.33 – Frequency of responses as to the relative strength of social enterprises at empowering disadvantaged groups/individuals (Question 16e)

	Frequency	Percentage of total respondents	Valid Percent
Stronger	72	70.6	72.0
Weaker	9	8.8	9.0
Unsure	19	18.6	19.0
Not answered	2	2.0	0
Total	**102**	**100.0**	**100.0**

Table F.34 – Frequency of responses as to the relative strength of social enterprises as a platform for public consultation (Question 16f)

	Frequency	Percentage of total respondents	Valid Percent
Stronger	48	47.1	47.6
Weaker	17	16.7	16.8
Unsure	36	35.3	35.6
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.35 – Comparison of the frequencies of those who thought that social enterprises were 'stronger' as compared to other community-based organisations in the sub questions raised in Question 16

	Frequency	Percentage
Sustaining community services	84	83.2
Delivering goods and services to disadvantaged individuals and communities	80	79.2
Empowering disadvantaged individuals or communities	72	72
Protecting social assets and buildings	59	59
A platform for public consultation	48	47.6
In campaigning for social change	47	46.5

Table F.36 – Frequency of responses as to the relative importance of the existence of grant aid for the social economy (Question 17a)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	1	1.0	1.0
Marginally important	1	1.0	1.0
Neutral	3	2.9	3.0
Somewhat important	8	7.8	7.9
Important	13	12.7	12.9
Very important	75	73.5	74.2
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.37 – Frequency of responses as to the relative importance of local community development structures for social economy (Question 17b)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	2	2.0	2.0
Not very important	3	2.9	3.0
Neutral	2	2.0	2.0
Somewhat important	19	18.6	19.0
Important	18	17.6	18.0
Very important	55	53.9	55.0
Unsure	1	1.0	1.0
Not answered	2	2.0	0
Total	**102**	**100.0**	**100.0**

Table F.38 – Frequency of responses as to the relative importance of supportive local authorities for social economy (Question 17c)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	2	2.0	2.0
Not very important	4	3.9	4.0
neutral	7	6.9	6.9
Somewhat important	15	14.7	14.8
Important	24	23.5	23.8
Very important	47	46.1	46.5
Unsure	2	2.0	2.0
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.39 – Frequency of responses as to the importance of local partnership arrangements for social economy (Question 17d)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	1	1.0	1.0
Marginally important	1	1.0	1.0
Not very important	5	4.9	5.1
Neutral	6	5.9	6.1
Somewhat important	22	21.6	22.2
Important	22	21.6	22.2
Very important	38	37.3	38.4
Unsure	4	3.9	4.0
Not answered	3	2.9	0
Total	**102**	**100.0**	**100.0**

Table F.40 – Frequency of responses as to the importance of links to business for social economy (Question 17e)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	2	2.0	2.0
Marginally important	1	1.0	1.0
Not very important	10	9.8	9.9
Neutral	15	14.7	14.8
Somewhat important	18	17.6	17.8
Important	19	18.6	18.8
Very important	32	31.4	31.7
Unsure	4	3.9	4.0
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.41 – Frequency of responses as to the importance of personal commitment individuals/groups for the social economy (Question 17f)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	1	1.0	1.0
Marginally important	2	2.0	2.0
Not very important	3	2.9	3.0
Neutral	5	4.9	4.9
Somewhat important	11	10.8	10.9
Important	23	22.5	22.8
Very important	54	52.9	53.4
Unsure	2	2.0	2.0
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.42 – Frequency of responses as to\the importance of strong local community or local cohesion for the social economy (Question 17g)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	3	2.9	3.0
Marginally important	1	1.0	1.0
Not very important	1	1.0	1.0
Neutral	5	4.9	4.9
Somewhat important	15	14.7	14.9
Important	20	19.6	19.8
Very important	55	53.9	55.4
Unsure	1	1.0	1.0
Not answered	1	1.0	0
Total	**102**	**100.0**	**100.0**

Table F.43 – Frequency of responses as to the importance of value for money considerations for social economy (Question 17h)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	1	1.0	1.0
Marginally important	1	1.0	1.0
Not very important	6	5.9	6.0
Neutral	10	9.8	10.0
Somewhat important	19	18.6	19.0
Important	18	17.6	18.0
Very important	40	39.2	40.0
Unsure	5	4.9	5.0
Not answered	2	2.0	0
Total	**102**	**100.0**	**100.0**

Table F.44 – Frequency of responses as to the importance of local political support for the social economy (Question 17i)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	6	5.9	6.0
Marginally important	3	2.9	3.0
Not very important	7	6.9	7.0
Neutral	7	6.9	7.0
Somewhat important	29	28.4	29.0
Important	11	10.8	11.0
Very important	34	33.3	34.0
Unsure	3	2.9	3.0
Not answered	2	2.0	0
Total	**102**	**100.0**	**100.0**

Table F.45a – Frequency of responses as to the importance of market failures for social enterprises (Question 17j)

	Frequency	Percentage of total respondents	Valid Percent
Unimportant	2	2.0	2.0
Marginally important	2	2.0	2.0
Not very important	3	2.9	3.0
Neutral	10	9.8	10.0
Somewhat important	12	11.8	12.0
Important	21	20.6	21.0
Very important	42	41.2	42.0
Unsure	8	7.8	8.0
Not answered	2	2.0	0
Total	**102**	**100.0**	**100.0**

Table F.45b – Combined frequency of responses as to the importance of market failures for social enterprises (Question 17j)

	Frequency	Percent	Valid Percent
Important	75	73.5	75
Unimportant	7	6.9	7
Neutral/unsure	18	17.6	18
Not disclosed	2	2.0	0
Total	**102**	**100.0**	**100.0**

Figure F.3 – Aggregate percentage of 'very important' and 'important' responses to sub questions raised in Question 17 rated by priority

	%
The existence of grant aid	87.1
Personal commitment by individual/group	76.2
Strong sense of local community/local cohesion	74.3
Strong local development structures	73
Proactive local authorities	70.3
Addressing market failures	63
Strong local partnership arrangements	61.3
Value-for-money considerations	58
Links to business	50.5
Local political support	45

Table F.46 – Crosstabulation of main good or service provided by respondent social enterprises by region

	Dublin	Rest of east coast	Midlands	West	South	North-west	**Total**
Tourism/cultural/heritage and recreation	3	3	4	6	4	8	**28**
Enterprise/employment service or centre	5	3	0	0	0	0	**8**
General service including transport	6	5	2	8	6	7	**34**
Community centre/facility	7	3	1	1	2	2	**16**
Childcare/education and training	5	5	0	0	5	1	**16**
Total	**26**	**19**	**7**	**15**	**17**	**18**	**102**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	33.405[a]	20	.030
Likelihood Ratio	39.073	20	.007
Linear-by-Linear Association	3.569	1	.059
N of Valid Cases	102		

a. 23 cells (76.7%) have expected count less than 5. The minimum expected count is .55.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Nominal by Nominal	Phi	.572			.030
	Cramer's V	.286			.030
Interval by Interval	Pearson's R	-.188	.095	-1.914	.058[c]
Ordinal by Ordinal	Spearman Correlation	-.189	.096	-1.925	.057[c]
N of Valid Cases		102			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Table F.47 – Crosstabulation between good or service provided by respondent social enterprise and the main income source of the social enterprise

	Traded	Grants/others	**Total**
Tourism/cultural/heritage and recreation	8	19	**27**
Enterprise/employment service or centre	6	2	**8**
General service including transport	4	30	**34**
Community centre/facility	4	12	**16**
Childcare/education and training	4	10	**14**
Total	**26**	**73**	**99**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.713[a]	4	.008
Likelihood Ratio	12.816	4	.012
N of Valid Cases	99		

a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 2.10.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.372	.008
	Cramer's V	.372	.008
	N of Valid Cases	99	

a. Correlation statistics are available for numeric data only.

Table F.48 – Crosstabulation between main good or service provided by respondent social enterprises and whether they were located in an urban or rural area

	Urban	Rural	**Total**
Tourism/cultural/heritage and recreation	6	22	**28**
Enterprise/employment service or centre	7	1	**8**
General service including transport	10	24	**34**
Community centre/facility	8	8	**16**
Childcare/education and training	10	6	**16**
Total	**41**	**61**	**102**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.145[a]	4	.002
Likelihood Ratio	17.785	4	.001
N of Valid Cases	102		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 3.22.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.410	.002
	Cramer's V	.410	.002
	N of Valid Cases	102	

a. Correlation statistics are available for numeric data only.

Table F.49 – Crosstabulation between main social objective identified and the relative importance of market failure for social enterprises

	Important	Unimportant	Neutral/unsure	Total
Community development and facilities	16	1	3	**20**
Education, training and childcare	8	1	3	**12**
Local economic/enterprise development	19	3	4	**26**
Promote tourism, heritage, recreation and arts	18	2	3	**23**
General services to the community	14	0	5	**19**
Total	**75**	**7**	**18**	**100**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.131[a]	8	.845
Likelihood Ratio	5.259	8	.730
N of Valid Cases	100		

a. 10 cells (66.7%) have expected count less than 5. The minimum expected count is .84.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.203	.845
	Cramer's V	.144	.845
	N of Valid Cases	100	

a. Correlation statistics are available for numeric data only.

Table F.50 – Crosstabulation between main social objective identified by social enterprises and the main income source of the social enterprises

	Traded	Grants/others	**Total**
Community development and facilities	4	16	**20**
Education, training and childcare	4	7	**11**
Local economic/enterprise development	11	15	**26**
Promote tourism, heritage, recreation and arts	5	18	**23**
General services to the community	2	17	**19**
Total	**26**	**73**	**99**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.114[a]	4	.130
Likelihood Ratio	7.271	4	.122
N of Valid Cases	99		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 2.89.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.268	.130
	Cramer's V	.268	.130
	N of Valid Cases	99	

a. Correlation statistics are available for numeric data only.

Table F.51 – Crosstabulation between main social objective identified by social enterprises and whether they are located in urban or rural areas

	Urban	Rural	**Total**
Community development and facilities	11	10	**21**
Education, training and childcare	7	5	**12**
Local economic/enterprise development	12	14	**26**
Promote tourism, heritage, recreation and arts	7	17	**24**
General services to the community	4	15	**19**
Total	**41**	**61**	**102**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.434[a]	4	.115
Likelihood Ratio	7.669	4	.104
N of Valid Cases	102		

a. 1 cells (10.0%) have expected count less than 5. The minimum expected count is 4.82.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.270	.115
	Cramer's V	.270	.115
	N of Valid Cases	102	

a. Correlation statistics are available for numeric data only.

Table F.52 – Crosstabulation between the main social objective identified by the social enterprises and their location on a regional basis

	Dublin	Rest of east coast	Midlands	West	South	North-west	**Total**
Community development and facilities	7	6	1	3	2	2	**21**
Education, training and childcare	3	3	0	0	5	1	**12**
Local economic/enterprise development	10	4	3	3	3	3	**26**
Promote tourism, heritage, recreation and arts	4	3	1	5	3	8	**24**
General services to the community	2	3	2	4	4	4	**19**
Total	**26**	**19**	**7**	**15**	**17**	**18**	**102**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.624[a]	20	.259
Likelihood Ratio	24.668	20	.214
N of Valid Cases	102		

a. 27 cells (90.0%) have expected count less than 5. The minimum expected count is .82.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.481	.259
	Cramer's V	.241	.259
	Contingency Coefficient	.434	.259
	N of Valid Cases	102	

a. Correlation statistics are available for numeric data only.

Table F.53 – Crosstabulation between main income source and whether the social enterprises were located in an urban or rural area

	Urban	Rural	Total
Traded	17	9	**26**
Grants/others	23	50	**73**
Total	**40**	**59**	**99**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	9.138[a]	1	.003		
Continuity Correction[b]	7.785	1	.005		
Likelihood Ratio	9.060	1	.003		
Fisher's Exact Test				.005	.003
N of Valid Cases	99				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.51.

b. Computed only for a 2x2 table

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.304	.003
	Cramer's V	.304	.003
	N of Valid Cases	99	

a. Correlation statistics are available for numeric data only.

Table F.54 – Crosstabulation between the main income source of the social enterprises examined and whether respondents felt that social enterprises were stronger or weaker than other community-based organisations in the delivery of goods and services

	Stronger	Weaker	Unsure	Total
Traded	21	1	4	**26**
Grants/others	58	2	12	**72**
Total	**79**	**3**	**16**	**98**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.451[a]	3	.930
Likelihood Ratio	.700	3	.873
N of Valid Cases	99		

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .26.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.067	.930
	Cramer's V	.067	.930
	N of Valid Cases	99	

a. Correlation statistics are available for numeric data only.

Table F.55 - Crosstabulation between the main income source of the social enterprises examined and whether there was a specific reason/event for the establishment of the social enterprise

	Yes	No	Total
Traded	6	20	**26**
Grants/others	13	59	**72**
Total	**19**	**79**	**98**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.308[a]	1	.579		
Continuity Correction[b]	.071	1	.790		
Likelihood Ratio	.300	1	.584		
Fisher's Exact Test				.574	.385
N of Valid Cases	98				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.04.

b. Computed only for a 2x2 table

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.056	.579
	Cramer's V	.056	.579
	N of Valid Cases	98	

a. Correlation statistics are available for numeric data only.

Table F.56 – Crosstabulation between the main income source of the social enterprises examined and whether they were established for a specific target group

	Community/general public	Established for specific target group	Total
Traded	15	10	**25**
grants/others	47	25	**72**
Total	**62**	**35**	97

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.224[a]	1	.636		
Continuity Correction[b]	.054	1	.817		
Likelihood Ratio	.222	1	.637		
Fisher's Exact Test				.638	.405
N of Valid Cases	97				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.02.

b. Computed only for a 2x2 table

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	-.048	.636
	Cramer's V	.048	.636
	N of Valid Cases	97	

a. Correlation statistics are available for numeric data only.

Table F.57 - Crosstabulation between the main income source of the social enterprises examined and their regional location

	Dublin	Rest of east coast	Midlands	West	South	North-west	Total
Traded	10	7	2	0	6	1	**26**
Grants/others	16	11	5	15	10	16	**73**
Total	**26**	**18**	**7**	**15**	**16**	**17**	**99**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.531[a]	5	.019
Likelihood Ratio	18.150	5	.003
N of Valid Cases	99		

a. 5 cells (41.7%) have expected count less than 5. The minimum expected count is 1.84.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.370	.019
	Cramer's V	.370	.019
	N of Valid Cases	99	

a. Correlation statistics are available for numeric data only.

Table F.58 – Crosstabulation between the main income source of the social enterprises examined and the length of service of the respondent

	Under 1 year	1-3 years	4-6 years	Greater than 7 years	Total
Traded	3	6	9	7	**25**
Grants/others	4	25	27	14	**70**
Total	**7**	**31**	**36**	**21**	**95**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.328[a]	3	.507
Likelihood Ratio	2.259	3	.520
N of Valid Cases	95		

a. 1 cells (12.5%) have expected count less than 5. The minimum expected count is 1.84.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.157	.507
	Cramer's V	.157	.507
	N of Valid Cases	95	

a. Correlation statistics are available for numeric data only.

Table F.59 – Crosstabulation between the regional location of the social enterprises examined and the importance of market failure as a rationale for social enterprises

	Important	Unimportant	Neutral/unsure	Total
Dublin	21	2	3	**26**
Rest of east coast	13	2	3	**18**
Midlands	4	0	3	**7**
West	12	0	3	**15**
South	13	1	3	**17**
North-west	12	2	3	**17**
Total	**75**	**7**	**18**	**100**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.164[a]	10	.801
Likelihood Ratio	6.979	10	.727
Linear-by-Linear Association	.236	1	.627
N of Valid Cases	100		

a. 12 cells (66.7%) have expected count less than 5. The minimum expected count is .49.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Nominal by Nominal	Phi	.248			.801
	Cramer's V	.176			.801
Interval by Interval	Pearson's R	.049	.094	.484	.629[c]
Ordinal by Ordinal	Spearman Correlation	.054	.096	.538	.592[c]
N of Valid Cases		100			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Table F.60 – Crosstabulation between the main good or service provided by the social enterprises examined and the importance of market failure for social enterprises

	Important	Unimportant	Neutral/unsure	Total
Tourism/cultural/heritage and recreation	20	2	5	**27**
Enterprise/employment service or centre	6	1	1	**8**
General service including transport	25	2	7	**34**
Community centre/facility	13	1	2	**16**
Childcare/education and training	11	1	3	**15**
Total	**75**	**7**	**18**	**100**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.097[a]	8	.998
Likelihood Ratio	1.075	8	.998
Linear-by-Linear Association	.011	1	.917
N of Valid Cases	100		

a. 9 cells (60.0%) have expected count less than 5. The minimum expected count is .56.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Nominal by Nominal	Phi	.105			.998
	Cramer's V	.074			.998
Interval by Interval	Pearson's R	-.010	.100	-.104	.918[c]
Ordinal by Ordinal	Spearman Correlation	-.018	.100	-.176	.861[c]
N of Valid Cases		100			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Table F.61 – Crosstabulation between whether the social enterprise was established to serve a specific target group and the importance of market failure for social enterprises

	Important	Unimportant	Neutral/unsure	Total
Community/general public	50	4	8	**62**
Established for specific target group	25	3	8	**36**
Total	**75**	**7**	**16**	**98**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.698[a]	2	.428
Likelihood Ratio	1.657	2	.437
Linear-by-Linear Association	1.677	1	.195
N of Valid Cases	98		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 2.57.

Symmetric Measures

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Nominal by Nominal	Phi	.132			.428
	Cramer's V	.132			.428
Interval by Interval	Pearson's R	.131	.104	1.299	.197[c]
Ordinal by Ordinal	Spearman Correlation	.130	.104	1.290	.200[c]
N of Valid Cases		98			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Table F. 62 – Crosstabulation between the main social objective of the organisation and whether there was a specific event/reason for the establishment of the social enterprise

	Yes	No	Total
Community development and facilities	4	16	**20**
Education, training and childcare	2	10	**12**
Local economic/enterprise development	6	20	**26**
Promote tourism, heritage, recreation and arts	5	19	**24**
General services to the community	2	17	**19**
Total	**19**	**82**	**101**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.283[a]	4	.864
Likelihood Ratio	1.393	4	.845
N of Valid Cases	101		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is 2.26.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.113	.864
	Cramer's V	.113	.864
	N of Valid Cases	101	

a. Correlation statistics are available for numeric data only.

Table F.63 – Crosstabulation between the main social objective or mission of the social enterprises and whether they served a specific target group

	Yes	No	Total
Community development and facilities	4	16	**20**
Education, training and childcare	2	10	**12**
Local economic/enterprise development	6	20	**26**
Promote tourism, heritage, recreation and arts	5	19	**24**
General services to the community	2	17	**19**
Total	**19**	**82**	**101**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.283[a]	4	.864
Likelihood Ratio	1.393	4	.845
N of Valid Cases	101		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is 2.26.

Symmetric Measures[a]

		Value	Approx. Sig.
Nominal by Nominal	Phi	.113	.864
	Cramer's V	.113	.864
	N of Valid Cases	101	

a. Correlation statistics are available for numeric data only.