

# Social Enterprise Research Report Realising the Potential of Social Enterprise

15<sup>th</sup> November 2018



An Roinn Forbartha  
Tuaithe agus Pobail  
Department of Rural and  
Community Development

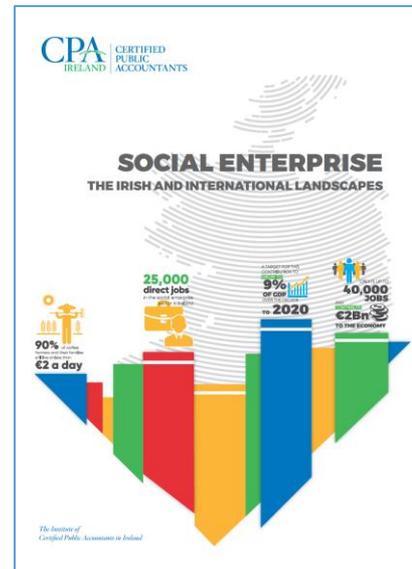
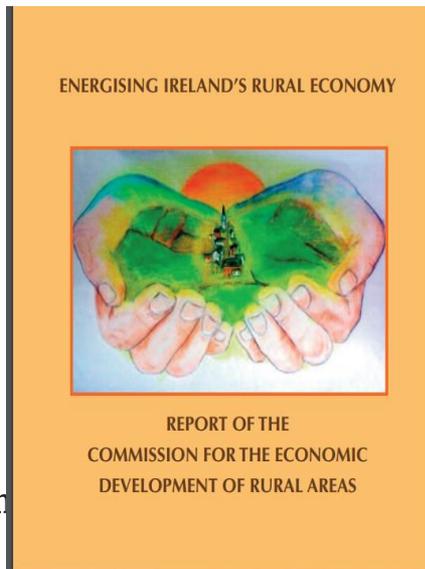
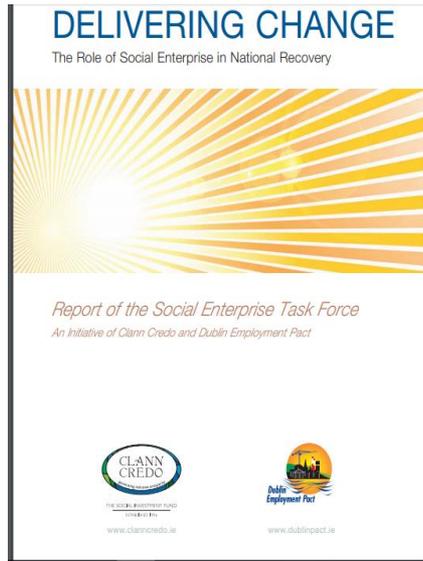


# Why a National Social Enterprise Policy?

- Recognised policy gap – Ministerial commitment to address
- Partnership between Dept Rural and Community Development and Social Finance Foundation (on behalf of sector)
- Purpose of Research Report - to underpin a Policy and Implementation Plan
- The project launched in August 2017
- Steering Group was established – cross departments and sector
- 6 steering meetings from August 2017 to May 2018 held mostly in social enterprises
- The stakeholder engagement approach was reviewed by the Steering Group and discussed with Social Enterprise Task Force



# Consistent message on need for policy



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# Clear Government Commitment

- Action Plan for Rural Development, Action 99: *"Develop and publish a National Policy on Social Enterprise which will encompass the full range of activity in this sector"*
- *Department of Rural and Community Development given clear policy responsibility for this area and for policy development*

*"While many studies have been conducted on the social enterprise sector in Ireland, there has been a gap up to now in terms of a cohesive national policy and roadmap for that sector. I am delighted to announce that my Department has partnered with the Social Finance Foundation to conduct new research which will support the development of such a policy"*



**Minister Michael Ring, T.D. September 2017.**



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# Research Report Approach

## **Goal:**

Creation of a partnership for the purpose of carrying out targeted research on the social enterprise sector, including thorough stakeholder engagement

## **Funding:**

The Research Report project was co-funded by the Department of Rural and Community Development (DRCD) and the Social Finance Foundation (SFF)

## **Output:**

The Research Report outputs will inform the social enterprise policy development process and provide an evidence base for the policy. All research outputs will be published following the completion of the project

# Research – Methodology

- Desk information sources include Forfás, ILDN Report, GECES, OECD, comparisons with other jurisdictions, EU (200+ initiatives and official documents recognising the importance and contribution of social enterprises); mapping exercise, Scotland, and many others...
- Ten stakeholder types were identified:
  - Social enterprises
  - Government Departments
  - social funding organisations
  - promoters
  - representative bodies
  - academic/educational bodies
  - public bodies
  - European Union
  - support bodies international peers

# Research – Methodology

- Engagement Methods
  - ✓ Thematic workshops (Dublin, Cork, Athlone, average of 40 participants)
  - ✓ Bilateral meetings
  - ✓ Online consultation (376 responses)
  - ✓ 1-1 sector meetings
  - ✓ International peers (UK, NI, Scotland, Social Enterprise World Forum)
  - ✓ EU
  - ✓ Case studies
  - ✓ Site visits
  - ✓ Intergovernmental meetings
  - ✓ Stakeholder feedback
- Work modules were identified and explored e.g. finance, business supports, identity, networks, markets, data, impact, legal, education
- Specific support provided by Scotland

# Research Report: Conclusions

The Research Report underpinning the National Social Enterprise Policy has:

- Demonstrated the importance of collaboration between DRCD and the Social Enterprise Sector
- Drawn conclusions across a range of areas. These conclusions relate to areas of work that were identified over the course of the research as important to realising the potential of the Social Enterprise Sector.
- The conclusions fall within 3 areas for implementation. These are:
  1. Developing Social Enterprise
  2. Enabling Social Enterprise
  3. Creating Market Opportunities



# Research Report – Conclusions

## Developing Social Enterprise

Policy Alignment	<ul style="list-style-type: none"><li>• Critical that national policies are aligned, in particular the Framework for the Community and Voluntary Sector</li></ul>
Business Supports	<ul style="list-style-type: none"><li>• Social enterprises need access to business supports similar to any commercial enterprise</li></ul>
Finance	<ul style="list-style-type: none"><li>• Need to assess financing gaps for social enterprises (e.g. feasibility/start-up funding)</li></ul>
Networks	<ul style="list-style-type: none"><li>• Enhanced networking (local, regional, national, international, sectoral) could benefit social enterprises and increase their capability</li></ul>
Social Enterprise Initiation	<ul style="list-style-type: none"><li>• Consideration needs to be given to promoting the initiation of social enterprises. Greater inclusion of social enterprise in the education system would be valuable</li></ul>
EU	<ul style="list-style-type: none"><li>• Opportunity for Ireland to engage more fully at EU level and seek to avail of funding and support schemes</li></ul>

# Research Report – Conclusions

## Enabling Social Enterprise

Voice and Identity	<ul style="list-style-type: none"><li>• Sector needs to agree appropriate mechanism to represent and be the voice of social enterprise to facilitate on-going engagement with public sector; this needs to be inclusive (i.e. including social innovators and entrepreneurs)</li></ul>
Employment Support Schemes	<ul style="list-style-type: none"><li>• Merit in reviewing state schemes available to social enterprises to ensure synergy and standardisation</li></ul>
Legal	<ul style="list-style-type: none"><li>• Information needed on legal options and examination of difficulties experienced by social enterprises</li></ul>
Education	<ul style="list-style-type: none"><li>• Education system has a key role in understanding, communicating, promoting and researching social enterprise</li></ul>
Data and Impact	<ul style="list-style-type: none"><li>• Lack of data and impact analysis on the sector needs to be addressed</li></ul>

# Research Report – Conclusions

## Creating Market Opportunities

Markets	<ul style="list-style-type: none"><li>• Capacity building and guidance needed for social enterprises to better access public, business and consumer markets</li></ul>
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# Research Report: Vision for the Sector

**Revitalising Local  
Communities**

**Innovation, Drive and  
Entrepreneurship**

**Governance, Leadership Capability**

**Democratic and  
Inclusive**

**Growth**

**Clear Identity**

**Improving Lives**

**Part of Education**

**Local Services**

**Partnership with Government**



# Comparisons with Other Jurisdictions

- Dr Mary O’Shaughnessy and Dr Aisling Moroney from UCC undertook a research study in 2017 “Developing the social enterprise sector in Ireland: a comparative perspective”
- Funded by Social Finance Foundation and informed the Research Report
- Purpose: to provide an insight into the different models of social enterprise that exist and the differentiated supports pursued in other jurisdictions
- What are the critical success factors in countries/systems with successful, vibrant sectors?
- What is the learning for the Irish context ?



# Diversity of Models: Scotland

- Cross party political support and dedicated unit in government department
- The publication of a 10 year strategy for the development of the sector (2016 )
- National support system and direct funding: Social Enterprise Scotland, Just Enterprise programme, Scottish Investment Fund, Enterprise Growth Fund and Social Entrepreneurs Fund
- Proactive use of public procurement to support the sector (e.g. the use of community benefit clauses used as part of contract performance conditions, Developing Markets Programme)
- Excellent data: 2015 and 2017 detail Census undertaken

# Diversity of Models: Italy

- Strong identity rooted in the social co-operative movement
- Characterised by high degree of civic engagement
- Strong self-help/coop tradition, public policy and political support
- Underpinned by specific legislation
- Public procurement, preferential purchasing, social clauses, etc.
- Preferential treatment under the taxation and social security systems
- Systems for measuring social benefit
- Strong networks and umbrella organisations
- Use of consortia in the growth and development of the sector
- Multi-stakeholder approach to governance

# Diversity of Models: Canada

- Notable differences between provinces and regions according to their cultural and ethnic backgrounds
- Roots lie in a long history of cooperatives, credit unions, community economic development initiatives and adult education
- Continued emergence and influence in Canada of a place-based, embedded and comprehensive social enterprise model
- Increased international activity in pushing the social enterprise agenda e.g. Social Enterprise Institute

# Diversity of Models: Denmark

- Relatively new phenomenon and attention from State relatively recent – still viewed as a niche sector and varied political interest, remains a very strong dependence on public funding and State contracts
- Institutional anchoring in terms of support structures, representation of interests, access to resources and knowledge production (e.g. establishment of the Centre for Social Entrepreneurship and the Centre for Social Economy in the mid-2000s, Government Committee on Social Enterprises, etc.)



# Overall Learning for Ireland

- There is **no simple formula** for the development of a vibrant and successful social enterprise sector, context is all
- Even important factors (such as legal recognition, funding ) are not sufficient; they are just components of an **overall eco-system**
- There must also be a strong impetus from the **bottom up**, a demonstrable need for which the social enterprise model provides the best solution
- It is a **long-term process**, that it involves an element of trial and (sometimes) error
- But there are **certain common factors** which seem to be associated with the creation of a successful and vibrant SE sector
- These factors are both **exogenous** (i.e. associated with the legal, policy and funding environment) and **endogenous** (i.e. internal to the social enterprise sector itself and how it organises, manages and promotes itself)

# Critical Success Factors

## Exogenous Factors

- Proactive, consistent and high level political/administrative support
- Supportive regulatory/legal environment
- Capacity-building in the sector
- Creation of a national support unit and other support services
- Addressing the under-commercialised nature of the sector
- Research, Data and Impact
- Education

## Endogenous Factors

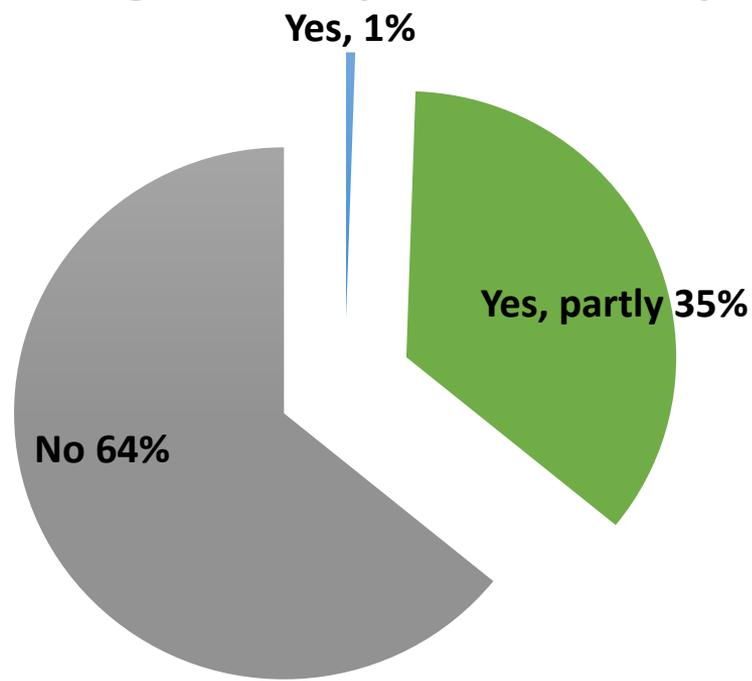
- The development of autonomous networks and consortia Carving out a distinct and visible identity
- Adopting a collective, multi-stakeholder approach to governance

# Research Findings on Identity

**“Is the concept of social enterprise currently well understood in Ireland?”**

Most respondents (368) believed the concept was not well understood (64%), with only two respondents expressing the view that it was fully understood.

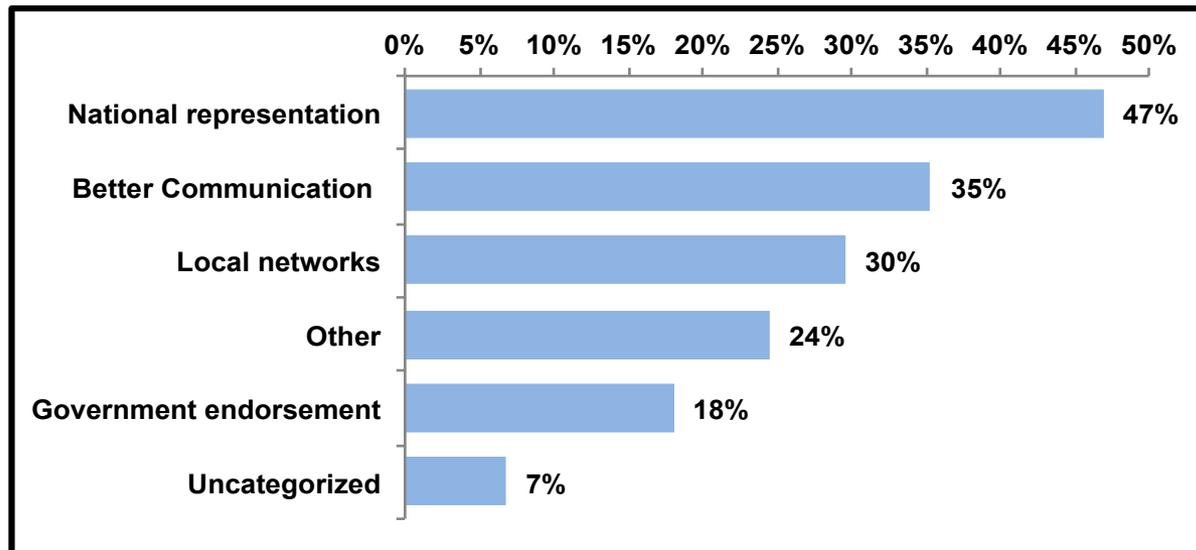
## Understanding the Concept of Social Enterprise



# Research Findings on Voice

**“What should be done to enable Irish social enterprises to come together to speak with a strong voice and have their views adequately represented?”**

A total of 294 respondents put forward suggestions relating to four main recurring themes.



# What Next?

- The pending policy is something that the sector has been advocating on for a long time
- This represents an opportunity to realise the potential of social enterprise
- The sector needs to respond and create a distinct single voice
- DRCD has committed to providing the policy and support
- Together this should result in social enterprises having the environment to realise their potential

