

Briefing Paper 3

Can social enterprise address social exclusion? Evidence from an inner city community

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Background

Social enterprise is a contested concept that has gained increased prominence in England since 1997 as part of a New Labour government's engagement of the Third Sector in combating social exclusion. It is claimed that social enterprise can combat exclusion in three broad ways:

- social enterprises can deliver services in deprived communities abandoned by the private sector, as they do not need to create a surplus to return to shareholders ;
- social enterprises are seen as able to provide employment opportunities, either directly, or through training, work experience, and matching local people to jobs;
- social enterprises are seen as playing a role in economic development by creating more enterprising communities and attracting new people to business.

Social enterprise is defined by the government as

'...a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.'

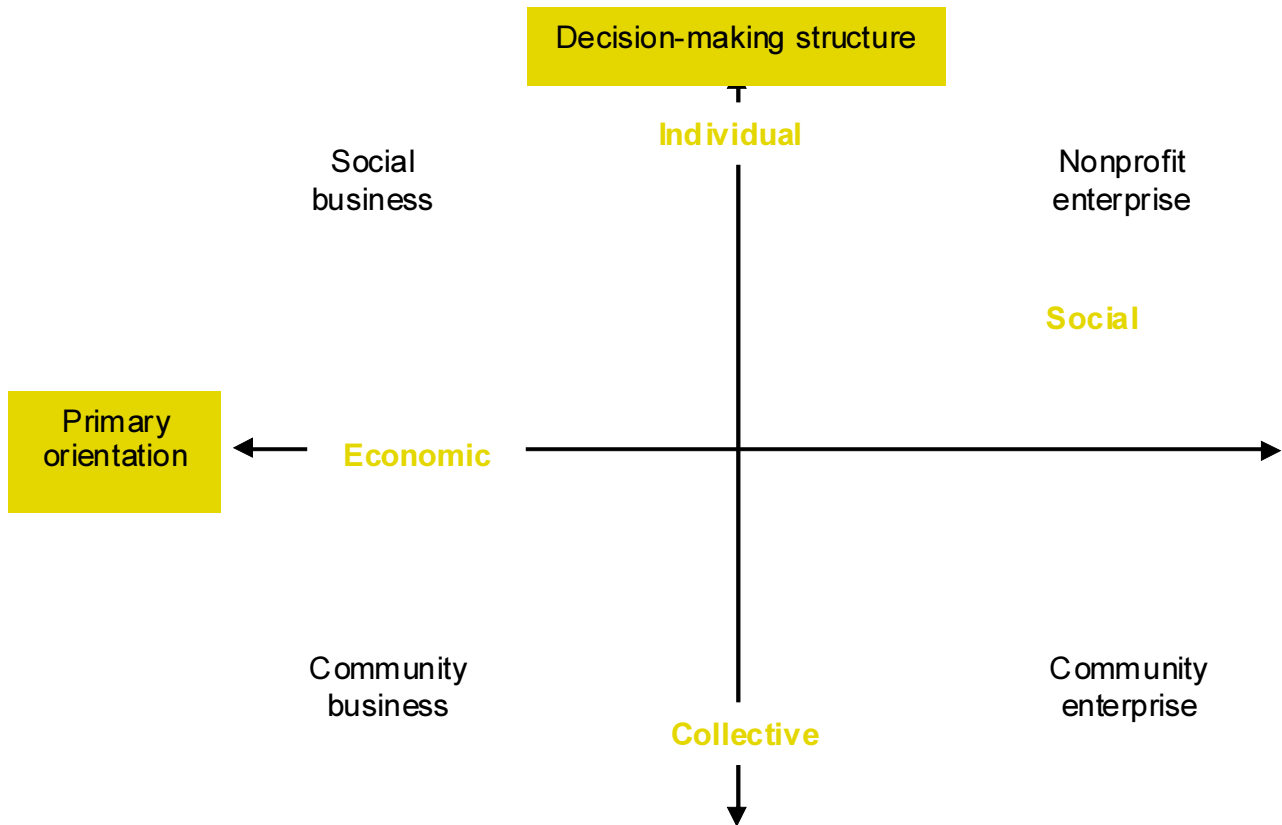
This broad definition contains a wide variety of organisational forms. These can be distinguished by their relative positioning in relation to two dimensions: Social – Economic and Individual – Collective (See Figure 1.)

Social Exclusion is an equally contested concept. For the purposes of this paper an individual is considered socially excluded if *he or she does not participate in key activities of the society in which he or she lives. These key activities (or dimensions of exclusion) are outlined as:*

- a. consumption: the capacity to purchase goods and services;
- b. production: participation in socially valuable activities;
- c. political Engagement: involvement in local or national decision making;
- d. social Interaction: integration with family, friends and community.

It is reasonable to assume that different forms of social enterprise combat different dimensions of exclusion in different ways. This paper draws upon recent doctoral research to identify and explore the different impacts.

Figure 1: Forms of social enterprise



Methods

This research study set out to explore the potential impact made by different forms of social enterprise upon different dimensions of exclusion within an inner city setting - Riverview. A qualitative case study approach was appropriate to examine these multivariate conditions. A selection of social enterprise case studies approximating to the ideal types outlined in Figure 1 provided a deeper understanding from which to draw on for analysis. Each case study gathered multiple sources of evidence: participant observation, analysis of existing documentary sources, and interviews with a variety of stakeholders.

Findings

It became apparent that a person could become included within a group setting but remain socially excluded in relation to the country in which she / he lives. Thus determining whether an individual is excluded

depends upon the community or society of reference. The different forms of social enterprise impacted on different dimensions of exclusion in different ways. Returning to the preliminary typology there is evidence to suggest that more economic orientated social enterprises are able to provide employment within an area. More socially orientated enterprises can provide a space for excluded individuals to bond together, leading to social inclusion within a group. Social enterprises with more hierarchical decision-making processes appeared well placed to deliver services to excluded groups. Social enterprises adopting more collective decision-making processes and involving excluded people in a managerial capacity were able to facilitate these excluded individuals developing bridging and linking social capital which can lead to social inclusion at a societal level.

Table 1: The impact of different forms of social enterprise on different dimensions of exclusion

Dimension of exclusion		Community enterprise	Non-profit enterprise	Community business	Social business
		Global Theatre Productions	Supported Housing	Community Times	Healthy Living Centre
Consumption	Developing Enterprise	Low	None	High	Low
	Employment of excluded people	Low	None	Medium	High
	Service delivery	None	High	None	High
Production		High	Medium	High	Low
Political engagement		High	Low	High	Low
Social Interaction	Bonding	High	High	Medium	Low
	Bridging	High (for those involved in a managerial role)	Low	High (for those involved in a managerial role)	Low



Implications

These findings suggest dilemmas and opportunities for policy and practice. At the level of the organisation, managers must constantly balance economic and social goals. Pursuing a primarily economic focus will facilitate economic goals such as the direct provision of employment. However, this may occur at the expense of developing a space that allows excluded people to overcome social isolation, at least within the group setting.

Similarly organisations need to prioritise the extent to which beneficiary groups have a say in the decision making process. Service delivery may be facilitated through adopting a more hierarchical or individualistic organisational structure. However, abandoning collective decision making in favour of getting the job done may prevent excluded groups from participating themselves and becoming more politically engaged. This research suggests that user participation at a managerial level enables the benefits of bridging and linking social capital to accrue directly to excluded people.

At a policy level there has been much discussion around the need to scale up social enterprise, both in terms of size of the sector, and by creating larger social enterprises. The minister responsible for social enterprise in England recently announced a target of creating an additional 25,000 jobs within social enterprises delivering public services in England. The aggregate impact this will have

on exclusion would appear to depend upon whether these services (and jobs) are new, or merely represent the transfer of public service delivery from the public sector. This paper argues that services can be delivered more effectively by those social enterprises with a hierarchical decision-making process, and that job creation is better suited to those social enterprises with a more economic focus. However, this paper cautions that a narrow employment and service delivery focus on tackling social exclusion through social enterprise risks moving away from what has been seen as the distinctive nature of social enterprise: *'the potential to empower and integrate people.'*

Finally these findings should be subject to further testing, particularly as the exploratory nature of the research means that the research design is open to criticism on a number of fronts. Firstly, the criteria used to select the case studies and position them on the preliminary typology were subjective. Future work using this typology would require the development of more objective criteria. Second, the four organisations operated in different fields. Thus it could be argued that this research did not compare like with like. Additionally the comparative element within this research was limited to different forms of social enterprise. Future research should compare the impact of different forms of social enterprise upon exclusion with other organisational types from the public and private sectors all operating in the same field.

This paper is part of Third Sector Research Centre – Briefing Paper Series see www.tsrc.ac.uk for more details and a copy of the full Working Paper 3.

The support of the Economic and Social Research Council (ESRC), the Office of the Third Sector (OTS) and the Barrow Cadbury UK Trust is gratefully acknowledged. The work was part of the programme of the joint ESRC, OTS Barrow Cadbury Third Sector Research Centre