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**The regional geography of social enterprise in the
UK: a review of recent surveys**

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The regional geography of social enterprise in the UK

Abstract

Social enterprise has attracted increasing attention from policy makers, practitioners and academics over recent years and it has often been argued that there is a strong geographical dimension to the growth of social enterprise. However, the lack of reliable national level quantitative data about these organisations has prevented any rigorous analysis of geographical variations in their distribution. This working paper explores what can be learned from existing national surveys about the geography of social enterprise activity. These datasets are difficult to interpret and compare partly because of the lack of consensus about how social enterprise should be defined and partly because of different research frames. Furthermore, the statistical validity of the data is questionable, and in most cases relatively small sample sizes mean that regional level findings can be taken only as provisional and indicative. However, when considered in concert, some consistent findings emerge; London, for example, has a disproportionately high share of social enterprise activity, as, to a lesser extent, do the South West and North East regions. It is concluded that if the number of social enterprises varies significantly over space, it is more likely to be at smaller scales than regions, especially at the level of cities and local districts (e.g. between inner city, suburban and rural areas). We conjecture that the regional pattern of numbers of social enterprises is also likely to mask significant differences in their characteristics both across and within regions.

Keywords

Social enterprise, regional geography, location, data surveys.

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Introduction

One of the paradoxes of social research is that in certain spheres, despite a vast outpouring of literature, key questions remain unanswered. This would seem to be the situation in the field of social enterprise research, particularly in relation to the question: what is the geography of social enterprise in the UK? In recent years, the pace of research on social enterprise has increased considerably; yet despite some notable contributions from geographers to the field (e.g. Amin *et al.*, 2002), the geographical dimensions of social enterprise remain something of a mystery (Muñoz, 2009).

Such a state of affairs to some degree reflects a lack of interest in the quantitative distribution of social enterprises, but it is also an outcome of a lack of reliable data on the spatial distribution of the hybrid institutions that constitute the social economy. In the case of the question posed above about the geographies of social enterprise, data availability and quality have been major obstacles to progress, and this paper highlights some of the limitations of the existing national-scale quantitative data on social enterprises.

In addition to the lack of data, a further – and indeed related – hindrance to understanding the geography of social enterprise lies in the lack of agreement about just what is meant by the term social enterprise. It is difficult to ascertain how large a sample of organisations is required when the total population is unknown, and when there is uncertainty about how this population should be defined. In order to give an indication of the type of organisation with which we are concerned in this paper, it is instructive to refer to the broad definition put forward in the government's social enterprise strategy:

'A social enterprise is 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.' (DTI, 2002, p. 13).

However both the terms 'business' and 'social objectives' are far from unambiguous. The definition of social enterprise is also politically constructed and contested as interest groups and associations aim to gain eligibility for support, and make sure that their organisational constituencies are included (Lyon and Sepulveda, 2009). Thus there are ongoing and vigorous debates about how social objectives should be defined, what proportion of a social enterprise's profits should be reinvested towards those objectives, and how significant trading income should be in order for an organisation to be considered to be a social enterprise (e.g. Lyon and Sepulveda 2009). However, it is not our intention to reiterate or add to such debates here. Rather, this paper takes a more pragmatic approach, making transparent the different definitions employed by the various studies drawn upon, and reviewing what can be known about social enterprises in so far as we are able to distinguish them from other organisations using the available data. Social enterprise activity can take a variety of legal forms including: unincorporated associations, trusts, companies limited by guarantee, community interest companies, industrial and provident societies and charitable incorporated organisations. The registration and reporting requirements vary between these forms: however, by drawing together data

on these different types it is possible to piece together a picture or 'map' of the UK's social enterprise population.

Why look for a 'geography' of social enterprise?

In some areas of social enterprise research, there has been an emphasis on the role of the individual social entrepreneur in the establishment of social enterprises (e.g. Leadbeater, 1997; Delta/IFF Research, 2010), which might lead one to question the merit of seeking to identify local or regional level variations in the distribution of these organisations. However, a comprehensive understanding of entrepreneurship recognises that individual vision, effort and leadership are grounded in local experiences, conditions and facilitating contexts. 'Empirical research has suggested that, whilst key individuals may be the driving force behind the establishment and growth of social enterprises, these firms are rarely the product of the lone actions of a single 'heroic' individual (Seanor and Meaton, 2007; Amin, 2009) and networks and infrastructural support are commonly asserted to be vital to social enterprise dynamism (Phillips, 2006; Sharir and Lerner, 2006; Thompson and Doherty, 2006; Hynes, 2009). For instance, in their influential review of the social enterprise literature, Peattie and Morley (2006) remark that:

'...informal (usually local) networks are often an important success factor for SEs, particularly in terms of starting up, acquiring resources, accessing advice, and recruiting employees and volunteers' (p.28).

It is often noted that this support, whether it is at the level of Regional Development Agencies, Business Link or local authorities, is patchy and uneven (Lyon and Ramsden, 2006). In addition to what is already known about spatial variations in social needs and social capital (Mohan and Mohan, 2002; Mohan *et al.*, 2005), this gives us strong grounds to expect that social enterprise activity *will* display considerable geographical variations.

Unfortunately, when it comes to elucidating what these variations might be, the literature offers little help as yet: most comments on geographical trends in social enterprise amount to random asides or sporadic anecdotes which are usually lacking in statistical corroboration. For example, Bacon *et al.* (2008) refer to clusters of social enterprises that provide cleaning, shopping, gardening and care for the elderly in Leeds (p. 14), and also allude to the long history of welfare innovation in Tower Hamlets. Whilst these assertions seem intuitively plausible, in none of these cases is there any firm statistical evidence of higher social enterprise levels in these areas. Indeed, despite some speculation on the notion of 'Social Silicon Valleys' (Mulgan *et al.*, 2006) their identification has so far proven to be elusive.

One of the most widely cited case studies is the pioneering work of Amin *et al.* (2002) that examined the social economy in four UK cities: Glasgow, Middlesbrough, Bristol, and the inner city borough of Tower Hamlets in east London. Although the study contains no quantitative data to compare the amount of social enterprise activity in the four cities, it does point to geographical variations in the nature and extent of the social economy. Amin and colleagues suggest that social

enterprises are a *'creature of social context'* (p.121), which is why they vary so much from place to place. This, they argue, means that there is no simple lesson about social enterprise that can be transferred from one place to another. They point out that social enterprises' activities are not bounded to particular places, but rather – like other organisations – they operate within complex networks whose reach may extend far beyond the local. For instance, some of the most enterprising Glasgow-based social enterprises had sought national markets, whereas in Bristol and Tower Hamlets mobile professionals were found to play a pivotal role in establishing social enterprises, and connections with the wider formal economy beyond these areas have been crucial to the development of social enterprises within them.

Nevertheless, Amin *et al.* (2002) identify six attributes which they suggest dispose particular local contexts well for social economy activity. These include: *'the presence of voiced minority cultures expressing non-mainstream values and needs'* (p. 121) (e.g. environmentalists, women's groups, ethnic minority interest groups, New Age groups, religious and other ethical organisations); *associational presence*, including local welfare intermediaries (sometimes social enterprises or other third sector organisations) who act as advocates for, and supporters of, local social enterprises; *the role of the local authority* in encouraging and supporting the social economy; *a culture favourably disposed towards political agonism*, which is open to minority interests and doing things in different ways (see also Mouffe, 2000); *connectivity*, or network resources both within the locale and beyond it; and finally, *the extent and nature of socio-economic deprivation*. Each of these factors is place-specific, and as such their research points to the likelihood of significant variations in the distribution and nature of social enterprises over space. These ideas have found widespread acceptance in writings on social enterprise but there is a lack of firm empirical evidence attesting to their validity in other areas, which underlines the need for improved evidence and further discussion in this area. In the following section we therefore review some more extensive studies of social enterprise in detail.

Can a regional geography of social enterprise be pieced together from existing data?

Although there is a lack of comprehensive and incontestable data on social enterprise activity, there are now a variety of studies that attempt to outline the geography of social enterprise. In the academic sphere, however, many of these have been based on case studies that, although in some instances are informative and theoretically insightful (e.g. Amin, 2009; Hudson, 2009), do not provide sufficient coverage to serve as a basis for identifying geographical trends in social enterprise activity. The studies that do offer more widespread coverage have typically been conducted as consultancy exercises for government, and use large samples of questionnaire respondents to provide insights for policy makers. These may not have the full rigour of scientifically publishable data and in some instances the survey data are not statistically significant at the regional level. Nevertheless, bearing these caveats in mind, some useful insights can be gained from these surveys, and when they are examined collectively for elements of consistency, some general trends can be adduced.

Before we explore the regional variations in social enterprise activity it is worth noting that there is some controversy regarding the size of the total population of social enterprises in the UK. In 2006 the figure of 55,000 social enterprises was put forward by the government (OTS, 2006) and has since been widely repeated by policy makers, the media and umbrella organisations such as the Social Enterprise Coalition. This estimate was subsequently revised upwards to 62,000 and this figure has achieved similar widespread acceptance. This is in spite of the fact that these figures far exceed the estimate of 15,000 produced by the IFF Research (2005) survey of social enterprise. Although this estimate only included Industrial and Provident Societies and Companies Limited by Guarantee, this constraint is unlikely to explain such a significant discrepancy. Indeed, as Brown (2007) points out, it is difficult to trace how the figure of 55,000 was derived. In 2005, additional questions on social enterprise were included in the Annual Small Business Survey and these indicated that 5% of all small and medium enterprises in the UK were social enterprises (Small Business Service, 2005). However, if we take this figure in conjunction with government's estimate of the total number of small and medium enterprises for the same year (4,423,500) (Department for Business Innovation and Skills (BIS), 2009) this would mean that there were 221,175 social enterprises. Instead, Brown (2007) explains that the 55,000 figure was calculated based on the number of employer businesses only (1,254,135) (BIS, 2009), excluding those without employees. However, it is possible that a significant number of social enterprises are effectively sole traders, particularly those that rely heavily on volunteers. On this basis, one might expect this figure to be an underestimate, yet this would place the actual number of social enterprises further still from the IFF Research (2005) estimate of the social enterprise population.

The government's more recent estimate of 62,000 social enterprises is cited in the *State of Social Enterprise Survey 2009* as coming from the 2007/08 Annual Small Business Survey (Williams and Cowling, 2009). Although Williams and Cowling's report makes no mention of social enterprise itself, data from this survey have been used by Baldock and Lyon (2010, forthcoming) to analyse the number and distribution of social enterprises. The 2007 Annual Small Business Survey was found to contain 467 social enterprises: this represented 5 per cent of the total population of SME businesses (*ibid.*), which was estimated to be 4.68 million (Williams and Cowling, 2009). On this basis, Baldock and Lyon (2010) suggest that there were at least 234,000 social enterprises in the UK in 2007 (with an error margin of +/- 5%). This higher figure reflects the inclusion of the self-employed sole trader businesses that were omitted from the 2005 survey. Like other surveys though, this relies heavily on business owners/managers self-identifying their organisation as social enterprise (albeit within certain criteria), thereby leaving the definition of social and environmental objectives to the discretion of the respondent. It is therefore difficult to disaggregate changes in the population of social enterprise from changes in the popularity and usage of the term itself.

A recent report by Delta/IFF Research (2010) also suggests that there are more social enterprises in the UK than the often quoted 55,000 (or, more recently, 62,000) figure. This research was based on a survey of 2,121 founders of 'for-profit, growth-orientated mainstream businesses' (p. 2), and

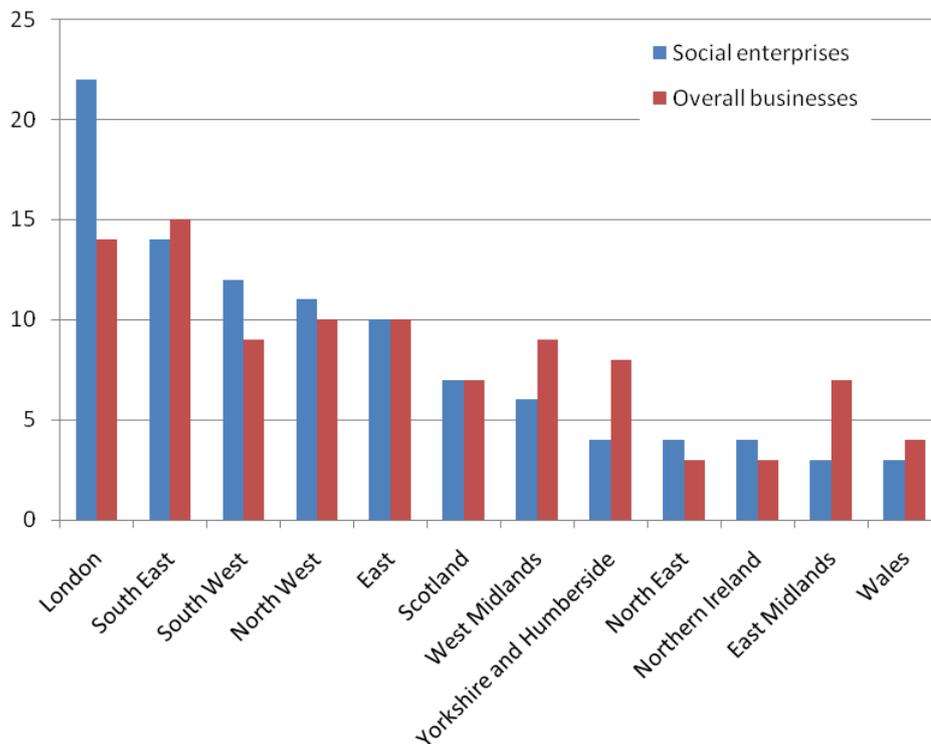
identified that 9.9% of these were running what they termed '*pure hidden social enterprises*'. These organisations '*had making a difference as a primary trigger, reinvested their surpluses, did not pay a dividend to shareholders and had sales which were more than 25% of revenue*' (p. 5). On this basis they estimated that there are 109,371 such social enterprises amongst the UK's growth-oriented entrepreneurial businesses, and suggest that the overall population is higher still (they excluded charitable businesses, for example).

Clearly, there is a lack of agreement about the total number of social enterprises in the UK, but whilst there are issues in relation to the quality and availability of data (see Lyon *et al.*, 2010 forthcoming for further discussion), the crucial point is that the estimate of total numbers of social enterprises is likely to vary considerably depending on the definitions and key assumptions made in the calculation. These variations are also reflected in the survey data discussed below, and as such it is important to be aware of the definitions adopted in each case. Uncertainty about the total population makes it difficult to assess the level of confidence that can be placed in the survey findings and there is some doubt over the representativeness of the samples at the regional level. However, the available data do yield interesting insights, from which some consistencies across the various data sources can be identified.

The IFF Research Small Business Service 2005 Survey

One of the earliest and most influential national surveys of social enterprise was that undertaken by IFF Research for the Small Business Service in 2004 (IFF Research, 2005). This study focused exclusively upon a particular subset of social enterprises: those that took the form of Companies Limited by Guarantee (CLGs) and Industrial and Provident Societies (IPS)¹. Businesses were selected from the FAME database and from within this survey a population of 37,000 potential social enterprises were identified. From this population 14,301 organisations were contacted, of which 3,446 were identified as social enterprises on the basis that they: provided products or services in return for payment; generated at least 25% of their funding from trading (i.e. in direct exchange of goods and services); had a social or environmental goal as their primary objective; and principally re-invested any profit or surplus towards that goal. The resultant data were weighted to give an estimate of the whole population of CLG or IPS social enterprises of 15,000, with an error margin of only +/-1% at the 95% confidence level (*ibid.*, p. 9). This represents 1.2% of all enterprises in the UK and is made up of 88% CLGs and 12% IPSs (*ibid.*, p. 10).

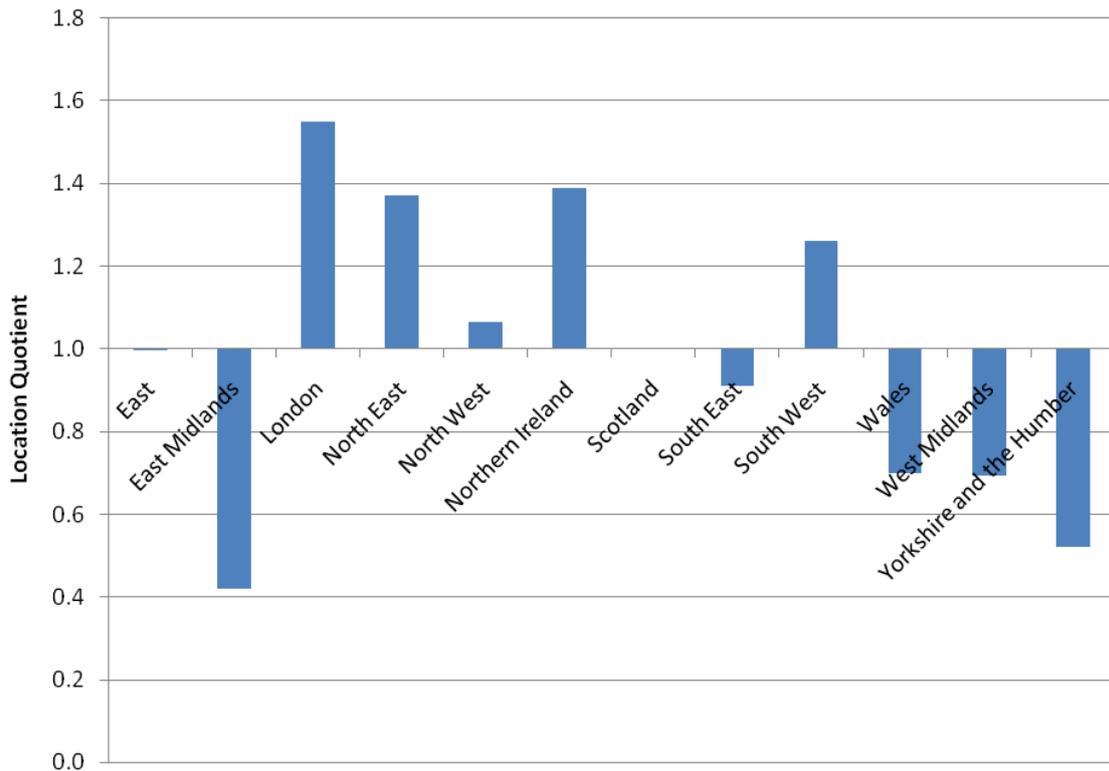
The regional estimates derived from these data were put forward as 'indicative' only, but are displayed in Figure 1 below. CLG and IPS social enterprises appear to be concentrated in London, where some 22% of UK social enterprises were to be found. Wales and the East Midlands had the smallest percentage shares of the total CLG and ISP social enterprise population.



Base: All social enterprises (weighted 15,197; unweighted 1480). All UK employers (1,155,215)
 (Source: SBS, Analytical Unit Statistics, 2003)

Figure 1: The regional distribution of social enterprises and UK business, adapted from IFF Research (2005, p. 11).

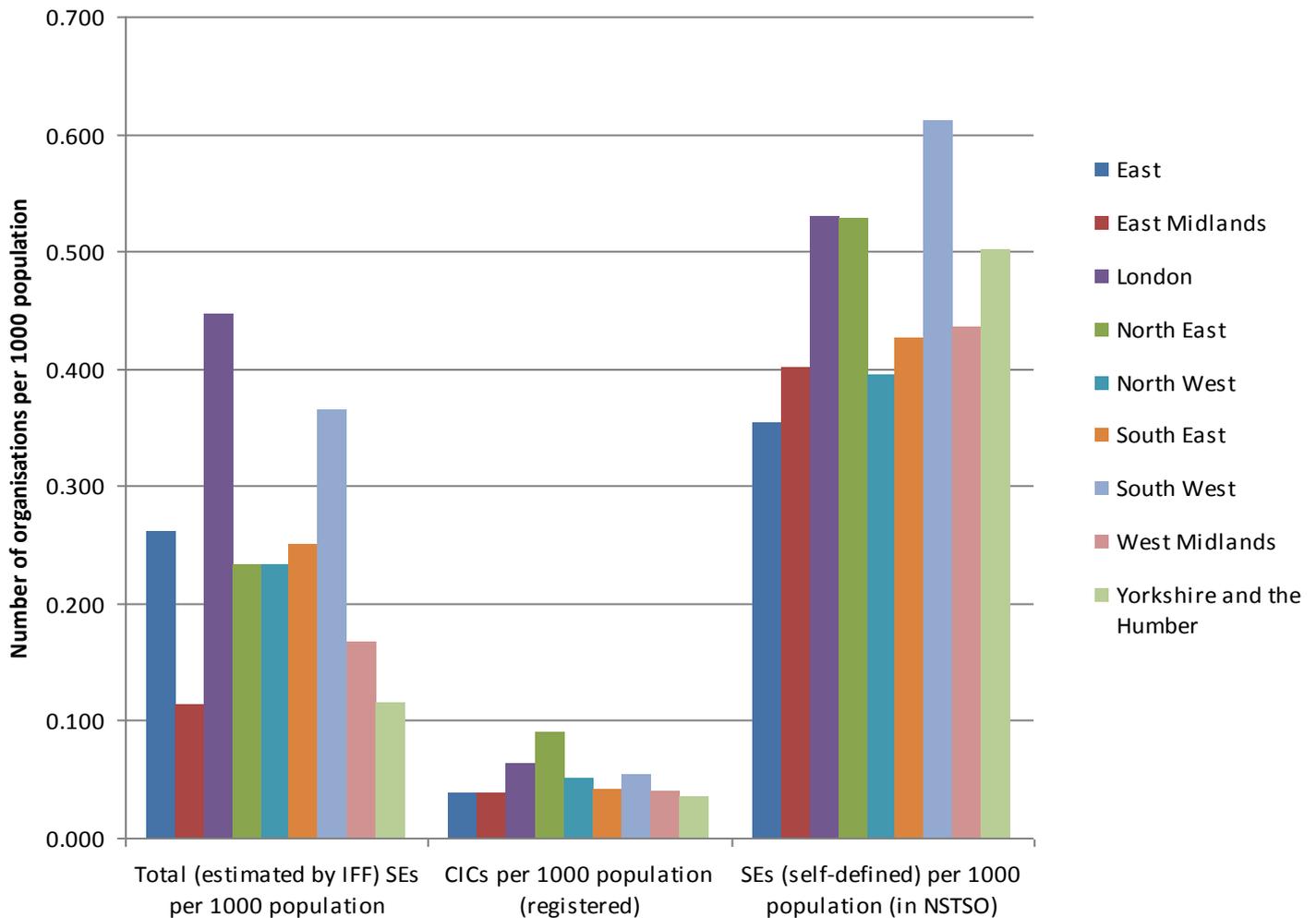
The location quotients in figure 2 show that London and the South West have larger shares of social enterprises than would be expected given their share of the total business population for the UK². Here, the North East also emerges as an area of relatively high social enterprise activity: this was not evident when the IFF Research total estimates were standardised by population (see Figure 3), but interestingly does correspond with the population-related data from some of the other sources discussed below. Northern Ireland is also shown to have a high number of social enterprises relative to overall businesses. The East Midlands, Yorkshire and the Humber, the West Midlands and Wales have a relatively low share of social enterprises given their share of businesses.



Note: Data on CLG and IPS social enterprises sourced from IFF Research/SBS (2005) (collected in 2004). Data on total business population sourced from Small Business Service Analysis Unit (2003)

Figure 2. Location quotients for CLG and IPS social enterprises based on total private sector employer businesses.

When the IFF Research data is standardised by regional population, slightly different findings emerge (Figure 3). In order to allow comparisons between the different data sources, only the data for England have been included in Figure 3. Using this measure, the South West has a high number of CLG and IPS social enterprises (0.365) per thousand population, as does London, whereas the East Midlands, Yorkshire and Humberside and the West Midlands all had lower numbers of social enterprises relative to their populations.



Base: Total SEs (self def.) in NSTSO: 23668; Total SE pop (CLG and IPS) estimated for England by IFF/SBS: 9383; Total number of CICs in England: 2469.

Note: NSTSO and CICs data are for 2008/09. IFF Research/SBS Data were gathered in 2004.

Figure 3. Number of social enterprises (or CICs) per 1000 population according to various sources.

The National Survey of Third Sector Organisations

Another influential study was the National Survey of Third Sector Organisations undertaken by Ipsos MORI in conjunction with BMG Research and Guidestar Data Services (OTS, 2009). The aim of the study was to facilitate the measurement of one of the 188 performance indicators that local authorities will be responsible for delivering, either on their own or in conjunction with other partners: the indicator in question was N17, 'An environment for a thriving third sector'. For this survey, a database of third sector organisations was compiled using Guidestar Data Services, drawing on the list of registered charities, registers of Community Interest Companies, Companies Limited by Guarantee and Industrial and Provident Societies, and thereby including a wider range of legal forms than the IFF Research (2005) survey. In some areas all the third sector organisations were asked to take part, in others a sample was taken (stratified according to legal type and, in the case of charities,

according to income). Just fewer than 49,000 third sector organisations completed the questionnaire making a response rate of 47%. Since this was a sample, the data are subject to varying confidence levels according to cell sizes and because this was not a strict random sample, these tolerances cannot be determined with total precision.

The NSTSO data allow for both a narrow and a broad definition of social enterprise to be taken (see OTS, 2009). The narrow definition required that organisations recognised themselves as a social enterprise according to the widely promulgated DTI criteria (see p. 2); earned more than 50% of their income from trading; and reinvested at least 50% of their surplus into a social mission. Whilst 48% of the TSOs recognised themselves as a social enterprise, only 5% fulfilled these second and third criteria. Thus out of the 48,939 TSOs who responded to the survey, only 2,201 were social enterprises according to the narrow definition. The way in which organisations were identified for inclusion in this survey casts some doubt over these figures however (Lyon *et al.*, 2010), and when disaggregated to the level of regions and local authorities the cell numbers for the narrowly defined social enterprises are small and differences may be an outcome of chance variations in the sampling strategy. Furthermore the sample size varies for each region, and in most cases the differences between regions are not statistically significant. We have therefore not included a discussion of the results of narrow definition.

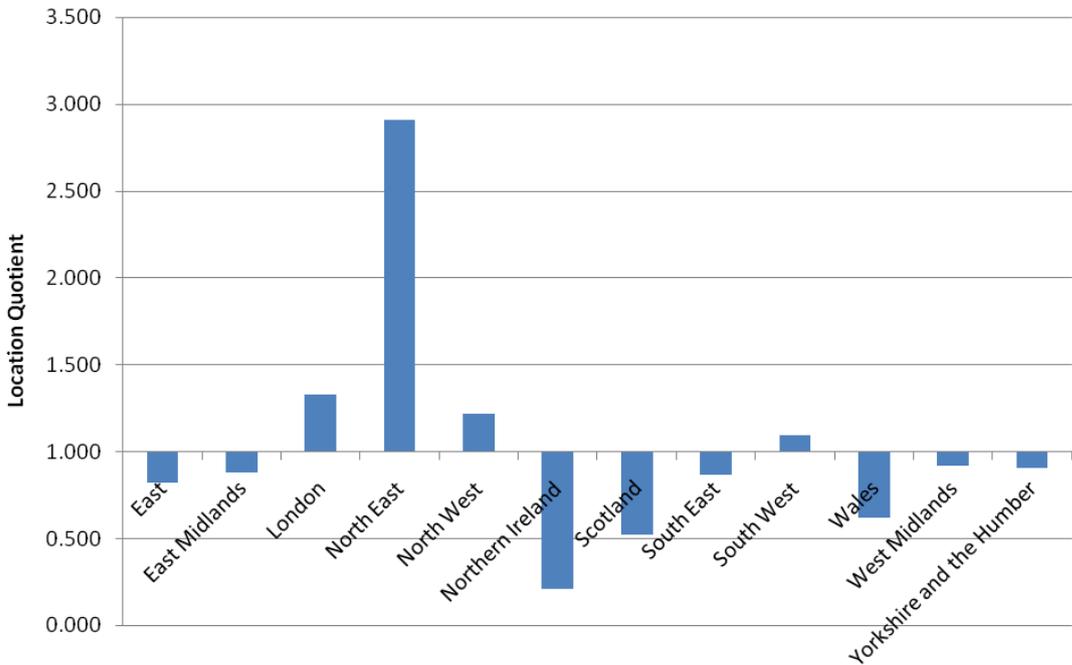
The NSTSO's broader definition of a social enterprise is based solely on whether respondents considered their organisations to correspond with the DTI's description of social enterprises (see p. 2). This definition gave a much larger number of (self-defined) social enterprises: 23,668, or 48.55% of the TSOs included in the study. This demonstrates the potential for differing public, practitioner, researcher and policy-maker perspectives on what social enterprise actually is, and underlines the difficulty involved in defining and measuring social enterprise, and the need for careful attention to detail when comparing statistics from different sources. Self-defined social enterprises consistently accounted for between 47% and 52% of the TSOs surveyed in each region (with the exception of London: 43.70%). The distribution of self-defined social enterprises amongst the regions was similar (in terms of percentage shares) to that for the more narrowly defined social enterprises. Taking regional population into account, the South West has the largest number of self-defined social enterprises per 1000 population (0.612), with London (0.531) and the North East (0.529) also having high numbers relative to population. The North West, East Midlands and East regions have the lowest numbers of self-defined social enterprises per 1000 population. Again though, limited confidence can be placed in these data because the differences between regions are not always statistically significant.

The 2009 Annual Report of the Regulator of Community Interest Companies

The recent annual report of the Regulator of Community Interest Companies (CICs) (BERR, 2009) represents a useful and statistically valid source of data on social enterprise activity. Introduced in 2005, the CIC is a relatively new legal form and is particularly suited to social enterprises because it provides a guarantee to stakeholders that the business is not (primarily) for profit and exists for the benefit of a specified community (beyond the members, employees and shareholders themselves), whilst also giving the business greater freedom to use commercial practices such as paying (albeit

capped) dividends. Although the numbers are as yet relatively small (2469 CICs in England) and represent only a very small sub-set of all social enterprises, the data are reliable since they represent the total population of registered CICs.

London has the greatest number of CICs (17%), and the South East (13%) and the South West (11%) also figure prominently. Conversely, the areas with the fewest CICs are Yorkshire and Humberside (7%), East Midlands (6%), Scotland (4%), Wales (3%) and Northern Ireland (1%). Once again we can see a mixed set of strong regions on this indicator. Rather unusually, these include North West (13%), which suggests that there might be some specific regional initiatives to stimulate CICs here. When the data are standardised by population however (Figure 3), the North East has the greatest number of CICs per 1000 population (0.090), followed by London (0.064) and then the South West region (0.054). By comparison, the East (0.038), East Midlands (0.038), West Midlands (0.039) and Yorkshire and the Humber (0.035) regions have lower numbers of CICs relative to their respective populations.



Note: Data on CICs sourced from CIC Regulator's Annual Report (2008/09). Data on total business population sourced from the Department of Business Information and Skills (2008).

Figure 4. Location quotients for CICs based on total private sector employer businesses.

If we consider the number of CICs in relation to the total business population (Figure 4), the North East has a considerably larger share of CICs relative to its share of total businesses, and it would be interesting to investigate why this is the case. London and the North West also have more CICs relative to overall businesses, while Northern Ireland, Scotland and Wales have relatively few. Because CICs are a new type of organisation, these differences may to some extent reflect differences in the extent to which the CIC form has been promoted at the regional level. The relevance of these location quotients, however, is based on the premise that there is some relationship between

the number of businesses and the number of social enterprises, and takes social enterprises as a type or subsector of the (private) business sector. Given the hybrid nature of social enterprises, they could equally (although this is debatable, depending on the definitions used) be considered as a subsector of the third sector.

A GEM of a study?

The Global Entrepreneurship Monitor (GEM) UK project (Harding, 2006) concludes that social enterprise activity does *not* vary significantly at the regional level. This study is part of a worldwide project in some 42 countries aiming to provide a longitudinal study of entrepreneurial activity. In the UK a sample was made of over 27,000 adults aged between 18 and 64 to determine the incidence of both *nascent ventures* (anyone who said they were involved in starting a new business that they would own part of but had not paid any salaries or wages for three months) and *baby businesses* (more established owner manager businesses that have been up and running and paying salaries for not longer than 42 months). Adding these indices together, and avoiding double counting, produces a Total Entrepreneurial Activity (TEA) index. In addition, a measure of Social Entrepreneurial Activity (SEA) was constructed through positive responses to three questions asking whether the respondent, alone or with others, was: (a) trying to start, (b) working for, or (c) managing, any kind of social, voluntary or community, service, activity or initiative. These data were then used to measure three forms of business: *nascent social enterprises* (between 0 and 3 months old); *baby social enterprises* (those active for between 4 and 24 months); and *established social enterprises* (those active for more than 42 months). The study suggests that TEA at 6.2% of the population is almost double the figure for SEA (3.2%). This very broad approach to identifying social enterprise may be regarded as the opposite extreme of the restricted sub-set captured by the CIC data above, but in some respects the regional patterns identified in the GEM study are similar to those described above in relation to CICs.

Although this study relies on a different type of sampling frame that has not been subject to any definitional refinements and classification assessments, and there are inevitably some problems with self-reporting of social enterprise, what makes this study interesting from the point of our review is the fact that the sample size was sufficient to provide statistically valid data at the UK regional level. TEA displays the well-known regional pattern, being significantly higher (in a statistical sense at the 1% level) in London and the South (both East and West). However, SEA rates show less variation between the regions, and the differences are not statistically significant. It is of course still tempting to speculate on the reasons for these regional variations for SEA. London, for example, has a high rate of both TEA and SEA; the latter might be attributed to high social need but also political and community activism, rich social networks and capacity-building infrastructure. The South East region, in contrast, has a high TEA rate but a relatively low SEA rate, a difference that is likely to be caused by both lower needs and community activity. The South West has a high TEA rate and a slightly higher SEA rate than the South East. If we look at the other end of the scale the East Midlands, East of England and the North East all have lower rates of both TEA and SEA, a position that could possibly be attributed to high needs but lower capacity building infrastructure or social capital networks. However, it is important to remember that the differences in SEA rate are not statistically

significant and there are anomalies that are difficult to explain. For example, the East Midlands has the lowest SEA rate, but far from the lowest TEA rate.

The main conclusion of the 2006 GEM study is that, at the regional level, social enterprise activity displays little significant variation. However, given the broad and open nature of the questions asked of respondents it is difficult to know how reliable this conclusion is. It could, of course, reflect the fact that regions are relatively large areal units that conflate and aggregate many local scale differences. If there *are* significant differences in social enterprise activity, arguably, they are more likely to exist at the smaller scale of city regions or towns and rural areas. Furthermore, it would seem that these differences will be displayed in more restricted formulations of social enterprise activity rather than these generalised notions of self-reported entrepreneurship. Further support for this assertion comes from some of the other differences in TEA and SEA rates for larger aggregations of areal unit. Thus, rural areas have a higher rate of SEA than urban areas, a counter-intuitive result that is likely to reflect the amalgamation of many different types of areas within these broad categories, as well as the very different types of organisation that are included within the category 'social, voluntary and community service, activity or enterprise'. When the data are grouped into five cohorts according to deprivation levels, SEA is again, counter-intuitively, slightly higher in more affluent areas but the differences are insignificant. However, it does appear that 'baby' and 'established' social enterprises are more prevalent in the top fifth most deprived areas of the country.

Data from the more recent 2007 GEM survey were incorporated into a further report: *Social Entrepreneurship in the UK* (Harding and Harding, 2008). This study identified 'start-up' social entrepreneurs (those whose businesses have been active for less than 42 months), and 'owner-manager' social entrepreneurs (who own and manage firms older than 42 months). The former were estimated to account for 4.2% of the adult population (aged 18-64) and the latter 3.8%. The 2007 study did not produce a measure of overall social entrepreneurial activity comparable with the 2006 research, however. Inter-regional differences in the proportion of start-up and owner-manager social enterprises were generally not statistically significant. Nevertheless, it is interesting to note that the proportion of start-up social entrepreneurs was highest in the East of England, a region that had relatively low levels of social enterprise activity according to the NSTSO survey and CIC data.

Sub-regional patterns

So far, then we have found that there is some evidence of regional differences in social enterprise activity, but in general these differences have not been shown to be substantial. One of the main reasons for this finding is that such regional statistics are aggregate of both different types of social enterprise organisation and of different varieties of local areas. In all probability, this dual aggregation acts as a levelling process. The data limitations that constrain this analysis are intensified at subregional scales. However, there are certainly some strong sets of evidence that suggest that, as one would expect, spatial variability increases at the local scale. For example the Centre for Enterprise and Economic Development at Middlesex University (CEEDR, 2008) mapped social enterprises within the south east of England. It used both a 'bottom up' approach developed from regional networks to glean organisations defining themselves as social enterprises, together with a 'top down' approach using national databases. This resulted in both 'wider' and 'narrower' definitions

of social enterprise. The narrow definition resulted in 10,500 social enterprises in the study area. The largest group consisted of health and social work followed by nurseries, preschool and school clubs and training and education other than that provided by mainstream channels.

Table 1: Variations in social enterprise activity in the South East, standardised for population size

County	Number of social enterprises	Population	Population per social enterprise
Buckinghamshire	890	493,200	554
Hampshire	2294	1,286,000	561
Oxfordshire	1203	693,700	577
Surrey	1315	1,109,700	844
Kent	1663	1,406,600	846
West Sussex	895	781,600	873
East Sussex	1216	509,800	913

Source: Adapted from CEEDR (2008).

As shown in Table 1, Hampshire has by far the largest number of social enterprises at 2,294 with over one in five of all those in the total in the South East. However, if we standardise the absolute totals for population size, then both Oxfordshire and Buckinghamshire have similar ratios of population per social enterprise. These counties all have far less population per social enterprise than Sussex or Surrey, indicating a much greater level of provision. Hampshire has a higher proportion in health, social work and care than the region as a whole. This might indicate the needs of a retired population on the coast but East Sussex with a similar population has a much lower number of social enterprises. There would seem to be no obvious need factor at work here and little that in the geographical distribution of social enterprise activity can be related to the previous studies at the regional level. What this study does suggest is that as we push down to spatial units smaller than regions then greater statistical variations will occur.

There has been very little work that tries to examine the possible causes of such variations. In an unpublished paper on the geographies of social enterprise however, Gordon (2008) undertook regression analysis of the BERR CLG and IPS data disaggregated at the level of local authorities. This revealed a relationship between social enterprises measured in this way and both deprivation and general SME activity, but not with EU Objective 1 funding. However, given the data reliability issues noted previously at the local authority level, we cannot attribute much causal significance to these findings. Gordon (2008) also used regression analysis on the distribution of CIC registrations for local authority areas between 2005 and 2006. His main hypotheses were that social enterprises measured in this form would be significantly related to deprivation, entrepreneurial activity, EU funding and other specific forms of local authority funding. Unfortunately, CICs had not been in existence for long at the time this data was collected, so there were only just under 600 for the whole nation. Nevertheless,

these constitute a complete enumeration of CICs and when standardised for population size showed significant relationships with deprivation and EU Objective 1 funding. The North East again came out as especially active in relation to CICs which may be the result of particular policy initiatives in this region at that time.

Moving down to the intra-authority scale, we are not aware of any published data on the geographical distribution of social enterprises within a single city. However, Fyfe and Milligan (2003) examined the distribution of the voluntary sector as a whole within Glasgow between 2000 and 2001. When standardised for population size, the incidence of voluntary associations showed a concentration in the inner city, where many of the national (i.e. Scotland-wide) headquarters of organisations were based. In addition, there were higher incidences of voluntary organisations in the outer areas of the northeast, northwest and south of the city. A correlation analysis showed that these were areas of deprivation. Interviews with members of the organisations indicated that the distribution of voluntary organisations was also highly influenced by government policy and the allocation of resources in the numerous specific funding programmes operating at the time: APTs (Areas of Priority Treatment), PPAs (Priority Partnership Areas) and SIPs (Social Inclusion Partnerships). There were indications from the interviews that those in voluntary organisations outside these areas tended to feel excluded, as did some groups catering for the young and elderly who were more dispersed throughout the city.

As with the distribution of social enterprise at the regional level, one might conclude that the distribution of third sector activity within a city reflects both 'bottom up' needs and demands coupled with 'top down' resource allocation, but also linked with local organisational and capacity building.

Concluding summary

It is tempting to conclude that the only thing we can say with absolute confidence about the regional level geography of social enterprise in the UK is that we lack sufficiently reliable data to make any confident claims about it! Irrespective of the definitions used, it is difficult to get accurate sampling frames from which to take a completely representative sample. Furthermore, when self-definitions are involved, there is so much ambiguity surrounding the meaning of social enterprise that respondents are likely to be interpreting questions in different ways. Nevertheless, this review has shown that we are not completely in the dark on the geographical dimensions of social enterprise and some preliminary conclusions can be made with a reasonable degree of confidence.

First, as might be expected, London has a disproportionate share of social enterprise activity. This is likely to reflect the distribution of the national headquarters of many social enterprises, plus the fact that, as the capital city, London is a dynamic and innovative environment. Thus it would seem to possess in abundance all of the six factors identified by Amin *et al.* (2002) as conducive to social economy activity.

Secondly, even though the regional differences are relatively small, and there are questions over the reliability of some of the data, there are some consistent patterns across the data sources. In particular there is a high level of social enterprise activity in the South West, and the North East also emerges as an area of relatively high social enterprise activity when the data are standardised by

population. Conversely, the East Midlands and Yorkshire and Humberside emerge as areas with relatively small amounts of social enterprise activity. These findings are summarised in Table 2

Table 2: A summary of findings from surveys of social enterprise

Survey	Definition	Relatively High Incidence	Relatively Low Incidence
SBS/IFF (IFF Research, 2005)	CLGs IPSs by 1000 population	London South West	East Midlands Yorkshire and Humberside West Midlands
NSTSO (OTS, 2009)	Social enterprises wide self- definitions per 1000 population	London South west	North West, East Midlands
BERR (BERR, 2009)	CICs relative to total number of businesses	London South East South West North West	Yorkshire and Humberside, East Midlands Scotland, Wales, Northern Ireland
GEM (Harding, 2006)	Social Entrepreneurial Activity (SEA) per head of population	London South West	East Midlands East of England North East

However, although some of the data sets suggest very slight north-south and east-west patterns, in most cases the inter-regional differences are relatively small and generally lack statistical significance.

Thirdly, then, we can conclude that, compared with business activity as a whole, social enterprises are fairly evenly distributed amongst the UK regions. This is a somewhat surprising finding, given that many have asserted that local capacity-building is crucial to the development of social enterprises and the RDAs are principally responsible for providing support through the Business Link scheme. However, it is worth noting that similar levels of regional numbers of social enterprises may nevertheless hide differences in their character and activity. For example, the IFF Research (2005) survey found significant statistical differences between the sectoral specialisations of social enterprises and in the concentration of social enterprises in the most deprived areas according to the Index of Multiple Deprivation. In the East of England, for example, only 12% of social enterprises were in the quintile of most deprived wards. The corresponding figures in the South East and South West were 10% and 16% respectively, compared to 43% in London and 46% in the North East. Of course, this partly reflects the location of multiple deprivation itself, but it also suggests that social enterprise may mean quite different things in different regions.

Following on from this observation, we speculate that there are two countervailing forces at work in the field of the social economy that may be prominent in differing regions, thus cancelling each other out in terms of the overall incidence of social enterprise. On the one hand, we suggest that there is

social enterprise as an innovative response to new social challenges that is flourishing in those parts of the nation that typically score highly in terms of general entrepreneurial activity (i.e. London, the South East and to a lesser extent the South West). On the other hand, there is social enterprise as a response to pressing social needs that is very much prompted and supported by public authorities and EU funding in the more deprived regions of the nation (i.e. predominantly northern regions). Validating these speculations will of course need further research.

This leads us to our final conclusion, namely that if social enterprise activity *does* display significant geographical differences, the available evidence currently suggest that these are most likely to be found at the level of between or within cities (say between inner cities and suburban areas).

There can be little doubt that research into social enterprise would be greatly assisted by accurate data disaggregated to smaller geographical areas such as cities. In particular, this would enable us to place the results from detailed case studies into a broader context; looking, for example, at the effects of the local structure of social enterprise upon results. Contrary to this, one might argue that there are some useful parallels between social enterprise and spheres such as crime and education. In all these areas of public policy there are inevitable limits on the amounts of comparable accurate data that can be collected. As in these other spheres social enterprise policy might focus less on precise numbers and more on policies tailored for the types of circumstances found in different types of areas. However, as political interest in social enterprise grows in all parts of the political spectrum (e.g. Asthana, 2010), the need for more robust quantitative and qualitative data about them will become more pressing. If social enterprises are to become key players in public service delivery geographical research will have an important part to play in ascertaining whether concerns raised about spatial mismatches between needs and provision in relation to voluntary organisations and other forms of third sector activity (e.g. Bryson *et al.*, 2002; Fyfe and Milligan, 2003) are also relevant to social enterprise. If geographical trends in social enterprise activity can be more reliably documented, this will better equip us to identify the conditions under which social enterprises are most likely to be successful: an issue that is of considerable policy-relevance given the emphasis being placed on social enterprise as part of the new coalition government's Big Society agenda.

Endnotes

¹ It also excluded organisations that fell into certain Standard Industrial Classifications that were not expected to include a high proportion of social enterprises (see IFF Research, 2005, pp. 45-46): it may in fact be the case that some of these groups do contain significant numbers of social enterprises, and it is difficult to gauge the effect that this restriction has on the data.

² The location quotients in figure 2 were calculated based on the total number of private sector business that were employers in 2003. This includes public corporations and nationalised bodies, but excludes sole proprietorships and partnerships comprising only the self-employed owner-manager(s), and companies comprising only an employee directors. This was in line with the approach taken by IFF Research (2005), although the original data sources were used for these calculations.

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Social Enterprise

What role can social enterprise play within the third sector? This work stream cuts across all other research programmes, aiming to identify the particular characteristics and contribution of social enterprise. Our research includes theoretical and policy analysis which problematises the concept of social enterprise, examining the extent to which it can be identified as a distinct sub-sector. Quantitative analysis will map and measure the social enterprise sub-sector, and our qualitative case studies will contain a distinct sub-sample of social enterprises.

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