

Social and community enterprise

A European perspective

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Introduction

This paper has been produced on behalf of the Northern Alliance for Sustainability (Anped), and outlines the progress of social and community enterprise in Europe within the context of sustainable development. It describes historical factors that have determined the development of the social economy, and illustrates how this now makes an important contribution to social and business life across Europe. Included is information about just a few of the many and varied organisations that can describe themselves as social or community enterprises, ranging from informal community organisations to large businesses operating within strict legal criteria. Finally, we make recommendations for practice and policy that could encourage a more viable social economy.

The Northern Alliance for Sustainability (ANPED)

ANPED is a democratic network that links NGOs and voluntary organisations in all parts of the Northern hemisphere. It was founded in 1990 as the Alliance of Northern People for Environment and Development.

ANPED works to promote sustainable societies worldwide. It does this by supporting grassroots activity and participatory democracy and linking NGOs who share the aims of the organisation which include the promotion of sustainable development and participatory democracy. ANPED has a membership of groups working on environment, development and health which are provided with informational and co-ordinational support. By working on cross-cutting issues which fit into various political processes and organising 'skill-share' sessions, ANPED endeavours to build the capacity of individual NGOs.

Members also use the network to play their part in international work, and participate through ANPED in various international processes such as the follow up to the 1992 Rio UN Conference on Environment and Development and the Environment for Europe Process.

ANPED has set up several working groups where members come together to share their experiences and design common action and advocacy campaigns. Members considered that unsustainable patterns of consumption and production in northern societies are one of the major threats to our future. This led to the setting up of a Sustainable Production and Consumption and Working Group which has dealt with national and international issues such as corporate accountability and responsibility. The Local Action for Sustainable Development Working Group supports groups involved in Local Agenda 21 and other locally-based activities.

ANPED believes that a sustainable society depends on a cycle of production to consumption that has long-term economic benefits to local communities while taking into account the potential for negative social and environmental impacts. The increasingly trans-national nature of trade by larger and fewer businesses motivated by an over-riding need for profit, rarely favours the livelihoods of the producers and consumers of locally produced goods and services. Small-scale, localised production that recycles profits back into the community, and which produces goods and services that are appropriate to the society and the environment in which they are produced, can make an important contribution to sustainability. ●



What is social enterprise?

According to the UK's Department of Trade and Industry (DTI), 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.”

Social enterprises tackle a wide range of social and environmental issues and cooperate in all parts of the economy. Social enterprises are diverse. They include local community enterprises, social firms, mutual organisations such as co-operatives, and large-scale organisations operating nationally or internationally. There is no single legal model for social enterprise.¹

These many types of enterprises form part of a social economy that was officially recognised by the European Commission in 1989, which defined social enterprise as being an ensemble of co-operative businesses, mutual organisations and associations. In countries such as Spain, Italy and France, social enterprises provide a mechanism for bringing excluded groups into the labour market, raising skills levels and increasing future employability. Locally based, not-for-profit businesses are generally described as community enterprises but it is impossible to define exactly what is, or what is not, a social or community enterprise. There is a very appropriate English expression: “If the cap fits, wear it”. The value of the impact on society, by all the large and small organisations within the social economy, is more important than trying to categorise them with labels.

What is community enterprise?

Simply:

community-based economic development that contributes to the social economy.

In the current context of globalisation and international trade, most of the alternative efforts to fight unemployment and generate economic growth are focused at the community rather than global level.

“Think global and act local”

means acting at the community level to foster economic, social and cultural growth. Introduce an environmental factor and community enterprise becomes a natural partner to sustainable development processes.

Community enterprises have existed in Europe and North America throughout the 20th century, and probably earlier. The modern community enterprise movement in the UK, which remains closely related to urban regeneration, originated in the 1970s, with early initiatives inspired by experience in the United States. The movement has a similarly recent history throughout the rest of Europe but has developed in many and varied ways.



There are a huge range of businesses that could be described as community enterprises.

This London-based refugee has launched a tailoring business with help from a Lending Circle (see later), a means of financial support that began in Bangladesh.

The key objectives of community enterprise are:

- the generation of jobs;
- skill enhancement;
- provision of necessary goods and services which the market is unable to provide; and
- the empowerment of individuals and communities to take control of their working lives.

These objectives have special relevance in deprived communities, where more conventional kinds of business organisation do not provide either enough jobs or a good enough quality of life and people do not have a voice in local matters.

A further characteristic of community enterprises is one they share with the private sector: they are involved in commercial activity, directly or indirectly producing goods or, more commonly, services for which they charge, and the resulting revenue is their main (if not only) source of income.

It is generally agreed that community enterprise forms part of a wider social enterprise movement that includes social firms, co-operatives and social businesses. The confusion caused by the slender difference between a business that exists for social or community good, means that the sector does have an identity problem. A local, voluntary environmental group that earns a small amount of income by planting trees in a privately owned estate to complement grant-funding will describe itself as a community enterprise. If this group involves people with disabilities in the same activities it could be described as a social enterprise.

According to the UK's Development Trust Association (DTA), community enterprise means:

- 1 Community-led organisations – both community of place and of interest.
- 2 A self-help ethos – while we achieve much in partnership with local authorities, businesses etc, we avoid dependency.
- 3 Communities themselves are the best agents of their own renewal.

- 4 Philanthropic and welfare approaches by themselves are not enough – enterprise is necessary for sustained change.
- 5 This means trading for social purpose – where surpluses are reinvested in further enterprise development and for community benefit.
- 6 Community ownership of assets (buildings, land and other assets) can build business capacity and achieve community goals.

The DTA believes that community enterprise means creating wealth in communities, and keeping it there. It believes that community enterprise is value-driven and should:

- 1 Encourage and support people to take responsibility for the renewal of their own communities.
- 2 Stand for accountability to local people, as well as collective action and partnership.
- 3 Recognise the diversity that exists within communities and regard this as a source of strength.
- 4 Value sustainable regeneration, which addresses the economic, environmental and social needs of a community, and which involves the creation of wealth for communities by communities.

Examples of community enterprise

There are three main types of community enterprise:

- **Community businesses.** Community businesses are owned and controlled by local communities, generally through a management system that is accountable to a wider group. Community businesses differ from co-operatives and similar organisations which may share many of their key features but are owned by specific groups such as the workers and/or the customers of the enterprise. Any financial surplus achieved by community businesses is reinvested for the purpose of community benefit.
- **Community credit unions.** A credit union is a savings and loan co-operative which is set up for the mutual benefit of all its members. It is a non-profit-making, voluntary organisation but, in the UK for example, has to abide by strict regulations.
- **Local Exchange Trading Systems (LETS).** LETS are a means of encouraging economic activity in an area by creating credit which members of the scheme can use as currency when trading among each other. Credit can be in the form of locally-created currency which is used when services or goods are exchanged between members of the scheme.

Sustainable community enterprise

A sustainable community enterprise is a community-benefit business that abides by long-term social, economic and environmental values and reinvests any profit back into the community. Most business activity is undertaken purely for short term profit, disregarding the principles of sustainable development. A good example of non-sustainable business would be that created by an oil-spill at sea caused by a passing tanker. In the short term, there will be economic benefits as business is created in clearing up pollution in the water and along the coast. However, the long term negative social, environmental and commercial impacts due to environmental damage together with the loss of fishing and tourism, would far outweigh any short term commercial benefits.

If the local community affected by the oil spill then created a co-operative business, with long-term funding from the shipping industry to monitor levels of pollution and to respond to any future incidents, this could be described as a community business that not only respects the principles of sustainable development but is sustainable as an enterprise.

Community enterprise, regeneration and the environment

Many environmental projects are linked to regeneration programmes with objectives that often match the key features of community enterprise. These include:

- **Jobs and training:** As regeneration areas have high levels of unemployment, much of it long-term, community enterprises' emphasis on employing local people is useful to partnerships seeking routes back into jobs for local residents.
- **Goods and services:** Regeneration areas often lack commercial facilities and services because of residents' low spending power. Community enterprises can meet this need at affordable prices and may be able to provide social and community services in ways that are responsive to local needs and priorities.
- **Re-cycling income:** Poor areas tend to be caught in a downward spiral: residents' already low incomes are largely spent on goods and services 'imported' from elsewhere, reducing even further local incomes and job opportunities. By employing local people to provide locally consumed local services, community enterprise can reverse the spiral. It may also be able to trade outside of the disadvantaged area, increasing the income of its residents through 'exporting' to other areas.
- **Capacity building:** Community enterprises are often initiated by a group of residents. So the process of working up their idea, training in business planning, forecasting and consultation, increases the capacity of those involved to a much greater degree than if they were merely to access jobs as employees.

Funding social and community enterprise

One of the main forms of financial support for the social economy are Community Development Finance Initiatives (CDFIs), which are of particular benefit where banks and other institutions are not able to deliver financial support due to the risk factor or the criteria under which they operate. CDFIs can act as the spring board for community businesses that could not attract loans from other sources or be subject to prohibitively high interest rates.

CDFIs can provide finance through:

- Loans to small businesses that create jobs and offer much-needed services and amenities in the most deprived inner cities;
- Loans to social enterprises with a social and commercial purpose;
- Loans to enterprises started by disadvantaged groups, such as the unemployed or those on low income from ethnic minority backgrounds or people over the age of 50;
- Loans to individuals, including those who are unable to access the basic range of financial services such as current accounts, home improvement loans and purchase loans and insurance;
- Loans to charities and other voluntary organisations that find it difficult to access funds elsewhere;
- Equity finance to organisations in deprived communities which have the capacity to grow into large enterprises.

CDFIs include:

- **Credit Unions:** A credit union is a financial co-operative owned and controlled by its members. Members, as shareholders in the credit union, will usually receive dividends on their savings (which are called shares) and are eligible to apply for loans. Credit unions are the fastest growing part of the co-operative movement around the world.
- **Micro Finance Initiatives:** Micro Credit has a long history in developing nations, particularly in India, Bangladesh and Sri Lanka, with their Grameen Banks. Micro Finance Initiatives provide relatively small loans, at reasonable rates and terms, to clients who would not have access to other forms of capital. They could provide start-up funding for example, to small businesses set up by people with poor credit histories or who are not able to give security.
- **Community Re-investment Trusts:** These are locally controlled funds that invest in goods and services that have community benefit. They aim to be accessible, reasonably priced and accountable financial services for those who are disenfranchised from more conventional suppliers such as banks and building societies.

- **Local Exchange Trading Systems:** Local Exchange Trading Systems (LETS) use the exchange of local goods and services instead of actual money. Members trading among each other can help to fight social exclusion by giving opportunities for residents to re-enter the labour market, helping to build their skills and develop social networks.
- **Time Banks:** Time Banks originated in the USA in the mid-80s with the Time Dollars scheme. Participants in a time bank 'deposit' their time in the bank by giving practical help and support to others and are able to 'withdraw' their time when they need something done themselves. Everyone's time is worth the same and a broker links people up and keeps records.

Lending circles

The concept of lending circles was inspired by a model started in the mid 1970s by Professor Muhammad Yunus (*right*), an economics lecturer at Chittagong University. Yunus decided to research the reality of economics for the very poor. What he discovered is true of most countries – the poor are not considered credit-worthy and so, because they are either unable to get any finance or because the only finance they can obtain is at an exploitative cost, they are often trapped within their poverty for the lack of very small amounts of money.



Photo courtesy of Changemakers

In the village of Jobra near Chittagong he met with 42 people who needed a total of \$27 to get all of them onto a first step out of poverty. Yunus lent the villagers the money from his own pocket at a reasonable rate of interest and was repaid.

From this tiny beginning he moved from one village to another, expanding his loan scheme and, with people repaying back the money, he hoped that the local banks would recognise a secure market opportunity and start lending the villagers money themselves. However, the banks remained unwilling to lend. So Yunus established the Grameen Bank.

Borrowers from the Grameen do not have to have any collateral for their loans. They are required to join small groups to provide each other with support and advice. The security for the loans is provided through the relationship and commitment the bank members have with each other.

In 1999 Grameen operated in 39,000 villages, lent to 2.4 million borrowers and had a repayment rate of between 96 and 100%.

Today, the concept of lending circles has spread to many European countries – an example is given later.

Social auditing

“If social enterprises claim to be operating for the common good then it is essential that we can see clearly what benefits they deliver, that they transparently report their performance and that the process of gathering information in order to report contributes to improving future operation: proving the value and improving performance.”

John Pearce, Social Audit Network Event, April 2003

Quality standards are usually applied to social enterprises through social auditing which is similar to traditional financial auditing but covers all the activities carried out by an enterprise that may not directly include the handling of money.

Most non governmental organisations demonstrate their financial accountability through managing sound and transparent accounts, and their ability to respond to funders’ requirements for achieving targets within budgets. However, financial accountability only tells part of the story and does not give any indication of an organisation’s efficiency, impact or effectiveness. A method of auditing is needed that covers internal systems and external impact based on an organisation’s vision and objectives. Social auditing is a way of measuring efficiency, impact and effectiveness while helping organisations to reassess their *raison d’être*.

Social auditing is described by the Social Enterprise Partnership as:

“a method for organisations to plan, manage and measure non-financial activities and to monitor both the internal and external consequences of the organisation’s social and commercial operations.”

A social audit would examine, through interviews and surveys, the impact of an organisation on its stakeholders including staff, volunteers, clients and other members of the community. Questions might be asked about the opportunities that stakeholders are given to participate in decision-making processes, or if membership is open to all groups from society, or if the organisation is free from political influence. Auditors would examine if the organisation’s visions and objectives relate to its actual work and cover issues such as environmental impact and working conditions.

To commit itself to regular social auditing, an enterprise must keep qualitative and quantitative records of all its activities for analysis. Auditors’ reports will be disseminated to stakeholders and others after which a response will result in responsive actions as necessary.

Work across Europe

The following organisations and projects are just some of the many that collectively contribute to the social economy in Europe.

ROMANIA

For 50 years up to 1989, Romania was under communist control under the authority of Nicolae Ceausescu. During this time all business activity came under state control through the creation of large-scale, so-called 'co-operatives'. This period left most of the people in a state of severe poverty, which is only being tackled today. The word 'co-operative' is now viewed with hostility and suspicion and therefore co-operative working is difficult. There is also still a deep suspicion of the government and their local authorities partly because of the years of abuse through communism and partly because of the on-going corruption which plagues the country.

However, after the relaxing of communist regulations, hundreds of Non Governmental Organisations were formed and new businesses started to appear. Today, the majority of the country is still poor and the lack of state aid results in a self-help attitude. Most small businesses operate at minimal or zero profit levels, unofficially supporting their local area and the organisations set up to help the neediest of the society. However, since this sort of support is unofficial, it is not easy to recognise. There are few government grants for NGOs and so they need to find other ways of becoming sustainable – most of their income is from business and private individuals which is added to by production and sale of small handicrafts and other products.

Either due to, or maybe in spite of communism, Romania has a strong moral background and there is an underlying belief in giving something back to the community. This varies from a very individual personal level or one which is manifested through commerce. Many Romanian businesses sponsor a favourite charity or social organisation with cash or patronage, although this is not prevalent in firms owned by foreign nationals which are mainly concerned with creating profit. Of Romania's 1.2 million registered companies only 700,000 are actually operating. Of these companies, roughly 800 are said to understand and practice the concept of social responsibility and try to apply it in their communities.

One popular trend in Romanian business is to provide financial support or in-kind contributions to the communities within which they operate, or to not-for profit organisations that work with children or other people in need. Amounts range from the equivalent of €50 to more than €50,000. Altex, an appliances company, donates its products to charities, local authorities and church organisations. Loulis, a food processing company, provides food to NGOs that work with homeless and other disadvantaged groups. Some construction companies may help local communities to develop their local infrastructure by covering the costs of improvements to roads, schools or community buildings.

A good example of this type of in-kind support occurred after severe floods in County Severin, when businesses and community organisations supplemented the resources of the local emergency response agencies. Small businesses contributed through voluntary work, lending transport and by donating washing machines, refrigerators and other necessary items. They also assisted local communities in reconstruction efforts after the disaster.

ROMANIA – Community Co-operative

A Community Co-operative is an example of a community enterprise that has been set up by a group of people who share decision-making and profits.

Many children and orphans live on the streets in Bucharest and other cities in Romania. NGOs help to care for them and provide education and employment.

JAR is a limited company that produces organic soap which was founded by a chemist who formerly worked for a large company. He set up a co-operative of 11 workers, some of whom are street children and others at risk who have equal shares in the business.



The company uses very basic equipment to produce 1000 litres of soap a day, which they sell by order or at markets.

Customers for soap and detergents include schools and hospitals, while some is given free to NGO's working with street children and other causes.

- ***This business can be described as a community enterprise since it shares profits among its workers, helps to provide jobs for marginalised people and provides locally-made organic products.***

ITALY

Social co-operatives are a distinct, important and rapidly growing sector of the Italian economy, where community or social enterprise has a long and valued tradition. This has been backed by specific legislation recognising and favouring co-operatives in general terms and more recently social co-operatives in particular.

Italian social enterprise development is closely linked to the country's history, the way its welfare system has been shaped and operated, and the traditional function of not-forprofit organisations. While local authorities had an important role in the delivery of a welfare state following the Second World War, this concentrated more on the distribution of financial support rather than the delivery of social services. The traditional view in Italy is that it is a role of the family to support relatives in trouble. The state's function has therefore been secondary.

Social co-operative societies (or social solidarity co-operatives, as they were generally called at the time) initially took off towards the end of the 1970s, a period of poor economic performance and high unemployment. They grew steadily in the 1980s as unemployment, particularly among young people, remained high. A further spur in the growth of Italian social co-operatives came in 1991, when a new law was approved which recognised and defined social co-operatives.

Many of the co-operatives had their roots in the voluntary sector with a strong religious motivation. In many cases, the motivation for these voluntary groups was strongly religious. Many founding members were (and still are) inspired by their religion; many see their faith in leftwing terms, and associate it with the social objectives held by many coops; and some Christian orders are practical supporters of individual co-ops, for example by renting premises to them at very low cost.

The expansion in social co-ops has been phenomenal over the last three decades, increasing from 650 in 1985 to between 4,000 and 5,000 today. Analysis shows that individual social co-operatives have increased turnover at a comparable rate of growth growing by an average of 60% from 1990 to 1996.

More than 40% of disadvantaged people employed in work integration social co-operatives receive wage rates that are only just below average wages – significantly more than the employees might otherwise expect to earn. Some of the workers, though, receive work grants from their local authority instead of wages.

The 'Marconi Fund' has been a key element in the creation and sustenance of Italy's cooperative sector. In return for helpful tax exemptions, co-ops in Italy must invest 3% of their annual income in the Marconi Fund to finance new co-ops.

Most Italian co-ops have between 40 and 50 members, with an average of 25 employed members. Only a few co-operatives have more than 100 workers or members.

ITALY – Community Business

Community Business is a social enterprise that has a strong focus on meeting local needs – both social and economic.

Associazione Europa is a not-for-profit association that promotes cultural, sport and other activities for women, children and families living in a poor suburb of Bari in the Puglia region of South Italy. It provides a good example of a community group that is overcoming severe social and economic problems by setting up a community business.

Families occupy apartments in large concrete blocks outside the city. Many blocks are damaged and unfit for families. Most women live very isolated lives, confined to their homes with no work or income of their own.

The women were brought together by Associazione Europa to explore their needs. They acted out aspects of their lives, including their hopes and fears.



The Associazione worked with the women to respond to the issues raised. A training programme was set up to get people back into work. A family centre was opened which provides counseling and training to help overcome discrimination and encourage integration. A community newspaper was launched and a programme of plays and entertainment was started.



- ***This community enterprise helps to overcome social and economic exclusion by giving people a sense of worth and belonging. It provides skills and employment as well as creating a sense of community.***

FRANCE

The expression ‘Social Economy’ was first recognised in French law in 1981 on creation of the Social Economy Directorate. However, the origins of this sector date back to the middle ages with the development of guilds, brotherhoods and corporations. The first social economy theorists appeared at the beginning of the 19th Century in response to the damage caused by the industrial revolution. Social reformers and utopian thinkers, sought alternative solutions to government control over production, and new forms of enterprise were tested where the property and power were shared.

The emergence of the co-operative and mutualist movement gave way to great social innovations, housing co-operatives being the precursors to social housing. As for the mutualist movement, born of the will of paid workers to develop solidarity systems for collective protection against illness or disability, this opened the door to social security.

In France today, the social economy (in the widest sense) is now responsible for around 1.8 million jobs in France and almost 10% of the Gross Domestic Product. There are three main sets of organisations: co-operatives, mutual organisations and associations which share principles of: voluntary and personal participation; solidarity amongst members; democratic management; independence from government; boards of directors composed of volunteers; non-profit aims and; non-sharing of capital.

Co-operatives differ from the others kinds of organisations, by the comparatively small size of the businesses and their economic strength. A co-operative is defined as:

“a group of people having voluntarily joined together in order to obtain a common aim, but constituting an enterprise managed democratically (one man, one vote) and accepting a correct participation to the risks and benefits of the enterprise.”

The two main fields of activity are the agricultural and the banking sector. Around 90% of French farmers belong to at least one co-operative. Mutual Associations have a small number of businesses and workers, due to the type of activity (most commonly insurance and pensions). Associations are greater in number and employ a higher number of workers, which demonstrates intensive use of labour in production. An 'agreed association' is an agreement given by the public administration, related to the activity carried out – some activities cannot be run without the organisation (health and social services, nursery school, protection of wildlife, etc.) These types of association are open to public funding.

“The social economy can, if we harness it, be the new horizon for the development of our societies. A sustainable, fair, productive, profitable, interdependent development... The time has come to change our view of things, to escape from this artificial opposition between the economic and the social. This duality, which is very much kept alive, between economic and social logic, suggests that there is that which earns and that which costs, that which is productive and that which is inefficient...”

Guy Haiescot, Social Economy and Solidarity Secretary of State, France

FRANCE – Financially Independent Social Enterprise

Many social or community enterprises have a high dependence on grants or donations, with earnings through the provision of goods or services forming only a small part of their overall income.

In 1950 a French waste bin contained mostly bio-degradable waste such as vegetable peelings, leftover food and garden waste. But by 2000 more than half of household waste was made up of packaging such as plastic, glass, metal and cardboard.

Triselec is a large-scale recycling business that also helps to deal with unemployment and social exclusion. Apart from collecting, sorting and recycling 650,000 tonnes of household waste each year, Triselec offers training and development that helps people into employment.



A purpose-built recycling centre which uses the latest technology to sort waste is staffed by previously unemployed people who use the experience and training as a means to access the labour market. In France, the term 'professional insertion' is used to describe how socially and economically excluded people are helped into employment.

- ***Triselec is a good example of a not for profit organisation that has a beneficial social, economic and environmental impact while being totally financially independent.***



UNITED KINGDOM

There has been a traditional dependence in the UK on government to provide social, health, housing, education and other services to the community. The British welfare state began in the late 1800's but it wasn't until after the Second World War, when a Labour government began nationalising the major industries, that social institutions such as the Health Service were set up. The parallel roles of the welfare state and government were given political support until the mid 60's. A Labour government in the late 60's and 70's began to create new state-run industries and to re-finance some of those that were in decline. During the mid 70's there was a realisation that small business offered good growth prospects while little thought was being given as to how economically disadvantaged communities could help themselves. By now, several community development projects had become established – usually in deprived areas and usually in response to social rather than economic needs. With a growth in employment and government financed job creation programmes, jobs soon became part of the agenda for community organisations who used these short term schemes to engage staff.

During the 70's and 80's, community development workers were employed by some local authorities and non-profit organisations to promote community action. It is suggested that it was these workers and their organisations that identified a need for economic as well as social enterprise and began to set up 'community enterprises' and 'community businesses'. By 1990, a community enterprise movement had begun.

Autonomous, locally-owned and run Development Trusts became established as the organisation through which regeneration, housing and other schemes were delivered. They are governed by local people, may have assets such as property and tender for grants and contracts. Some manage training schemes, others pass on grants to smaller organisations or create a surplus through trading. By 2000, as many larger trusts became established and smaller ones struggled to survive, the government was promoting partnerships between all sectors as a way of delivering regeneration programmes and many social services. However, there are questions about the level of genuine community ownership and involvement in many of these schemes.

The way people live and do business in the United Kingdom is fast changing with an increasing reliance on centralised services. The New Economics Foundation reported that, between 1995 and 2000, the UK lost one fifth of vital services provided at a local level. These included corners shops, grocers, high-street banks, post offices, pub and hardware stores that have disappeared in urban as well as rural areas. In 2003, NEF found that wholesalers, the lifeblood of small local shops, were closing at a rate of six per week, while new registrations of small scale food manufacturers had fallen by 12 per cent. 20 traditional pubs were closing each month. 800 communities in Britain had no bank left, and over a thousand had only one. In the decade to 2002, Britain lost one third of its bank network.

Social and community enterprises therefore, ought to be well-placed to provide services at a local level and at an appropriate scale – particularly in areas of the greatest deprivation.²

UNITED KINGDOM – The Social Entrepreneur

The social entrepreneur is often the single personality driving a community enterprise. This is the person that may be realising a dream or using business skills to support a community venture. They range from the quiet motivator to the opinionated and egotistic individual. Whatever personality, the success or failure of an enterprise, as in the conventional business world, is often reliant on such people.



In 2001, David Job, a part-time teacher, discovered a derelict site near a footpath and cycle route near to his home in a rural part of South West England. The route forms part of the Tarka Trail which had been established to encourage walking and cycling in an area with a high quality landscape which is popular for tourists. The site contained a disused orchard and a wooden building that had been used to house chickens.



The site is close to a group of 17, fairly isolated houses, in a predominately agricultural area. The decline in smallscale agriculture and the loss of many local service industries has meant that much of the indigenous working population commutes to nearby towns, often for low-paid jobs.

David (right) bought the site with his own money and set up a co-operative with a small group of friends. In 2004, after voluntary help and with some finance from grants, the café was open to up to 200 visitors a day – staffed by David and another member of the co-op. Future plans includes a resource centre for environmental studies.

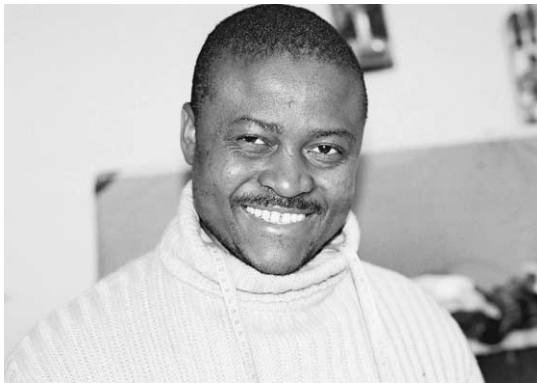
- ***This community enterprise with its undoubted social, economic and environmental benefits, has been due to the vision and enthusiasm of one person without whom it would never have materialised.***



Other examples of social and community enterprises



Fundación Theodora in Spain was set up by some doctors who wanted to brighten up the lives of hospitalised children. Each child gets an individual visit from a clown to play and joke. The organisation is funded by private donors as well as health authorities.



The Lending Circle concept was adapted by an organisation called **Head4Business** which supports social enterprise in a poorer district of London. Small groups of individuals with ideas for enterprise attend business training sessions during which they develop business plans. Start-up capital can be applied for to help an enterprise like the tailoring business set up by a refugee, Kareem (left).



The Calm Street Project was set up by a social enterprise to counteract violence and vandalism on public transport in Stockholm, Sweden. Young people, many with a history of crime and drug abuse themselves, are trained and then paid to provide a calming presence in subways and elsewhere.

Social enterprise – Making a difference

“There has never been a satisfactory collective term for the independent agencies, foundations, self-help federations, semi-detached public bodies and socially-orientated businesses through which individuals, groups and societies have shared their concerns, provided services, voiced dissent and pursued vocations. This ‘loose and baggy monster’ has grown rapidly in size, significance and sophistication over the last decade. All the major social changes and challenges of our time – Aids, the environment, an ageing population, urban decay, drugs and crime, the new information technologies, globalisation – have seen the emergence of new initiatives and new forms of social action. And the standing of social enterprises has increased. Often they have what government and corporations seek – credibility, expertise and public support.

Like an old friends we not seen for a while, this sprawling terrain is both familiar and changed. The term social enterprise may not be perfect, but it reflects some of these developments – the innovation and dynamism, the spread of business perspectives, the emergence of hybrid organisation and inter-sectoral partnerships. Moreover the term is both positive and virtually self-explanatory – more than can be said for the nonprofit, ‘voluntary’, ‘charity’ and ‘third sector’ labels. It is also broader, encompassing co-operatives and socially-orientated businesses, even if they do not have a non-profit or charitable legal form.

The contribution of social enterprises over the years has been enormous – and enormously diverse. As innovators, as expressions of new social movements and concerns, as society’s rapid response force for new issues, social enterprises have made a societal difference, again and again.”

Rob Paton, from his book *Managing and Measuring Social Enterprise*.³

Recommendations for action

What can be done at a local, national and international level to encourage more sustainable social enterprise?

- **Agree terminology.** The sector suffers from a lack of identity that is increased by confusion over the meaning of labels such as **social** or **community** enterprise. Some basic criteria could be agreed.
- **Set standards.** Social auditing ought to become mainstreamed, covering a range of key issues such as social inclusion and transparency. Sustainability auditing would cover social, environmental as well as economic impacts.
- **Encourage good procurement practice.** Governments are major contractors of goods and services and can promote the social economy by offering favourable terms to the non-profit organisations.
- **Adopt the 'Marconi Fund' system.** In Italy, co-operatives must invest 3% of their annual income to finance new co-ops in return for beneficial tax incentives. Taxation rules could also favour the social economy in other ways such as exemption for private donations.
- **Offer favourable loans and grants.** Start-up and other loans and grants should be easy to access and offered at rates that take into account the special nature of social enterprise.
- **Use 'employment grants'.** Organisations should be given financial incentives to introduce or reintroduce disabled or socially or economically marginalised members of the workforce into employment.
- **Provide good business advice.** Social enterprise often emerges from voluntary or community sector organisations that are not familiar with concepts such as marketing and publicity.

References

- 1 The definition of social enterprise was taken from the UK's Social Enterprise Strategy (www.dti.gov.uk/socialenterprise)
- 2 This commentary on community enterprise in the UK was based on: '*Community Economic Development: Rhetoric or Reality?*', Community Development Foundation, Edited by Alan Twelvetrees.
- 3 '*Managing and Measuring Social Enterprise*', Rob Paton, SAGE Publications (www.sagepublications.com)

Other information referred to was provided by:

- **New Economics Foundation:** www.neweconomics.org
- **Development Trusts Association:** www.dta.org.uk
- **Head for Business:** www.head4biz.com
- **Yarde Orchard and Café**

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