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Gerard Joseph Doyle

Technological University Dublin, gerard.doyle@tudublin.ie

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Socialising Economic Development in Ireland: Social Enterprise an Untapped Resource

Gerard Doyle

Dublin Institute of Technology Ireland

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INTRODUCTION

Since the 1970s, Ireland has experienced many crises including mass unemployment, emigration and housing shortages (Kirby, 2010). It was also affected by fuel rationing, emanating from our over-reliance on imported fossil fuels combined with the oil crisis of 1973 and of 1977. However, compared to a number of other European countries, in Ireland, social enterprises have not been embraced to the same extent by communities and civil society organisations. This chapter outlines the economic, cultural, social and political processes which have stymied the development of a vibrant social enterprise sector in Ireland. The chapter asserts that to fully understand how social enterprise is not as developed here as in other European countries, an analysis of the social and economic development of Ireland is critical. Furthermore, historical events and processes from the 17th, 18th and 19th centuries have an indirect bearing on the status of social enterprise in Ireland in the 21st century. The development of credit unions (a form of social enterprise) in Ireland is outlined, in the appendices, to show how a series of barriers were addressed so that the credit unions were in a position to offer households, living in every neighbourhood in Ireland, access to affordable credit. In the appendices, a number of case studies document how social enterprise can address the economic under-development of rural villages and urban marginalised communities. Finally, the worker co-operative case studies outline how this form of social enterprise can both provide an alternative to the dominant capitalist model of enterprise and contribute to strengthening the level of equality within societies.

Social enterprise is a contentious concept and consequently a plethora of definitions are cited. The number of definitions of what constitutes a social enterprise reflects the diverse understanding of what is a social enterprise. Here, a broad

definition of what constitutes a social enterprise will be employed, encompassing co-operatives, associations, mutuals and foundations. A social enterprise is an organisation established to achieve specific social objectives and which, in the process of achieving these objectives, is beneficial to people, the environment and the local economy (Pearce, 1993). Pearce (2003) cited a number of fundamental characteristics that social enterprises share which include: being democratic (one member, one vote); being autonomous of the state and of external investors; being participatory, in that the members control the governance and operation of the social enterprise; and generating traded income from the sale of products/services. To summarise, social enterprises are businesses which are democratically owned and controlled by their members (Doyle & Lalor, 2010). Co-operatives, a form of social enterprise are 'self-help businesses owned and democratically controlled by the people who use its services' (Briscoe & Ward, 2000). The International Co-operative Alliance definition is more specific, in that it states that co-operatives are comprised of 'autonomous groups of individuals established on a voluntary basis to meet their members' needs which can be economic, social or cultural (ICA, 2018).

The chapter has a number of elements. The literature review is outlined in section two. The methodology is the third section. The findings section documents the reasons for the under-utilisation of social enterprise in Ireland. A number of theoretical perspectives are employed to explain why the State and civil society do not embrace to the same extent as other EU countries, social enterprise to address the many issues which Ireland has encountered since the 1970s. Indeed, the chapter provides a comprehensive explanatory framework outlining why social enterprises have been underutilised by policy-makers and have not been embraced by civil society. Appendix 2 provides an analysis of the factors which led to the growth of the credit union movement in Ireland. The country has the third highest penetration per capita of a financial co-operative in the world. Lessons from the development of Ireland's credit union movement could be applied to growing social enterprise in other sectors of the economy.

In addition, appendix 2 comprises a number of case studies which document how social enterprise can act as a mechanism for both rural and urban regeneration.

It also outlines the potential role of co-operatives as an important mechanism for achieving a more egalitarian society in Ireland (Ranis, 2016).

Finally, the author believes that globally there needs to be a replacement of neo-liberal capitalism with an economic system that is based on a commonwealth of co-operatives which aims to switch from a linear to a circular economy and where the market is closely regulated by public bodies (Gibson-Graham, Cameron, & Healy, 2013).

LITERATURE REVIEW

The section focuses on the review of the literature pertaining to Ireland's economic development, political development, social and cultural processes and support for social enterprises. These four dimensions are deeply interwoven.

Ireland's economic development

Higher levels of co-operative and wider social enterprise activity tend to be more associated with industrialised societies (particularly consumer and worker co-operatives) than with more agriculturally based economies (Restakis, 2010; Ranis, 2016). Outside of the north-east, Ireland had a low level of industrialisation compared to other European countries (Munck, 1993).

British colonisation stunted Ireland's industrial and maritime development as far back as the introduction of the Navigation Acts of 1679 (Jacobsen, 1994). Ireland's role of servicing the British economy through the provision of food, mainly livestock, was compounded following the passing of the Act of Union 1801 (McCabe, 2013). Westminster legislation prohibited Irish businesses from directly trading with other British colonies (Jacobsen, 1994). This resulted in Ireland (with the exception of the north-east) being industrially undeveloped and having a small working class (Silverman, 2001). In essence, Ireland was a dependent economy providing food for the British economy (O'Hearn, 2001; Munck, 1993).

With the formation of the Free State, the Irish Government adhered to liberal economic policies (Jacobsen, 1994). Irish economic policy was predicated on the agricultural export of cattle, with the large grazier farmers exerting significant influence over agricultural policy (McCabe, 2013). The first government believed that if cattle farmers were generating

sufficient wealth, then this would benefit the rest of society through their spending (Munck, 1993). Any alternative economic policies would have been difficult to implement as the British government created a civil service which was supportive of its imperial interests (Regan, 1999). According to Kennedy (1989), Ireland was the same country, as before independence, with a different State.

Regarding Ireland's economic development, semi-state owned commercial entities outperformed indigenous private industry (Ferriter, 2004). Indeed, successive Irish governments were frustrated with the entrepreneurial performance of the Irish capitalist class (Lee, 1999). In the 1950s, the Fianna Fáil administration concluded that the goal of autarky had failed, and replaced it with the State performing the role of facilitator of capital accumulation (McCabe, 2013). A comprador class emerged to assist foreign direct investment in establishing operations in Ireland (Eipper, 1986; Jacobsen, 1994). Symbiotic relationships were forged between business leaders, public sector officials, and elected representatives in order to maintain the economic model (Eipper, 1986). The Irish working class was too small and weak to demand an alternative model of economic development (O'Connor, 1992).

From the late 1950s, the State's model of achieving industrialisation was premised on attracting foreign direct investment rather than on building a state-sponsored model of industrial enterprise (Jacobsen, 1994). This curtailed Ireland's autonomy in setting its own industrial policy (Breen, Hannan, Rottman, & Whelan, 1990). Fink (2007) viewed Ireland's economic model of initially relying on import substitution and then on enticing foreign direct investment as failing to integrate indigenous business with transnational companies. Ireland became dependent on American foreign direct investment to a greater extent from the 1970s (O'Hearn, 2001).

The agricultural co-operative movement emerged under the leadership of Horace Plunkett and R.A. Anderson in the late 19th century (King, 1991). Both were motivated to form agricultural co-operatives to address the high levels of rural poverty (Kennedy, 1978). Due to his unionist and landlord background, Plunkett found it difficult to gain the trust of farmers (Bolger, 1977). Traders combined with the Catholic Church in order to curtail the diffusion of agricultural retail societies outside of the south-east of the country (Kennedy, 1978). Although the Catholic clergy, perhaps the most influential element in rural Ireland, were actively involved in

co-operative creameries, they tended not to be supportive towards the establishment of agricultural retail co-operatives, for fear of upsetting rural traders who were significant financial contributors to parish coffers (Kennedy, 1978). The Department of Agriculture was also hostile towards the rural co-operative movement and demanded that the Irish Agricultural Organisation Society (IAOS), the representative body for rural co-operatives), restrict its activities to agricultural producer co-operatives (Tucker, 1993). Although there was opposition within the IAOS leadership, Horace Plunkett acquiesced to this demand, and with it, the opportunity to develop co-operatives for more marginalised sectors of Irish society was lost (Tucker, 1993).

In addition, George Russell's vision of a rural commonwealth of co-operatives, where co-operatives would be at the heart of every rural community, never materialised (King, 1991).

Politics

The leadership of the first Free State Government was deeply conservative, and it was suspicious of any challenge to the existing class system (Ferriter, 2015). Throughout the 1920s, a counter revolution was initiated as a bulwark against perceived threats towards state institutions (Regan, 1999). There were minimal differences between the main political parties which mediated class differences, and aimed to satisfy the widest proportion of the electorate rather than endeavouring to mitigate class inequalities (Breen et al, 1990). Unlike other European countries, where there were strong social democratic political parties, the Irish Labour Party was weak (Puirseil, 2007). It made a number of strategic blunders such as not addressing partition in the 1920s (Puirseil, 2007). This contributed to Fianna Fáil gaining the support of large swathes of Ireland's working class (Walsh, 1986). Therefore, Ireland did not have a robust left-wing party committed to pursuing alternative models of economic development.

The welfare state fails to address inequalities through targeting social expenditure at the most marginalised (Kirby, 2010). Successive Irish governments' failure to challenge the conservative policies of Irish banks stunted industrial development (McCabe, 2013). Along with the banking sector, large farmers, those responsible for servicing foreign direct investment and the construction industry had an unhealthy level of influence over successive Irish governments' economic policies (Munck, 1993). Indeed, O'Hearn (2001) considers

Ireland to be a competitive state whose aim is to create the most benign environment for the private sector. According to (Allen, 2007), the State has had an unhealthy fixation with the corporate sector as the primary sector charged with economic development. Furthermore, the State has been reluctant to pursue other models of economic development (Munck, 1993).

Social and cultural processes

Since the foundation of the State, the Catholic Church has had a pervasive influence in every sphere of Irish life (Ferriter, 2004). The primary and secondary education system, and the social services, were, in the main, controlled by the Catholic Church (Lee, 1999). Moran (2010) asserts that the relationship with the Catholic Church legitimised the State. The Catholic Church fostered a 'red scare' which made the environment difficult for urban communities attempting to develop co-operatives and social enterprises (McGuinness, 1999).

Support for social enterprises

Ireland is characterised by combining features of a liberal market economy, also referred to as a 'competitive State', and some components associated with a 'co-ordinated market economy' (Hall & Soskice, 2001, pp. 17-23). However, the State has prioritised implementing policies which meet the needs of the market (O'Hearn, 2001). The Irish State's current model of economic development is predicated on values of individualism, income maximisation and a belief in economic growth as an end in itself rather than prioritising social development (Kirby & Murphy, 2008). Regarding social development, although Ireland has made progress at reducing consistent poverty and long-term unemployment, inequalities have not been addressed (Smith, 2005).

The above model has led to the State allocating limited financial support to social enterprises (Doyle & Lalor, 2012). Indeed, with low amounts of state supports, many social enterprises engaged in a range of activities are successfully trading (Daly, Doyle & Lalor, 2012; Doyle & Lalor, 2012). This contrasts with mainstream enterprise – the State allocated a budget, in 2017, of over €1.1bn for private sector enterprise (Reidy, 2017). This amount excludes tax expenditure such as research and development credits.

Doyle and Lalor (2012) assert that social enterprise is not fully understood or valued as a contributor to economic development amongst policy-makers. Where it has been

comprehended by policy-makers, it has been designated a minimal role of providing employment and training opportunities for individuals who either cannot secure jobs or who require support to gain employment in the private sector.

Unlike Scotland and the Canadian provinces, the Irish State, as yet, has not developed a strategy to guide the development of social enterprises in Ireland. Similarly, Ireland has, to date, not enacted any legislation to facilitate social enterprises in securing government contracts (Lalor, 2015).

“In the United Kingdom, the Social Values Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before they start the procurement process, commissioners should think (Cabinet Office, 2015)”

In Italy, state legislation has contributed to the growth of the co-operative sector (Restakis, 2010). The Italian constitution of 1945 recognised co-operatives (Zamagni, 2010). This provided the foundation for legislation to be enacted which assisted with the development of co-operatives from 1946 onwards. One piece of legislation introduced in 1977 permits surpluses of Italian co-operatives to be placed in indivisible reserves which are exempt from corporate taxation. This piece of legislation strengthens the capacity of co-operatives to become less reliant on external debt finance (Doyle, 2017).

Daly et al. (2012) details a number of supports that social enterprises require to become financially sustainable:

- Provision of intensive supports to community organisations and groups committed to the establishment of social enterprises;
- Access to technical and professional expertise;
- Access to appropriate types of finance such as start-up and long-term finance.

Appendix two has examples of case study organisations that have developed due to the social, economic circumstances in Ireland.

METHODOLOGY

The methodology employs primary and documentary research such as annual reports and policy submissions of organisations covered in the case studies. The review of these documents

provided information on the challenges the organisations encountered. With regard to the primary research, semi-structured interviews were held with six individuals with expertise in co-operatives in Ireland. One is a former academic who specialises in the history of co-operatives in Ireland. Three are staff of co-operatives who are either responsible for managing or supporting the development of co-operatives in the Republic of Ireland and Northern Ireland. Finally, two are individuals with experience of policy-making regarding co-operative development. The purpose of these interviews was to gain the interviewees' insight into the factors which have stymied the development of co-operatives in Ireland. The research question is:

What are the factors that contributed to co-operatives being underutilised in Ireland?

Appendix 1 contains the questions which guide the semi-structured interviews.

FINDINGS

Ireland's economic development

As mentioned in the section above on Ireland's economic development, a number of the staff of co-operatives and one of the policy-makers state that colonisation particularly from the 1800's onwards, restricted the growth of Irish industry

"If you look at what happened after the Act of Union, the Irish industrial sector declined from 1801 onwards. It was only with independence and with a forced kind of protectionist growth policy that Irish business in many traditional sectors started to expand". (interviewee: 5)

Therefore, with a small industrial base, the point is made that this limits the number of opportunities for co-operatives and social enterprises to be formed.

A number of the staff of co-operatives endorse the point made in section above that the Irish State pursues a facile form of economic development which serves the interests of the comprador class and of foreign direct investment. The former is a cohort of builders and professional groups, including solicitors. According to a number of staff of co-operatives, the main political parties in Ireland have close ties with the comprador class. They assert that the current economic model is so pervasive within the political establishment that no other alternative models are considered.

“The job is always just to suit capital, suit that class of people, that’s the purpose of this state. It has no other purpose really, regardless of the consequences to the Irish people ... I think history proves that to be the case, so that’s the group-think, they all think that’s how the economy should be run, then there are absolutely no alternatives.” (Interviewee:1)

Interviewees mention the absence of a solidarity economy in Ireland. According to a number of staff of co-operatives and a policy-maker, the credit union movement does not provide much support for the establishment of co-operatives.

Similar to the point made in the section on Ireland’s economic development regarding agricultural co-operatives, the academic, one staff member of a co-operative and a policy-maker acknowledge that members of the landowning class in the 1880s, most notably Horace Plunkett, were instrumental in introducing agricultural co-operatives to rural Ireland. According to the academic interviewee, the Nationalist Party, leaders of the Land League, and sections of the Catholic clergy were hostile to the landowning class’s attempts to establish co-operatives, because of their allegiance to preserving the union and their class position. Although Plunkett and his associates were successful in establishing agricultural co-operatives, their attempts to establish rural consumer co-operatives were not, due to a combination of the following factors:

- Traders had a hold over tenant farmers as they provided credit which enabled farm families to purchase goods prior to selling produce;
- The Catholic clergy were predominately drawn from the middle class, a high proportion of which were traders, so their sympathies tended to lie with protecting the interests of shopkeepers;
- A dependency culture to outside experts prevailed in parts of rural Ireland where there were high levels of poverty.

Politics

Two staff members of co-operatives endorse the point made in the above section on politics, in the literature review, that the absence of a vibrant, progressive social movement in Ireland was a primary reason for there being a weak co-operative movement in Ireland.

“It was very unlike the co-operative movements that emerged in Spain and Italy which were always Marxist or left wing or socialist, it never came from that tradition which I think was one of its weaknesses. Then again, you could argue that was the same for the Irish labour movement, and the Irish left broadly, as it had a very tiny Marxist edge to it, and broadly speaking, it was quite socially conservative and economically conservative in that way as well. So I think the emergence of co-ops or the lack of emergence of a broad co-operative movement here has the same routes as the lack of an emergence of a progressive left in Ireland as well.” (interviewee: 2)

The staff members of co-operatives and the academic refer to the absence of socialist leadership following the executions of James Connolly and Liam Mellows as creating a void in the socialist leadership. The point is made that the absence of a credible leadership is a fundamental weakness in the Irish left's attempts to progress a social revolution and to stem the counter-revolution which was initiated in the 1920s by the Cumann na nGaedheal government.

The staff of co-operatives and the policy-makers are consistent with the relevant points in the section on politics that the State as not being supportive towards the development of co-operatives and social enterprises. It is mentioned that this manifested in the closure of the worker co-operative unit (located in FÁS) and the limited attention policy-makers have afforded to updating Industrial and Provident Society legislation. Indeed, a view is articulated that the co-operative unit was not of significant strategic importance to FÁS.

“...and so when the Fianna Fáil government closed down the Co-operative Development Unit in 2002, that's just an extension of that kind of attitude. What do you need co-ops for? sure look at the place, it's booming, Celtic Tiger, everything is great, close that nonsense down, who needs solidarity, social bonds and sustainability.”
(Interviewee:2)

With regard to credit unions, two staff of co-operatives and one policy-maker perceive the Central Bank as having prevented them from diversifying into new products during the economic crisis. The view is expressed that this decision by the Central Bank was made because the credit union sector is perceived as undermining the dominant position of the retail banking sector.

It is stated that the credit union movement should be providing a full suite of financial services to its members.

The staff of co-operatives and the policy-makers speak about senior civil servants not being supportive towards co-operatives and social enterprises. The policy-makers mention that this could be addressed through providing civil servants with information on the benefits of co-operatives to society, particularly in relation to their economic performance. The point is made that policy-makers are most receptive to learning from UK policy and best practice. The point is articulated that civil servants perceive co-operatives as being less stable entities than capitalist enterprises. This arises from co-operatives being democratic entities which civil servants believe can undermine their governance.

“I think there still is a concern about the general fragility of co-operatives. They’re not seen as being so stable or secure because of people all having an equal voice and that means potential for disagreement is higher and I suspect that that worry about co-operatives pervades policy through the decades.” (interviewee:4)

The staff of co-operatives and a policy-maker comment on the need for political parties to make policy demands on the State to be more supportive towards co-operatives and social enterprises. One policy-maker outlines how state procurement policies could strengthen the co-operative sector and social enterprise sector, as is the case in other European countries.

“Co-operatives and social enterprises can generate additional benefits to communities than private enterprises. The government should facilitate co-operatives to be in a stronger position to win public contracts.” (interviewee:3)

Social and cultural processes

The staff of co-operatives and a policy-maker observe that Irish society does not have a value system that prioritises equality, or social solidarity. Instead, charitable interventions are the favoured approach. These interviewees attribute these values to Ireland’s attachment to land and private property.

“Going back to the land war and the commitment, the attachment to private property is very strong and there’s less, less attention paid to the commons. I think when you see a vacant space in Ireland, you assume it is owned by

some developer, who is sitting on it to make a profit.”
(interviewee:4)

Similar to point made in the section on cultural and social processes in the literature review, regarding Catholicism, the staff of co-operatives acknowledge how the working class was diffused in its purpose by the desire to achieve a united Ireland and the influence of Catholicism. This undermined the capacity of the Irish working class to address class issues. The staff of co-operatives refer to the Catholic Church's social teaching which exerted a strong influence over the majority of the population in the South. They added that this made it a difficult environment to establish co-operatives in urban areas.

The staff of co-operatives and the academic emphasise how colonisation has contributed to the creation of a dependent, passive culture. Catholicism also copper-fastened this tendency to be passive. The academic states that in the past, communities tended to wait for the imprimatur of the local Catholic clergy before responding to issues.

The staff of co-operatives, the academic and one of the policy makers refer to there being no tradition of co-operatives in Ireland, particularly in urban areas. Indeed, the staff of co-operatives and one of the policy-makers acknowledge the lack of awareness among the population of credit unions being co-operatives. As a result, the staff of co-operative speak about co-operatives not being considered as an option for a proportion of the workforce to gain a livelihood.

“... the lack of tradition...it's hard to point to a good example of one in Ireland.” (interviewee:6)

To address this, the point is made that co-operative bodies need to allocate resources to increasing awareness of co-operatives. For instance, co-operatives should be on the syllabus of different courses in secondary school.

Support for social enterprises

The staff of co-operatives have spoken of state agencies, for a variety of reasons, as being ill-equipped to provide supports to social enterprises:

- There is insufficient expertise within state agencies to meet the developmental needs of social enterprises;

- There is limited understanding of the rationale for establishing social enterprises and the different ideological motivations for establishing social enterprises;
- The initiators of social enterprises are often community development workers who demand to perform a central role in the developmental process;
- A support agency may be required to advocate on behalf of social enterprises and state agency officials would often not have the autonomy to effectively perform this role;
- A support agency should be engaged in identifying opportunities to develop social enterprises and not simply reacting to requests for assistance (Daly et al., 2012).

It is for the above reasons that a number of interviewees assert that the location of support structures is not best placed within the state sector. To date, there is no local and national support structures dedicated to developing nascent social enterprises. Many innovative attempts were made but these did not fulfil their strategies due to not securing an independent source of funding.

Community organisations and groups of individuals encounter a range of challenges, as outlined above, in developing social enterprises to address a range of issues facing Irish society.

CONCLUSION

This section of the chapter highlights the factors that contribute to the lack of development of co-operatives and social enterprises in urban and rural settings. These economic, political and cultural factors are interwoven. They have not created a benign environment for the development of co-operatives in Ireland, particularly in an urban context.

Appendix 2 shows both the efforts which communities are making in establishing social enterprises and the benefits of social enterprise in addressing the many issues in Irish society. Social enterprises are encountering a range of constraints as section two outlines. The research findings point to a number of economic, political and socio-cultural processes that have stymied social enterprise development in Ireland since the 1800s. One of these constraints has been the ideological disposition, since the foundation of the State, of successive Irish Governments towards the private sector. Ó Broin (2017, p.46) asserts that ‘Irish public policy retains a very strong and distinct pro-private enterprise bias. Furthermore, the research

findings point to social enterprises in Ireland being undervalued by the majority of state agencies, policy-makers and political parties. Policy-makers tend to afford them a residual role in providing services to marginalised communities and providing employment to those most distant from the labour market (Doyle, 2017).

This has resulted in the social economy being underdeveloped in Ireland compared to other EU member States (Ó Broin, 2017). Felber (2015) attributes this situation persisting due to the ideological disposition of politicians and policy-makers.

To counter this ideological disposition, many commentators assert that citizens, civil society organisations and progressive political parties need to coalesce in order to mount a concerted struggle for a ‘process of social transformation and the democratisation of all spheres of life’ (Munck, 2017, pp.18). This process of struggle is essential if social enterprise is to play a fundamental role in Ireland’s economic development. A key element of this struggle is to continually highlight that co-operation and co-operatives are shown to be more efficient than both competition and investor-owned businesses (Felber, 2015; Birchall, 2010). Allied to this point is the need to challenge the dominance of neo-liberalism by undertaking and promoting research which shows the many benefits of an alternative model, based on co-operation (Klein, 2014).

Ó Broin (2017) draws on the theoretical perspective of Wright that the development of increasing numbers of social enterprises can provide an ideological function in ‘showing alternative ways of living and working are possible’ (p.47) and in reducing constraints on the conditions for developing social enterprises in Ireland.

The process which led to the development of the credit union movement in Ireland, outlined in the appendices, demonstrates what a small cadre of committed, resilient and knowledgeable community leaders can achieve. There is no reason why their achievement, in enabling hundreds of thousands of Irish families to have access to affordable credit, cannot be replicated in other social enterprise sectors.

FUTURE RESEARCH

The research findings outline the lack of supports for social enterprises in Ireland. Therefore, social enterprise leaders need to, firstly, campaign for a more benign set of state policies towards social enterprise. Secondly, they need to collaborate

with the credit union movement, other co-operatives and the trade union movement for additional resources and supports to strengthen the various sectors of social enterprise activity in Ireland.

With regard to addressing the poor working conditions and sense of economic powerlessness that increasing numbers of workers in Ireland are experiencing, worker co-operatives could facilitate a proportion of the workforce to have a greater sense of control over their work environments. For this to become a reality requires that the Irish Government introduces a set of policies which would place Ireland in line with other EU countries. Gavan and Quinlivan (2017) recommend that the following policies be introduced.

- Recognise worker co-operatives as a distinct legal entity.
- Amend legislation to allow for worker co-operatives to be created by a minimum of three members, rather than the existing requirement of seven.
- Introduce legislation which gives workers the statutory right to request employee ownership during business succession.
- Create a statutory framework to enable the transformation of investor-owned businesses into worker co-operatives.

Perhaps the greatest challenge in the development of social enterprises in Ireland is to address the pervasive culture of individualism and consumerism which has taken root in Irish society (Kirby, 2010). This cultural change will require a number of interventions, over a lengthy period of time, by community organisations, trade unions and progressive political parties to demonstrate that another Ireland is possible where the benefits of the economy are not unequally apportioned on the basis of class. One potentially effective measure would be to deliver an awareness campaign in schools, youth organisations, community organisations and third level institutions on the potency of social enterprise in addressing the many socio-economic issues Ireland is encountering.

Research needs to be undertaken aimed at changing policy and supporting practice. Regarding the former, research should focus on the social and economic benefits of social enterprises in addressing issues facing Irish society, and on the constraints in developing social enterprises in Ireland. With respect to the latter, research could look at the factors that lead to their successful implementation.

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APPENDICES

Appendix 1

The questions which guided the semi-structured interviews are outlined below:

- What do you consider were the factors that led to the emergence of co-operatives (e.g. credit unions, producer co-operatives) in Ireland?
- What were the challenges in establishing co-operatives in Ireland? How were they surmounted?
- What were the reasons for state and civil society organisations not embracing co-operatives to address socio-economic issues in Ireland?
- Given your experience of co-operative development, what do you think needs to be done to encourage the establishment of more co-operatives in other sectors of the economy aside from credit unions and agricultural co-ops?

Appendix 2

This section outlines a number of social enterprise case studies in Ireland.

Development of Ireland's credit union movement

Ireland in the 1950s was marked by many commentators as a decade of unemployment, poverty and high levels of emigration (Lee, 1989). There were many citizens who were motivated to initiate responses to address these issues (O'Connor, 2011). Prior to the establishment of Ireland's first credit union, a number of co-operatives were in existence. These co-operatives, most notably the Dublin Central Co-operative Society (DCCS), served as a forum for discussions to take place on devising responses to economic issues. DCCS members considered the development of self-help responses to the difficulties which large sections of the Irish population encountered in accessing affordable credit. This led to thousands of families having to rely on unscrupulous moneylenders who charged extortionate interest rates (Culloty, 1990). Through attending DCCS meetings, Nora Herlihy, Sean Forde and Séamus MacEoin became acquainted.

In 1954, the National Co-operative Council, with the aim of promoting co-operatives, was established. Two of the principals, one of whom was Nora Herlihy, ingeniously used

the letters page of a national newspaper to promote the concept of credit unions in Ireland (O'Connor, 2011). Although awareness of credit unions was increased, there was little appetite among the DCCS membership in exploring the potential of co-operatives in Ireland (O'Connor, 2011). So it was left to Herlihy to continue researching credit unions. She studied how credit unions operated in Canada and the USA and contact was made with leaders in the credit union movement in both countries (Culloty, 1990). The breakthrough came in 1957, when Muintir na Tíre collaborated with DCCS in hosting a summer school. Two papers were presented on credit unions, including one by Nora Herlihy. This led to a number of groups forming to explore the establishment of credit unions in their localities (ILCU, 2010). Herlihy realised decisive action was required to ensure that local groups with limited knowledge did not undermine the potential of establishing a national credit union movement. The NCC agreed to her request to the formation of a sub-committee to examine adapting international credit union models to Ireland. Along with Forde and MacEoin, the sub-committee was named the Credit Union Extension Service. As a result of informing the media, CUES started to receive invitations from community groups interested in establishing local credit unions (Culloty, 1990). Forde, Herlihy and MacEoin, from their own personal finances, met community groups throughout the country, advising them on the practicalities of establishing a credit union. Support from the State was not forthcoming.

In 1958, the Department of Finance rejected a request for support from CUES. In his response to the request, T.K. Whittaker cited in his paper, *Economic Development* (which was the basis for the First Programme for Economic Expansion), claiming that, "history affords no support for the belief that co-operative credit societies can be successfully established (Whittaker, p. 107)".

Undeterred, members of CUES maintained their commitment to meeting community groups throughout the country (Culloty, 1990).

Herlihy displayed considerable skill in managing different community groups' plans regarding the development of credit unions which could have undermined the establishment of a unified movement (O'Connor, 2011).

An American credit union member visiting Ireland suggested the formation of an umbrella organisation for credit unions.

The advice was acted upon with the formation of the Credit Union League of Ireland.

Both credit unions and the Credit Union League of Ireland acknowledged the relevance of specific legislation for credit unions. The Credit Union League of Ireland campaigned for legislation for credit unions. In 1958, the Irish Government established the Committee on Co-Operative Societies, to report on alterations which should be made in the law in order to promote co-operative effort. The Irish Countrywomen's Association ensured that Nora Herlihy was appointed to this committee as its nominated representative (Culloty, 1990).

This ultimately led to the establishment of the Credit Union Act, 1966. The signing into law of the Act led to an increased interest in credit unions throughout the country in the late 1960s (Quinn, 1999).

- The history of the growth of the Irish credit union movement provides important lessons for the development of social enterprise in various sectors of the economy. This particularly applies to areas of the economy where there is a limited number of social enterprises.
- The importance of there being resilient cadres of pioneers who are committed to promoting social enterprise, including co-operatives, in the particular sector of the economy;
- That these pioneers become knowledgeable of factors associated with the formation of social enterprise in a particular sector of the economy;
- The pioneers build alliances with other non-governmental organisations that can provide supports and participate in campaigns for changes in government policies;
- The pioneers aim to assist in the formation of social enterprises throughout the country;
- The State cannot be relied upon to provide resources to assist in the development of a movement such as that of the credit union.

Social enterprise and area-based regeneration

Social enterprise activity contributes to area regeneration of urban areas through: creating jobs, strengthening skills and employability; and building diversified local economies (Vickers, Westall, Spear, Brennan, & Syrett, 2017). In an Irish

context, social enterprise can engage in the following activities which can contribute to the economic, social and environmental regeneration of neighbourhoods (Doyle, 2010; Doyle, 2011).

Table 1 Social enterprise by aim and activity		
Category of social enterprise	Aim of activity	Examples of social enterprise activity
Service provision	Improve the quality of life within disadvantaged communities	Childcare provision, combating fuel poverty, community education, home help service/elder care, estate maintenance and housing management
Environment for enterprise	Provide the infrastructure and environment for private and social enterprise	Managed work space, social finance provision
Generating wealth for community benefit	Establish community enterprises to generate income in order to subsidise or stimulate other social enterprises	Community property including: retail units, social housing, housing for students, car parks, leisure facilities
Providing services for the State	Replace services that would once have been delivered by the public sector	Maintaining green spaces, managing housing stock, waste management

Social enterprises can achieve the following social, economic and ideological objectives:

- Increase the skill levels of employees;
- Strengthen local community leadership and these acquired skills can be invaluable in allowing social issues to be more effectively addressed;
- Serve as a mechanism for communities to have greater control over how their environment and services are planned and delivered, thus building innovative forms of local democracy;

- Raise residents' expectations of what they as individuals can achieve for themselves and their families;
- Generate employment in disadvantaged communities, often targeting the long-term unemployed and individuals who are distant from the labour market;
- Develop an environment that attracts private investment into a disadvantaged community, most notably, through the provision of infrastructure including managed workspace;
- Demonstrate alternative ways of conducting economic activity to market-led systems (Doyle, 2011).

The following case studies demonstrate how social enterprises are contributing to the area regeneration of both rural villages and urban areas in Ireland.

Dunhill is a rural community located in County Waterford. The communities of Dunhill, Fenor, Boatstrand and Annestown came together to form DFBA community enterprises. DFBA is a self-financing company limited by guarantee with charitable status. Its aim is to 'develop the community socially, economically, and culturally using the resources available'. In 1999, it formed a subsidiary company to economically regenerate the catchment area. It raised €100,000 from local residents which enabled it to be used as matching funding to secure State funding to build an enterprise centre. This facility has ensured that a number of local businesses did not migrate into Waterford City. DFBA has, in collaboration with a number of other organisations, secured funding to establish tourist initiatives which have provided additional employment (Cooke & Kavanagh, 2012).

Located in Wexford town, Innovation Wexford was established in 1986 to combat high local levels of unemployment and to create an environment in County Wexford that supports job creation. Innovation Wexford is the registered trade name of Wexford Community Development Association, a community-based social enterprise organisation governed by a voluntary board of management. Innovation Wexford Initiatives include the following social enterprises: Wexford Enterprise Centre, Recycling 2000, and Datagroup.

Each of the initiatives developed must lead to generation of employment, produce a surplus (profit) and result in positive social or environmental impact.

The mission statement is to support the creation of sustainable employment through the encouragement and stimulation of private and co-operative enterprise in County Wexford.

The enterprise centre is a 45,000 square feet modern facility which comprises 50 offices, industrial and manufacturing units and accommodates approximately 30 companies, employing over 100 staff between them.

The CEO and his team provide business support to enterprises located in the centre. The centre plans to increase the capacity to 70,000 sq. ft.

The critical success factors include:

- The majority of the board have business expertise;
- None of the directors is accountable to any organisation;
- There are a number of divisions to Innovation Wexford which support one another financially (Cooke, 2018).

Datagroup offers a range of professional, cost-effective and secure document management services to businesses within the commercial and industrial sectors. This social enterprise aims to provide clients with a 'one-stop-shop' data management solution to fit their specific needs under Innovation Wexford's quality management systems.

Although pursuing social enterprise-led regeneration may be challenging to state agencies, it can lead to far more sustainable outcomes for the State. This is because of the plethora of social and economic benefits that will accrue from the interventions of social enterprises. A key feature of many social enterprise led- regeneration initiatives in Ireland is securing seed capital from within the community or from non-statutory sources (Doyle, 2011). This funding enables social enterprises to lever in additional funding to acquire assets such as enterprise centres which can generate surplus income. This surplus income can be used to resource community initiatives or to establish new social enterprises (Pearce, 2003).

Worker co-operatives

There are only 19 worker co-operatives in Ireland (Gavin, 2012) which is a significant reduction in number from 1998, when there were 82 worker co-operatives. Gavin (2012) estimates that in 2012, there were a total of 135 individuals employed in worker co-operatives in Ireland. A number of reasons have been proposed for the small number of worker

cooperatives. These include lack of awareness of worker co-operatives, the difficulty which prospective members encounter in accessing capital to form and grow a worker co-operative and the belief among state agencies and policy-makers that investor-owned businesses are more profitable (Carroll, McCarthy, & O'Shaughnessy, 2012).

Erdal (2011) discredits the myths prevalent among many mainstream economists concerning co-operatives and employee-owned companies realising inferior economic performance to the dominant capitalist enterprise entity because senior management is not sufficiently rewarded. Furthermore, Craig and Pencavel (1995) provide evidence that worker co-operatives are as productive as capitalist firms.

Co-operatives are key instruments in the transition to more egalitarian societies (Ranis, 2016). Wilkinson and Pickett (2009) assert that, in the transition to more equal societies, a co-operative brings a number of socio-economic advantages when compared to a capitalist enterprise, including: increased worker empowerment; worker control over deciding key decisions such as pay scales; a redistribution of wealth from shareholders to workers; and increases in productivity compared to investor-owned businesses.

Established in 1982, The Quay Co-op is a worker co-operative based in Cork city centre. With a workforce of 65 individuals, it comprises a vegetarian restaurant, in-house bakery and three wholefood shops located in Cork city and county. The Quay Co-op bakes its own breads and cakes. It was formed as a radical community project operated by a collective effort of feminist, lesbian, gay, environmental and other alternative groups and individuals (Gavin, 2012).

Established in 2012, the Belfast Cleaning Society is a worker co-operative. It was established as a result of work with two women's groups in West Belfast. There are seven part-time staff who are members and up to 75 casual staff. The members are committed to growing the business so that it can offer more casual workers membership status of the co-operative. The founder members have a wealth of cleaning experience in domestic and industrial settings. All of the members are paid the living wage. The society has secured a number of high-status contracts, such as the Tennents Vital festival and MTV concerts. It has won contracts for a number of offices (Belfast Cleaning Society, 2018).

Key terms

Cultural and ideological constraints; social enterprise's residual role; individualism; alliances and strengthen solidarity economy.