

2014-03-01

## What Next for Social Enterprise in Ireland

Gerard Doyle

*Technological University Dublin, [gerard.doyle@tudublin.ie](mailto:gerard.doyle@tudublin.ie)*

Follow this and additional works at: <https://arrow.tudublin.ie/beschspart>



Part of the [Sociology Commons](#)

---

### Recommended Citation

Doyle, Gerard, "What Next for Social Enterprise in Ireland" (2014). *Articles*. 22.  
<https://arrow.tudublin.ie/beschspart/22>

This Article is brought to you for free and open access by the School of Transport Engineering, Environment and Planning at ARROW@TU Dublin. It has been accepted for inclusion in Articles by an authorized administrator of ARROW@TU Dublin. For more information, please contact [arrow.admin@tudublin.ie](mailto:arrow.admin@tudublin.ie), [aisling.coyne@tudublin.ie](mailto:aisling.coyne@tudublin.ie), [gerard.connolly@tudublin.ie](mailto:gerard.connolly@tudublin.ie), [vera.kilshaw@tudublin.ie](mailto:vera.kilshaw@tudublin.ie).

# What Next for Social Enterprise in Ireland?

Posted on March 14, 2014 by [JCFJ-Economics](#)



Since the 1990s, the concept of 'social enterprise' has gained momentum throughout Europe as a mechanism of addressing unmet community needs,<sup>1</sup> providing employment, and stimulating local economic activity. Social enterprises have their origins in the co-operative and self-help sectors, and often strive to ensure local communities have a degree of economic self-determination. Social enterprises are part of the 'social economy' or the 'third sector' which includes an array of community and voluntary organisations. Some social enterprises are involved primarily in trading or enterprise activity, bringing a product or service to a market, but differing from a private enterprise in that any profit accruing is directed to the benefit of the community.

Forfás, Ireland's policy advisory board for enterprise, trade, science, technology and innovation, has defined social enterprise as follows:

*A social enterprise is an enterprise:*

- i. that trades for a social/societal purpose;*
- ii. where at least part of its income is earned from its trading activity;*
- iii. is separate from government; and*
- iv. where the surplus is primarily re-invested in the social objective.<sup>2</sup>*

In the last few years, a proliferation of terms relating to social enterprise has come about, including 'social firms', 'social businesses', 'social entrepreneurship'. Some of these terms reflect slightly different interpretations of the concept of social enterprise. A set of criteria, both social and economic, for social enterprise activity has been developed by EMES, the European Research Network on social enterprise. These criteria, reproduced below, emphasise the participatory and grassroots elements of social enterprises.<sup>3</sup>

<b>Social Criteria</b>	<b>Economic Criteria</b>
Explicit aim to benefit the community	High level of autonomy
Citizen-driven initiative	Significant economic risk

Decision-making not related to capital ownership or other financing	Continuous production capacity
Participatory nature	Progressive employment conditions
Limited profit distribution	

After many years of advocacy across Europe, 2013 was a positive year for the sector, with some progress made on policy commitments. So, has the time come when social enterprise will be seen by policy-makers as an important element in Ireland's economic recovery – and will the sector be given the structural and financial support needed to enable it to fully make its contribution?

## Developments within the Sector

### ***National Level***

In Ireland and in the European Union, social enterprise has been on and off the policy agenda since the late 1990s. In Ireland, supports have been mainly labour-market oriented. Over 400 organisations are supported by Pobal's Community Services Programme (CSP), which was preceded by the Social Economy Programme (SEP).

However, an overall national policy on social enterprise has not yet been developed, and the enterprise supports available to the wider enterprise sector are mostly unavailable for social enterprise initiatives. Nonetheless, a number of positive developments in recent years signal the possibility of a more positive policy framework for social enterprise in Ireland.

The *Programme for Government* of Fine Gael and the Labour Party in 2011 stated:

*The Government will promote the development of a vibrant and effective social enterprise sector. We will instruct agencies to view social enterprises as important stakeholders in rejuvenating local economies.*

The Government's *Action Plan for Jobs 2012* included a commitment to the preparation of a report that would examine 'the potential of social enterprise to create jobs' and the actions required by Government and state agencies to enable job-creation in the sector.<sup>4</sup> Forfás was commissioned to prepare this report, which was published in summer 2013 under the title, *Social Enterprise in Ireland – Sectoral Opportunities and Policy Issues*.<sup>5</sup>

The Forfás report noted that the sector employs more than 25,000 people in over 1,400 social enterprises in Ireland, with a combined total income of around €1.4bn. It found that there is potential to double employment in the sector over the period to 2020, but pointed out that a coherent national policy across Government is necessary if this potential is to be realised.

With the publication of the Forfás report, the Minister of State for Research and Innovation, Sean Sherlock TD, was given responsibility by the Taoiseach for leading efforts across Government to develop the social enterprise sector. An Inter-

Departmental Group has been established to have responsibility for determining how the recommendations in the Forfás report can be implemented.<sup>6</sup>

Significantly, at the launch of the Forfás report, Minister Sherlock pointed to the potential for social enterprise development offered by the new Local Enterprise Offices, which are to replace the City and County Enterprise Boards, and will involve an enhanced role for local government in enterprise support. Mr Sherlock stated: ‘... social enterprises that are developing self-sustaining business models will be well suited to benefit from the supports to be provided by the new Local Enterprise Offices’.

To date, it has been only the exceptional Enterprise Board which had made available supports to social enterprises, so this development is welcome.

Aside from these policy developments, an important step for the social enterprise sector in 2013 was the forming of the Irish Social Enterprise Network (ISEN). As many social enterprises operate in isolation, or network only within their geographic or activity areas, a clear representative voice for the sector is important, and ISEN is already developing an ambitious series of activities to raise the profile of the sector and promote awareness of its potential.

### ***EU Level***

A number of developments in recent years indicate a growing realisation at EU level of the need to recognise and support the role of social enterprise.

The EU’s socio-economic strategy for the next decade, *Europe 2020: A strategy for smart, sustainable and inclusive growth*,<sup>7</sup> emphasises the importance of ‘social innovation’ in achieving the strategy’s goals of creating growth and jobs, tackling climate change and energy dependence, and reducing poverty and social exclusion. In this context, social entrepreneurs and social enterprises are seen as ‘key drivers’ of social innovation.

In October 2011, the European Commission issued a Communication entitled, *Social Business Initiative: Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation*. The Communication stated:

*Social enterprises contribute to smart growth by responding with social innovation to needs that have not yet been met; they create sustainable growth by taking into account their environmental impact and by their long-term vision; they are at the heart of inclusive growth due to their emphasis on people and social cohesion.*<sup>8</sup>

The Communication also recognised the barriers faced by social enterprises, including difficulties in accessing funding and the low degree of recognition of social entrepreneurship.

The document outlined a number of measures for supporting and developing social enterprise, including promoting micro-finance initiatives and investment. It also referred to easing access to public procurement opportunities for social enterprises. In that regard, new EU public procurement rules due to come into force during 2014 will enable public bodies to reserve the award of many health, social and cultural

services contracts exclusively to social enterprises which have a public service mission, which reinvest profits in pursuit of that mission, and which are either employee, user, or stakeholder-owned or managed. Moreover, the new rules make it clear that social aspects can now also be taken into account in certain circumstances (in addition to environmental aspects which had previously been allowed to be considered).

Another significant development at EU level is the recognition that investment in the social economy and in social enterprises should be among the priorities for the 2014–2020 round of structural funds – i.e., the European Regional Development Fund (ERDF) and European Social Fund (ESF). The use of structural funds is decided by national governments, so how and in what form this ‘investment priority’ will be implemented is not yet known. The potential of this source of funding for social enterprise is noted in the Forfás report in its recommendation: ‘... Ireland should include “promoting the social economy and social enterprises” as one of the investment priorities under the Operational Plans for ESF & ERDF 2014–2020’.<sup>9</sup>

A further notable EU-level development in relation to social enterprise is the potential improvement in access to funding which arises under the *Programme for Employment and Social Innovation*<sup>10</sup> (EaSI), agreed in summer 2013. One strand of this programme is specifically devoted to providing increased access to finance for social enterprises. The EU Commission itself will not directly provide funding but will work with private sector finance and intermediaries such as ‘social impact investment funds’ to enhance access to finance.<sup>11</sup>

The use of these funds, and the concept of social impact bonds, is gaining traction in Ireland; in Budget 2014, the Government announced the establishment of a social impact investment mechanism to provide long-term housing for families experiencing homelessness as a pilot to test the model in Ireland. These initiatives could lead to significant changes in how social enterprises – and social services – are funded by the state, and could lead to a shift from grant finance in favour of loan and investment finance.

## **Case Examples**

Through social enterprise, communities in both rural and urban Ireland can have an opportunity to generate employment, provide services to improve the quality of life of the community, and contribute to addressing key societal issues. The examples below provide some indication of what can be done.

### ***Energy***

In 2007, the EU agreed a package of measures in relation to climate and energy, including specific targets to be achieved by 2020 – termed the ‘20-20-20’ targets. These are: a 20 per cent reduction in greenhouse gases by 2020; 20 per cent improvement in energy efficiency by 2020,<sup>12</sup> and 20 per cent of the EU energy consumption to be from renewable sources by 2020 (the reductions to be based on 1990 levels).<sup>13</sup> These targets are legally binding and so if they are not achieved Member States may be fined by the European Commission.

Ireland is extremely reliant on imported energy: in 2008, it imported 89 per cent of the total energy it consumed; in 2009, the figure was 88 per cent. Ireland's dependency on energy imports is much higher than the average for the EU, which in 2008 was 55 per cent.<sup>14</sup> Although energy from renewable sources currently comprises only a small percentage of total energy consumption in Ireland, the country has abundant natural resources suitable for renewable energy.<sup>15</sup> There are, therefore, significant opportunities for communities to become involved in developing renewable energy sources, such as biomass, wind and solar.<sup>16</sup>

In this regard, Ireland can learn a great deal from Sweden, Denmark and Germany, where community co-operatives have embraced renewable energy, with support from the state. In so doing, they have fortified their local economies and strengthened community self-reliance. For example, a high proportion of Denmark's wind power capacity is owned by local 'partnerships' (legal restrictions on ownership structures in Denmark mean that joint ownership of wind turbines takes the form of a general partnership/full liability company rather than of a 'co-operative').<sup>17</sup> In 2002, as many as 5,600 wind turbines, which equated to 23 per cent of Denmark's wind capacity in that year, were owned by such partnerships.

In Germany, there are now over 150 community renewable energy co-operatives which are contributing to that country's goal of shifting its energy use from fossil and nuclear fuels to renewable energy.<sup>18</sup>

A number of communities in Ireland have established renewable energy social enterprises. For example, the Templederry Community Wind Farm, located in North Tipperary (formed by the Templederry Community Group), started producing electricity from renewable sources in November 2012 and is selling it to the national grid. Its capacity is approximately 15 GWh per year, enough to power 3,500 houses. This is the first community-owned wind farm in Ireland, and it will contribute to the regeneration of the community as dividends will be paid to shareholders (which include the Templederry Community Group).

In 2012, Comharchumann Fuinneamh Oileáin Arainn/Aran Islands Energy Co-Op announced the objective of the Aran Islands becoming energy independent by 2022 and being Ireland's first energy community to gain its energy solely from renewable sources. Currently, the islands are almost entirely dependent on imported energy and have higher energy prices than the mainland of Ireland due to additional energy transportation costs.

In association with the Sustainable Energy Authority of Ireland (SEAI), the Co-op has made progress towards achieving its ambitious objectives, through the use of electric cars on the three islands, energy retrofitting of all houses and public buildings and the installation of solar thermal heating systems in many of the homes. It is planned that a wind turbine will be erected by the end of 2014.

There are some compelling reasons for social enterprises to become involved in renewable energy projects:

- Social enterprises can play an important role in increasing public acceptance of renewable energy, particularly wind energy, because the benefits to communities of provision by locally-based groups are visible.<sup>19</sup>
- Social enterprises are well-placed to play an active role in educating the public about renewable energy,<sup>20</sup> and about the adverse environmental, economic and social impact which climate change can have both globally and in Ireland.<sup>21</sup>
- Social enterprise renewable energy projects are an effective mechanism for rural regeneration.<sup>22</sup>
- Such projects reduce leakages of income from a local economy.

### ***Elder Care***

The age profile of the population in Ireland is changing significantly: overall, people are living longer and there has been a marked increase in the number of very old people.<sup>23</sup> Due to social change, many families are not in a position to care for their elder relatives. This has resulted in many older people being admitted to acute or long-stay residential care. Official policy acknowledges that it is preferable that older people be enabled to remain in their own homes and communities for as long as possible – and, of course, the majority of older people would prefer this option. However, the development of community-based services that would make remaining at home a realistic option has been slow and piecemeal.

Examining the experience in Canada and parts of the US regarding community-based elder care reveals there is a strong case for the state and the HSE to consider contracting social enterprises for the provision of community-based care for the elderly on a more comprehensive basis.

A study of elder care in Canada showed that, in Quebec alone, there were 103 social enterprises providing elder care in 2003, of which 61 were non-profit organisations and 42 were co-operatives. These enterprises generated sales of 91.7 million Canadian dollars and employed more than 6,000 people, half of whom were employed full-time. Over 5.5 million care hours were sold in 2002.<sup>24</sup>

An example from the US is ‘Community Care’, an employee-owned co-operative of care-givers which provides personal and care services to elderly people and to people with disabilities in rural Wisconsin. Its mission is two-fold: firstly, to provide high-quality care which enables people to stay in their homes, and, secondly, to provide jobs which pay well and provide additional benefits to staff.<sup>25</sup>

Research undertaken in Canada highlights the following benefits when social enterprises (including co-operatives) deliver social care for the elderly:

- The non-profit structure allows for a more affordable service than that delivered by private companies.
- Social enterprises and co-operatives have higher levels of staff retention than do private companies; this enhances continuity of care.
- The relatively small size of the social enterprises delivering elder care can lead to a more personal level of care.

- The social enterprise model can promote volunteering.<sup>26</sup>

### ***Housing associations***

In the UK, voluntary housing associations have been significant drivers in the development of social enterprises.<sup>27</sup> For example, the Eldonian Community-Based Housing Association (the 'Eldonians') was established in 1983 by tenants living in Eldon Street in Liverpool city. The homes of these residents were scheduled to be demolished, which would have resulted in a displaced community scattered across Liverpool. In response, the community mounted a successful campaign to oppose the demolition and to lobby for new social housing. The Eldonians constructed the houses, and the organisation has since expanded into other social enterprise activities, including a childcare centre, a village centre, and a property management company (which manages privately-owned apartments). These social enterprises provide employment for target groups in the community.

In Ireland, although many voluntary housing associations are smaller than their UK counterparts, they can and do play an important role in supporting the development of social enterprises. Moreover, with the lack of success in the public-private partnership model of regeneration and the limited funds available to local authorities, there is an opportunity for large-scale regeneration projects led by a housing association.

In 2013, Clúid Housing Association, in partnership with Longford County Council and local community organisations, completed the regeneration of the St. Michael's Road area of Longford, where previously 70 per cent of the housing units were either derelict or boarded-up. As a result of the regeneration, 37 new and refurbished social housing units have been completed and the area has been transformed. Speaking at the official event in November 2013 to mark the completion of the project, Jan O'Sullivan TD, Minister of State with special responsibility for Housing and Planning, referred to the approach adopted as 'an exemplar to many other housing associations and local authorities across the country'.

The Department of the Environment, Community and Local Government has prioritised 22 housing estates for regeneration, but local authorities have few resources to fund such work, so partnering with housing associations could be a valuable mechanism for delivering regeneration. But regeneration is not just about building new units, or physical regeneration. A partnership approach between local authorities, housing associations and community organisations could lead to the establishment of social enterprises providing such services as landscaping, maintenance of communal green areas and security in regeneration areas.

Voluntary housing associations could also use their budgets to procure services from existing social enterprises, which could enable access to employment for their tenants and other key groups. For example, Aspire Bristol – a social enterprise which employs homeless and other disadvantaged people – delivers a range of housing-related services to voluntary housing associations in Bristol and south-west England, as well as to other clients. The services include gardening, grounds maintenance, painting and decorating, property refurbishment, carpentry, and window cleaning.

### **Conclusion**



Ireland lags behind many EU countries regarding social enterprise activity. However, there are reasons to be positive, given the policy developments outlined above. These need to be followed by concrete supports and assistance from state agencies, including local authorities. The state needs to place greater value on the role social enterprise can play in regenerating local economies and the contribution it can make to addressing a range of social problems facing Irish society.

It is now incumbent on the social enterprise sector to play its part in ensuring that social enterprises have the same impact that agricultural co-operatives and the credit union movement have had – and to continue have – in communities in Ireland. This could lead to communities throughout Ireland having a greater level of economic self-determination, thereby reducing emigration, unemployment and alienation.

## Notes

1. For example, where the public sector has either discontinued or has never provided particular services and where the services are not sufficiently profit-making to attract the private sector (market failure).
2. Forfás, *Social Enterprise in Ireland: Sectoral Opportunities and Policy Issues*, Dublin: Forfás 2013. (<http://www.forfas.ie/publication/search.jsp?ft=/publications/2013/title,11029,en.php>)
3. These are discussed in Jacques Defourny, 'From Third Sector to Social Enterprise', in Carlo Borzag and Jacques Defourny (eds.), *The Emergence of Social Enterprise*, London and New York: Routledge, 2001 (pp 1–18).
4. Department of Jobs, Enterprise and Innovation, *Action Plan for Jobs 2012*, Dublin, 2012. (<http://www.djei.ie/publications/2012APJ.pdf>)
5. Forfás, *Social Enterprise in Ireland: Sectoral Opportunities and Policy Issues*, *op. cit.*
6. Forfás Press Release, 29 July 2013, 'Minister Sherlock tasked with leading Government action on Social Enterprise sector which has potential to create over 25,000 additional jobs by 2020'. ([http://www.forfas.ie/media/26072013-Social\\_Enterprise-Press-Release.pdf](http://www.forfas.ie/media/26072013-Social_Enterprise-Press-Release.pdf))
7. European Commission, *Europe 2020: A strategy for smart, sustainable and inclusive growth*, Brussels, 3.3.2010COM(2010) 2020 final. (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>)
8. European Commission, *Social Business Initiative: Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation*, Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and The Committee of the Regions, Brussels, 25.10.2011, COM(2011) 682 final, p. 3. ([http://ec.europa.eu/internal\\_market/social\\_business/docs/COM2011\\_682\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/COM2011_682_en.pdf))
9. Forfás, *op. cit.*, p. 27.
10. This was formerly referred to as the 'Programme for Social Change and Innovation'.

11. These funds operate on the basis of use of public and private capital to fund initiatives aimed at tackling social problems. The state agrees to repay the private investor only if set outcomes are achieved (i.e., social impact bonds).
12. 'The EU is aiming for a 20% cut in Europe's annual primary energy consumption by 2020. The Commission has proposed several measures to increase efficiency at all stages of the energy chain: generation, transformation, distribution and final consumption. The measures focus on the public transport and building sectors, where the potential for savings is greatest. Other measures include the introduction of smart meters (which encourage consumers to manage their energy use better), and clearer product labelling.' ([http://ec.europa.eu/energy/efficiency/index\\_en.htm](http://ec.europa.eu/energy/efficiency/index_en.htm))
13. *National Renewable Energy Action Plan: Ireland*, Submitted under Article 4 of Directive 2009/28/EC, Dublin, 2010.  
(<http://www.dcenr.gov.ie/NR/ronlyres/C71495BB-DB3C-4FE9-A725-0C094FE19BCA/0/2010NREAP.pdf>)
14. Sustainable Energy Authority of Ireland, *Energy Security in Ireland: A Statistical Overview*, Dublin: SEAI, 2011.
15. Feasta (The Foundation for the Economics of Sustainability), *Envisioning a Sustainable Ireland from an Energy Availability Perspective*, A Report to the Environment Protection Agency, 2006.  
([http://www.feasta.org/documents/drafts/Intro\\_and\\_chapter\\_1.pdf](http://www.feasta.org/documents/drafts/Intro_and_chapter_1.pdf))
16. Gerard Doyle, 'Social Enterprise and the Green Economy', in Gerard Doyle and Tanya Lalor (eds.), *Social Enterprise in Ireland – A People's Economy?* Cork: Oaktree Press, 2012.
17. Mark Bolinger, *Community Wind Power Ownership Schemes in Europe and their Relevance to the United States*, Berkeley CA: Lawrence Berkeley National Laboratory, 2001.  
(<http://emp.lbl.gov/sites/all/files/REPORT%2048357.pdf>)
18. Gerard Doyle, 'Social Enterprise and the Green Economy', *op. cit.*
19. Gordon Walker, Sue Hunter, Patrick Devine-Wright, Bob Evans and Helen Fay, 'Harnessing Community Energies: Explaining and Evaluating Community-Based Localism in Renewable Energy Policy in the UK', *Global Environmental Politics*, Vol. 7, No. 2, May 2007, pp 64–82.
20. *Ibid.*
21. For an outline of some of these potential impacts see: John Sweeney, 'Climate Change: Economics or Ethics?', *Working Notes*, Issue 72, October 2013, pp 3–8. ([www.workingnotes.ie](http://www.workingnotes.ie))
22. Martin Barry and Ralph Chapman, 'Distributed Small-Scale Wind in New Zealand: Advantages, Barriers and Policy Support Instruments', *Energy Policy*, No. 37, 2009, pp 3,358–69.
23. The most recent Census showed that the number of people aged 65 and over in Ireland in 2011 was 535,393, representing 11.6 per cent of the population. These figures reflect a significant increase in the absolute number (though not the proportion) in this age group over the previous two decades: the 1991 Census showed there were 402,900 people aged 65 and over (11.4 per cent of total population) and the 2002 Census showed the number in this age

group to be 436,001 (representing 11.1 per cent of the population). The population aged 65 and over has therefore risen by 25 per cent since 1991. During the same period, there was an even more marked increase in the number of people aged 80 and over – rising from 78,741 in 1991 to 100,583 in 2002, and from that to 128,529 in 2011; in other words, the number aged 80 or over rose by 63 per cent between 1991 and 2011.

24. John Restakis, *Co-op Elder Care in Canada: A Call to Action*, Victoria, BC: British Columbia Institute for Co-operative Studies, BCICS Occasional Paper Series, Vol. 3, Issue 4, January 2009.  
([http://www.uvic.ca/research/centres/cccbbe/assets/docs/publications/practitioner/Restakis\\_CoopElderCare.pdf](http://www.uvic.ca/research/centres/cccbbe/assets/docs/publications/practitioner/Restakis_CoopElderCare.pdf))
25. [www.communitycareinc.org](http://www.communitycareinc.org)
26. *Ibid.*
27. Chris White, 'Housing – An Engine for Social Enterprise', in Gerard Doyle and Tanya Lalor (eds.), *Social Enterprise in Ireland – A People's Economy?* Cork: Oaktree Press, 2012.

***Gerard Doyle and Tanya Lalor provides professional support and advice to the third sector in Ireland. They edited and contributed to a collection of articles on social enterprise published under the title 'Social Enterprise in Ireland: A People's Economy?' (Oak Tree Press, 2012).***