

Social entrepreneurship – old wine in new bottles?

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Introduction

I have spent most of my working life engaged in community development, engaging with communities, working with them to agree a vision, to develop a workable strategy, to take action to implement that strategy, to create community-owned and controlled organisations to act as the vehicle for implementation. For much of that time I have tried to resist inserting the word “economic” between community and development, for all community development must engage with economic, social, environmental and cultural issues if it is to be relevant. To compartmentalise development into administratively convenient sectors runs contrary to how people in communities see the issues facing them.

The organisations we have set up have been called “community co-operatives”, “community development trusts”, “community businesses”. And in all of these communities there are the people who initiate, who take the lead, who make things happen – community leaders, community activists.

Now, in recent years, we find a new term thrust upon us: “social entrepreneur”.

In what we might call the “community era” we talked of community action, community enterprise and community business. Today in the contemporary social era, we talk of social entrepreneurs, social enterprise and social business. Is there some serious significance in this shift in vocabulary from “community” to “social”. Does it matter?

I discern three strands of shifting thought:

- 1) A shift from an emphasis on collective action to individual entrepreneurialism, albeit for social benefit.
- 2) A shift from emphasising the ownership and accountability structure of organisations to a focus on the social purpose, what they do.
- 3) A shift from a political perspective working for fundamental changes to a more technical approach of getting a job done.

I would like to explore each of these in some more detail.

From community to individual

In the community era we started from the basis of a group or a community coming together to arrive at a vision, to agree what needed to be done and taking steps to implement that plan. There was a sense of collective endeavour. Of course all groups need leadership and there are always one or two people with the drive and determination to push things forward. But they do that as a member of a group, accountable to the others and with support from the others.

The emphasis in the contemporary social era appears to be much more on the individual and his/her capacity to make things happen to create change. The Ashoka Trust, for example, talks about “*outstanding individuals who are already building on their own ideas of what their societies need*” appearing to encourage doing things *for* communities rather than *with* them.

Recent developments in the UK with a School for Social Entrepreneurs and an organisation known as Unlimited to make grants to individual social entrepreneurs appear to be following this trend.

From accountability structures to getting on with the job

In the community era great care was taken to ensure that the form of organisations reflected certain structural values: democracy based on membership, accountability to members and to the community, non-profit distribution, assets owned in trust on behalf of and for the benefit of the community. This approach has been criticised for creating bureaucratic and cumbersome structures and for trying to run enterprises by committee – indeed Andrew Mawson referred earlier this morning to “*politically correct management committees*”.

There is undoubtedly some validity in these critical comments and it can be difficult to make the structures of the community or co-operative enterprise work effectively and efficiently. But, the important point, which must not be lost sight of, was to ensure that the organisational form is rooted in and accountable to the community.

By contrast the social entrepreneurial focus is on the social purpose: getting on with the job to be done to benefit the community and the organisational form is unimportant so long as the social purpose is effectively met. “People not structures” as Andrew Mawson expressed it. In this model, democratic structure and accountability are less important so long as the job is done and people benefit and, just as in the private sector, nothing gets in the way of managerial efficiency to meet targets of service or production.

In this context I was surprised recently to discover that one of the UK’s best known social enterprises is in fact a private limited company, owned by the two directors. It is a renowned enterprise, renowned for the fantastic and valuable work that it does, but ultimately any accountability to other stakeholders depends on the whim of the two individual directors. In fact, they are conscientious about trying to be accountable and are now beginning to wonder how best to restructure their organisation so that the interests of workers and of beneficiaries may be safeguarded for the future. Probably they will arrive at some form of community/worker owned and controlled structure which balances accountability, democracy and competent management – the essence of a good community or co-operative structure!

From political engagement to technocratic fixing

The political idea behind the community era was that there must be a better way to run the affairs of communities, that economies should be predicated on concepts of common good rather than unlimited private gain. That was – and remains – a political framework which has a clear critique of the capitalist and corporatist structures which

dominate the modern world and which sought and seeks political changes which might reign in the liberated markets and bring them increasingly under social control. The community and co-operative organisations created at local level were and are part of the process of seeking and testing alternative economic and organisational forms based on democracy, mutuality and co-operation and on the restricted distribution and accumulation of wealth.

Contemporary social enterprise rhetoric seems by contrast to prefer to identify sectors within the twenty-first century economy where it is considered appropriate for social enterprises to operate, often taking on tasks which governments are insisting the public sector should no longer fulfil and in which the private sector has no interest because they are not really profitable. Social enterprises become the problem fixers. There is a real danger of social enterprises becoming boxed into that corner of the economy which deals with the most disadvantaged in the poorest areas, mopping up the problems of society as cheaply as possible by using voluntary and work-for-the-dole labour. In this way the social economy becomes the prop which underpins the “real” economy – very much a third sector subservient to the public and to the private, pre-eminent, sector. No longer an agent for change.

Innovators and sustainers

In any discussion of social entrepreneurs it is important to recognise the difference between the person who is the innovator, who gets something going, and the person who can sustain an enterprise. We can all think of organisations which have had to face the crisis of how to get rid of the innovator. People who start things are often not the best people to sustain them; they are likely to be different people, with different qualities and skills.

How, therefore do we help innovating social entrepreneurs understand when their role is completed and that they should hand over to a “sustainer”? And, conversely, how do we help community organisations know when the innovator has done his/her job and prepare for easing him or her out? Furthermore, how can such a crisis be managed if there is no proper organisational structure within which and through which to work?

Empower the many

Contemporary rhetoric concentrates on identifying individuals and as such it demonstrates an elitist tendency. The alternative is to find strategies to empower the many, to recognise that in all communities there are many people with talents and skills and ideas who have the capacity to become community activists or social entrepreneurs.

Having worked in community development for more than thirty years I have always been struck by the many enterprising and innovative people there are out there in the most disadvantaged communities, developing projects, coming up with ideas, often succeeding against dreadful odds.

You only have to read Tony Gibson’s wonderful book “The Power in our Hands” or Richard Douthwaite’s “Short Circuit” to get a sense of the truly amazing variety of initiatives around the world developed by very ordinary people who have that spark of

imagination and the determination to get on with it. Tony calls them “can do” people. And there are many of them.

So, when we come to considering fostering enterprise in the community my instinct is to look for a model which will “empower the many” rather than favour the few and which will foster small as well as large social enterprises, which will value the small initiative in the housing estate just as much as the city or region wide regeneration initiative.

The framework of a citizens’ organisation

In conclusion I would like to suggest that any person who aspires to be considered a social entrepreneur should operate within the framework of what we might term a “citizens’ organisation”. I would suggest that there are four fundamental criteria for a citizens’ organisation.

- a) It must have a clear ethical or social purpose which establishes unequivocally that the organisation or business is operating for the common good.
- b) It must have an organisation/legal structure which provides for some democratic accountability to/control by the stated constituency or membership.
- c) It must have a clear method of reporting on social benefits achieved and thus be transparently accountable to its stakeholders and to wider society.
- d) There must be a curb on the distribution of profits such that a significant amount of surplus is returned to benefit the community (ie: for common good)

Working within such a framework the individual can realise his or her talents for the common good.

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John Pearce has been involved in community-based development work for over 30 years. He now runs his own consultancy – **Community Enterprise Consultancy and Research** – and is an active director of the Community Business Scotland Network as well as being associated with COMMACT (Commonwealth Association for Local Action and Economic Development) and the European Network for Economic Self-help and Local Development.

He has considerable experience of practical development work at local level, especially participatory community planning. He has developed a methodology for social accounting and audit which permits community-based organisations to measure and report on their social and environmental impacts. His latest Social Audit Manual was published in November 2001.

Other publications include *At the Heart of the Community Economy* (1993) and *Centres for Curiosity and Imagination: when is a museum not a museum?* (1996). Presently he is researching a new book on the role and development of the social economy in the UK.

John is currently engaged in running a social audit programme in Scotland and in a transnational action-research project examining social capital and the role it plays in the formation of social enterprises and in strengthening the local social economy. He also manages the support for two community enterprise development initiatives in South India. He recently completed a four year social audit initiative in the City of Liverpool and has facilitated a programme in New Zealand for COMMACT Aotearoa.