

Social Enterprise Panel

NVCO Researching the Voluntary Sector

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"Researching Social Enterprise: The nature, focus and planned work of the Social Enterprise ESRC Cluster of the Third Sector Research Centre"

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"Researching Social Enterprise: The nature, focus and planned work of the Social Enterprise ESRC Cluster of the Third Sector Research Centre"

Abstract

Social Enterprise has been a growing phenomenon in the UK and this has been both recognised and supported by the UK government. The importance was acknowledged in research terms when a Social Enterprise Research Capacity Building Cluster was created as part of the Third Sector Research Centre funded by the Economic and Social Research Council, Office of the Third Sector and Barrow Cadbury Trust. The work started in October 2008 and continues to develop.

The Third Sector Research Centre is a major initiative to develop research capacity and a knowledge base. Social Enterprise has been seen as critical especially in the context of delivery of public services. The measurement of the impact and innovation potential of social enterprise is a key target. Also practical research activity is to be encouraged by particular features of the cluster. The public sector associations of the cluster bring possibilities for research activities which have clear boundary spanning significance and impact.

The paper will explain the background and operation of the Social Enterprise cluster and draw out the key characteristics which, in addition to industry supported PhD work includes Knowledge Transfer Partnerships – a UK development which enables Universities to work closely with sector organisations to typically develop products or services. The Cluster also has innovatory aspects in terms of short research projects using 'vouchers' and the exchange of staff between the university and the third sector through placement opportunities.

The initial work of the cluster will be described and the lessons learned so far explored. The cluster will run for 5 years and so the paper will also describe the governance and plans for the cluster and proposed dissemination activities. Conclusions will be drawn on the approaches of linking academic research with practitioners, encouraging boundary spanning activities and creating the linkages and relationships that allow researchers engage with social enterprises. The paper will invite academic and sector comment to inform the cluster work.

"Researching Social Enterprise: The nature, focus and planned work of the Social Enterprise ESRC Cluster of the Third Sector Research Centre"

The background to Social Enterprise

The interest in Social Enterprise in the UK has been dated back some 10 years.¹ Pearce, in a well known book, set out the popular stall for Social Enterprise in the UK context (Pearce 2003). It has now acquired a particular UK legal form in the shape of the community interest company. However many social enterprises are registered charities and this has can lead to some dispute over definition and boundary.

In academic circles the use of formal definition it has been tracked back in the USA to the Harvard Business School Social Enterprise Initiative in 1993. The OECD produced a significant report in 1999. (OECD 1999). The academic research in this area of work was associated with the formation of the European based EMES network which led to an extensive amount of academic output. (Nyssens 2006, Borzaga, C. and Defourny, J. 2001) Defourny and Nyssens identified the emergence of the concept in Italy and see it as having associations with the co-operative movement. (Nyssens 2006) Italy was also an early developer of a co-operative law which recognised this new form of trading entity.²

Social enterprise has been the subject of considerable interest in the USA (Alter 2006, Austin et al 2006, Young 2008). The use of the term social entrepreneur especially in the USA context has sometimes served to add further dimensions to the research debate (Nicholls 2006).

However despite all this activity and interest (or possible because of it?) there are definitional difficulties associated with social enterprise which have been well described in the landmark paper by Peattie and Morley (2008).

Social Enterprise, the Third Sector and Government

In the UK context the Government has taken a considerable interest in social enterprise and it has come to occupy a major part of the policy agenda.

¹ HM Treasury. 1999. *Enterprise and social exclusion*. London: HM Treasury National Strategy for Neighbourhood Renewal Policy Action Team 3.

² See Murdock A - Entries on Social Enterprise and on EMES in *International Encyclopaedia of Civil Society* (Ed Anheier , H et al) Springer Pub. Forthcoming 2010

(Cabinet Office 2006) Though social enterprise has been seen as key to the engagement of the third sector in public service delivery it has also been linked to wider government agendas in respect of social and environmental outcomes. Where social enterprise is seen as different to other third sector approaches has been in its perceived espousal of a business orientated approach.³

The Social Enterprise Cluster in the Third Sector Research Centre

The Scoping Report which led to the ESRC Third Sector Research Centre identified the particular need for research and drew attention to the 'dearth of facts and figures' and suggested that there was a lack of official data on the sector.⁴ The report also indicated that the data set of NCVO Almanac (at the time of the scoping report) did not address the emergence of social enterprise.⁵

Significantly the Scoping Report made specific recommendations in respect of social enterprise stating that it should constitute an important part of the remit of the Third Sector Research Centre.

Hence when the bid for the Research Centre and its associated clusters was published one cluster was clearly identified as having a social enterprise focus. Perhaps significantly no other designation was made for any of the clusters at that time.

Formation and key elements in the Bid

The formation of the partnership between Middlesex , Durham and London South Bank University came about as a result of a clear perception of the respective strengths which the different partners brought to the bid.

Middlesex and Durham Universities had strong doctoral and research strengths and London South Bank University had particular expertise in

³Cm 7189 HM Treasury and Cabinet Office (July 2007) The future role of the third sector in social and economic regeneration : final report

⁴ Scoping Report available at:
www.esrcsocietytoday.ac.uk/ESRCInfoCentre/opportunities/current_funding_opportunities/Third_Sector_Centre.aspx (accessed 26 July 2009)

⁵ Note: This has been significantly addressed in the more recent edition of the NCVO Almanac

Knowledge Transfer Partnerships and also a long experience and tradition in the provision of sector specific education. London South Bank University had also hosted the UK Social Enterprise Research Conference for 3 years.

The cluster bids involved four components but the funding was not equally apportioned across them. It can be viewed in funding terms as a table with 4 very unequal legs. The precise nature of the cluster elements is described in the appendix. (See Appendix 1)

The largest element is the CASE PhD studentships which represented about 54% of the cluster funding. This was followed by the Knowledge transfer partnerships which represented approximately 36%. Placements represented about 6% and the vouchers less than 4%.

It is important to note we felt that the bid requirements on the funding apportionment across the cluster elements gave little room for manoeuvre in the construction of the bid. In our bid we did propose that some of the Knowledge Transfer Partnerships could be of a shorter duration than the 2 years which was then the norm. We felt that the relatively high organisational contribution in cash terms of a 2 year KTP may prove a problem for smaller organisations.

As is often the case with tight criteria we found that there was a degree of flexibility which could be discussed after the bid had been awarded. However there were also some unforeseen issues around the proposed shorter KTPs. The bid was prepared with a number of organisations offering commitments to both CASE PhD support and short and long KTP's. However it is important to note that these commitments were not in any way legally binding upon the organisations concerned. They were not direct parties to the Cluster bid at the point it was submitted,

Setting up the cluster

The Commissioning Panel, in awarding the cluster asked for further information on certain aspects. In particular we were asked to provide an implementation plan which covered aspects of, inter alia, co-ordination and dissemination.

The cluster set up an Advisory Group which linked with the Reference Group for the Third Sector Research Centre. The Advisory group included both

leading social enterprise researchers both from the UK and abroad as well as people representing sector bodies.

Operation of the aspects of the cluster

The geographical dispersal of the university partners represented an asset in that it offered national coverage. However it also posed a certain challenge in terms of co-ordination. We found that conference calls were both useful and necessary. Nevertheless two co-ordination meetings have taken place this year (in January and June).

The first priorities

An initial focus was almost inevitably upon the CASE studentships. A PhD running to schedule takes 3 years and typically can take longer. In order to move 9 such studentships through successfully within 5 years of the clusters start it was essential that some began quickly. Only CASE accredited universities could take lead responsibility for the CASE studentships which meant that the onus rested on Durham and Middlesex. However the cluster envisaged that supervision experience would be gained sufficient to enable LSBU to be involved in one of the latter studentships.

The second priority was the Knowledge Transfer Partnerships. Several potential organisations had been identified in the bid document. However the process of application for the KTP's was no different from that of regular KTP bids. This involved quite detailed document preparation with two stages of approval process. A clear business case had to be made and 'research based' justifications would be unlikely to succeed. Knowledge Transfer Partnerships had been widely used for small and medium sized commercial enterprises and the lexicon owed much to industrial origins driven by product development.

The vouchers and placements needed to have specific procedures developed and here we found that the experience of another University (Aston) was very helpful. A simple form was developed for both vouchers and placements derived from that used by Aston University. There were concerns about

whether the voucher activities might attract VAT and here the research orientation of the cluster was seen as a benefit.

What so far and where next...

CASE PHD studentships

An excellent start has been made with 3 PhD studentships having already commenced and a further 2 scheduled to start shortly and a sixth one seeking agreed . This paper does not give the space to cover them in detail but the table below sets out the data.

Table 1 CASE PhD Studentships

University	Organisation	Subject	Student	Status
Middlesex	UnLtd	Older social entrepreneurs	Bianca Stumbitz	Started
Middlesex	Ethnic Minority Foundation	Ethnic related SE and 2012 Olympics	Sara Calvo	Started
Durham	One North East	Squaring the Challenge: Reconciling Business and Ethical Goals in Social Enterprises	Micaela Mazzei	Started
Middlesex	Development Trust Assoc	Peer Learning and Innovation	Maria Irurita	To Start Sept
Middlesex	Crisis	Social Enterprise and Employment Opportunities for Homeless People	Recruited	To start Oct
Durham	Acumen	The role of social enterprises in the experience of unemployment and worklessness	Janice Metcalfe	To start Oct.

It is worthy of mention that two of the PhD students (Sara Calvo and Bianca Stumbitz) have already presented papers at a leading Social Enterprise Conference (EMES in Trento, Italy in July 2009)

Knowledge transfer partnerships

Knowledge Transfer Partnerships are with partners who wish to develop particular products or services. Therefore the partner organisations are identified where the KTP has been agreed and formal advertisements have been placed

Table 2 Knowledge Transfer Partnerships

University	Partner	Area of focus	Status
LSBU	RNID/RNIB	Measurement of impact of services	Fully Approved
LSBU	Major SE Umbrella	Social investment	At final stage
LSBU	Recycling SE	Service development	At initial stage of application development
Middlesex	SE in Midlands	Environmental sustainability	At final stage
Middlesex	London based SE focused on Children	Franchising and kitemark	First stage application submitted
Middlesex	Fair Trade organisation	Fair trade	At initial stage of application development

Further PhD studentships are under active development with other organisations. The cluster expects two further PhD studentships to be resolved in the near future. As has been indicated above given the duration of a PhD it is critical that all PhD studentships commence by the start of the 3rd year of the cluster.

Vouchers

Middlesex has completed two vouchers which will start with Action for kids and Social Firms UK.

Further ideas for a voucher are being proposed with Ethnic community a Chinese community group (Middlesex)

London South Bank University is processing a voucher application from Mosaic – a social enterprise in Waterloo which works with homeless and offenders to produce specialist products (mosaic pavement slabs and wall mosaics). Discussions have been taking place with a social enterprise working with young people but issues over legal form of registration need to be addressed. (The organisation is working in other countries and plans to start in the UK but was not legally registered here at the time of application)

Placements

The Placement aspect is still evolving. There is a proposal for an LSBU researcher to spend time with a social enterprise focused on social return on investment. A key element of any placement is the expectation of a clear tangible output (ideally in publishable form). Discussions have taken place with a number of possible organisations and an article in a sector magazine is being prepared to encourage inquiries and take up of this aspect of the cluster.

Other Cluster Outputs

In addition to the papers produced by the PhD students there have been the following tangible outputs:-

- Social Enterprise Research Conference (set up to show case some outcomes of CBC activities. Alex Murdock and Fergus Lyon on Steering group),
- Publication accepted for Social Enterprise Journal looking at Social Innovation aspect of RNID (co-author Alex Murdock)
- Publication accepted for Impresia Sociale (Italian Social Economy Journal) comparing Social Enterprise Quality in UK and Italy (co-author –Alex Murdock)
- Commissioned entries to the forthcoming International Encyclopedia on Civil Society (Alex Murdock)
- Institute of Small Business and Entrepreneurship 2009 - stream on social enterprise set up by Fergus Lyon
- Papers presented at EMES conference in Trento by Bob Doherty, Alex Murdock and Fergus Lyon. Bob Doherty also ran a session on publishing in Social Enterprise Journal
- Involvement in International Doctoral training workshop in Bologna (Alex Murdock)
- Organised Workshop on Gender and Social Entrepreneurship at Middlesex University (Eleonore Korfman, Anne Humbert, Bianca

Stumbitz and Fergus Lyon attended by 30 social entrepreneurs, academics and policy makers)

Papers submitted to academic conferences: ISIRC, NCVO, ISBE, EGPA

Lessons form the cluster so far...

The most advanced aspect of the cluster is the PhD studentships and this is to be expected given the duration of PhD research. Though it has been generally possible to recruit suitable PhD researchers it is noteworthy that in one case it has been necessary to re-advertise. These PhD students are critical to the development of a new generation of social enterprise focused researchers. The ability to attract a new generation of researchers to social enterprise commissioned research gives much ground for optimism about the longer term impacts of the cluster. The subject matter of the PhD research has been identified as critical by the sponsoring organisations and this should give it impact and validity.

The knowledge transfer partnerships are in some respects mechanisms which have been developed for the private sector and which are being adapted for the social enterprise and third sector. However –especially in the format of the application and possibly in the outlook of some of the evaluators – they betray their origins. For organisations where the outcomes are not easily translatable into commercial language it represents a challenge and typically a need to master new lexicon. However the evidence to date is that there is a high degree of willingness on all sides to enable it to happen. Also – since social enterprises are defined as trading orientated – the commercial aspects of the process are not necessarily inappropriate. However it does require flexibility, persistence and significant commitment of organizational resource. The delay in getting agreement for shorter KTP's (now hopefully resolved) presented a major problem for one KTP applicant. It was resolved by forming a partnership with a similar organisation. The fact that there appears to be a possible growth of the KTP resource by accessing funding outside of the cluster budget means that this element of the cluster should have sustainability and growth potential

The voucher and placement aspects are less developed but we expect them to evolve over the next year. An aspect of this is simply the challenge of communicating the possibilities to the sector and working out mutually suitable partnerships and exchanges. Conceivably this may be linked to the development of dissemination activity.

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Appendix : Cluster Components

CASE Studentships

CASE PhD studentships are jointly funded by ESRC and partner organisations who contribute £4,000 a year and have a role in directing the PhD research.

Knowledge Transfer Partnerships (KTP's)

Knowledge Transfer Partnerships involves collaborative research where typically smaller social enterprises put in one third and ESRC/OTS will pay two thirds. This can allow a social enterprise to triple any research funding it has. The annual cost for an organisation of a 2 year KTO is about £20,000- £35,000 depending on the size of the organisation.

Placements

Placement activity would be directed to enable practitioners from social enterprises or academics to acquire new skills and techniques. The placement budget would pay for up to £7000 in salary costs and have certain time and duration expectations

Vouchers

Vouchers would enable social enterprises to commission projects to a value of £3000 from the partner Universities and to access particular knowledge bases. The objectives would be to provide opportunity for researchers to carry out research determined by a social enterprise, build relationships with social enterprises, increase the capacity of the academic partners to respond to the information needs of social enterprises and introduce smaller social enterprises to the benefits of external research.