

The Role of Social Enterprise in Regional Development

Helen Haugh

&

Paul Tracey

Judge Institute of Management

Regional Development

- Using local resources (human, physical, intellectual) to provide a basis for further wealth creation (Blakely 2003:212).
- Enriching resources to increase value by creating new knowledge, new skills, and new jobs to exploit new opportunities (Blakely 2002).

Local Development (1)

- Local development has a strong spatial and territorial context, and specific institutional, legal, social and economic structure (D'Arcy and Guissani 1996).
- Local development is founded on local actors and institutions who work together to combine existing resources to create additional wealth
- *'To create new jobs and stimulate economic activity in a well-defined economic zone'* (Blakely 1989:58).

Local Development (2)

- Indigenous resources and local control as a basis for further wealth creation;
- New wealth formation through new knowledge and new skills;
- Building new capacity by exploiting new options and opportunities;
- Resource expansion through building and enhancing existing resources.

(Blakely and Bradshaw 2001)

Entrepreneurship

- The addition of new enterprises to the economy (Malecki 1994)
- New venture creation
- Opportunity spotting
- Opportunity exploitation
- Resource acquisition

Endogenous Growth

- Local development
- Distribution of business start-ups
- Distribution of resources
- Disadvantaged communities
- Excluded groups

Social Enterprise

- Innovative
- Social aims
- Revenue generation
- Non-distribution constraint
- Internal and external stakeholder engagement

Innovative

- Opportunity spotting
- Opportunity creation
- Creating value
- Resource acquisition

Some Examples of Social Aims

- To assist the unemployed to enter the workforce by developing work-related and life-skills
- To create socially-useful employment opportunities
- To reduce inequalities in access to health and social care services
- To construct good quality housing and make this available to those currently living in sub-standard and/or inappropriate accommodation.
- To reduce social exclusion

Revenue Generation

- Multiple income stream
- Revenue generation via:
 - Trading
 - Contracts
 - Rental / Leasing

Non-distribution Constraint

- Surplus not distributed to those with a controlling interest in the enterprise*
- Any surplus used to further the aims of the social enterprise

Stakeholder Engagement

- Internal stakeholder engagement
 - Open and participative management
- External stakeholder engagement
 - Governance structures
 - Accountability procedures

Social Enterprise and Development (1)

- Creation of wealth
- The multiplier creates additional wealth over and above initial development outcomes (Pinch and Patterson 2000)
- Where enterprises increase value or contribute to business efficiency, they generate positive-sum outcomes, which increase national economic output (Blair 1999)

Social Enterprise and Development (2)

- Increasing labour productivity e.g. by enhancing skills;
- Providing capital when traditional institutional lenders may incorrectly appraise borrowers e.g. CDFIs;
- Supplying critical infrastructure e.g. buildings to accommodate new businesses;
- Providing information to businesses e.g. developing business incubators and support for start-up firms.

Some examples

- Goodwin Development Trust
- Merton Loan Fund
- Luton and Dunstable Innovation Centre

New Jobs

- Creation of employment opportunities in the social enterprise
- Creation of employment in new businesses established via the social enterprise
- Increased local income retention
- Improved infrastructure to promote additional development

New Skills

- Increased employability through raising individual skills levels
- Improved life-skills
- Positive effects on motivation and creation of local role models and heroes

New Knowledge

- Generating and sharing new knowledge in relation to innovation, opportunities, resources and community capacity building
- Strengthening social capital by supporting the integration of socially excluded into society and the disadvantaged into employment (Borzaga and Defourny 2001: 360)
- Empowering communities and building local democracy

Wealth Creation

- Reduction in welfare payments
- Increased tax revenues from:
 - Personal incomes
 - Payroll payments
 - Rise in property values

Development Challenges for Social Enterprises

- Acquiring resources to exploit opportunities
- Evaluating their impact and contribution to development
- Networking to share knowledge
- Providing services in non-disadvantaged areas
- Providing services that have broader market appeal
- Managing tensions between local and regional development



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