

# Society for Co-operative Studies in Ireland submission to National Social Enterprise Policy for Ireland

## **Contact**

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## **INTRODUCTION**

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### **New policy**

The Society for Co-operative Studies in Ireland (SCSI) welcomes the publication of the draft National Social Enterprise Policy for Ireland 2019-2022. In this document the draft National Social Enterprise Policy for Ireland will be referred to as the report

### **Background to SCSI**

The SCSI is a voluntary member-based organisation set up to co-ordinate and promote the development of co-operative research and education in Ireland. The Society was formed in 1981 and seeks to develop the co-operative sector in Ireland by bringing together practitioners and academics working for positive social change through co-operative development.

## **RESPONSE TO DRAFT POLICY**

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SCSI comments are detailed in the sections below.

### **Definition**

There is no agreed definition of what constitutes a social enterprise in Europe. 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. The SCSI is recommending that a broad definition of what constitutes a social enterprise will be employed, encompassing co-operatives, associations, mutuals and foundations. 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.

Co-operatives, a form of social enterprise are 'self-help businesses owned and democratically controlled by the people who use its services' (Briscoe and 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 co-operative principles are guidelines by which co-operatives put their values into practice.

#### 1. Open and voluntary membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

#### 2. Democratic member control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

#### 3. Member economic participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

#### 4. Autonomy and independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

#### 5. Education, training and information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

#### 6. Co-operation among co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

#### 7. Concern for their communities

Co-operatives work for the sustainable development of their communities through policies approved by their members<sup>1</sup>.

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<sup>1</sup> <https://www.ica.coop/en/cooperatives/cooperative-identity>

To summarise, the SCSi is recommending that the proposed social enterprise definition (contained in the report) should be broadened to include co-operatives. The definition in the report should be brought into line with EU definitions:

*'A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities<sup>2</sup>'.*

## **Context**

The report should detail all of the sectors of the economy in which there is social enterprise activity in the EU.

The report omitted policies which have or are in the process of being implemented by Department of Communications, Climate Action, and Environment, which support the development of social enterprises in a number of sectors of the economy.

### **1.1. Role of co-operatives**

The report does not acknowledge the role co-operatives perform in Ireland and internationally. For example, Ireland's credit union movement, since the 1960's, has enabled a large proportion of the population to have access to affordable loans<sup>3</sup>. In addition, the report does not mention the role social enterprises can perform in the transition to a 'green economy' including the shift from reliance on fossil fuels. Furthermore, there is no acknowledgement of the effectiveness of co-operatives at contributing to more equal societies (Erdal, 2000; and Wilkinson and Pickett, 2009).

### **1.2. Vision**

Unlike a number of other State's social enterprise strategies, there is no vision for social enterprise in Ireland outlined in the report. In addition, the report should contain specific targets and commitments for developing the social enterprise sector in Ireland.

Failure to include a vision and targets in relation to development of social enterprise in Ireland will increase the probability of social enterprise not performing a more central role in Ireland's socio-economic development.

### **1.3. Strategic objectives**

#### **POLICY OBJECTIVE ONE – CREATING AWARENESS OF SOCIAL ENTERPRISE**

SCSI recommends that the following actions be undertaken in relation to awareness raising of social enterprises:

- A series of case studies (both national and international) should be developed which would demonstrate to state agencies, including local authorities, the potential of social enterprises in meeting their respective strategic objectives.
- Educational resources focusing on social enterprises -including co-operatives - should be developed for primary and secondary teachers so that they are assisted in delivering modules on social enterprise to their respective pupils and students.

<sup>2</sup> [https://ec.europa.eu/growth/sectors/social-economy/enterprises\\_nl](https://ec.europa.eu/growth/sectors/social-economy/enterprises_nl)

<sup>3</sup> According to the Irish League of Credit Unions (ILCU), credit unions affiliated to the ILCU have 3.6 million members throughout the island of Ireland

Indeed, SCSI is currently in the process of developing a number of modules on co-operatives targeting primary pupils and secondary students<sup>4</sup>.

- The Department of Rural and Community Development (DRCD) should endorse the proposed primary and secondary schools' competitions which form part of the above co-operative awareness initiatives.
- The DCRD should approach the Institute of Public Administration (IPA), and professional bodies (Law Society of Ireland, and the various accountancy bodies) to include modules on social enterprise into their respective educational courses.
- Business advisors should be made aware of the rationale and benefits of social enterprises.
- Social enterprise modules should be designed for students of teacher training courses.

#### POLICY OBJECTIVE 2 - GROWING AND STRENGTHENING SOCIAL ENTERPRISE

SCSI recommends that Local Enterprises Offices should be required to provide all of its supports (currently provided to investor-owned businesses) to groups and community organisations interested in developing social enterprises including co-operatives.

SCSI is recommending the implementation of the following actions:

- International research demonstrates that area-based approaches to co-operative development results in the attainment of sustainable outcomes and impacts (Birchall and Ketilson, 2009). Therefore, DRCD should encourage key stakeholders – including local authorities, local development companies and trade unions- to collaborate in the development of the above area-based strategies.
- A number of EU states have implemented legalisation to award enterprises that generate social benefits. Similarly, the State should make full use of provisions for social procurement provisions in the EU Procurement Directives.

#### POLICY OBJECTIVE 3- ACHIEVING BETTER POLICY ALIGNMENT

The report should detail the various policy documents which can inform and impact on social enterprise development:

- Asylum, migration and integration funds
- National Strategy for Women and Girls 2017-2020: creating a better society for all
- The Action Plan for Jobs 2018
- The Comprehensive Employment Strategy for People with Disabilities
- The National Traveller Roma Inclusion Strategy 2017-2021
- The Renewable Energy Support Scheme (RESS)
- Policies on meeting Ireland's targets in relation to the UN's Sustainable Development Goals

In relation to the above policies, SCSI recommends that the DCRD should collaborate with the key personnel in the relevant departments to ensure that the above policies have a social enterprise (including co-operatives) remit.

#### References

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<sup>4</sup> The SCSI has received grant funding to develop these modules.

Birchall, J; and Ketilson, L. (2009) *Responses to the Global Economic Crisis – Resilience of the Co-operative Business Model in Times of Crisis*. Geneva: International Labour Organisation.

Briscoe, R. and Ward, M. (2000) *The Competitive Advantage of Co-operatives*. Cork: UCC.

Erdal, D. (2000) *The Psychology of Sharing: An Evolutionary Approach*. St. Andrew's University, unpublished PhD thesis.

Pearce, J. (1993). *At the Heart of the Community Economy: Community Enterprise in a Changing World*. London: Calouste Gulbenkian Foundation.

Wilkinson, R., and Pickett, K., (2009) *The Spirit Level: Why More Equal Societies Almost Do Better*. London: Allen Lane.