

National Social Enterprise Policy for Ireland 2024-2027 - Public Consultation

Personal submission

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Jan 2024



Background

The following is offered as a personal submission by me, Eamon Ryan, in response to the public consultation exercise on the proposed National Social Enterprise Policy for Ireland 2024-2027.

The input is based on personal experiences within the sector over a period in excess of 8 years primarily through the work of Social Impact Ireland (SII), of which I was co-founder. Over that period I would have interacted with several hundred new and existing social enterprise entities. Those entities would have covered all legal formats (CLG, DAC, Ltd, Coop, individual) as well as actively working with a range of exploring/emerging social entrepreneurs.

SII also conducted the public stakeholder listening process on a new policy for the Mid West on behalf of the Department of Rural & Community Affairs and the report provided to the department from that reflects many of the thoughts offered below.

Policy Objective One – Building Awareness of Social Enterprise.

a) Communication around the Definition

As pointed out in the policy document there is an agreed definition given under the existing policy. While in full alignment with the definition, more care needs to be taken with activities promoting that definition publicly to avoid the growing confusion that has occurred with social enterprise being directly equated to 'Not for Profit' or 'Charity'.

Prior research, done by both Social Impact Ireland and others, show that a significant number of social enterprises do not self-identify as social enterprises arising from this confusion.

The Baseline Data Collection Census utilised a query on "Do you aspire to make a profit?" as effectively a screening question. To answer yes was to be excluded from the remainder of the survey. The Census subsequently found that around 88% of respondents were registered charities. In work through Social Impact Ireland we interacted with over 400+ social entities, with considerably less than half being registered charities. This is a statistically very highly improbable result and represents a significant limitation on the census data. Anecdotally we would have also seen that activating charity status was rarely an early goal particularly with the younger demographic cohort.

Also, while progress is being made within the general discussion around social enterprise, the understanding at a cross departmental level of social enterprise, what it is and where it fits within a robust social economy, appears to be very uneven. This is particularly apparent in inherent contradictions between policies that impact on the sector.

It is important that the conflation of "Not for Profit" and "Charity" with Social Enterprise in the new policy be avoided, in general communications and data gathering activities within the new policy, as it leads to significant distortions about the sector.

The policy should include an action to establish a common understanding, value and language across all government departments in relation to social enterprise and its space within the social economy.

b) Youth Engagement

Participation – Educational System Approaches

- In general younger people seem positively predisposed to creating meaningful impact. Programmes such as Enactus, Start-up events etc allow some exploration of social enterprise. However, there is little by way of formal recognition of Social Enterprise within the existing taught 3rd level courses. While there is some notional inclusion in general entrepreneurial courses, and one masters programme that covers SE to some extent, it is largely unrecognised as a viable segment.
- While a range of educational options are emerging around ESG almost all focus primarily on Environmental and very little is available of substance in relation to Social Impact

Participation – Non-Educational System Approaches

- Start-up initiatives in SE sector are often connected to some personal experience and initiators can be non-conformists to traditional education and start-up pathways. Neural diversity and non-traditional life paths are far more common in the SE sector than in the conventional commercial world.
- For some, the formal educational pathways and the 'entrepreneurial' start-up approaches represent an alien world that is off-putting. A means of allowing such people to easily 'learn about and explore' the SE space in a low personal exposure manner is largely missing from existing approaches which cuts off participation of many with critical relevant life experience.

Participation – Validity of Career Paths

- Of further challenge to the SE Sector is the lack of viable longer term career paths. For those that at their career initiation are open to the SE sector, they learn fairly early on in their career path the poor personal prospects of a viable longer term career path within that sector. This creates real personal dilemmas. Contributors to this are the lack of any significant scaling SEs' emerging within the sector and unrealistic wage practises within the sector. Anecdotally I would have regularly encountered people who reluctantly leave the sector when life matters (mortgages etc) force them to. Large cohorts of people active in the SE Sector do not earn the 'liveable wage', effectively paying society a personal premium for striving to contribute to societal good. This creates a constant bleed of experience from the sector.

In summary encouragement to participate is not supported currently by a workable infrastructure and the new policy to have impact should address this. Specifically, it should consider:

- ***Actively supporting development of a quality SE 3rd level educational infrastructure***
- ***Encouraging with relevant supports non-traditional means of enabling access to the sector by both a broader neural diverse range of participants as well as diverse non-conventional life paths.***
- ***Take as a goal that all people within the sector aspire to work to at least the 'liveable wage' NOT the minimum wage.***
- ***Consider a policy that might provide partial wage support to SEs' to draw back in people who leave the sector.***

Policy Objective Two – Business Supports for Social Enterprise.

a) Business Supports – Start-up Phase

Over the period of the current policy much has happened to encourage people to participate in social enterprise. However, the emergence of a more robust support pathway for early-stage social enterprises remains significantly underdeveloped in comparison to the commercial sector. While there is a strong similarity in need between the commercial and social sectors in early stage development, the social enterprise sector comes with additional sector specific needs. The SE sector requires a much greater cross governmental department coordination than the commercial side. Coordination in relevant policies among the departments of Rural & Community Affairs, Social Protection, Enterprise Tade & Employment are critical for participants in the sector. Equally, the policies in the departments of Education, Health, Environment Climate & Communications significantly influence market development and access for many social enterprises. Regrettably through the lifetime of the initial SE Policy, there is little visible sign of a needed coordination in approach and often policies across departments, particularly in relation to employment practises are counter-productive. As an example, in one recent case it took four months to get written clarity that forming a CLG would not cause immediate cessation of a carer's allowance for one director. There are many similar such examples that people familiar with the sector will have witnessed. While encouragement to initiation is good, practical support thereafter is frankly poor.

The commercial sector does have a defined path through New Frontiers etc for start-ups. The emergence of a complimentary but appropriate pathway on the social side would be a great advancement. One of the targeted aims from this would be some degree of low level financial support on a startup to explore quickly the potential idea. The absence of any low risk, low level contribution, to people to do this creates a heightened focus on grant funding at a point when validation of the idea is the real need. This further confuses the legal structures formed, as the choice is primarily driven by people's belief in where grant funding can be sourced, above an appropriate business need. This approach also leads to the emergence of poorly structured underfunded ideas at start-up phase with a significant knock-on effect on the potential to scale.

b) Business Supports – Market Access

Viable market access, linked to a viable business model, is in my experience the biggest obstacle to social enterprise growth. This is possibly the single major obstacle to the development of an attractive social enterprise sector. Unfortunately it is also a two sided problem. Little has been advanced over recent years in allowing meaningful access to potential markets. Equally though, the poor early stage support infrastructure means that many emerging potential social enterprise initiatives will struggle to serve such markets currently even if access was there.

A more robust start-up infrastructure , as mentioned already, can assist with one side of the issue. Market access , especially on the public sector side is not currently supportive of improving the potential for participation. It is difficult to see any advancement here on a voluntary basis and needs a proactive policy decision to require a phased development here. Oddly some elements of the commercial sector are actually more open to this at present.

c) Business Supports – Financial Supports in growth phase

As pointed out earlier, most emerging social enterprises are undercapitalised as they start to scale. Unlike their commercial cousins they will struggle with investment funding so additional funding mechanisms are required here, beyond what limited grant funding ways are there. The Community Finance Ireland loan facility, geared at allowing entities to build a credit capability is one example of what can help here. However there are a range of needs required to reflect different circumstances. Any such new instruments should be deployed by a focus on supporting the impact rather than trying to 'over-guide' strategic approaches of individual social enterprises.

d) Business Supports – Accreditation

As part of our work in Social Impact Ireland we ran a pilot programme on accreditation focused on the SE mark. SII will be publishing a report on this work shortly and what follows is not intended to pre-empt that. Rather I want to offer some comments in relation to the motivations behind the focus on accreditation.

Our initial reasons for engaging on the mark were twofold. Firstly the aim was for the SE to be able to gain recognition for their stage of development in a practical way but one that also helped them guide their own development path. Secondly to operate as an identifier to the market of both the impact and professional standard that other entities could expect from engaging with those social enterprises. By achieving both of these we believed this created awareness of mutual value that would be possible by interactions that could occur. Key in this thinking is ensuring real market value in the accreditation as against voluntary badging.

By choosing accreditation over simply badging, it also offers up a mechanism of offering targeted supports. For example, some supports such as preferential hiring practices could be done in a targeted but controlled way. However for this to be robust it requires meaningful accreditation.

e) Business Supports – Mutual Learning

Within SII we quickly learned that mutual learning was a critical element in the development of social enterprises. While at a surface level there seems many opportunities for engaging with others, real learning arises from a deeper level of interaction. I would have seen very similar social enterprises operating in the same sector, but different locations, who were often repeating the same learning curve. Creating opportunities for them to learn for each other has a huge mutual benefit and was part of the motivation behind SII's CLOSER network.

Substantive networking among a community of social enterprise participants offers real tangible development benefits but creating this is a significantly more complex function than many networking approaches.

In summary, while there is a need to be positive and proactive in talking about the development of social enterprise as a sector in Ireland, in contemplating the next policy it needs to balance this with a realistic understanding of the state of development of the sector. While encouragement and a level of understanding of social enterprise has advanced through the current policy period, the needed underpinning infrastructure has not developed at the same pace. I believe the next policy needs to be focused towards that, if the encouragement to participate is to yield tangible gains. Specifically, the policy should:

- *Create a relevant accessible start-up support path comparable in scope and intention to the commercial sector.*
- *Include an approach to alignment of relevant policies between the departments of Rural & Community Affairs, Social Protection, and Enterprise Trade & Employment, specifically towards supporting people in early state exploration.*
- *Public Sector elements should adopt a required social element through its operations but one that places a value on both delivered social impact and the positive development of participating social enterprises.*
- *A suite of financial instruments should be developed to support growing social enterprises in a relevant way that advances their market participation.*
- *The development of an accreditation that validates progress of social enterprise towards both their social impact and ongoing business development be included as a policy objective.*
- *A substantive networking approach that allows mutual learning to be advanced among social enterprises.*

Policy Objective Three – Climate Action Contribution.

In my experience Climate Action and Circular Economy initiatives sees a greater degree of overlap between commercial and social enterprises. It can be quite difficult sometimes to judge what is and is not a socially motivated enterprise within that sector.

Operation in that space requires participants to be aware of and to communicate their impact. This offers the opportunity to create some degree of a common language that would aid closer interactions between social and commercial entities. It is also however, a space that is open to a degree of greenwashing or tokenism in engagement.

The area offers a significant opportunity to advance the reputation and acceptance of social enterprise as a valued and key contributor to a modern social economy if it can be effectively tapped.

Equally, there are increasing elements of the commercial sector that consider their social impact at a strategic level. Such businesses are more open to engaging with social enterprises in constructive ways. An opportunity exists, particularly within the climate action sector, to foster viable working relations between sectors that up to now would largely not engage with each other.

Actions within a new policy that could utilise the potential provided by the climate action sector to advance the social enterprise sector should include:

- ***Validating the standards and methodologies by which social impact is reported for the climate sector.***
- ***Through government procurement policies require meaningful social enterprise participation, particularly around community focused activities.***
- ***Formulating funding instruments that are sufficiently flexible to allow competitive community participation.***
- ***Creating a structured opportunity for the commercial sector to co-develop solutions with the relevant social enterprise sector.***

Policy Objective Four – National and international Engagement.

a) Cross Government Coordination

Under Policy Objective Two I highlighted issues I would have observed regarding the lack of coordination across three critical departments. Rather than repeat again, I would request that the policy identify specific actions that it would like to see addressed in the next policy period as against a general policy of coordination. Reflecting earlier comments, I would suggest targeting alignment of policies relating to:

- Employment and benefit supports relating to social enterprise participation
- Alignment of social and commercial start-up infrastructures
- Public Procurement Social Enterprise participation requirements
- Financial Tools development and deployment

b) Representative Voice

It is difficult to argue against the logic of a common voice. However, it is very clear that the sector does not currently have a common voice or share a common view. Again, the very striking views on 'profit' and where it sits among the many different voices is a strong example of the challenge a common voice represents.

The range of social enterprises SII has worked with over the years is very varied indicating the difficulty of enabling a common voice. It has worked with entities covering Supported Services, Community Enterprises, Charities, 'Not for Profits', 'For profit' - all of which would be genuine social enterprises compliant to the definition of social enterprises outlined in the existing policy.

It is not surprising that such a wide range would struggle for a common voice as each participant has their own unique perspective and requirements. In fact, enabling the diversity of voices is probably a needed feature at the point of development Ireland is at. This creates a tricky balance in that implementation of needed advancements requires a degree of consensus which is difficult at present. A goal of establishing a representative voice mechanism may offer a better starting point for the new policy.

If paralleled with this was a focus on advancing specific critical items within the new policy, a structure to allow a common voice could well emerge over the period of the new policy. Developing a capability of delivering for the sector would be a better impact to target within the policy period.

Finally, support approaches currently tend to be 'system driven' rather than 'user led', unintentionally adding even further to the burden being placed on participants in the sector.

The lived reality of operating as a social enterprise needs to be central in a collective voice. The input of individual active social entrepreneurs is critical in adding authenticity to an emerging collective voice.

c) Networking

I have already commented under Policy Objective Two with regard to networking. To repeat networking has a very varied range and can serve different purposes. While general networking, such as the annual social enterprise conference etc has significant impact there is also a genuine need of a deeper level of network development to create a more self-enabled community of social enterprise participants. This deeper connectivity is more challenging in resources and time to develop but has very significant impact.

d) Developing partnerships

A huge challenge within the sector is a struggle for scale. There are many examples of often similar initiatives with no knowledge of each other, struggling through the same learning curves. Equally there are examples of initiatives that would have a natural alignment to their mutual benefit. The current support system, by default, tends to discourage connectivity, as there is a fear of 'funding competition'. A move within the new policy to assist and encourage exploration of partnerships within the sector would be a positive move.

e) Commercial Sector interactions.

As more formal ESG practices have taken hold within the broader commercial sector, a small but increasing segment of that sector has focused more strategically on the social impact they have as businesses. Anecdotally, I would suggest for this minority their thinking in many ways is more constructive and advanced than in the public sector. EU policy talks in terms of Social Economy development, viewing social enterprise as a necessary element of that broader economic view. The briefing on the proposed Irish policy does not specifically call out an element with regard to connectivity to the wider economy. I believe in the policy period, initiating greater connectivity between mainstream commercial and the social enterprise sector should be addressed. As mentioned under Policy Objective 3 above, the Environmental and circular economy interactions offer a viable path to creating more common understanding and mutual respect.

Again, to summarise under Policy Objective Four

- ***Targeted specific government inter-department alignment on specific issues of critical impact should be called out in the policy. As a notional indicator of what this might be I would offer:***
 - ***Employment and benefit supports relating to social enterprise participation***
 - ***Alignment of social and commercial start-up infrastructures***
 - ***Public Procurement Social Enterprise participation requirements***
 - ***Financial Tools development and deployment***
- ***Creating an organisational mechanism to allow the diversity of inputs across the full sector to be collated would be beneficial.***
- ***Creating an organisational mechanism that is required to deliver very specific outcomes common to the sector would benefit the sector significantly.***
- ***The combination of these two mechanisms should aid the creation of a common voice through the new policy period.***
- ***Within the policy seek a voice that is more 'user led' than 'system driven' allowing a greater input from practitioners in the space.***
- ***Networking is required at a general and specific level, separate needs that need to be co-developed.***
- ***Incorporate a support mechanism that assists those striving for effective partnerships within the sector.***
- ***Create a mechanism to allow input from those oriented towards developing a more balanced social economy from within the mainstream commercial sector.***

Policy Objective Five – Data Collection & Social Impact measurement.

a) Baseline Data

Under objective 1 I already highlighted an issue with regard to greater inclusivity required in creating valid ongoing census data. There is a significant risk in this sector that what gets measured is what is already open to being measured. There are real barriers to accessing all the players within the sector and if utilising a single approach to measurement it will be a challenging to generate a census that is truly reflective of the sector. Language needs to be carefully chosen to avoid unintended screening. The existing approach to the census data should, in my view, be viewed as a necessary learning curve towards developing a valid representation of the full sector, but for a methodology that requires significant further work to develop.

b) Social Impact Measurement

As delivering meaningful social impact is the driver behind the social sector, clarity on impact measurement approaches are rightly identified in the policy document as a key need. Also identified in the document is the potential to draw on international expertise and best practise on the sector. In approaching social impact measurement, it is necessary to distinguish between a core methodology that is common across all, but one that allows different implementation approaches which should be sized to the relative development of different enterprises.

It is vital that social enterprises embrace social impact measurement as a critical strategic and continuous improvement tool. Anecdotally however, agencies tend, probably unintentionally, to project it as judgement. Also, conformance to requirements often is not linked to organisational capacity to deliver in a practical way.

c) Social Impact Measurement applied to Policy

The proposed policy should of itself include its own Social Impact measurement approach. In doing this it can act as an example to other policies and agencies supporting the social sector that social impact measurement of their work is a requirement too. Anecdotally, I would have regularly witnessed people expecting social impact measurement and reporting from smaller organisations that they do not themselves perform. The policy, by taking this approach, can offer a very important case study to the broader sector of the importance of measurement.

d) Alignment with Commercial Sector

To build potential working opportunities between organisations requires a common language to communicate on. Social Impact measurement offers the potential to create such a common language between entities unused to talking with each. For this to happen, the approach to measurement in methodology should be one that can be applied by an entity regardless of its notional structure.

In summary under Policy Objective Five I would strongly suggest that:

- ***Multiple measurement points be utilised to build a true census of the social enterprise sector so those easily overlooked get included.***
- ***Discipline be rigorous in the language used for data gathering reflective of the diverse paths taken in participation in social enterprise.***
- ***A base measurement methodology, based on international best practise be adopted for impact measurement not only for social enterprise but for the social economy as a whole.***
- ***Multiple implementation approaches of that methodology be created to cater for a wide range of organisational capabilities that exist.***
- ***Social Impact Measurement should be promoted as a necessary strategic tool for social enterprises as against an external 'judgment' system.***
- ***As part of the new policy document, the policy includes its own approach to measuring its impact to act as an example to other policies and agencies.***
- ***Social Impact Measurement methodology be presented as a common methodology across the social economy, not specifically a tool for social enterprises.***