



Department of Rural and Community Development
Public Consultation on Social Enterprise

By email to seconsultation@drcd.gov.ie

09/01/2024

Dear Sir / Madam,

Please consider this as a submission regarding the public consultation on Social Enterprise.

I note the paragraph on page 2 of the consultation document which reads as follows:

"...This is the official Government definition as laid out in the National Social Enterprise Policy for Ireland 2019-2022. During the consultation process to date for the development of the new policy, no significant volume or strength of views emerged suggesting there was merit in changing this definition. As such, while it may evolve over time as the context for social enterprises evolves, the current definition would continue to underpin the policy."

This paragraph attempts to pre-empt any views being offered regarding the definition of 'social enterprise' in the public consultation document, yet is seeking the public's view on some things, nonetheless. Aside from that apparent incongruity, I have the following issues with the above paragraph, as well as general observations below, given in significant detail, to ensure meeting the requirement for 'strength of view':

1. Strength of View

I have had significant communication with Minister Heather Humphreys' office specifically regarding the definition of Social Enterprise. The 'strength' of my views at that time was not lacking. I acknowledge though that it may not have been passed to the team dealing with the public consultation.

2. What actually matters – the social good or the manner in which it is delivered?

With a definition locked in place, as can be clearly seen with the override of any public opinion, given the presence of the paragraph above, it is impossible for the 'context for social enterprises' to evolve in any manner which might change the definition. Such evolution would mean that entities which might be thought of as notional social enterprises but still sitting some way outside the current definition and are simply not recognised now and are therefore not engaging within the SE ecosystem in any meaningful way, would have to somehow amass an unquantified but significant enough presence, to be considered valid, as well as be consistently and with enough force, pressing the department for change. It doesn't hold water to suggest that this could evolve over time, given that there is a restrictive definition in place. But since the author of the paragraph is seemingly open to the possibility of the definition changing at some point, why not do it now, to alleviate the burdensome restrictions on what does or does not fit the definition? What's the difference? Why wait?

We, Homebuyer's Hero, aim to deliver the outcomes for housing which are badly needed nationally and internationally and yet, we cannot avail of any SE targeted supports because we don't fit the definition due to the treatment of profit and other incompatibilities, academic in nature and ultimately irrelevant to the outcomes our enterprise will deliver.

What actually matters - the way socially impactful things are done or simply, as should be the case, just that they get done? What defines the 'social' aspect - the quantum of profit continually reinvested, or the activities and socially impactful outcomes themselves? Isn't any state-backed financial support for SE really seeking to deliver the outcome, not the process? Is it really better to exclude something positive if it isn't being done in the 'right' way? Doing so is an opinion and practice which is subjective, academic and somewhat removed from the coalface of actually pursuing the laudable, socially impactful goal, which is surely what this is all about.

3. A questionable consultation logic – could 'strength of volume' or 'strength of view' have surfaced from an ecosystem populated with Social Enterprises already meeting the current definition?

If evolution of Social Enterprise is possible such that it could change the definition, according to the paragraph's author, why does our presence not cause it to evolve and change now? There are others out there like us. The paragraph as written attempts to acknowledge that there was some small, subjectively insignificant call for a change which does not meet some undefined threshold, but that it might happen over time, instead of now, the opportune time to do so, during the review period. This doesn't make sense to me. What are the real or imagined triggers for this transformation or evolution to take place, in the opinion of the paragraph's author? If an enterprise with a highly desirable social outcome and communicating with the relevant minister about this specific issue cannot bring about a change in the definition or even be recognised as having "strength of view", what exactly is envisaged as the way the definition might change over time? Mass communication from the masses of for-profit, socially-minded enterprises which find it difficult to start up and instead start mounting up, waiting? It simply won't happen; they would just dissipate and either fail or pursue other avenues. Just what 'strength of volume' in terms of support for widening the definition might the author have expected when canvassing among the already restricted ecosystem created by the definition, as a form of 'public consultation'?

How would any enterprise not currently fitting the definition as exists have been able to submit any desire for the definition to be changed when, as I made clear to the minister's office some time ago, the digital survey as publicised by the DRCD asked, as the first question, whether or not the respondent's organisation fits the definition? When selecting 'no', the next screen discontinued the survey! It seems there was a public consultation, but it was one which deliberately excluded comment from those not currently fitting the definition and this therefore shielded the definition itself from scrutiny. Was this by design or happenstance? Either way, the result is the same.

This of course means it was highly unlikely that opinions calling for a change to the definition would achieve the 'strength of volume'. the author of the paragraph implies is required in order to even seek or welcome public opinion in the current public consultation document. This methodology is now being relied upon in the paragraph I quoted above to suggest that there was not a strong volume of opinion regarding a change in the definition, something explicitly precluded as being possible by the nature of the public consultation itself. Surely, this circular thinking, structure and methodology of the consultation undertaken renders the public and stakeholder consultation conducted as void, let alone the fact that there was no effort at all to seek out potential stakeholders who might hold the opinion that a definition change is warranted, e.g. outreach to mainstream 'impact' startups? The consultation document itself discusses at length the lack of awareness generally for SE.

How is it a reasonable position therefore that any volume of interest in changing the definition could have surfaced with the consultation methodologies deployed, without reaching outside those already in the ecosystem, known to be narrow in reach? How is it reasonable to block any discourse on the definition in the paragraph I quoted above, based on a limited push for opinion on general policy matters? Saying essentially that "they would have told us if they wanted it" is a deeply flawed stance.

Something so fundamental as the definition should surely have been highlighted among those parties who might possibly have an interest in such change, currently outside the ecosystem, highly unlikely to engage unless something which could be changed and therefore cause their inclusion is highlighted clearly to them, to ascertain their demand. It is unreasonable to suggest that after a policy has been in effect for some years which excludes regular enterprises or startups, that people would be generally engaged enough to pay any attention to the minimally advertised and otherwise intended messaging around any of the consultation processes when they are not already in the ecosystem, none of which, as far as I can tell, made any suggestion that a change in definition could broaden the SE net. And yet, the paragraph quoted above seemingly suggests that the definition could change if people want it? There is something amiss here.

The OECD report commissioned by the DRCD discusses the definition and shows both the EU and their own definitions alongside that deployed in 2019 here in Ireland. Notably, the EU's definition is 'operational' while Ireland's is 'official'. The only discussion of the definition is that it is good that one exists. There is no discussion of the definition itself. It also elsewhere cites the data collected by the DRCD as being in part the basis for its report. Now, to borrow and shoehorn in a legalistic phrase from the world of lawyers, are the OECD report and / or the DRCD's public consultation document, relying as they do on the data collected which precluded the surfacing of any dissent regarding the definition, not the 'fruit of the poisoned tree'? All thoughts and recommendations, including suggestions regarding access to finance and the Department of Enterprise ecosystem, all flow from a) the existing definition with no suggestions of alternatives and b) the supposed lack of volume of calls / strength of view for a definition change. It is notable that the report refers to a definition in Bulgaria which, at least as described at a high level in the OECD report, seems to be far more inclusive than the Irish definition and the OECD has acknowledged in other publications that definitions differ around the world.

The nature of the Irish definition and its apparent deeper restriction beyond EU, OECD and Bulgarian definitions are opaque, academic issues, far outside of the normal discourse among the types of enterprises which might learn that a 'public consultation' is or has taken place, let alone be something they would understand as something which, if enough of them were to engage, could be influenced to change the definition, thereby benefitting their enterprises and social impact.

It is also of significant curiosity to me why something so fundamental as the definition of a Social Enterprise, when having a consultation to ascertain how things are going, wouldn't be the first and foremost policy component to receive a considerable and focused public airing, lest the definition not be up to scratch. Perhaps I missed calls for opinions on the definition. Is that the case? Did I miss other ways to have input earlier in the process? I was certainly on alert, but it is possible that I missed something. I would have thought it would be very obvious though, to an active startup founder, such as an opportunity to submit an opinion, much like I noticed this current call some time back. I was to attend in Tuam in early 2023, but was told that it was actually just to be workshops, so I did not attend, although had booked a place.

4. An ideologically pure definition at the cost of delivery of social benefits

Speaking with people within the ecosystem, it is clear that the definition was disappointing to some when it arose originally in 2019 and that it arises due to something of an academic split, based on ideology. Again, what matters, the way things are done or simply that they get done? An opinion has

been offered that Social Enterprise promoters must eschew profit taking by owners and that normal businesses therefore don't fit what a Social Enterprise should be. But that does not snugly fit with the EU and especially the OECD definitions which seem to offer some more leeway at least, and certainly not the definition attributed to Bulgaria in the OECD report, at least as they described it. This Irish definition and the general thesis regarding profit treatment therefore is a very limiting viewpoint and is simply the opinion which 'won the battle' at some point. It is most certainly not sacrosanct, or if it is regarded as such, as is seemingly the case, it shouldn't be.

A precursor to Homebuyer's Hero was in an Academy programme at the time the current definition was introduced and all they could say was "Well, we always thought you were a Social Enterprise." We were admitted to the academy as a clear, for-profit with a significant social impact, but the new definition changed all that.

Should we not encourage the development of all businesses along the lines of social justice, equality and impact and incentivise entrepreneurs thusly, while giving them a shove along when they need it? The concepts in the Irish ecosystem since the introduction of the current definition seem to cleave SE from 'regular' enterprise, set it apart and make it intrinsically different, yet without, I note, a push for a special, dedicated legal entity type. Yet, others recognise the crossover and have less absolute definitions regarding operations. Why are we being so rigid here in Ireland? Who has decided this should be the case and why should any discussion of and consultation on the definition be verboten? If there truly is an international norm developing, why must we conform, closely or loosely? The one point everyone can agree on is that there is no absolute definition of what a Social Enterprise is or should be, or more pertinently as is happening in Ireland, rigid adherence to one particular ideology and opinion. We can be leaders in new possibilities, if we so choose. Ireland does not always have to conform to norms or double down on the particular ideological thinking seen elsewhere, as we seem to do regularly. We can be leaders or pioneers, if we simply choose to do so.

Homebuyer's Hero, which might have benefitted from SE supports given our proposed outcomes, were that actually the meaningful criterion, could not hope to achieve our aims without the capability to interact with investment and construction capital along commercial norms reflective of the real world, if we are to help solve one of the country's most pressing problems as well as take the solution to international markets.

Is the grand goal of providing housing to everyone who needs it, delivered by a socially-minded, for-profit, commercial entity, any less righteous than if it were delivered by an entity fitting Ireland's restrictive definition of a Social Enterprise, the very adherence to which may, through limiting access to finance, cause the social good to be more difficult to deliver, if not impossibly so? Do we want practical, meaningful results, or an 'ideologically pure' system? Which one will get more people in homes, for example?

5. Ideological purity is being shown to have its downsides – the definition is causing the real world to reject tightly defined Social Enterprise, giving rise to the perception that other things should change to accommodate it, when really, the definition is the problem.

The OECD report and in turn the DRCD's Public Consultation Document refer to issues which face Social Enterprises, such as access to finance, access to business supports in the Department of Enterprise ecosystem and an ability to tender for government contracts, as a few examples. Some mooted solutions include new financial products, a major change in how the Department of Enterprise operates its ecosystem in order to recognise Social Enterprises and a systemic bias towards righteous Social Enterprises when government entities are procuring goods and services. We



can even see calls by Social Enterprise representative bodies, such as Social Enterprise Republic of Ireland (SERI), demanding that Social Enterprises have access to LEO grants, etc.

Simply, the OECD recommendations and SERI's call are simply the oyster constructing a pearl around the grain of sand which is the cumbersome and awkward definition of Social Enterprise here in Ireland. SERI would not need to make such a call in their recent pre-budget submission document if they were simply ordinary enterprises with the "add-on" of certification as a Social Enterprise, thus enabling other support structures for them in addition to the regular supports available to all. Similarly, we, an enterprise with a significant social impact as a core component of our existence and operations are also trying to work around the obvious and prominent grain of sand.

For some reason as can be seen above, the definition of Social Enterprise is seemingly sacrosanct. However, if we consider for a moment that it is indeed malleable as superficially suggested by the author of the paragraph quoted above, and further consider that a definition and/or certification as a Social Enterprise could be a bolt-on, possibly even time-limited with flexible constraints, implementable on a case-by-case basis or by 'off the shelf' guidelines or definitions for smaller enterprises reflecting commonly encountered needs, many of the problems as addressed and interventions suggested by the OECD report / DRCD consultation document and as manifested in SERI's pre-budget call for access to regular enterprise supports, would immediately cease to be problems. (Happy to discuss ideas for mechanisms to enable this.)

Further, every embryonic enterprise would be incentivised to lean towards certification as a Social Enterprise which could be profound, especially if robustly managed to prevent greenwashing, 'social-washing', dilution of "social" in any way, or the like. (I note that my experience has been that defining or recognising social good isn't a problem generally, with just the profit treatment, a blunt instrument if ever there was one, being the major factor in assessment currently.)

What is to prevent Ireland from leading in this regard? Mechanisms such as support claw-backs, even heavily weighted punitively, could be used to maintain the social impact and prevent abuse of supports. While SERI wants access to existing, regular supports, those tend to demand business models which can actually destroy social impact. Homebuyer's Hero has direct experience of this. They need any and all current SE supports first and foremost until business / revenue models bed in.

Currently, it would seem that the OECD report requires that significant change happen in many areas, such as the Department of Enterprise ecosystem, in commercial lending institutions and in government procurement strategies, simply in order to accommodate the outdated, overly academic, impractical, overly-restrictive and ill-serving definition of Social Enterprise which exists currently. Where did this come from? Was it 'grandfathered in'? Were there 'norms' in SE in Ireland prior to the establishment of state recognition? Why was Homebuyer's Hero's precursor, Honesty Hub, recognised as a social enterprise by an entity providing support prior to the definition's existence as a social enterprise if indeed there were widely recognised norms? Why are current programs by Social Entrepreneurs Ireland, sponsored by Google and others, willing to accept entities with profit handling setups at odds with the state's definition? I believe that the fact that the state decided to recognise SE at all and the fact that it is through the state's definition that all state-backed funding flows, fundamentally alter any pre-existing SE dynamic, and it is no longer 'owned' by any long-standing opinions in the sector, if indeed there was any actual prevalence one way or another at all, rather than perceived or simply preferred, and then acted upon thusly at the time of creating the initial policy document. The sector must accept and stand up to robust scrutiny and changes to reflect real-world conditions, as the author of the paragraph above seems to suggest could be the case, should very much include the definition. It should not effectively be impossible to propose changes and they should be subject to open and diligent public consultation.



Simply, were the definition simply more of a certification or accreditation, even accommodating an a la carte approach to SE characteristics in order to ensure significantly impactful enterprises requiring flexibility would not be excluded, everyone would be far better served, especially the taxpayer.

Ireland is losing out unnecessarily

I genuinely believe that Ireland is at a significant loss if we continue with the definition of Social Enterprise as is currently stated. I remember at one point being told that were we a Social Enterprise, there would be "lots of money" for us in one particular institution. I note a SE, Grow Remote, received in the order of €1m in state funding and went on to enjoy a great working relationship with the WDC and others and even benefitted from their funding. We similarly may have been able to proceed along similar lines, were we not on the wrong side of the definition and now we have had hard-won funding breakthroughs ourselves, would hope that good working relationships with government entities are indeed possible for us, albeit very much delayed and frustrated.

But there may be future opportunities, with an appropriate SE recognition capability in place. We may be able to scale our impact orders of magnitude faster and, for example, bring enormous relief and new thinking to mortgage markets, housing supply and even enable green construction methodologies themselves struggling to hit critical mass. Surely these are desirable indeed? Surely an unreasonable desire to shield the definition of Social Enterprise shouldn't be allowed to delay these very desirable and much needed social impacts? What else is delayed, made more risky or are we losing out on because of the current, restrictive definition?

Profit treatment is irrelevant, especially if the Social Enterprise definition and policy matures and are integrated properly into real-world commercial activity

For those unfamiliar, we hold the promise of dramatically increasing housing supply. The first order benefits are housing and second order benefits include rural repopulation, acting as catalyst for significant, private investment in towns and villages, as well as the creation of a significant enterprise, headquartered in Ireland. Does this present social benefits worth having?

If businesses like ours are incentivised and can see a route to success when building significant startups with ambition, there is every reason now to think that they would be motivated to build business and revenue models conducive to obtaining a social enterprise accreditation and, as we have done, fundamentally build them into the core of the offering. Such an accreditation would help balance the profit motive with the social good, by unlocking early stage supports which the VC markets and regular DoE ecosystem finds difficult to quantify, not having a mandate for social good. As in our case, the social good could be fundamentally baked into the working of the business such that it can't fundamentally work without it, thereby negating the need for many of the existing lock-ins such as restrictions on profit distribution. Remember, among others, it is the taxes paid by for-profit organisations which funds existing SE supports through taxation. Profit motivation can therefore be useful it seems, and especially so when linked to socially responsible and impactful ideals making it a very positive thing and if there is to be wider access to supports given to enterprises represented by SERI, it should work in the other direction also. Regular businesses with clear social good should be able to access Social Enterprise supports and it is notable, much like the way the digital survey and other consultation efforts were only accessible to enterprises which fit the current policy definition in the main, so too is SERI's membership skewed by the definition. In any case, if left to its own devices without the state's definition, things might be working out differently.

There is no reason why enterprises should be restricted by or Ireland at a loss due to idealistic and unnecessarily restrictive definitions and certainly, it seems to me that the whole consultation process prevented and precluded any serious discussion of the definition on which the OECD report as commissioned was based as well as the public consultation document, with some recommended interventions largely unnecessary, were there some release regarding the hard-line definition forthcoming.

The state is no stranger to helping for-profit businesses when strategically beneficial. I need look no further than our own industry and just one example of this is the Croí Conaithe Cities Scheme, a significant part of the government's Housing for All policy. Minister O'Brien will be tweaking that scheme shortly in the hopes of enticing more home builders to get building apartments in cities by forward-funding the state's contribution towards the cost of constructing these apartments while absorbing very significant risk, all to have the reward and benefit of the apartments being in existence for people to buy at reduced prices. Why is it that he can do this, yet a framework for establishing and growing enterprises with benefits to society must rule out regular structures and profit-handling, especially when it is necessary for the provision of the benefit in the first place? That is the academic equivalent of cutting ones nose off to spite ones face. It has no place in the world of enterprise, social or otherwise, not if we truly want to match the drive of entrepreneurship with social impact.

(For clarity, if the reader feels that such interventions in housing should not take place, I would like it noted that we have proposals based on our tech submitted to Mr O'Brien and The Housing Agency to negate the need for forward payment or the extra risk-taking by the state. Another win for relaxing the definition - surely we want more such benefits and surely a framework for Social Enterprise being managed by the state should be able to accommodate this?)

Should the world bend around current Social Enterprise definitions? Is that actually likely to deliver solutions to the problems experienced by Social Enterprises? Or is the ideologically pure definition holding everyone back?

Perhaps if the enterprise frameworks tasked specifically with finding beneficial enterprises could better surface real, nuanced Social Enterprises in a flexible manner, innovation could have an easier time of making its way to the housing coalface or indeed other important areas of societal interest, even in predominantly government-led initiatives. The OECD report as well as the consultation document talk about government procurement and recognition of social enterprises. Again, as we have experienced, government departments seek out meta data on reliability or suitability of those making proposals or responding to procurement calls. If the DRCD wants more SEs to be able to supply government, why not simply remove the barrier which blocks this, i.e. a definition that requires enterprises to be essentially incompatible with the real world? The need for procurement recognition such that it would overcome engineered, ideologically derived and unnecessary differences, is simply logic and reason trying to assert itself around the definition issue.

We need to make these systems work better, and there is no better time to start than now, as part of the finalisation of Social Enterprise policy for the next few years, rather than brushing aside any opinions regarding the SE definition.

Technology is advancing at a fantastic pace. There really is a divergent path presented to many founders - either take the path as demanded by investment, potentially sacrificing social benefits, or try to take a more enlightened, socially responsible approach, which is likely to become self supporting financially and even VC compatible, but would require a non-standard start, perhaps with SE supports, if such were available. Ireland's current definition sacrifices many new socially impactful developments in terms of impactful AI developments, blockchain technologies and platforms with tech such as Homebuyer's Hero, simply to stick to something inflexible and exclusionary as a sacrosanct policy fundamental. How? The mechanics of this is simple. We really have an immature VC/angel ecosystem. While socially impactful things sometimes can get a start, usually in the USA and because of the possibility of significant return if objectives are achieved, Social Enterprise efforts here could fill in the gaps and leave a lasting impact. As it is, most founders inevitably head or are pushed towards the B2B SaaS model and usually, any potential social impact is diluted or removed on the way.

It is also of note that there is a lost area also between our regular DoE ecosystem and the hard-line definition of Social Enterprise. Until recently we were stuck there - too commercial for SE and too novel/risky/misunderstood for the DoE ecosystem. That gap should be closed and an appropriate mechanism

to bias for Social Impact in the DoE ecosystem, NDRC and others, as well as a modernised approach to Social Enterprise certification / accreditation would solve a multitude of problems and create a more cohesive and holistic ecosystem overall.

Every enterprise should want the advantage of being a Social Enterprise. Support for SE, if structured correctly, could see regular enterprises formed specifically to deliver commercially viable products and services at high social impact, with all the advantages of being enterprises like any other, including retention of the profit motivation and incentive, especially when these are intrinsic components of achieving scale or the fundamentals of providing the service or goods in the first instance.

We should be using supports for Social Enterprise to give promising, scalable businesses a good, socially responsible DNA, instead of excluding them or pushing them further into the hard profit business models unnecessarily. In fact, as in our case, doggedly sticking to our guns in the face of pressure to change, has led us to revenue models and business moats which will be far stronger in the long run, as well as remaining socially responsible and impactful as a fundamental and inalienable part of our core functionality, by design. Why should we be satisfied with the current thinking around Social Enterprise in Ireland, therefore, or the nature of the public consultation to date? As I mentioned, there are others, enablers all of a better society and future, but it likely did not even occur to them to go to a social enterprise workshop or otherwise communicate that they would be in favour of a new definition. Indeed, how would they have even known that such a definition was holding them back and causing potential sources of help and support to be inaccessible?

Ireland can lead a new movement in Social Enterprise – making it something positive to which entrepreneurship will strive, rather than keeping it downtrodden and detached, blocked from achieving its potential.

As I stressed previously, we do not need to fear being leaders in this regard, regardless of any "us too" need for alignment with definitions or developing trends here, there or anywhere. Sure, I understand the concept as it is defined now. It is a nice thought – enterprises, which many suggest should be profitable, perhaps even operating for the good of members, or a locality or a community of some type. And yet, we see calls for making things easier for Social Enterprises to engage with the rest of the regular, commercial actors across the economy. It is clear that restricting SEs too much creates problems for both those which don't fit the definition and those which do, such as those prompting SERI's calls for a level playing field. Changing the definition to be inclusive would in no way preclude the idealistic vision while still being supportive of majorly ambitious businesses with the capacity to have enormous, positive social impact.

Once, there was no concept of Social Enterprise, then there was. A similar, historical approach could emerge from Ireland. *Once, there were restrictive definitions of Social Enterprise and now there is something far better.* To further illustrate this, remember that one time, internationally, asbestos was used everywhere, doctors everywhere advised people to smoke, nobody used seatbelts when driving and having a few drinks before driving was not considered outrageous. It's OK to recognise something is wrong or not performing well, buck the trend, if there is the perception of one, and change it. It could have a profoundly positive effect.

Let everyone else then align with us when they see Ireland reaping the rewards of a spike in socially impactful startups, unhindered by overly academic thinking. Surely leadership is possible in this sector?


I strongly urge those who are reading this and preparing the policy for the coming years to reconsider the approach taken and the definition of Social Enterprise, which is causing so many problems, for no good reason at all. **Given the pathway to date, I strongly suggest and urge a highly publicised and inclusive**

consultation process be undertaken to ascertain whether or not the current definition is adequate, any reasoning for both inertia around and resistance to changing the definition and what the opportunity cost may be, if the current definition is to be retained as is currently planned.

Lastly, I realise that there are strong opinions being put forward here, but that is what the consultation document and specifically the paragraph quoted above seems to require for there to ever be any hope of a change – ‘strength of view’.

Aside from this, the DRCD covers a multitude of other things, including rural repopulation and addressing issues in our many disadvantaged rural settlements under the ‘Our Rural Future’ policy. Aside from interventions in other markets such as the urban core, Homebuyer’s Hero can contribute significantly in this regard and regardless of the outcome of the consultation process, and in line with our opinion above stating that outcome is far more important than processes or procedures, Homebuyer’s Hero would very much like to work with the department in addressing issues around housing in rural areas, a process that has hopefully already commenced, with an early meeting scheduled with the department’s people, as I write, hopefully with points of commonality and avenues for collaboration arising.

We remain, as always, very open to discussion and sharing our insights on our journey thus far, as an ambitious, for-private-profit business, some say a social enterprise nonetheless, currently outside the state’s definition.

Signed: 
Colm Casey, co-founder and CEO

Homebuyer’s Hero



From: [REDACTED]
Sent: Wednesday 31 January 2024 12:05
To: DRCD SE Consultation
Subject: Re: Social Enterprise Policy 2023/2024

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Dear Sir / Madam

I would like to make the following additional submission below, as invited.

The entity known as the Irish Social Enterprise Network has published their submission. I would like to comment on the following points in their submission:

1. Definition

They refer to the current definition as being 'broad', yet they are suggesting that the definition of social enterprise could be stronger in the upcoming policy. These thoughts seem to be in conflict, but aside from that, they say that the broadness has been an "advantage for many so far as the definition is not exclusionary". That is simply untrue and is even recognised by someone I spoke with recently, highly active in the SE space. They also say that the current definition's broadness as they see it has "provided a broad base for the Department's data collection exercise."

Again, since the data collection exercise was overwhelmingly concentrated on those within the definition as they clearly say is the case here, and they are a significant organisation within the SE sphere who understand that the definition has been the bound on the base for the data collection exercise, this further bolsters the premise in my main submission that those outside the current definition were excluded and were not part of the 'base', to borrow from their terminology.

Therefore, it is clear that the SE niche itself recognises that those within the current definition were likely to be the contributors to the data, not those outside it. So, referring then to the early paragraph within the public consultation document which says the definition might change at some point were there to be strength of volume and opinion for such change, we can see that this thinking is flawed in the extreme, as has been the data collection exercise. How could such opinions and volume of them arise?

The last sentence of the paragraph labelled "Definition" in the ISEN submission can clearly be seen then for what it is - a call for the definition to essentially continue to exclude for-private-profits even though it is clear that the base for the formulation of the new policy excluded such entities' voices. This is hardly good practice, regardless of the strength of opinion and volume of it, since we know it is heavily biased. This logic should be applied to any and all similar calls.

Further, their opinion that tightening and better definition of the term 'social enterprise' should include academic, practitioner and policy maker contributions is clearly going to have an insular 'group think' effect and is bad policy. There can't just be the appearance of a broad, inclusive process, it must actually be so. From where would these three cohorts of contributors be filled if not from the consensus of opinion which developed over time?

2. Local Enterprise Office Supports are mentioned specifically in their submission and I believe that at least one other organisation (SERI) will be offering similar opinions - that LEOs should do more for Social Enterprises. LEOs have a requirement that a business must have a credible pathway to export, but not a requirement that they be at that stage for the grant funding. Should that be relaxed for SEs? The source of their funding for feasibility and priming grants suggests that it can't be relaxed.

But I am given to understand that it is happening and that some LEOs are actually working with SEs that have no real trajectory at all towards export. This is particularly annoying since two Western LEOs broke their own rules - Galway and Mayo - suggesting that they can only help us when at export. This submission by ISEN is further evidence that the LEO networks are simply not operating to a common rule book at all. "We gladly work extensively with some LEOs but find that others do not engage with social enterprise as a business model", says the SENI submission. Were all those which were able to work with "some LEOs" as per their submission, able to demonstrate a strong likelihood of exporting?

But if businesses like ours, a Social Enterprise regardless of Ireland's current definition, cannot access LEO supports while having all the hallmarks of a highly successful business (we are now an EI client) it is a bit much to then suggest that the definition of SE should continue to exclude us, while LEOs and other supports which should be supporting us are now pressed into accepting SEs which meet the current definition, no doubt with some pressure to encourage then "social enterprise by default", further diluting that which is available to other enterprises as well as in our case, enterprises delivering a significant social good.

Fair play is good sport, as I'm sure Minister Humphreys would agree. It seems to me that the LEOs who are actually currently working with some SEs may well be those which are operating outside of bounds, not those which won't work with SEs currently.

That would cease to be an issue if, as per my initial submission, all businesses were regular businesses, regardless of profit treatment, with 'Social Enterprise' being an "add-on" which only some would get, to release access to other supports, such as lending with long terms, etc, as offered by the WDC.

It is clearly the current restrictive definition for social enterprise which is causing all these difficulties, even for those within the current definition, as evidenced by ISEN's own submission.

3. Regarding procurement, it is suggested in the ISEN submission that state bodies should develop socially responsible public procurement processes. It would be irresponsible for this to in any way refer to the current definition of social enterprise which would exclude in the required bias for social good all those excellent services which could be provided by social enterprises for private profit, likely to out compete SEs meeting the current definition. We want positive change not red tape and silliness.
4. Regarding a 'representative voice', I would simply put it to the department that it is not possible to both foster an environment wherein it is possible for the definition of social enterprise to change over time, as is suggested in the public consultation document, while at the same time narrowing down the breadth of it based on insular, self-affirming data collection processes and then establishing an entity within those extraordinary limitations to be 'representative' of all voices. This would then suggest that there would be some form of symbiotic relationship between the policy side within the department and a harmonious voice externally, both happy to limit and exclude for-private-profit social enterprises, based on arbitrary and academic reasoning. Further that would do some extreme damage indeed to the notion of 'social enterprise by default'.

A note on 'social enterprise by default':

I think this is a worthy concept. Taking just a sliver of entrepreneurial activity, just those making their way through supports like Enterprise Ireland, LEOs and the NDRC, wouldn't it be fantastic to see as many of these business as possible, driven by extraordinary entrepreneurial spirit, actually 'bake in' socially impactful business and revenue

models into the core of their offerings while at the same time create businesses which are minimally reliant on the state for their existence as well as maximally impactful across a range of social needs?

There is a contradiction in the thinking that encouraging SE as a default while limiting the definition and therefore access to potentially significant supports, will cause entrepreneurs to 'switch over' regardless. All the concepts regarding procurement, access to funds etc are simply an effort, howsoever noble in intent, to shape entrepreneurship into something other than business for profit, when considered simultaneously with the notion of SE as a default. (Some people who would be happy to see the definition change go along with and support these efforts, simply because the definition is seen as sacrosanct - unchangeable - despite the words in the procurement document that it could change over time. Their practical needs in supporting or calling for these things are simply an effort to break through the restriction, as opposed to the academically pure driver it is for others.) But it is naive - profit is incentivisation, not just for founders, but for participating investors. It drives innovation and pays for it, too. Further, in order to have impact at scale, as is most definitely the case with Homebuyer's Hero, businesses which might, if encouraged, develop highly socially impactful businesses, it is crucial to be able to move through the world of finance, investment and activities generally, without limitations, many which may only surface in the scaling stages and thus act as blockages when it is difficult to do anything about them. What is important - the delivery of the social good at a profit to further push expansion, or the manner in which it is delivered? It is clear that there is an academic push to have it done in a particular manner first, with the delivery of the good as a desirable, secondary effect, as well as a push to alter systems external to social enterprise so as to be compatible with it and indeed biased towards it. This is an academic dead end, completely incompatible with truly supporting 'social enterprise by default'. Given the nature of the limitation on the definition currently, and the acknowledgement by ISEN that it is the definition from which the limitation on breadth of opinion feeding into the data collection processes arises, I would hope that the people within the department having responsibility for this policy can see that this is the perfect environment for groupthink, or as is commonly referred to when referenced with concern regarding social media, an echo chamber. This is undesirable, wherever it arises. It should not be codified into policy. That would be bad policy.

It can clearly be seen that there is a problem when advice is given to form two entities, dance around definitions and blockages and proceed thusly, for profit with convenient SE status on an accompanying entity. Most of the issues I see the SE sector talking about are rooted in the limitations of the definition.

I submit this additional submission in support of that submitted earlier and again echo the call made in bold at the end of my earlier submission document.

Thank you for taking the time to examine this additional submission.

Kind Regards,

Colm Casey, Co-Founder & CEO
Homebuyer's Hero

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