


# SOCIAL ENTERPRISE

## THE IRISH AND INTERNATIONAL LANDSCAPES



**90%** of coffee farmers and their families still live on less than **€2 a day**

**25,000**  
**direct jobs**  
in the social enterprise sector in Ireland



A TARGET FOR THIS CONTRIBUTION TO GROW TO **9%** OF GDP OVER THE DECADE TO **2020**



CREATE UP TO **40,000** JOBS AND CONTRIBUTE **€2Bn** TO THE ECONOMY





## Acknowledgements

CPA Ireland would like to express appreciation to the following people for their invaluable assistance in compiling this report.

Alex Cooney, CEO & Founder CyberSafelreland

Brendan Whelan, CEO, Social Finance Foundation

Chris Gordon, Founder & CEO, Irish Social Enterprise Network

Deirdre Kiely, President, CPA Ireland

Deirdre Mortell, CEO & Founder, Social Innovation Fund

Eamonn Siggins, CEO, CPA Ireland

Fiona McKeon, Bizworld

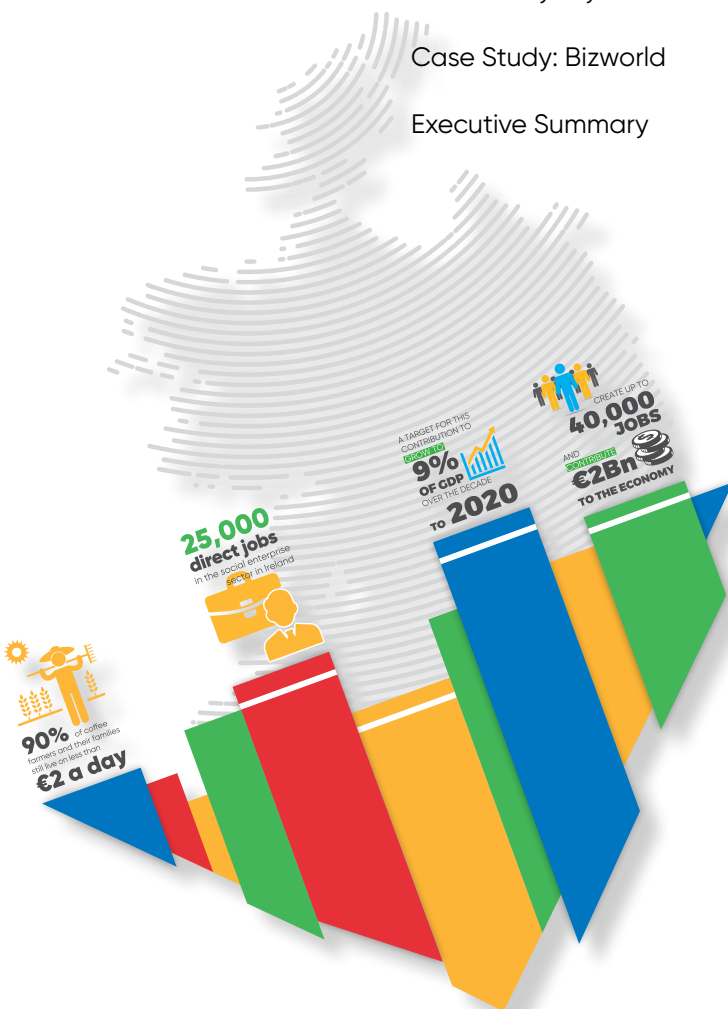
Killian Stokes, Co-founder, Moyee Coffee Ireland

Mary O'Shaughnessy, lecturer with the Department of Food Business and Development at University College Cork

Orna Stokes FCPA, Council Member of CPA Ireland & a board member of St Catherine's Association

# CONTENTS

Foreword	4
Introduction	6
The Participants	8
What is Social Enterprise	10
Economic Outlook	14
The Political Landscape	16
Funding & Support	20
Benefits to Ireland	24
The International Landscape	28
The Support of Professionals	32
Case Study: Moyee Coffee	36
Case Study: CyberSafelreland	40
Case Study: Bizworld	44
Executive Summary	48



# FOREWORD



# FOREWORD

**DEIRDRE KIELY, PRESIDENT CPA IRELAND**

CPA Ireland is delighted to take this opportunity to showcase the social enterprise sector in this report, a sector that has the potential to create up to 40,000 jobs and contribute €2 billion to the economy. Social Enterprise is not a new phenomenon in Ireland and has operated successfully here for many decades; the credit union movement and the housing and agricultural cooperatives are examples. And although prevalent in Irish policy discourse since the 1990s, and as highlighted by many of the contributors to this report, there is still no nationally agreed definition of, or specific legal identity for, social enterprises in Ireland. The most recent definition of a Social Enterprise by Forfás describes a social enterprise as 'an enterprise that trades for a social/ societal purpose, where at least part of its income is earned from its trading activity, is separate from government, and where the surplus is primarily re-invested in the social objective'. (Forfás (2013) Social Enterprise in Ireland: Sectoral Opportunities and Policy Issues, Forfás, Dublin.)



CREATE UP TO

**40,000  
JOBS**

AND

**CONTRIBUTE**

**€2Bn**



**TO THE ECONOMY**

This report brings together contributions from some of the leading experts in this sector, both nationally and internationally, in an effort to highlight the importance and the benefits of Social Enterprise to the Irish economy. I hope that this report will contribute to keeping this sector at the forefront of political discourse. I am very grateful to all the contributors, many of whom work tirelessly to change the landscape for this sector in Ireland. The case studies in this report highlight the innovative solutions being applied to social and ethical problems using a social enterprise model.


**{ THIS REPORT BRINGS TOGETHER CONTRIBUTIONS FROM SOME OF THE LEADING EXPERTS IN THIS SECTOR, BOTH NATIONALLY AND INTERNATIONALLY.**

Government support for the social enterprise sector to date is sporadic with no cohesive plan. Support has mainly come from the European Union as social enterprise has played an increasingly more important role in the European Commission's plans for development of both social and economic activity. In the Europe 2020 Strategy social economy and social innovation are at the centre of its concerns. In 2011, the European Commission launched the Social Business Initiative as part of the Single Market Act within which social enterprise is one of 12 priority areas. Social enterprise accounts for about 6% of GDP across the EU and the European Commission's 'Europe 2020' Strategy sets a target for this contribution to grow to 9% of GDP over the decade to 2020. The EU has plans to increase the funding for social enterprises but Irish social entrepreneurs are missing out on this funding because of a lack of coherent Government policy in this area.

The Social Enterprise sector is very relevant for our members in CPA Ireland both in terms of what can be gained from the growth of the sector and what accountants can bring to the sector in terms of advice and experience. Due to the nature of Social Enterprises, which trade for a social/societal purpose and not as a standard profit making business, some of the enterprises might not have the right mix of skills to support a growing business. CPA members, as well as other professionals such as lawyers and other business leaders can be a real asset to a social enterprise both through volunteering their expert advice and through their business skills and experience.

At CPA Ireland we believe that funding for the social enterprise sector is an area worthy of consideration by the Government. This report by CPA Ireland is a further contribution to helping and encouraging the growth of Social Enterprise in Ireland. A coherent Government policy, a nationally agreed definition and increased funding are essential to this growth. However the buck doesn't stop with Politicians, accountants, lawyers and business leaders have a role to play in assisting in the development of Social Enterprises.

  
Deirdre Kiely

A TARGET FOR THIS CONTRIBUTION TO GROW TO **9% OF GDP**  OVER THE DECADE TO **2020**

## INTRODUCTION



# SOCIAL ENTERPRISE

**EAMONN SIGGINS,  
CHIEF EXECUTIVE, CPA IRELAND**

It is difficult to ignore marginalisation in society, the growing income gap between those in urban and rural areas and the calls to protect our planet. Businesses that answer to the triple bottom line - people, planet and profits - are finding favour among many consumers.

All societies gain from a vibrant social enterprise sector but Ireland seems to be determined to turn its back on those benefits. A report carried out by Forfás, (which was the national policy advisory board for enterprise, trade, science, technology and innovation in Ireland), five years ago revealed that the Irish social enterprise sector had the potential to generate 40,000 new jobs and add €2 billion to GDP if the right conditions were provided by Government.

The Government at the time undertook to act on this report but this promise remains unfulfilled and the potential of the social enterprise sector remains unrealised.

 The Government  
at the time  
**undertook  
to act on  
this report** 

but this promise remains unfulfilled and the **potential** of the social enterprise sector **remains unrealised.**



In 2016 the Thompson Reuters Foundation conducted a global study ranking 44 countries for their social entrepreneurship environment and Ireland ranked 43rd, behind countries such as Colombia, Mexico and Pakistan. Even more damning is the fact that our nearest neighbour, the UK, came in third.

Social enterprise is already responsible for at least 25,000 jobs and €1.4 billion in economic activity in Ireland but those numbers are just the beginning. It also has the potential to address the numerous social deficits which have emerged in Ireland as a result of public finance constraints.

Ireland faces massive problems in house building, healthcare, education, social care, the environment and many other areas. These problems are partly the result of enforced cutbacks in public expenditure following the economic collapse of 2008 to 2010. It will take many, many years for spending to be restored but social enterprise could address some of these issues very quickly, if only it were given the opportunity.

That opportunity is being denied them by Government inaction. The Government first promised to introduce a national policy on social enterprise some five years ago but we have yet to see anything emerge. It was mentioned in three of the last five Action Plans for Jobs but was absent in the most recent.

Some quite simple steps could be enormously helpful in this regard. A clear legal structure for social enterprise companies would be a good start. The UK already has a model we can follow and we should do this as quickly as possible. We could also be more imaginative in how social enterprises are treated in the public procurement process to ensure that the social benefit delivered by these businesses is factored into calculations. Encouraging voluntary effort in social enterprises by ensuring that volunteer workers do not lose social benefits as a result of this activity would be another very positive move.

There are a myriad of examples around the globe of governments promoting social enterprise for the benefit of their societies as a whole. The

A global study ranking  
**44 countries**

for their social  
entrepreneurship  
environment



**Ireland  
ranked  
43rd,**

behind countries such as  
Colombia, Mexico and  
Pakistan.

Singapore Centre for Social Enterprise, known as raiSE, helps social enterprises with funding, training and advice. Social Enterprise Malaysia is building public awareness to spur a new generation of social entrepreneurs including support for a social enterprise which builds homes for indigenous families living in rural areas.

On behalf of CPA Ireland, I want to acknowledge the generous support received from the many contributors to this Report. CPA Ireland members are well positioned to advise social entrepreneurs towards sustainable and growing businesses. The Case Studies in this Report demonstrate what can be achieved, even in the absence of a Government policy.

In producing this Report, CPA Ireland is fulfilling its public interest role and, hopefully, reenergising the debate on social enterprise.

*Eamonn Siggins.*

Eamonn Siggins

# THE PARTICIPANTS

## CHRIS GORDON

Chris Gordon is a business and a social entrepreneur.



Chris is the CEO of the Irish Social Enterprise Network (Soцент.ie), Director of IgniterPad, Far and Wild and Collaboration Ireland. Chris is the author of [www.SocialEnterpriseToolkit.ie](http://www.SocialEnterpriseToolkit.ie) Chris' work focuses on leading and managing European and nationwide projects on Social Enterprise, Social Entrepreneurship, Corporate Responsibility, Social Impact, and Startups.

## DR MARY O'SHAUGHNESSY, UCC

Dr Mary O'Shaughnessy is a lecturer with the Department of Food Business and Development at University College Cork.



Dr Mary O'Shaughnessy is a lecturer with the Department of Food Business and Development at University College Cork. She holds an MSc in Rural Development and was awarded a PhD on the topic of Survival Strategies and Rural Based Social Enterprises in 2007.

She sits on the advisory board of the National Rural Network and is a member of a National Working/Policy Advisory committee on Future Farm Diversification Policy (post-2013). She was re-appointed for a second term to the board of the EMES University Based International Research Network on social enterprises ([www.emes.net](http://www.emes.net)) in 2015 and was appointed a director of MicroFinance Ireland in September 2015.

## BRENDAN WHELAN

Brendan Whelan is Chief Executive Officer of Social Finance Foundation.



The Social Finance Foundation (SFF) is a collaboration between the Government and the Irish Banking Industry. Since inception in 2007, the Foundation has approved over €80m of loans. As the wholesale funder, the Foundation works through Social Lending Organisations (SLOs), which interface with the borrowers.

Prior to his time with SFF, Brendan was Director of Operations with Bank of Ireland.

## DEIRDRE MORTELL

Deirdre has built Social Innovation Fund Ireland from the ground up and is also Connects Social Entrepreneur in Residence.



Deirdre has built Social Innovation Fund Ireland from the ground up and is also Connects Social Entrepreneur in Residence. She has twenty years' experience of changing the world one step at a time. Sometimes by leading and sometimes by contributing in a team setting to delivering high growth or a step change in impact in Ireland's leading non-profit organisations. Deirdre has been CEO of ONE Foundation, held senior roles in fundraising & communications in Oxfam and Barnardos, and held multiple Board directorships. Uniting all this is Deirdre's passion for social change, both globally and locally in Ireland, and the power both of philanthropy and the ordinary citizen to change things – often faster than we think.



## FIONA MCKEON

Fiona is CEO of BizWorld Ireland.



Fiona bridges the gap between educators and business people in order to produce successful but financially responsible leaders and entrepreneurs for the future.

Fiona is also a public speaker, trainer and lecturer on Professional and Personal Development. She has been working and educating in the industry for 25 years, working with schools, colleges and businesses. Fiona holds a Masters in Educational Leadership and Management MA Ed and has developed and delivered entrepreneurial modules for B.Ed students at Froebel Department of Education in Maynooth University.

## ORNA STOKES

Orna Stokes FCPA is a Council Member of CPA Ireland, with over 30 years in expertise in Financial Services.



Orna Stokes FCPA is a Council Member of The Institute of CPA Ireland, with over 30 years in expertise in Financial Services. Orna is a board member of St Catherine's Association which provides care and educational services to children with special needs throughout county Wicklow.

## KILLIAN STOKES

Killian has worked for over twenty years in the global tech and charity sectors.



Killian has worked for over twenty years in the global tech and charity sectors and is currently a part time lecturer in Business and Global Development at the UCD Quinn School of Business and is the co-founder of Moyee Coffee Ireland.

## ALEX COONEY

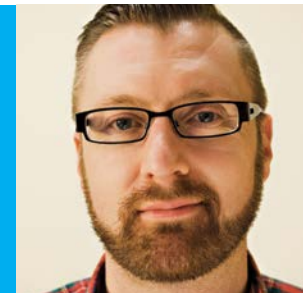
Alex Cooney is CEO of CyberSafelreland, the Irish children's charity for online safety.



Alex Cooney is CEO of CyberSafelreland, the Irish children's charity for online safety. She is an experienced programme manager in the not-for-profit sector and has managed large teams of staff both in Ireland and internationally. She has spent most of her career working in the international development sector with agencies such as UNDP (from 2004 to 2006) and CAFOD (from 2006 – 2009), where she was responsible for the South East Asia programme.

## DUNCAN THORP

Duncan Thorp, Policy and Communications Manager, Social Enterprise Scotland.



Duncan joined Social Enterprise Scotland in 2011 and works on all policy and communications, from the website and social networks, to engagement with The Scottish Government and Parliament, the media, local authorities and public. Duncan is a Journalism graduate of Edinburgh Napier University. He previously worked as a Journalist, as Communications Officer for Planning Aid for Scotland, as well as for a political magazine and events company. Duncan has worked extensively in The Scottish Parliament, firstly as media officer for an MSP group and then as a parliamentary aide to two MSPs.

## WHAT IS SOCIAL ENTERPRISE

# WHAT IS SOCIAL ENTERPRISE?

CHRIS GORDON

Social enterprise as a business model and organisational form blurs the lines of the traditional business, government and non-profit sectors. This can be challenging to understand as it can defy conventional thinking and because the concept has been evolving rapidly in recent years.

Irish Social Enterprise Network uses the following as a guide:

## **PROFIT SEEKING ORGANISATIONS WITH A DEFINED SOCIAL AND/OR ENVIRONMENTAL MISSION.**

But there are many definitions. In a Forfás report in 2013, the following definition is given:

**{ SOCIAL ENTERPRISES ARE BUSINESS MODELS SET UP TO TACKLE SOCIAL, ECONOMIC OR ENVIRONMENTAL ISSUES. WHILE THEY ARE DRIVEN PRIMARILY BY SOCIAL AND/OR ENVIRONMENTAL MOTIVES, THEY ENGAGE IN TRADING OR COMMERCIAL ACTIVITIES TO PURSUE THESE OBJECTIVES AND PRODUCE SOCIAL AND COMMUNITY GAIN.**

To make it simpler, social enterprises essentially sell products or services or both for a profit. They then use this surplus to deliver their social mission. The more profit they have, the more of the mission they can accomplish.

Take for example a bakery. This bakery makes cakes. They sell the cakes for a profit. The more profit they have, the more they put money towards their social mission, let's say it is homelessness. The more cakes they sell, the more homeless people they can help rehouse. Social enterprises may also provide employment training and experience to those same jobless or homeless beneficiaries. There are multiple social enterprise business models around this one business activity. And there are many examples that you will see as case studies throughout this guide.



Social enterprises essentially **sell products** or services or both **for a profit**.

**GREEN KITCHEN CAFÉ:** Green Kitchen Café was set up by the charity WALK which deals with intellectual disability and learning difficulty. The café trains past participants of WALK programmes and gives them the skills and experience they need in a sheltered and welcoming environment to learn barista skills, food safety and food preparation certifications to hopefully secure future employment.

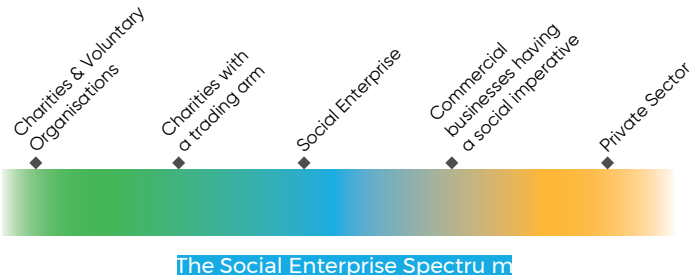
**ROTHAR:** Rothar was set up to upcycle and recycle bicycles and save them from landfill. By engaging youth in areas of Dublin and upskilling them in bicycle maintenance, Rothar has seen a huge growth in recycled bicycle sales and hundreds of boys and girls seeing themselves trained in bike maintenance. This has led to increased education uptake a job paths for young people and continues the mission of Rothar.

**RECREATE IRELAND:** Takes clean materials that are no longer in use by manufacturing and warehouse companies and puts these materials on their shelves in Dublin for schools and community groups to use. Each group pays a flat subscription fee a year based on affordability and can take as many of the rubber stoppers, gold foils and plastic boxes as they need.

## THE ENTERPRISE SPECTRUM

In recent decades, it has been recognised that traditional (i.e. grant-seeking) non-profits have sought to generate earned revenue to supplement charitable donations etc., while, at the same time, traditional businesses have begun to integrate greater levels of social responsibility and sustainability into their operations. Social enterprises sit in the middle of this spectrum.

This is different from the two distinct forms of organisations we recognise in Ireland currently. Most people tend to see that private companies and charities are the only options, but truthfully they are at opposite ends of a spectrum.



A private company generates profits by selling goods and services and distributes the profit to shareholders. In charities, generally, donations are given to affect a cause such as tackling poverty or increasing access to education etc.

A social enterprise generates its own income from selling its own goods and services to achieve the same aims as charities.



## OTHER CHARACTERISTICS

As there are so many ways in which an organisation can be both social and enterprising, some further criteria have been developed to help define the boundaries of social enterprise. These are:

**OWNERSHIP:** Social enterprises are for the most part owned by a membership or a community and held in perpetuity for future members of that community.

**FUNDING:** Social enterprises tend to have a mixed revenue stream. Social enterprises generally make profit from what they sell, but they might also get supplementary income from government supports or contracts. Internationally definitions vary – with limits placed at state support of anything between 25–75% of their overall revenue.

**IMPACT:** In general social enterprises have a defined and measured social impact. This means that they take time to measure not just the units sold or the people employed, but the demonstrable effect of the work of the organisation. E.g. the health and well-being of beneficiaries of the social enterprise. This could be an increase in academic attainment, future employment or decrease in number of homeless people on the street at night.

## THE LEGAL FORM

Social enterprises trade in many markets – selling goods and services to individual consumers, local authorities, government and private businesses. Social enterprises aim to make a profit just like any private sector business. However, 100% of their profits or surpluses are always reinvested back into their social and/or environmental purpose.

You might have gathered, there is no legal definition of social enterprise in Ireland, the UK, the USA or other English-speaking countries. All organisations that trade are typically companies and social enterprises are no different. In Ireland many social enterprises are companies limited by guarantee. A great number are also charities which are companies limited by guarantee with CHY (Designation from Revenue Commissioners) and RCN (Registered Charity Numbers). Charities can also own social enterprises by setting up a company limited by shares and retaining their shares, or by spinning a social enterprise out as a company limited by guarantee.

Some social enterprises have an “asset lock” on all of their buildings, land and other assets. This effectively means that it would be illegal to sell assets of the organisation to benefit directors or staff directly. Those assets must remain in the organisation, and, in the event of the company being wound up, assets must be applied to the social purpose of the original organisation.

**100% of their profits**

or surpluses are always

**reinvested back**



into their social and/or environmental purpose.



**SOME SOCIAL ENTERPRISES HAVE AN “ASSET LOCK” ON ALL THEIR BUILDINGS, LAND AND OTHER ASSETS. THIS EFFECTIVELY MEANS THAT IT WOULD BE ILLEGAL TO SELL ASSETS OF THE ORGANISATION TO BENEFIT DIRECTORS OR STAFF DIRECTLY.**

## **IS SOCIAL ENTERPRISE NEW?**

Many social enterprise models are not new. If we mean that social enterprises trade in the market place but have a distinctive social impact, we should be mindful that social enterprise has been around in Ireland in many forms.

### **CREDIT UNIONS:**

Credit unions act in the interests of their members, for their members. Credit unions have been acting responsibly in the social enterprise space for a good number of years giving access to credit and promoting thrift and financial control to its members since their foundation.

### **HOUSING COOPERATIVES:**

Housing cooperatives could arguably be social enterprises given that many arose to give future tenants affordable housing as a primary social motive over profit.

Given that the definitions of social enterprise are fluid and in perpetual debate, it is important to focus on how sustainable the organisation is and the impact that the social enterprise has.

## **NEW FORMS OF ENTERPRISE**

There are many new forms on the horizon of businesses behaving responsibly. There is a rise in “impact investing” and “conscious consumerism” which are reflective of social enterprise’s development as a field.

**BCORPS:** BCorps are a recent phenomenon initially established in the US and are companies that don’t just want to be the best companies in the world, but the best companies for the world. This distinct change and cemented ethical values have given BCorps the ability to grow internationally joining brands such as Patagonia, Ben and Jerrys, Etsy, Kickstarter and more where employees want to work because they believe in the core mission of the organisations.

### **COMMUNITY INTEREST COMPANIES:**

This is a UK legal form available for social enterprises to take. The introduction of CICs has seen the rise of some 10,000 such organisations. Amongst many of the features of this legal entity, these companies:

- Have an asset lock, as discussed above
- directors can be paid, unlike a charity. Directors who are in charge of the strategy and growth of the organisation can receive an income for their work capped at the profits that are realised during the year

## **WHAT IS THE FUTURE OF SOCIAL ENTERPRISE IN IRELAND**

Despite the challenges that face social enterprises when starting up (access to business supports, absence of a suitable legal model in Irish company law, lack of education about the model) social enterprises are still growing. Every day, more and more people contact and reach out to discuss the potential of setting up a social enterprise to help tackle issues as they see them and also to move from the ‘handout’ survival model of some charities.

Social enterprises are better aligned with millennials and with younger people who feel they want to work on a cause or issue. Social enterprises offer models that can be replicated across the spectrum of companies and lead to happier and more engaged staff, a better social and environmental outlook and a feeling of purpose for all employees and stakeholders.

# **SOCIAL ENTERPRISE IN IRELAND – ECONOMICS**

**FORFÁS REPORT 2013**

In 2009, there were approximately 25,000 direct jobs in the social enterprise sector in Ireland. These activities also create indirect jobs. Although it is difficult to provide concrete evidence (given the amorphous nature of the sector), social enterprise appears to be a growing enterprise sector that can bring further job gains and deliver economic potential. There is both a demonstrated need, and a market for, social enterprise in Ireland, as is borne out in the numbers employed in companies that frequently derive a large percentage of their income from trading and economic activity. With the appropriate enabling and promotional effort, there would appear to be scope for increasing job potential in the sector.

In the Programme for Government 2011, there was a commitment that Government will promote the development of a vibrant and effective social enterprise sector, instruct agencies to view social enterprises as important stakeholders in rejuvenating local economies and that Government will continue support for social innovation projects for young people through education, community and voluntary structures.

In 2009, there were approximately  
**25,000**  
**direct jobs**  
in the social enterprise  
sector in Ireland



If Ireland's social enterprise sector were to approach mean EU levels of output, it is estimated that there would be approximately

**65,000 jobs in social enterprises;**

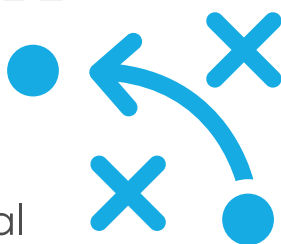


this figure could grow to as much as

**100k jobs**

if Ireland achieved the 9% goal set by the EU under the

**'Europe 2020' Strategy.**



Estimates for potential employment growth are for up to a tripling of the number currently employed if the conditions are conducive for the growth of the sector. Social enterprise accounts for about 6% of GDP across the EU. If Ireland's social enterprise sector were to approach mean EU levels of output, it is estimated that there would be approximately 65,000 jobs in social enterprises; this figure could grow to as much as 100,000 jobs if Ireland achieved the 9% goal set by the EU under the 'Europe 2020' Strategy. It is important to note that different definitions of social enterprise are utilised across the EU, some of which include the wider non-profit sector. If Ireland took a more inclusive definition of social enterprise, Ireland's current GDP share and employment numbers attributable to the sector would be far bigger.

As well as multiplier effects from the direct jobs in the sector, further indirect jobs are created either by enabling the development of other enterprises, for example by social enterprises that assist economic and community development, or by providing services that bring people to a community such as local festivals or community-run hostels.

The benefits of social enterprises are that they can provide jobs to those most distant from the labour market, both spatially and socially. The nature of social enterprises is such that services tend to be provided locally and so the jobs are created in local communities. They can provide jobs across a range of skill-sets also, some with the specific remit to give employment to those most marginalized.

While endeavouring to develop as sustainable businesses, the creation of a surplus is just one motive of the social enterprise and is a means rather than an end. In addition, as social enterprises can draw on additional resources such as volunteers, they may be able to operate businesses that would not be commercially viable otherwise. For example, shops, pubs and post-offices run by social enterprises as well as providing jobs also provide important, cohesive infrastructures in communities.

Social enterprises can provide jobs throughout Ireland because for the majority, by their nature they are local services and can be embedded in local communities. Many provide important social infrastructure. In addition, many of the opportunities listed, such as those related to tourism (including eco-tourism) and heritage, can assist in providing jobs in conventional enterprises such as local restaurants and accommodation.

# **SOCIAL ENTERPRISE IN IRELAND - THE POLITICAL LANDSCAPE**

**BRENDAN WHELAN**

## **CONTEXT**

The European Commission has placed the social economy and social innovation at the heart of its concerns under the Europe 2020 strategy. In 2011, the European Commission launched the Social Business Initiative as part of the Single Market Act within which social enterprise is one of 12 priority areas. Social enterprise accounts for about 6% of GDP across the EU and the European Commission's 'Europe 2020' Strategy sets a target for this contribution to grow to 9% of GDP over the decade to 2020.

In the case of Ireland, while it is extremely difficult to estimate the potential employment for the social enterprise sector, as it is not certain the degree to which funding or services might be provided by the sector overall, but if Ireland's social enterprise sector were to approach mean EU levels of output or the goal set by the EU under the 'Europe 2020' Strategy, it is estimated that there could be at least 65,000 jobs in social enterprises in Ireland, compared

Social enterprise accounts for about

**6% of GDP  
across the EU**

and the European Commission's 'Europe 2020' Strategy sets a target for this contribution to grow to

**to 9% of GDP  
over the  
decade  
to 2020.**





to an estimated 25,000 to 33,000 today (Forfás Report 2013). It is acknowledged that while there are many successful social enterprises in Ireland, Ireland would be seen as not having prioritised the sector and therefore have fallen behind other countries, both in the EU and internationally.

This of course, provides significant economic opportunity for Ireland, in addition to the significant social benefits which arise. Politically, this represents a very attractive proposition for the Irish Government. Even more so when a key finding from the Report is that social enterprises are in general not seeking additional State funding; rather, adjustments to some aspects of various policy areas including access to finance, procurement, capability building and ensuring supportive legislative frameworks, would help to reduce barriers to social enterprises participating more fully in economic activity.

## HISTORY

The social enterprise sector has not been a Government priority in Ireland for many years and for many reasons. Primarily it was because the sector did not have a specific identity and there was insufficient clarity about the definition of a social enterprise. The many terms used in the third sector contributed to this lack of clarity and identity. Terms such as social enterprise, community enterprise, social entrepreneurship, social innovation, social economy, community and voluntary sector, community development etc. were used interchangeably and contributed to that lack of clarity. Indeed, some argued that the term social enterprise is an oxymoron – an organisation has either a social mission or is an enterprise which trades, it cannot be both (which is clearly not the case).

The Programme for Government 2011-2016 recognised the important role of social enterprise in the country and contained a commitment to promoting the development of a vibrant and effective social enterprise sector. The sector is represented by the Social Enterprise Task Force (SETF) which has acted as an advocacy body for over ten years. Its work, combined with the Program for Government commitment, resulted

in the commissioning of the Forfás Report on Social Enterprise in Ireland, which was published in 2013. This was an important development as it highlighted the opportunity for significant economic and social benefits through the Government supporting the sector.

Following publication of the Forfás Report, in 2013 Sean Sherlock TD, then Minister for Innovation in the Department of Jobs, Enterprise and Innovation, was assigned social enterprise responsibility. He formed an Inter-Departmental Group along with representatives from the SETF to progress the development of the sector.

However, following a Government reshuffle, he moved to the Department of Foreign Affairs in 2014 and it was 2015 when a replacement took place. Ann Phelan TD was assigned responsibility for the sector but lost her seat in the 2016 election.

Little happened until early 2017 when Minister Michael Ring TD announced that a policy and strategy for the social enterprise sector would be developed.



This was followed by another Government reshuffle some months later which resulted in the creation of the Department of Rural and Community Development with Minister Ring as a senior minister at the Cabinet table. This represents a significant milestone for the sector with clear accountability by a senior minister in a focused department.

## THE WAY FORWARD

The Forfás Report stated that a coherent statement of policy for the sector aligning the interests and activities of all government departments is now required. As stated earlier, the production of such a policy has been committed to and in fact, commenced in August 2017. A partnership between the Department of Rural and Community Development and the Social Finance Foundation (on behalf of the SETF) has been formed to carry out the work. It is estimated that the work will complete in Q1 2018 and then make its way to Government for consideration and decision on policy. Implementation will then follow.

The work will involve extensive consultation across departmental and state bodies and amongst the many players in the sector. Support will be provided by Scottish colleagues to take advantage of their learnings garnered from ten years of having a Government policy in place. The scope of the work will be extensive and will cover the following key areas:

**1. BUSINESS CASE** – the rationale for supporting the sector, the articulation of a clear delineation and definition of what a social enterprise is and the many categories of social enterprises which exist.

**2. BUSINESS SUPPORTS** – what supports are/should be available to social enterprises, as is the case with commercial enterprises?

**3. FINANCE** – what funding is currently provided to the sector (public, private, philanthropic, EU etc..) and to what extent is it meeting the needs of the sector and if not, what needs to change?

**4. LEGAL** – what options currently exist for the legal structure of social enterprises and are there other options which exist internationally which could benefit the sector if adopted/adapted for Ireland?

**5. DATA** – what data is available/needed on the sector and how can it be acquired in a cost-effective manner?

**6. NETWORKS** – what networks (national and local) exist, to what extent are they providing effective support and how can they be supported to provide peer-to-peer assistance?

**7. EMPLOYABILITY** – what is the role for social enterprises in supporting the policy of labour market activation and how much is this costing, how effective is it and how can current policies be improved further?

**8. PROCUREMENT** – how do current public procurement policies support the social enterprise sector and do they need changing to do so?

European Parliament – Brussels, Belgium



it is estimated that there could be at least



**65,000**

in social enterprises in Ireland, compared to an estimated

**25,000 to 33,000 today**

**9. EU** – what are the policy aims of the EU Commission and what funding supports do they provide and how well does Ireland avail of them?

**10. INTERNATIONAL BEST PRACTICE** – what can be learnt from other countries which have been supporting their social enterprise sector for many years now, recognising of course that each country's situation is unique?

**11. EDUCATION** – to what extent is social enterprise on the agenda of educational establishments and what needs to happen to make it become an established and bona fides discipline to be taught?

**12. CASE STUDIES** – a compendium of Irish case studies needs to be compiled to help stakeholders understand what social enterprises are and the variety of disciplines in which they operate.

**13. SOCIAL ENTREPRENEURSHIP** – outlining the distinction between social entrepreneurship and social enterprises and addressing the challenges facing social entrepreneurs as individuals, as distinct from community social enterprises.

**14. LEADERSHIP/COMMUNITY DEVELOPMENT** – understanding what needs to be in place to establish community social enterprises, with the need for leadership to energise and motivate the community into action.

**15. SECTOR IDENTITY AND VOICE** – how should the sector constitute itself so that it can collaborate effectively with Government and how can the sector create a publicly known and understood identify akin to SMEs, FDI, Credit Unions etc...

In summary, the goal of having an Irish social enterprise policy that promotes the development of a vibrant and effective social enterprise sector through the creation of a supporting ecosystem or infrastructure is the key to unlocking the true potential for the sector. This is evident from the journeys that other countries have taken. While this is a challenge from the current Irish position, with strong political leadership and support, combined with collaboration and clear messages on the part of the various actors in the sector, it is achievable.

# WHAT FUNDING AND SUPPORTS ARE AVAILABLE FOR SOCIAL ENTERPRISES IN IRELAND?

DEIRDRE MORTELL, CEO, SOCIAL INNOVATION FUND IRELAND

There is a long tradition of social enterprise activity in Ireland, going right back to the agricultural cooperatives, and the formation of the credit union movement. As a result, there is a long tradition also of supports for cooperatives and later social enterprises, which have changed significantly over time. The European Union has played a significant role in how the supports have shifted more recently, as social enterprise has played an increasingly more important role in European Commission plans for development of both social and economic activity. It is useful to note that a social enterprise is essentially a business model, it is not a legal definition.

## WHO FUNDS?

The vast bulk of funding support for social enterprise is provided by state bodies in Ireland, with funding from either the State, the European Union, or both. Most funding is targeted at social inclusion, interpreted in various ways.

## WHAT IS THE FUNDING RATIONALE FOR SOCIAL ENTERPRISE FUNDERS?

Recent EU funding views social enterprises as a subset of SME's (small and medium sized business enterprises), and seeks to support them with classic SME supports, recognising their value to local economies in terms of job creation.

In contrast, most state supports in Ireland view social enterprises as either social service providers (e.g. rural transport, rural home help), or supported employment or employment training providers for long term unemployed people or those who struggle to secure employment, such as people with disabilities. Examples here include recycling businesses.

Funders take two broad approaches – some funders support social enterprises as social

# **WHAT IS STRIKING IS HOW LITTLE PRIVATE SECTOR FUNDING TARGETS SOCIAL ENTERPRISE, WHICH GENERALLY HAS A LOW PROFILE IN IRELAND.**

Funding in Ireland is Low.  
Funding in Europe is Better.

**Ireland looks for funding 3 ways**



enterprises – choosing to support their business model, which demands trading income as part of its definition, even if it is a minority of total income. Other funders support social enterprises to achieve their mission, such as poverty alleviation or inclusion, through for example employment of people who otherwise might not secure it.

It is important to also mention that the state provides subsidised employment to many social enterprises through the Department of Social Protection, which constitutes indirect rather than direct funding.

It is reassuring that state bodies in Ireland are relatively consistent in their definition of social enterprise for the purposes of their selection of funding, using the definition proposed in the FORFAS report of 2014.<sup>1</sup>




## **WHAT ARE THE POTENTIAL SOURCES OF FUNDING?**

What is striking is how little private sector funding targets social enterprise, which generally has a low profile in Ireland. As a sustainable approach to meeting local needs and creating local jobs in both rural and urban settings, social enterprise has enormous potential to grow in Ireland. Yet social enterprise funding from the state is uncoordinated and patchy. Private funding, where it exists, is strategic, in the availability of both loans and grants, but of a much lower quantum than state and EU funds. It is worth noting that social enterprises with a charity number can apply for many of the grants available to any charity, and that for-profit social enterprises can qualify for standard SME supports.

In conclusion, grants for both capital expenditure and growth capital are available from both state and private sources. Bridging and term loans are available from private sources. It is notable that equity options are not currently available as no impact investing market has yet developed in Ireland. In the same way, no grant / loan mix is yet available, despite some success with it as an instrument for supporting social enterprise in Scotland. Non-financial supports are available but are not well known by social enterprises themselves, and their tremendous value is often missed by social enterprises (unlike entrepreneurial businesses seeking investment).

<sup>1</sup>: Forfas (2014), *Social Enterprise in Ireland: Sectoral Opportunities and Policy Issues* [https://www.tcd.ie/business/assets/pdf/centre-social-engagement/23072013-Social\\_Enterprise\\_in\\_Ireland-Sectoral\\_Opportunities\\_and\\_Policy\\_Issues-Publication.pdf](https://www.tcd.ie/business/assets/pdf/centre-social-engagement/23072013-Social_Enterprise_in_Ireland-Sectoral_Opportunities_and_Policy_Issues-Publication.pdf)

The funding landscape is mapped below.

					
	<b>Financial Instrument</b>	<b>Non Financial Supports</b>	<b>Selection Criteria</b>	<b>Amount available per year</b>	<b>Comments</b>
<b>LEADER Rural Development (state)</b>	Grants	Yes	Social inclusion, poverty reduction and the economic development of rural areas. Local development agencies can develop different priority areas for support e.g. specific sector like artisan foods in Kilkenny.	Unknown, varies by region	European Funding for rural development. Some match funding requirements. Must be able to finance the project first, and reclaim the costs later.
<b>Social Inclusion and Community Activation Programme (SICAP - state)</b>	Grants	No	Reduce poverty and promote social inclusion and equality. Max €2,500, requires min 20% match funding, of which min 50% in cash; micro-enterprises only ie max 10 staff.	241 social enterprises assisted in 2016	Funds sourced from Dept of Rural Affairs & Community Development, co-funded by European Social Fund
<b>Dormant Accounts Fund – Social Enterprise Measure (state)</b>	Grants	No	Service providers to, or employment opportunities for, disadvantaged people, particularly in rural areas	€1.64 million, av. Gran €39k (2017)	Often pays for capital expenditures only. Funds via Department of Rural & Community Development.
<b>Dormant Accounts Fund - Community Services Programme (state)</b>	Grants	No	Creating community based employment opportunities for disadvantaged people	€43 million in 2017	Funds via Pobal from Department of Rural & Community Development
<b>Enterprise Ireland (state)</b>	Grants	Yes e.g. Innovation Vouchers	Export-oriented services	Unknown	Few examples of successful applicants – more theory than practice?
<b>Local Enterprise Offices (state)</b>	Grants	Yes e.g. training, mentoring	As per all LEO applicants	Unknown	Varies from area to area

Opportunities to strategically finance social enterprises lie in three areas.

First, raise significantly more private funding, with the aim of specifically targeting investment in social enterprises as businesses, across a wide range of sectors from energy to social services to tourism, offered through a variety of financial instruments including grants, grant / loan mix, and equity.

The funding landscape is mapped below.

<b>Social Innovation Fund Ireland (private)</b>	Grants	Yes	Provides an innovative solution to a critical social issue and is scalable or replicable. Social enterprises can apply to a number of funds with one specific Social Enterprise Development Fund offering €50K + supports	New €1.6m fund open in 2018 for 2 years. Average grant value in 2018 €70k	Growth capital or working capital only
<b>Social entrepreneurs Ireland (private)</b>	Grants	Yes	Social entrepreneur (or pair) with a big new solution to social or environmental problem	Potential for €200,000, av €25,000 (2017)	Supports the social entrepreneur to take idea to the next stage.
<b>Community Finance Ireland (private)</b>	Loans without the requirement of Personal Guarantees	No	Bridging Loans & Term Loans. Buildings and equipment, working capital, cash shortfalls, and restructuring of debt. Interest rates "competitive"	€9m approved in 2017 Loan range €30k to €500k	Social enterprises and community groups
<b>Clann Credo - Community Loan Finance (private)</b>	Community Impact Loans, without the requirement for Personal Guarantees  Amounts: between €10,000 and €500,000 Term Loans 2-15 years Bridging Loans up to 2 years. Interest Rates 4.95 - 6.75% pa	Yes: One-to-One support from regionally based staff; Specialist Workshops and Seminars as well as supports through partners, The Wheel and TrustLaw	Positive Community Impact and repayment capacity	Community Impact Fund €50 million. €20 million approved in 2017	Social enterprises, community groups, charities, voluntary organisations
<b>Total Grants - 98% state sector</b>				€45 million	
<b>Total Loans - 100% private sector</b>				€29 million	

Second, enable equity investment in social enterprises through the creation of a legal vehicle to facilitate this, like the Community Interest Company (UK) or the BCorps (USA).

Leverage existing state supports to enterprise, by explicitly opening them up to social enterprise, offering support to Local Enterprise Offices to do this, and making it clear whether Enterprise Ireland has a role to play in this area or not.

*Disclaimer: This information was valid on 25/3/18 as per company websites, and accounts available from public sources.*

# THE GROWING SIGNIFICANCE OF SOCIAL ENTERPRISE

**DR. MARY O'SHAUGHNESSY**

Social enterprises are increasingly recognized as significant players in economic and social life across the globe. At a European level, the introduction of the EaSI (Employment and Social Innovation Programme), a financing instrument which facilitates access to finance for social enterprise, is but one example of the growing supportive ecosystem for emerging social enterprises across EU member states. The growing enthusiasm for social enterprise is driven by a range of factors including: the shift in welfare policies and the increased marketisation and privatisation of public responsibility for welfare and labour; the 2008/2009 global economic crisis and associated imperative to do 'more with less'; rising social needs in areas such as healthcare and social care; the increasing interest in new forms of collective action; and greater experimentation with economic models across civil society (Lundgaard Andersen and Hulgard, 2016; European Commission, 2015). Social enterprises are being recognised for their capacity to bring an entrepreneurial and commercial dimension to the provision of general interest services, as a solution to a range of social and environmental issues, and to deliver a range of social and economic benefits to society (Borzaga et al., 2014). The purpose of this section is to describe

**Nonprofits  
generate  
more than  
€10Bn** 

in turnover annually ranging in size from the **12% that had a turnover in excess of €1m annually to 35%** reporting an income of less than  **€50,000**

the benefits of social enterprise to Irish society in terms of their capacity to address social issues and create positive community change. We begin by looking at how social enterprise is understood in Ireland, followed by a short review of some of the stated benefits of the sector in terms of job creation, service provision and community and resource mobilisation. We conclude with some suggestions on how the potential of the sector can be further realised.



## **SOCIAL ENTERPRISE - THE IRISH CONTEXT**

Although the concepts of social economy and social enterprise have been part of public discourse in Ireland for nearly two decades, there are still considerable differences in the way the term 'social enterprise' is understood. In the most general sense social enterprises are seen primarily as non-profit organisations driven by social objectives. Thus they can be included in, or even conflated with, the 'third sector', the 'community and voluntary sector' or the 'nonprofit sector'. Indeed, these latter two terms are often used interchangeably (for example Planet 1995; Doyle and Lalor, 2012). Irish thinking on social enterprise has also been influenced by the difference in perspectives between the US and Europe. In the US 'social enterprises' are equated with 'non-profits' and are a recognised and distinctive sector, whereas in Europe the term is used more commonly to refer to particular organisational forms such as mutual organisations, co-operatives, and associations. This has led to ambiguity regarding how social enterprises are to be defined and understood in Ireland. Thus, attempts to estimate the scale and potential benefits of the social economy comprising social enterprises in Ireland to date are limited and may be contentious.

The most recent national operational definition by Forfás (formerly a state body and now part of the Department Enterprise and Employment) describes a social enterprise as 'an enterprise that trades for a social/societal purpose, where at least part of its income is earned from its trading activity, is separate from government, and where the surplus is primarily re-invested in the social objective'. Irish social enterprises tend to be structured as companies limited by guarantee (not having share capital) and typically operate in a wide diversity of sectors including childcare, arts, tourism and leisure, social housing and accommodation, social services and environmental services. Four main types of (non-mutually exclusive) social enterprise were delineated by Forfás: those with commercial opportunities that are established to create a social return; those creating

employment opportunities for marginalised groups; economic and community development organisations; and those that deliver services (Forfás, 2013; Ireland Country Report, 2016).

## **MEASURING THE SCALE OF SOCIAL ENTERPRISE ACTIVITY IN IRELAND**

There is, as yet, no real consensus of what constitutes the social economy or social enterprises in Ireland. There are relatively few studies of social enterprises, per se, and considerable ambiguity as to where social enterprises fit on the non-profit/community voluntary spectrum. Typically, social enterprises are not identified as a separate sub-category within the nonprofit sector. For instance, the most recent analysis of the 'nonprofit sector' offers limited statistics on what is termed the 'social enterprise sector'. Social enterprises are considered a sub-set of the large and diverse nonprofit sector (which includes schools, universities, hospitals, trade unions and much else). According to the Benefacts database, there are 19,505 registered nonprofits in Ireland, but we have no way of knowing how many of these can be categorised as 'social enterprises'. Nonprofits generate more than €10bn in turnover annually ranging in size from the 12% that had a turnover in excess of €1m annually to 35% reporting an income of less than €50,000 (Benefacts, 2017). An earlier 2012, study of the non-profit sector, while acknowledging the diversity of the sector and the existence of social enterprises within it, did not identify social enterprises as a separate sub-category (RSM, McClure, Watters, 2012).

Thus, it is not easy to identify social enterprises (i.e. that sub-set of organisations that are involved in trading activity) from contemporary Irish studies of what is referred to as the non-profit sector. The few studies that have identified and focused on social enterprises and attempted to measure the size and significance of the sector have generally been limited and/or based on surveys with relatively low response rates.

In light of this, caution is advised regarding the accuracy of any estimates of the scale and impact of the sector to date and the possibility of inflated estimates arising from ambiguous boundaries and definitions.

That said, the most widely accepted figure at present is the Forfás estimate of 1,400 social enterprises with an approximate total income of €1.4 billion. (Forfás, 2013). According to Forfás, the social enterprise sector accounts for approximately 3% of GDP; this compares with figures of between 4 and 7% of GDP across the EU. Job creation (in particular providing jobs to those most distant from the labour market), a proven capacity to deliver a range of community based services and mobilise a diversity of resources are amongst the most notable benefits of Irish social enterprises to date.

## **SOCIAL ENTERPRISE AND JOB CREATION**

In 2009, Clarke and Eustace (2009) estimated total employment in social enterprises at around 9,300 jobs in with another 5,300 supported indirectly (Clarke and Eustace, 2009). A subsequent study by Clann Credo (2011) identified 1,420 social enterprises employing around 25,000 people in 2009, equivalent to around 2% of the total national workforce. Social enterprises were reported to employ 17 people on average. Forfás (2013) suggests the sector employs between 25,000 and 33,000 persons in over 1,400 social enterprises with an approximate total income of €1.4 billion.

Social enterprises have a significant dependence on labour market integration measures and this was evident in a study of thirteen work integration social enterprises (WISEs) mainly providing child and elder care services in rural areas (O'Shaughnessy, 2008). Among the employees in the organisations studied: 59% were classified as long-term unemployed and 83% were aged over 40. Of those aged 30-35 years, 40% were disadvantaged and faced particular social challenges. Over half the workforce (51%) had

**59%** were classified **long-term unemployed** and 83% were aged over 40. Of those aged 30-35 years, **40% were disadvantaged** and faced particular social challenges

not progressed beyond the junior cycle of second level education, and almost one quarter was described by management as 'hard to employ'.

Irish social enterprises are typically labour intensive, with payroll estimated to be 64% of total expenditure, thus reinforcing the ongoing, and potential role, of the sector for job creation, not least in peripheral areas with limited alternative economic and employment opportunities. A 2016 study involving representatives of 20 Local Development Companies (LDCs) estimated a total of 3,376 rural based social enterprise entities, accounting for 1,200 full-time and 70 part-time positions and confirmed high rates of participation in work integration schemes among Irish social enterprises (Hynes, 2016:24 - 25).

## **SOCIAL ENTERPRISE - MEETING COMMUNITY NEEDS AND RESOURCE MOBILISATION**

Studies of Irish social enterprises have demonstrated their capacity to meet community needs, address problems such as social and geographic isolation and to provide affordable and accessible services and housing to groups at risk of social and economic exclusion. For instance, a 2013 study of a sample of rural based social enterprises demonstrated their role in providing a broad range of social and economic benefits to the local community by engaging in

commercial activities. These social enterprises provided goods and services such as social housing, retail services, rural elder care, childcare and transport in remote and peripheral rural areas and to specific interest groups.

Other studies have shown how Irish social enterprises can be effective in mobilising a diverse range of revenue and resources. For instance, in their study of 106 social enterprises, Clarke and Eustace (2009) found that 27% benefitted from local and national fundraising and 21% received donations from philanthropic sources in addition to state support from participation in schemes. In 106 enterprises there were 1,257 volunteers, an average of 12 volunteers per enterprise. Similarly, O'Shaughnessy (2006) in her examination of the resource mix of WISEs found that approximately 10% of the resource mix was derived from donations, gifts and voluntary activity, 30% was derived from market resources with public sector resources accounting for the remainder.

## CONCLUSIONS

While there is a considerable amount of social enterprise activity in Ireland, there is no real consensus about the size of the sector, its key parameters and the true extent of its benefits. While this is undoubtedly due to ambiguities of definition and boundaries, it is also because social enterprises are not included in official statistics and there have been no, well resourced, national studies of the sector. Thus, it is hard to be in any way definitive as to its size and significance in terms of numbers employed or in terms of service delivery. Estimates vary greatly and are easily contested. There continues to be considerable gaps in our knowledge about Irish social enterprises, including the scale, social impact, and overall contribution of the sector to the national economy and society in general. Addressing these gaps is an important next step in improving our understanding of social enterprise and in assessing its significance, value and wider benefits to society at large.

## REFERENCES

- Borzaga C., Bodini R., Carini C., Depedri S., Galera G. and Salvatori G. (2014) 'Europe in transition: The role of social cooperatives and social enterprises', Euricse Working Papers, 69:14.
- Benefacts (2017) *Benefacts Nonprofit Sector Analysis*, Benefacts, Dublin, Ireland.
- Clarke, A & Eustace, A. (2009) *Exploring Social Enterprise in nine areas in Ireland, Final Report*, & Eustace Patterson Ltd.
- Doyle, G and Lalor, T (2012) *Social Enterprise in Ireland: A People's Economy?* Cork: Oaktree Press.
- Dees, J.G. (1998) 'Enterprising Nonprofits', *Harvard Business Review*, January–February, 55–67.
- Hynes, B. (2016) *Creating an Enabling, Supportive Environment for the Social Enterprise Sector in Ireland. Report/submission to the Irish Local Development Network.*
- Luudgaard Andersen, L., Gawell, M. and Spear, R. (eds.) (2016) *Social Entrepreneurship and Social Enterprises: Nordic Perspectives*, Routledge Studies in Social Enterprise and Social Innovation, Routledge.
- Moroney, A., and O' Shaughnessy, M., (2017) *Developing the Social Enterprise Sector in Ireland: A Comparative Perspective. Report compiled for the Social Finance Foundation.*
- Nicholls, A. (2010) Institutionalizing social entrepreneurship in regulatory space: Reporting and disclosure by community interest companies. *Accounting, Organizations and Society* 35 (4): 394-415.
- O'Shaughnessy, M., and P. O'Hara, (2013) *Social Enterprise in Rural Communities. Ireland: National Rural Network.*
- O'Shaughnessy, M., Casey, E., Enright, P., (2011) 'Rural transport in peripheral rural areas: the role of social enterprises in meeting the needs of rural citizens', *Social Enterprise Journal*, 7(2), 183-190.
- O'Shaughnessy, M. (2008), "Statutory support and the implications for the employee profile of rural based Irish Work Integration Social Enterprises (WISEs)", *Social Enterprise Journal*, July 2008, pp.126 – 135.
- O'Shaughnessy, M. (2006), "Irish Social Enterprises Challenges in mobilising resources to meet multiple goals", Chapter 8 pp.137-143 in Nyssens, M (ed) (2006) *Social Enterprise – At the crossroads of market, public policies and civil society*, Routledge, pp. 137-143.
- European Commission, (2016) *Ireland Country Report – Social Enterprise and their Eco-systems: A European Mapping Report*, European Commission, Directorate- General for Employment, Social Affairs and Inclusion.
- O'Shaughnessy, M., and O'Hara, P., (2016) 'Social Enterprise in Ireland – Why Work Integration Social Enterprises (WISEs) Dominate the Discourse', *Nonprofit Policy Forum*, 7(4): 461-485.
- PLANET (1997) *Building the Social Economy: New Areas of Work, Enterprise and Development*. Dublin: Area Development Management.
- RSM, McClure Watters, (2012) *Ireland's Non Profit Sector: The Big Picture, The Wheel*, Dublin.

# SOCIAL ENTERPRISE IS THRIVING IN SCOTLAND

DUNCAN THORP

The results of the recent national Social Enterprise in Scotland: Census 2017 demonstrate a thriving social enterprise movement in Scotland. The census allows us to see the current size and impact of social enterprises in Scotland's communities. It helps us understand how social enterprises benefit everyone and how we can improve in order to take this innovative, dynamic movement forward.

Social enterprises are independent businesses that have a specific social or environmental mission. They generate as much income as possible by trading and invest their profits to fulfil their purpose. From ethical gifts to social housing, inclusive sports centres, childcare, community transport and more.

The new facts and figures in the Census demonstrate an emerging sector, with growth, resilience and increasing impact. There are now 5,600 social enterprises in Scotland, up from the 5,199 recorded in the first ever study in 2015. 599 social enterprises were formed in the last 2 years, up from around 200 a year noted in the first Census. Social enterprises employ the equivalent of 81,357 full time workers.



**5,600** social enterprises in Scotland, **up from the 5,199**



**599** social enterprises were **formed** in the last 2 years



Social enterprises **employ** the equivalent of **81,357 full time workers.**

In terms of the hard economic data we compare very well with other parts of the economy. The total annual income of social enterprises is £3.8bn, that's up from £3.63bn in 2015. The net worth of Scotland's social enterprises is £5bn, an increase from £3.86bn. The economic contribution (GVA) of Scotland's social enterprises is £2bn, up from £1.68bn compared to last time.

We can now see that 34% of all social enterprises are located in rural Scotland. 79% of social enterprises also sell direct to the public, up from 68% in 2015. 20 years is the average age of a social enterprise and 7% of social enterprises are involved in international activity.

When it comes to ethical business practices we're doing well too. 64% of Scotland's social enterprises are led by women, up from 60% in 2015. 70% of Scotland's social enterprises are led by and accountable to people in their local community. The average gap between lowest & highest paid in Scotland's social enterprises is only 1 to 2.5. There is much more to do and of course more that could be measured next time, from environmental practices to workplace rights, LGBT+ equality and more. Certainly there are challenges and more research is needed to understand negative trends and tackle their root causes. Social enterprises do their best but they're not perfect.

The policy context which social enterprises have been operating in for the past few years has often been a favourable one. The Scottish Government has invested in social enterprise development with tailored business support through Just Enterprise, a consortium of ten sector business support and development bodies. We've also seen investment with the previous Enterprise Ready Fund and Enterprise Growth Fund, plus other funding streams accessible to social enterprises from start up agency Firstport and others.

Support for social enterprise cuts right across political party boundaries. With a tough business and competitive edge, a charitable heart, local community roots and a clear remit to improve lives, there's something that every political party can support. We've found an open door within all Holyrood political parties and their support is appreciated by our business community.

In addition some local authorities have specialist advisors within their Business Gateway services and local Third Sector Interfaces (TSIs) have a remit to support social enterprise. Many are supported through Highlands & Islands Enterprise (that has a specific remit for social enterprise and community development) and also Scottish Enterprise, including Co-operative Development Scotland. We also have an opportunity to ensure that social enterprise is centre stage with the foundation of a new public business support agency for the south of Scotland, as well as recently established City Deals.



Public service redesign and reform need more social enterprise solutions. The barriers to social enterprise development do often still lie at a local level, where social enterprises sometimes report a resistance to change and to do things differently or a reluctance by local organisations to include social enterprises in decision-making. Certainly things have improved with the specialist social enterprise procurement service Ready for Business and other developments like Public-Social Partnerships (PSPs). The new Partnership for Procurement (P4P) provides free support to social enterprises and third sector organisations to develop partnerships and consortia and also help with tendering for contracts.

Legislation over the past few years has included the Community Empowerment Act and the Procurement Reform Act that are having a direct impact on many (but not all) social enterprises and open up new opportunities to do things differently. There are many parts of the jigsaw that make up the broad social enterprise movement and specific legislation and regulations around housing associations, co-operatives and credit unions, for example, impact on those parts of social enterprise too.

The Cross-Party Group on Social Enterprise in The Scottish Parliament (the CPG) has been our national policy forum, soon to be revived. Past meetings discussed the role of local government in developing and supporting social enterprise, new powers for Scotland and the Smith Commission and welfare reform, among many other topics.

The annual Social Enterprise Awards is held in The Scottish Parliament, where MSPs can network with social entrepreneurs. Social Enterprise Scotland sends out The Social Enterprise Monthly emails to a huge range of people across Scotland, including MSPs, all local and national media, the public, MPs and MEPs and their staff, local elected members and local officials, civil servants and private sector partners. Our priority in everything we do is the promotion of social enterprise as an idea and as a better way of doing business, as well as the promotion of individual social enterprise members as real life, inspiring case studies.

Social Enterprise Scotland also produces manifestos for elections. In terms of policy it's important to always ask social enterprises directly what they want us to campaign on and what policies we should be promoting to benefit their growth and development. We ask our members – and indeed all Scottish social enterprises – what policy changes they want to see The Scottish Government and local authorities deliver.

The most recent major development has been the creation of Scotland's Social Enterprise Strategy 2016–2026 and associated action plan. The strategy was created with a more than yearlong consultation process with social enterprises and a range of partners in the public and private sectors. It sets out a clear vision to ensure that our social enterprise business community thrives and grows over the next decade and beyond, drawing on key strands around stimulating social enterprise, developing stronger organisations and realising



**79%** of social enterprises also **sell direct to the public**



**64%** of Scotland's social enterprises are **led by women**



The economic **contribution (GVA)** of Scotland's **social enterprises** is **£2bn**

**THE GENERAL PICTURE IS ONE OF SUCCESS, STRONG ECONOMIC AND SOCIAL IMPACTS AND FUTURE POTENTIAL. WE HOPE THAT MORE MEMBERS OF THE PUBLIC START TO UNDERSTAND HOW THEIR CONSUMER CHOICES CAN MAKE A DIFFERENCE.**

market opportunities. Online and roundtable discussions informed the strategy at every stage. The process was one of co-production between the leading sector organisations and The Scottish Government. All of this is with the aim of building a new and inclusive economy that benefits everyone.

The simple facts and figures about social enterprise, as evidenced in the recent census, don't reveal everything about social enterprise. Their true impact is not apparent by reading numbers on a page. The best way to experience social enterprise is by visiting one or buying their products. Whether that's activities at Port Edgar Watersports in Edinburgh, food in Spoon Cafe in Glasgow, outdoor adventures with Venture Mòr in the Highlands or skincare products from the Shetland Soap Company. Their diversity, social impact and great goods and services can only really be appreciated this way.

The general picture is one of success, strong economic and social impacts and future potential. We hope that more members of the public start to understand how their consumer

choices can make a difference. Local councils and other public bodies, as well as private sector businesses, have the option to do the same. In addition entrepreneurs can consider a social enterprise option as an alternative to a standard, traditional business model.

The future for social enterprise in Scotland is bright. As we take forward the new Social Enterprise Strategy for Scotland and the practical action plan, we'll be able to measure real, concrete progress. We all benefit from the growth of our social enterprise community and we can all choose an active part in its success.



The future for social enterprise in Scotland is bright. As we take forward the new Social Enterprise Strategy for Scotland and the practical action plan, we'll be able to measure real, concrete progress

# PROFESSIONALS SUPPORTING SOCIAL ENTERPRISE

**ORNA STOKES**

We are a nation of volunteers – over 1 million people in Ireland support Not For Profit organisations, as volunteers each year (source CSO “Central Statistics Office”). 50,000 volunteers give their unpaid time as trustees and board members to direct the work of Ireland’s charities (source [www.benefacts.ie](http://www.benefacts.ie)), controlling over €5.7bn in income every year. The unpaid work volunteers do translates into a value of over €2bn each year.

There are many terms used to describe these organisations – Community, Voluntary & Charity (‘CVC’) organisations, Not for Profits, Clubs & Societies, Social Enterprises, but they all have one thing in common – they aim to make a positive impact on society.

A Social Enterprise is a little different to other CVC organisations – it is a business which delivers services on a commercial basis, and reinvests funds generated to achieve its social aims. Like any other commercial organisation, it competes for customers on the open market; it is subject to all the usual commercial structures, governance, accountability and reporting.

## 50,000

volunteers give their unpaid time as trustees and board members to direct the work of Ireland’s charities

(source [www.benefacts.ie](http://www.benefacts.ie)),

controlling over

## €5.7Bn

in income every year. The unpaid work volunteers do translates into a value of over

## €2Bn

each year.





**COMMUNITY, VOLUNTARY & CHARITY ('CVC') ORGANISATIONS, NOT FOR PROFITS, CLUBS & SOCIETIES, SOCIAL ENTERPRISES, BUT THEY ALL HAVE ONE THING IN COMMON - THEY AIM TO MAKE A POSITIVE IMPACT ON SOCIETY.**

But a Social Enterprise is more than just a commercial organisation - Social Enterprises typically:

- **WANT TO CHANGE THE WORLD – OR SOME ASPECT OF IT.** The founders/leaders are passionate about achieving specific social or environmental goals.
- **HAVE A SOCIAL PURPOSE AT THE CENTRE OF WHAT THEY DO** – they're in business to meet a social need or solve a social problem.
- **ARE NOT IN IT FOR THE MONEY.** While they compete in the market like any other business, and they pursue and make a profit, profits are reinvested back into the business or the community, rather than distributed to external shareholders.
- **OPERATE WITH LESS CONVENTIONAL BUSINESS MODELS** – social enterprises use innovative business models to improve their world (for example provide employment to people who wouldn't otherwise get employment or use innovative revenue sharing models).



## VOLUNTEERING?

Because Social Enterprises may have grown out of a community need, rather than as a result of business planning, a Social Enterprise may not have the right mix of business skills to support a growing business. As a qualified professional, an accountant can be a real asset to a Social Enterprise – their business skills and experience, can add serious value to the board or a committee.

If you are considering volunteering, you should ask some questions such as:

- Is the organisation listed on the Register of Charities?
- Is the organisation trying to address a real need, and does its approach make sense?
- What has the organisation achieved to date?
- Has it signed up to the Governance Code (the code of practice for community, voluntary and charity organisations) [www.governancecode.ie](http://www.governancecode.ie)?
- How good is its leadership? What about its volunteers or paid staff?
- Do the people using it's services have a say in how it is run?
- If the organisation raises funds from the public, has it signed up to the Statement of Guiding Principles for Fundraising [www.charitiesinstituteireland.ie/principles-for-fundraising](http://www.charitiesinstituteireland.ie/principles-for-fundraising)?
- Is the organisation financially secure, and is it transparent about its finances?
- If the organisation receives public funding, have there been any audits or reviews done by a government agency such as HIQA, if so what were the findings?

If you are volunteering to go on the organisation's board, make sure you understand your commitment, in terms of time and responsibility. If you are unclear about your responsibilities, look for training, [www.thewheel.ie](http://www.thewheel.ie) can help.

## AD-HOC ADVISOR

You may not be in a position to commit to regular or long-term volunteering with an organisation, but your business skills are still really useful. Can you use your specific skills to participate in a Strategic Review, assist with development of a policy document or perhaps conduct a training session? Can you volunteer to participate in an advisory committee?



Business skills to support a growing business.

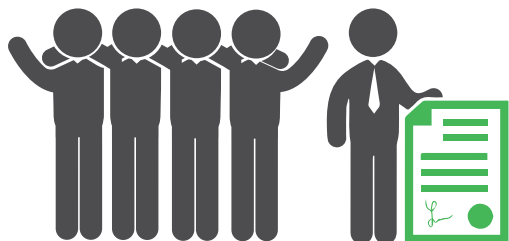


Considering volunteering?  
Look at checklist.



Policy document or perhaps conduct a training session?

# The Charities Act 2009



Very significant milestone for community & voluntary activity in Ireland

## ACCOUNTANT IN PRACTICE

In your professional capacity as a practicing accountant, you may be considering taking on a Social Enterprise or Charity as a new client (or perhaps offering pro-bono assistance).

Your expertise in dealing with micro and small businesses will be essential – a social enterprise is after all a commercial entity. However, you need to ensure you are cognisant of the legal and regulatory environment in which charitable organisations in Ireland operate:

## THE CHARITIES ACT 2009

The Charities Act 2009 represented a very significant milestone for community & voluntary activity in Ireland. The Act established the Charities Regulatory Authority (“CRA”) which commenced work in October 2014. Since April 2016, all registered charities in Ireland, must be registered with the CRA.

The purpose of the Act was to reform the law relating to charities to:

1. ensure greater accountability
2. to protect against abuse of charitable status and fraud
3. to enhance public trust and confidence in charities
4. increase transparency in the sector.

In addition to the CRA, Social Enterprises and charities may also interact with:



**THE REVENUE COMMISSIONERS**

**THE COMPANIES REGISTRATION OFFICE**

**THE REGISTER OF LOBBYING**

**AN GARDA SIOCHANA**

**LOCAL AUTHORITIES.**

Social Enterprises and Charities are a life force for change, working or volunteering with them offers a great opportunity to be a part of something positive in our communities. As professionals, accountants are able to bring useful skills to Social Enterprises and Charities, to help them build sustainable, reputable organisations, who can be efficient commercial organisations and can achieve their social objectives, but it is important to ensure you do your homework about the organisation and your expected commitment to it, before you get on board.



# MOYEE COFFEE

KILLIAN STOKES

## { MY OWN COFFEE JOURNEY STARTED ON A MOUNTAIN IN UGANDA.

As the Co-Founder of Moyee Coffee Ireland I have come to believe strongly in the economic idea of 'shared value'. A lot more of the manufacturing and processing behind our everyday products such as the coffee we drink should be taking place closer to the source. With Moyee Coffee we aspire to bring Ethiopian grown and roasted coffee to Irish consumers. We call this process FairChain a radical approach to the coffee business that aims to see 50% of what you pay going back to those who contribute most towards your coffee.

My own coffee journey started in Uganda in 2010.

I spent a morning hiking with a local guide around Sipi Falls on Mount Elgon. We trekked through coffee groves and chatted with local farmers. While their children played around us, the farmers showed us how each worked a one hectare plot of land to grow natural organic coffee, under the shade of the forest, without the use of chemicals or pesticides. They were growing some of the finest Arabica beans in the world and yet these farmers were some of the poorest I'd met.



**90%** of coffee farmers and their families still live on less than **€2 a day.**

As we trekked on, the trail opened onto a main road near the local coffee depot. This, my guide explained, was where the local farmers would come to sell their beans at harvest which were then packed, trucked and exported to be roasted overseas. A large sign by the front gate declared the day's coffee price: €0.30 cent per kilo. These farmers were getting so little and yet I knew these same beans were selling for €20-30 in a supermarket back in Ireland.

A little further on our morning's hike, two women approached us inviting us to take a coffee. These were two widows from a local group who roasted their own coffee for tourists to earn enough to feed and cloth their children and pay school fees. With the most basic of tools and an open fire they quickly milled, roasted, ground and brewed up some delicious coffee. It tasted amazing – and after a few mugs I happily bought a kilo of their beans for €10.

That morning's hike was a very practical economics lesson for me on the coffee industry.



**COFFEE, AS I HAVE LEARNED, IS THE WORLD'S FAVOURITE DRINK. WE DRINK TWO BILLION CUPS EVERY DAY AND IT'S WORTH ALMOST €100 BILLION EUROS A YEAR BUT 90% OF COFFEE GROWING COUNTRIES STILL RELY ON INTERNATIONAL AID TO SURVIVE AND 90% OF COFFEE FARMERS AND THEIR FAMILIES STILL LIVE ON LESS THAN €2 A DAY.**

The problem as I saw first hand that morning is the divide between growing and roasting.

100% of the coffee we drink grows in and around the equator in the coffee belt but over 99.9% of our coffee is roasted in the west and so almost all of the value, jobs, incomes, skills and profits associated with coffee are exported overseas.

By Christmas 2015 I decided to experiment with a subscription service to see if I could add more value to coffee producers. I managed to raise some funds and Irish customers through an online indiegogo campaign, and began importing small quantities of coffee bags from roasters in Ethiopia and Uganda - coffees which were grown and roasted in Africa to support more jobs, value and income to stay in the belt.

While the Irish customers loved the coffee and the link to the producers, it quickly became apparent the model wasn't going to be economically sustainable as a business. It was difficult to find support, in terms of business, legal and financial mentorship, for a social enterprise seeking to boost trade and economic activity in Africa rather than here in Ireland, however

a Springboard course at UCD's Innovation Academy proved invaluable, offering practical frameworks to test alternative business models and through their network I met a likeminded business partner in Shane Reilly - a fellow entrepreneur with a passion to radically change the coffee industry.

A follow on trip to Africa, this time to Uganda and Ethiopia, led us to a radically innovative Dutch Ethiopian company called Moyee Coffee and their idea of FairChain. They had invested several million in a state of the art roastery in the Ethiopian capital Addis Ababa and were working with over a hundred coffee farmers in the Belata Forest in Ethiopia buying their speciality beans at a premium price while training them to double yields and incomes with improved organic farming techniques. By growing, roasting and bagging their coffee in Ethiopia, Moyee was able to offer Dutch companies improved coffee at work, while also improving the income that would remain in the hands of Ethiopians - approximately €9 per kilo versus €3 per kilo for other coffees.



Ethiopia pulls in

**€3.5**

**Bn euro**



in international aid  
every year but only earns



**€800**  
**Mn**  
**from**  
**coffee.**

Ethiopia is the birthplace of coffee and one in four Ethiopians relies on coffee for their livelihood and while it's Africa's largest producer of beans the country's largest industry is still aid. Currently Ethiopia pulls in €3.5 billion euro in international aid every year but only earns €800 million from coffee. Moyee had calculated that if the country could grow and roast their own coffee, Ethiopia could triple its coffee revenue to €2.5 billion and start to move beyond aid.

Of course fair trade can and does help many small farmers earn a little more. Last year fair trade coffee and bananas in the UK made sales of £1.64 billion triggering premiums to farmers of £30 million but Moyee believes more can be done for coffee growing countries if more of the production can be shifted back to the country of origin.

With a small investment from Moyee Netherlands, Shane and I decided to establish Moyee Coffee Ireland, a limited company with a social mission, to bring the FairChain revolution to Ireland. We now have our coffee on sale in a growing number of select food stores and spend as many weekday mornings as we can visiting Irish companies, brewing up pots of coffee and sharing the story of FairChain. This approach is winning us some great customers including Genomics Medicine Ireland, Foodcloud and Groupon and meanwhile Moyee's production in Africa is expanding from Ethiopia to Kenya with Uganda firmly on our roadmap so in time we hope to reach those first farmers I met up on Mount Elgon.

To find out more about Moyee and FairChain or to arrange a coffee tasting morning at your office visit [moyeecoffee.ie](http://moyeecoffee.ie) or send an email to [hello@moyeecoffee.ie](mailto:hello@moyeecoffee.ie)

## CASE STUDY

# CYBERSAFEIRELAND

ALEX COONEY

## BACKGROUND

I set-up CyberSafelreland in 2015 along with two co-founders, Cliona Curley, an expert in cybercrime investigation and analysis and Dr Maggie Brennan, an applied psychologist specialising in online child exploitation. We formed CyberSafelreland because not enough was being done in Ireland to address the critical issue of children's online safety, which the ISPCC refers to as the "child protection issue of our time". There were pockets of activity but these were inconsistent in both quality and coverage and there were no solutions being proposed at a national level. Let me address some of the concerns around children's online safety: children access the Internet at an increasingly young age (8 on average); as their online access grows, so does their exposure to risk. These range from: sharing too much personal information, to cyberbullying, to exposure to inappropriate content, to online grooming and extortion.



**CyberSafelreland**

set-up in 2015. Children access the Internet at an increasingly young age (8 on average)



To date, we've spoken directly to over **7,000** over **children** **1,000** as well as **parents** hundreds of teachers. We go into primary schools and talk to children aged between 9 and 13, most of whom already have a significant online presence, in classroom-sized groups.

## WHAT WE DO

Our focus is on educating and empowering children to navigate the online world in a safe and responsible way. We work closely with parents and teachers as well as children themselves. To date, we've spoken directly to over 7,000 children, over 1,000 parents as well as hundreds of teachers. We go into primary schools and talk to children aged between 9 and 13, most of whom already have a significant online presence, in classroom-sized groups. We make our sessions engaging by pitching the discussion at their level but also interactive, with games, videos and themed discussions. We do ongoing research into new apps, games and videos to stay one step ahead. We also reach parents directly, because they are a key part of the solution with most of the children's online use at home, and indirectly through our website, social media platforms and through the Media.

## WHY DID WE SET-UP AS A SOCIAL ENTERPRISE?

The reason we set-up was to address what we saw as a major social problem. We knew that to address it effectively, we needed a financially sustainable, scalable model. Initially we thought about not charging fees at all. We wanted our service to be freely available; but in reality, the numbers just didn't add up. We needed revenue to be sustainable. There is also the sense that if you don't charge you won't be valued. It's not about making a profit; it's about ensuring that the organisation is doing what it was set-up to do, in the longer-term.

In Ireland there is no option, as there is in the UK, to take the legal form of a social enterprise; you have to choose between becoming a for-profit or a not-for-profit. We opted to become a not-for-profit, operating as a social enterprise. A social enterprise falls somewhere in between a traditional charity and a business. It recognises the need to apply business principles and to build a scalable, financially sustainable model.



## THE SECTOR

Setting up CyberSafeIreland was a serious undertaking and especially in 2015, when Ireland was just emerging from the depths of a serious recession and funding available for the sector was limited. There was also reputational damage to the sector from various scandals. Regulation has subsequently become significantly stronger, with the establishment of the Charities Regulatory Authority in 2014; it took us 9 months of intensive work to finally attain our charitable status and tax exemption status in 2016. We are now in the process of applying for full compliance with the Governance Code, which is a voluntary code of good practice for the community and voluntary sector. Compliance is an important way of reassuring both the public and funders (actual and potential) that we run a tight, and well-run, ship.

## FUNDING

Our funding model depends on our own self-generated income and also funding from corporate, public and philanthropic bodies in the form of grants and donations. In reality, it is a tough and competitive funding environment, unlike in the UK and the United States where the opportunities to access philanthropic funds are far greater. That said, we do have Social Entrepreneurs Ireland and the Social Innovation Fund Ireland, which are

focused on supporting promising start-ups to realise their full potential. They provide a mixture of funding and mentoring support, which is invaluable. We were lucky enough to win a Social Entrepreneurs Ireland Award in 2016 and that has made an enormous difference to our confidence and our profile.

One of the key strategies in our financial model is to find corporate partners. This requires an investment of time, but ultimately has proved worthwhile in our case as both Trend Micro and EY have come on board as partners this

corporates are looking for a lot in a partner.

They don't want to handover the big cheque,

**they want partnerships**

to feel more real than that;



year, which feels like real progress. In general, corporates are looking for a lot in a partner. They don't want to just want to handover the big cheque, they want partnerships to feel more real than that; where corporate engagement is high on the agenda, where the issue at hand resonates with their staff, clients, shareholders, where the organisation has a recognised and well perceived profile and where your shared venture can resonate with the public too. It can be challenging for most organisations to tick all those boxes but particularly for small social enterprises that are in start-up mode. Networking as widely as possible helps because it is a way of building relationships and getting a sense of who is interested in what you're doing.

I like to think that social enterprises have their finger on the button; they recognise a need often long before it has come to widespread attention. They can create the vision for a better world and the mission to make it happen. The reality is however, that external support and buy-in can make all the difference in terms of

making that vision a reality. Whilst there are some good support mechanisms and funding possibilities available, we really need more opportunities for social enterprises, who are addressing many of our societal problems at community level, to really flourish in Ireland. It shouldn't just be the lucky few who succeed.

**WE REALLY  
NEED MORE  
OPPORTUNITIES  
FOR SOCIAL  
ENTERPRISES,  
WHO ARE  
ADDRESSING MANY  
OF OUR SOCIETAL  
PROBLEMS AT  
COMMUNITY  
LEVEL, TO REALLY  
FLOURISH IN  
IRELAND.**



## CASE STUDY

# BIZWORLD IRELAND

FIONA MCKEON

Imagine children in 5th class from Primary schools all over Ireland working in teams to come up with business ideas for their own social enterprise. Since 2011, BizWorld interactive workshops have been bringing these young children through the entire entrepreneurial cycle from company formation, applying for jobs in their companies to appointing the jobs themselves. They carry out market research with 4th class and market and pitch their company idea with a company name, logo and slogan and a business plan. Visitors from the business community bring the workshops to another level when the teams pitch Dragon's Den style to receive investment of 'BizBucks' for their business idea.

Our own WB Yeats said 'Education is not the filling of a pail, but the lighting of a fire'. BizWorld has been lighting fires in classrooms all over Ireland since 2011. As an educator myself since 1988, it became clear to me that education is seen traditionally as tasked with equipping the future generation with the skills and knowledge to fill out a CV in order to get a job. BizWorld is sowing seeds in young minds to consider that maybe one day, they could be taking in CV's and giving out jobs!

**THE TEAMS  
PITCH DRAGON'S  
DEN STYLE  
TO RECEIVE  
INVESTMENT OF  
'BIZBUCKS' FOR  
THEIR BUSINESS  
IDEA**

Primary school offers every subject on the list of choices for Secondary School except Business. BizWorld is bridging this gap but we don't need to 'teach' business and enterprise to this age group, we are just taking the lid off the box and unleashing the creativity, innovation and spontaneity already in the classroom. The workshops are a practical introduction to Problem Based Learning. The Irish Primary Curriculum aims to have 'pupils think critically, to apply learning and develop flexibility and creativity...' BizWorld is aligned with and works as a complement to the Irish Primary Curriculum. Uniquely, each workshop impacts on two full classes as 4th class become investors after listening to the business pitches and asking questions themselves.

Therefore, the interactive and discovery learning approach of BizWorld appealed to me as an educator. BizWorld was founded in 2011 as a not-for-profit organisation with charity status. It is governed by a Board and I run the initiative as CEO. My role is to gain the support of sponsoring businesses and to train their staff to become BizWorld tutors. I then administrate and co-ordinate the school workshops. Originally, due to my experience and connections with teacher training colleges nationally, the original model was for pre-service teachers to tutor workshops in Primary Schools. The current model of business volunteers tutoring has been in operation since 2015 and is proving to be most successful.

Through the support of the business community we are creating a movement, bringing innovation and business to schools all over Ireland. BizWorld receives no official funding but runs itself as a not-for-profit social enterprise with charity status. We rely on the benefits of CSR engagement from businesses nationwide to support us with funding but more importantly with its people. We train all volunteers to run the BizWorld workshops effectively, easily and enjoyably. We empower people in various businesses, giving them the confidence to tutor and pride in themselves and their organisation.

Our proven model is most effective, inclusive of all learners and is teacher and school friendly. Teachers enjoy the experience of being a fly on

the wall in their own classroom, frequently witnessing children not normally engaged in the classroom apply new attitudes to learning through BizWorld.

Teachers also welcome the inclusive aspect of the initiative as all children are involved in a team and get their own job. Each workshop offers a digital scope and is effectively the practical application of STEM areas. To date, BizWorld has impacted on over 40,000 pupils in over 500 schools with mostly repeat schools but we aim to reach new schools annually with the support of more volunteer tutors from the business community.

I would describe BizWorld as an experience; 50% business and enterprise development and 50% soft skill development such as confidence, team building, collaboration, communication, negotiation, leadership, creative and critical thinking and decision making. Ireland is challenged with equipping the young generation for tomorrow. We need to make them future ready through the development of an entrepreneurial mindset but also resilience and adaptability skills as with the onset of automation, who knows what jobs will be available in the future. BizWorld therefore develops both life and employability skills.

International research was carried out on the effects of the BizWorld programme on pupils in the classroom as part of a longitudinal study in The Netherlands in 2012. Findings reveal pupils displayed an increased sense of 'self-efficacy and need for achievement, increased risk-taking propensity and analysing skills... and became more persistent, pro-active and creative...even when controlling for a wide variety of individual and school characteristics.' Rosendahl Huber et al. (2012 p.21)

As BizWorld encourages civic and social responsibility, teams of children are invited to explore problems and issues to solve in an innovative way. The children aim to help, empower, improve or design a new way for something to happen by developing business ideas to make life simpler, safer, nicer, quicker or better. Some examples of business ideas to date include;



**SCHOOLBAGS WITH MASSAGE PANELS ON THE BACK TO ALLEVIATE THE HEAVY LOAD!**

**A GLOBAL WARMING AWARENESS BOARD GAME FOR CHILDREN IN SCHOOLS!**

**INTRODUCTION OF GLUTEN FREE VENDING MACHINES TO SCHOOLS AND OTHER VENUES!**

**A HAPPY THOUGHTS JOURNALS FOR CHILDREN SUFFERING FROM ANXIETY!**

**KOOL KIDDIE PACKS TO KEEP YOUNG CHILDREN AMUSED IN HOSPITAL WAITING ROOMS OR AIRPORTS!**

**REFLECTIVE STRIPS TO WRAP AROUND CARS IN CASE OF A BROKEN HEADLIGHT WHILE DRIVING IN THE DARK!**

**OLD SCHOOL GAMES APP TO TEACH CHILDREN HOW TO PLAY TRADITIONAL SCHOOL YARD GAMES!**

**PROGLOW - AN INDICATOR LIGHT ATTACHED TO A CYCLIST'S JACKET OPERATED BY THE CYCLISTS' THUMB!**

**CINE TRAY, A TRAY WITH COMPARTMENTS FOR BOTH DRINKS AND SNACKS WHILE AT THE CINEMA... CHILDREN IN THIS COMPANY STRESSED THAT A DEPOSIT COULD BE REDEEMED ONCE THE TRAY WAS RETURNED TO MINIMISE LITTER PROBLEMS!**

Parents of participating children are interviewed about their own dream business for homework during the workshop and on completion of the programme, the children write a Dear 21 year old me letter to present to their parents outlining their own thoughts and ideas for their future. In 2012, parents, teachers and pupils were invited to 'have their say' on priorities for Primary education by NCCA (National Council for Curriculum and Assessment). Responses emphasised skills and attitudes rather than subject areas. BizWorld is aligned with all of the priorities found; Developing life skills, Communication, Wellness, Literacy and numeracy, Motivation and engagement with education and Development of a personal sense of identity and belonging.

BizWorld participants can also acquire seven of the eight key competencies for lifelong learning recommended by the European Parliament in 2006. These are a combination of knowledge, skills and attitudes ranging from mathematical, digital, civic and communication competencies to learning to learn, cultural awareness and a sense of innovation and entrepreneurship.

## WHAT ARE THE NEXT STEPS FOR BIZWORLD?

We invite you to join our community of tutors to grow the movement. John Dewey, the father of Education said "Education is a social process. Education is growth. Education is, not a preparation for life; education is life itself." Through engagement with government, corporate and public agencies we are working towards reaching 100,000 pupils within the next three years.

Fiona McKeon, CEO BizWorld Ireland  
[www.bizworldireland.org](http://www.bizworldireland.org)



# EXECUTIVE SUMMARY

This report brings clarity to a number of issues around Social Enterprise.

- 1. THERE IS NO COHESIVE GOVERNMENT STRATEGY FOR SOCIAL ENTERPRISE.**
- 2. THERE IS NOT ENOUGH FUNDING, EITHER PRIVATE OR STATE, FOR SOCIAL ENTERPRISE IN IRELAND.**
- 3. SOCIAL ENTERPRISE IS OF GREAT IMPORTANCE TO THE EUROPEAN UNION.**
- 4. OTHER EUROPEAN COUNTRIES ARE WAY AHEAD OF IRELAND .**
- 5. THERE ARE HUGE BENEFITS TO GROWING SOCIAL ENTERPRISE IN IRELAND INCLUDING INCREASED EMPLOYMENT, ECONOMIC GAIN, HELPING COMMUNITIES AND POPULATION SECTORS THAT NEED IT THE MOST.**
- 6. CPA IRELAND ACCOUNTANTS ARE WELL PLACED TO OFFER THEIR EXPERTISE.**

## WHAT IS SOCIAL ENTERPRISE?

There is no definition for Social Enterprise put forward by the Irish Government and it can be challenging to define. The most recent national operational definition by Forfás (formerly a state body and now part of the Department Enterprise and Employment) describes a social enterprise as 'an enterprise that trades for a social/societal purpose, where at least part of its income is earned from its trading activity, is separate from government, and where the surplus is primarily re-invested in the social objective'. Irish social enterprises tend to be structured as companies limited by guarantee (not having share capital) and typically operate in a wide diversity of



sectors including childcare, arts, tourism and leisure, social housing and accommodation, social services and environmental services.

As Chris Gordon simplifies it: 'social enterprises essentially sell products or services or both for a profit. They then use this profit to affect their social mission. The more profit they have, the more of the mission they can accomplish'.

## ECONOMIC OUTLOOK

While the exact benefit to the economy of Social Enterprise cannot be quantified the contributors to this report are in agreement that there is the potential for increased employment through the growth of the sector.

Estimates for potential employment growth are for up to a tripling of the number currently employed if the conditions are conducive for the growth of the sector. Social enterprise accounts for about 6% of GDP across the EU. If Ireland's social enterprise sector were to approach mean EU levels of output, it is estimated that there would be approximately 65,000 jobs in social enterprises; this figure could grow to as much as 100,000 jobs.

Importantly many of these jobs would be created for people who are most distant from the labour market, both spatially and socially. The nature of social enterprises is such that services tend to be provided locally and so the jobs are created in local communities. They can provide jobs across a range of skill-sets also, some with the specific remit to give employment to those most marginalized.

## THE POLITICAL LANDSCAPE

The political landscape must be examined in two contexts, that of the Irish situation and the European Strategy 2020.

There is a lack of coherent Government policy in the area of Social Enterprise. There is no nationally agreed definition of, or specific legal identity for, social enterprises in Ireland. There is

not enough state funding made available for Social Enterprises.

The Programme for Government 2011-2016 recognised the important role of social enterprise in the country and contained a commitment to promoting the development of a vibrant and effective social enterprise sector.

Due to a number of Governmental changes since the publication of the 2013 Forfás report there has been a delay in producing the cohesive strategy for Social Enterprise. The creation of the Department for Rural & Community Development, led by Minister Michael Ring, is a significant breakthrough for Social Enterprise in Ireland, there is now a Governmental Department and Senior Minister accountable for the development of the sector.

In order to avail of increased funding from the European Union for Social Enterprise it is essential that the Irish Government develop a coherent policy.

## FUNDING & SUPPORT

Grants for both capital expenditure and growth capital are available from both state and private sources. The vast bulk of funding support for social enterprise is provided by state bodies in Ireland, with funding from either the State, the European Union, or both. Funders take two broad approaches – some funders support social enterprises as social enterprises – choosing to support their business model, which demands trading income as part of its definition, even if it is a minority of total income.

approximately

**65,000 jobs**  
in social enterprises; this figure  
could grow to as much as  
**100,000 jobs.**

Other funders support social enterprises to achieve their mission, such as poverty alleviation through employment of people who otherwise might not succeed.

Private funding, where it exists, is strategic, in the availability of both loans and grants, but of a much lower quantum than state and EU funds. It is worth noting that social enterprises with a charity number can apply for many of the grants available to any charity, and that for-profit social enterprise can qualify for standard SME supports.

## **BENEFITS TO IRELAND**

Employment, income, community support, rural support.

The benefits of social enterprise to Irish society delivers in terms of their capacity to address social issues and create positive community change.

Job creation (in particular providing jobs to those most distant from the labour market), a proven capacity to deliver a range of community based services and mobilise a diversity of resources are amongst the most notable benefits of Irish social enterprises to date.

Irish social enterprises are typically labour intensive, with payroll estimated to be 64% of total expenditure, thus reinforcing the ongoing, and potential role, of the sector for job creation. Studies of Irish social enterprises have demonstrated their capacity to meet community needs, address problems such as social and geographic isolation and to provide affordable and accessible services and housing to groups at risk of social and economic exclusion.

## **THE INTERNATIONAL LANDSCAPE**

### **Social Enterprise is thriving in Scotland.**

The results of the recent national Social Enterprise in Scotland: Census 2017 demonstrate a thriving social enterprise movement in Scotland. There are now 5,600 social enterprises in Scotland, up

from the 5,199 recorded in the first ever study in 2015. 599 social enterprises were formed in the last 2 years, up from around 200 a year noted in the first Census. Social enterprises employ the equivalent of 81,357 full time workers. The total annual income of social enterprises is £3.8bn, that's up from £3.63bn in 2015. The net worth of Scotland's social enterprises is £5bn, an increase from £3.86bn. The economic contribution (GVA) of Scotland's social enterprises is £2bn, up from £1.68bn compared to last time.

The policy context which social enterprises have been operating in for the past few years has often been a favourable one. The Scottish Government has invested in social enterprise development with tailored business support through Just Enterprise [www.justenterprise.org](http://www.justenterprise.org). There is a national policy forum, The Cross-Party Group on Social Enterprise in The Scottish Parliament (the CPG) that will soon to be revived. Support for social enterprise cuts right across political party boundaries and some local authorities have specialist advisors within their Business Gateway services and local Third Sector Interfaces (TSIs) have a remit to support social enterprise. Legislation over the past few years has included the Community Empowerment Act and the Procurement Reform Act. Social Enterprise Scotland also produces manifestos for elections and they ask all Scottish social enterprises what policy changes they want to see The Scottish Government and local authorities deliver.

The general picture is one of success, strong economic and social impacts and future potential. The future for social enterprise in Scotland is bright. As we take forward the new Social Enterprise Strategy for Scotland and the practical action plan, we'll be able to measure real, concrete progress.

## **THE SUPPORT OF PROFESSIONALS**

As accountants CPA Ireland members are uniquely placed to encourage and assist the development of the social enterprise sector. So, what can we do to help? Add value by joining the board or committee of a Social Enterprise. Use your specific skills to participate in a Strategic Review, assist with development of a policy document or perhaps conduct a training session. In your professional

capacity as a practicing accountant, you may be considering taking on a Social Enterprise or Charity as a new client (or perhaps offering pro-bono assistance).

## SOCIAL ENTERPRISE CASE STUDIES

The three case studies, Moyee coffee, CyberSafelreland and Bizworld Ireland, are examples of different types of Social Enterprises and the options available to them in terms of funding models, external support and their reasons for setting up as a social enterprise. These diverse enterprises work within different communities and sectors and provide both a high quality product and service through a social initiative. For the founders of these Social Enterprises they were driven by a need to improve conditions for a community of people.

Moyee Coffee aspires to bring Ethiopian grown and roasted coffee to Irish consumers. We call this process FairChain a radical approach to the coffee business that aims to see 50% of what you pay going back to those who contribute most

towards your coffee. The problem with Ethiopian coffee production is the divide between growing and roasting. 100% of the coffee we drink grows in and around the equator in the coffee belt but over 99.9% of our coffee is roasted in the west and so almost all of the value, jobs, incomes, skills and profits associated with coffee are exported overseas. By growing, roasting and bagging their coffee in Ethiopia, Moyee was able to improve the income that would remain in the hands of Ethiopians - approximately €9 per kilo versus €3 per kilo for other coffees.

In the case of CyberSafelreland it was formed because not enough was being done in Ireland to address the critical issue of children's online safety, which the ISPC refers to as the "child protection issue of our time". The pockets of activity were inconsistent in both quality and coverage and there were no solutions being proposed at a national level. Their focus is on educating and empowering children to navigate the online world in a safe and responsible way and they work closely with parents and teachers as well as the primary school children themselves.

Bizworld Ireland, through the support of the business community, are creating a movement, bringing innovation and business to schools all over Ireland. The Bizworld experience is 50% business and enterprise development and 50% soft skill development such as confidence, team building, collaboration, communication, negotiation, leadership, creative and critical thinking and decision making. Ireland is challenged with equipping the young generation for tomorrow. We need to make them future ready through the development of an entrepreneurial mindset but also resilience and adaptability skills.



## Institute of Certified Public Accountants in Ireland (CPA Ireland)

The Institute of Certified Public Accountants in Ireland (CPA Ireland) is one of the main Irish accountancy bodies representing 5,000 members and students. The CPA designation is the most commonly used designation worldwide for professional accountants and the Institute's qualification enjoys wide international recognition. Its current membership operates in public practice, Industry, financial services and the public sector and CPAs work in 48 countries around the world.

CPA Ireland is active in the profession at national and international level participating in the Consultative Committee of Accountancy Bodies – Ireland – CCAB (I) and together with other leading accountancy bodies the Institute was a founding member of the International Federation of Accountants (IFAC) – the worldwide body. CPA Ireland is also a member of the Accountancy Europe (formerly FEE), the representative body for the main accountancy bodies in 37 European countries.

The Institute fulfils its statutory role as a recognised body by overseeing the professional activities of its members in practice, and insuring that education and training standards are maintained. As the first accountancy body to introduce a mandatory regime of Continuing Professional Development, the Institute ensures that all CPAs remain at the leading edge throughout their careers.

For further information visit [www.cpaireland.ie](http://www.cpaireland.ie)

The Institute of Certified  
Public Accountants in Ireland  
17 Harcourt Street,  
Dublin 2, Ireland, D02 W963

Phone: 01 425 1000  
Fax: 01 425 1001  
Email: [cpa@cpaireland.ie](mailto:cpa@cpaireland.ie)  
Web: [www.cpaireland.ie](http://www.cpaireland.ie)

The Institute of Certified  
Public Accountants in Ireland  
Unit 3, The Old Gasworks,  
Kilmorey Street, Newry, Co. Down,  
Northern Ireland, BT34 2DH

Phone: +44 (0)28 305 50000  
Web: [www.cpaireland.ie](http://www.cpaireland.ie)