

Chapter Six

National policy and social enterprise

Introduction

Social enterprises do not exist in a vacuum but operate within a national policy environment. This policy environment sets the rules under which social enterprises have been established, owned, taxed, funded and traded. Thus an investigation of the opinions of policy- and decision makers was appropriate. The list of interviewees and the rationale for their selection was outlined in chapter four. This chapter outlined the responses given by those interviewees to a semi-structured questionnaire discussed in the Methodology chapter. It enables conclusions to be drawn with regard to the current socio-political environment and the consequential effects on social enterprises, the perceived contribution of social enterprise, the role of social partnership, the role of national strategy for social enterprise and the perceptions of interviewees towards the future of social enterprise in Ireland. The chapter will commence by examining the attitudes of interviewees to the specific issues raised in the semi-structured questionnaire and will then examine a profile of each interviewee in their own right.

The socio-political policy context

Interviewees were asked to identify, from their perspective, the main economic- and social-policy priorities of importance to the Irish government. Within economic policy, the main themes that arose were the maintenance of a low corporate-tax regime and its importance for continued foreign direct investment (FDI), labour market issues, including the up-skilling of the existing workforce and its augmentation by immigration and, the importance of improving infrastructure and maintaining control over the public

expenditure. Social-policy priorities identified related to breaking the cycle of poverty and unemployment through the adoption of policy frameworks, like RAPID¹, the National Anti-Poverty Strategy (NAPS), and co-ordination of public-sector activity through bodies like City and County Development Boards and area-based partnership companies.

With regard to social policy frameworks it was noted by P04 that 'social inclusion policy has dropped down the agenda. Absolute poverty has dropped in hard numbers. Social inclusion policies have moved from hands on action on the ground to policy frameworks that will ensure that national and local agencies, programmes and actions do not accidentally exclude people. Agencies now focus on structural policies to ensure that there is no passive exclusion'. P06 concurred with this and emphasised that 'the main objective of social policy has been to break a cycle of poverty. There were many disfranchised people who had been distant from the labour market all their lives, and in fact had experienced this for 2 to 3 generations'. P01 asserted that the Irish 'government has been extremely committed in responding to the needs of target groups, assisting socially disadvantaged groups with funding and other resources, especially in conjunction with the Department of Education'. However, 'this effort needs all sides working together to move the issue on'. The recognition of the role of 'frameworks' within policy has strong overtones of institutional theory as discussed in Chapter 2, especially with regard to 'isomorphic pressures'² and the legitimisation of the actions of organisations and agencies within the prevailing policy environment.

With regard to economic policy priorities, the social economy and social enterprises was not mentioned. P05 outlined his view of the current economic priorities as 'low corporate tax, then building infrastructure, using immigration to maintain economic growth and then social cohesion'. P01

¹ Revitalising Areas by Planning, Investment and Development (RAPID) is an Irish government programme aimed at focusing public-sector expenditure into the most deprived and marginalised communities in Ireland.

² Isomorphic pressures are those pressures that encourage organisations to conform to a standard or norm.

added that 'keeping control over public sector expenditure and inflation is always a priority'. Several interviewees discussed the importance of labour-market issues. P04 asserted that 'job creation is off the agenda. Main issues now relate to people's quality of life and the economic argument is now fitting around this; transport, infrastructure, life long learning'. P06 concurred and argued that 'the main priority at present is to generate an increased labour force. To empower and up-skill those most distant from the labour market and to improve the skills of those on the lower runs of employment'. P01 further concurred that 'upskilling the current workforce is a major priority'.

The two community and voluntary sector interviewees noted their scepticism with regard to economic policy and noted the importance given to foreign direct investment over indigenous enterprise. P03, when asked about the presence of an economic policy, asserted that 'I don't honestly know if there is one. High dependence on inward investment and hope that current boom continues. Not enough emphasis placed on indigenous industry. Some local SME³ could amalgamate as co-operatives and create effective competitive companies. We have become complacent and need to refocus on a long-term vision'. P02 concurred with this viewpoint and commented that 'the emphasis on industrial policy is still on foreign direct investment. There is a lack of government priority on IT⁴ infrastructure and this has a detrimental effect on SME sector going forward, especially in the BMW⁵ region. I am sceptical that there is any policy in place, a lack of long-term vision'. Thus the macroeconomic policy priorities related to maintaining a low-tax base, developing physical infrastructure and increasing the labour force.

The question that then arose was how social enterprises fitted into these policy priorities. Some interviewees asserted that social enterprises had a role within this policy environment, although the real commitment of government to achieve social cohesion was questioned. According to P05,

³ Small-to-medium sized enterprises (SME) were privately-owned indigenous businesses

⁴ Information technology (IT) infrastructure related to issues like broadband width and access

⁵ The Borders, Midland and West Region Assembly area

'there is a role for the social economy within the social cohesion policy; however this is a lower level priority from a national policy viewpoint than say health, education and economic growth. P06 concurred and argued, in a clear reference to entrepreneurial governance, that the social economy 'will always be needed. The state is distancing itself from direct service delivery and this is creating opportunities for the social economy. The government wishes to fill a policy role, funding actions through agencies rather than operating as an executive. The agencies then act at arms length'. P01 also agreed that the social economy 'has a purpose. The social economy is satisfying a need at a local level. Whether it is meeting the actual needs on the ground or government policy is unclear. There is probably no one answer but we need to rethink this now whilst the economy is buoyant otherwise it will be swamped by other issues at a later stage'.

With regard to social enterprise, P02 opined that 'there is a load of potential if it were allowed to develop. In rural areas the social economy has a role in developing tourism and innovation. It is not a scheme. In urban areas it has a role in estate management which is a social good. There is no cross-departmental action at government level therefore there is no overall vision'. However, P04 was not convinced with regard to the potential of the social economy and believed that 'a fresh look is needed. Social economy is delivering necessary public services in health, education, and other public goods. In essence I think that most of the work done should be mainstreamed. New gaps need to be dealt with by short-term programmes and if they prove successful they should be mainstreamed also. Funding should be based on hard real results and needs'.

This mixture of funding on one hand and policy frameworks on the other was derided by both the community and voluntary sector interviewees. According to one interviewee 'the government is trying to trample groups like APC's and Leader companies⁶ into agreement. They are more interested in structures

⁶ Area-based partnership companies (APC) and Leader companies are local development organisations. APC operate in disadvantaged urban and suburban areas and Leader is a programme for disadvantaged

than innovation. There are templates for everything. Social inclusion policy is not present, there are just schemes'. The other interviewee believed that the objective of social policy was 'appeasement rather than a properly structured plan. Government is reacting to situations rather than being proactive?' From these comments, it may be implied that the community and voluntary sector was resistant to these 'isomorphic pressures' and the resultant conformity that arose.

However, it was not only from within the community and voluntary sector that criticism appeared. P05 was also sceptical arguing that the real objective of social policy was 'getting re-elected'. He continued that 'there is an underlying cynicism as funding is tied to political election considerations. However, the collective wealth of the country makes funding programmes possible now in ways that did not exist ten years or more ago'. P06 concurred and argued that 'with economic prosperity the policy is to rehabilitate society and improve the quality of life of all members of society and ensure that people do not fall back into this poverty cycle in the future'. Thus, the government was apparently attempting to utilise the revenue generated from taxation of the economic success of the last fifteen years in an attempt to address social inequalities in society. The mechanisms developed to achieve this related to creating policy 'frameworks', which resulted in institutional conformity and a degree of bureaucratisation. It was also noticeably that social enterprise was viewed within the ambit of social-cohesion policy rather than macroeconomic policy.

The Role of the community and voluntary sector and the European Union

rural areas.

The two community and voluntary sector interviewees emphasised the role of the community and voluntary sector itself and the EU in driving recent developments within Irish social enterprise. According to P02 'the EU sees a legitimate role for the social economy, in tandem with the co-operative movement'. P03 was in agreement that 'the EU put it out there and there was also pressure from within the sector'. P02 further noted that 'a lot of the development is ground up'. P05 and P06 also agreed that recent developments were internal to the sector itself, but notably both played down the role of the EU. P05 observed that, the 'main driving force is from within the sector and is supported by the community and voluntary platform at the national level and the area-based partnership companies. I do not believe that the EU is driving the sector'. P06 commented that, 'recent developments in the social economy have been organic rather than planned. The EU has set a priority on social development and cohesion. However this suits the objectives of government social policy and the community and social economy sector itself'. Thus, a majority of interviewees believed that the main driving force behind the recent developments in Irish social enterprise could be attributed to the community and voluntary sector and some further noted the influence of the European Union.

However, P01 and P04 both identified national policy, including social partnership, as key drivers of recent developments with regard to social enterprise. Both also noted and underplayed the role of the European Union. P01 connected the recent developments in the social economy to 'the development of social partnership. The trade unions, government and the community and voluntary pillar have made the recent developments possible. EU policy initiatives have also played a role. The Taoiseach⁷ [Bertie Ahern] has also played a role at a personal level'. Whilst P04 stated that the recent developments were driven by 'national policy - not the EU. There are hangover issues from the labour market problems of the 1980's. There needs to be a cold hard look at public needs. The community and voluntary sector

⁷ An Taoiseach is the title for the Irish Prime Minister

is not the force it was ten years ago. The needs are now less desperate; politicians are not raising these types of issues with senior officials as they did ten years ago. The sector has grown and become more mature and complacent’.

Interestingly, all the public-sector interviewees played down the role of the European Union with regard to social enterprise in Ireland. According to P04, ‘the social economy is driven by our own social and economic needs. EU has supported and encouraged the sector and provided funding. However this dovetailed with Irish national policy. I think that things would have happened anyway’. P01 concurred and argued that ‘I think things would have happened but not to the same degree. The EU gave an impetus. EU funding was also a significant assistance in moving things on’. P06 also concurred and argued that ‘what happened would have happened anyway, with or without EU policy. However, it represents the EU seeing the development on the ground and responding in a way to support the activities that were emerging’. P05 believed that ‘there might have been [a social economy programme] but called something else. Initiatives in childcare, rural transport and rural tourism would have happened anyway. The creation of the NSEP was result of policy initiative but was heavily adapted to Irish circumstances; both nationally and regionally. The programme is rolled out very differently in Donegal say than in Dublin’.

Both community and voluntary sector interviewees, however, placed a higher importance of the EU role. According to one interviewee ‘it would appear that DETE⁸ is unaware of what is going on in Europe. It is not part of their thinking. Developments are being driven from the bottom up’. The other interviewee noted that ‘there are short-term measures to address specific problems, but I don’t believe there would have been a national programme without the EU intervention’. Thus, most interviewees recognised the influence of the European Union but there was a sectoral difference between

⁸ The Department of Enterprise, Trade and Employment (DETE) is the parent department for FÁS and had original responsibility of the NSEP

the community and voluntary sector and the public-sector appraisal of the importance of this influence.

Growth of Irish social enterprise in the past ten years

Interviewees were equally split with regard to whether or not the social enterprise sector had grown in the past ten years with P01, P02 and P04 believing that it had not. In a reference to labour-market programmes, P01 argued that 'people are there for the rest of their lives and the social economy equals sheltered employment for many people'. On the other hand, P03, P05 and P06 believed to the contrary and that the sector had grown. According to P05 'the NSEP has made a serious impact on identifying and developing the social economy'. P06 believed that 'the social economy has become more formalised and organised. Funding for the sector has also been more systemic and structured. The government gets a rate of return from the development of participants and the delivery of services. The sector is in return becoming more professionalised'. Thus, perceptions with regard to the growth of 'sector' were directly connected to the perception of the interviewees as to the definition of the social economy and social enterprises.

All six interviewees agreed that there was a lack of clarity with regard to the definition, role and contribution of the social economy amongst policy- and decision-makers. P01 believed that there existed a 'need for a think-tank. It has also dropped down the social partnership agenda as the economy has grown'. P02 believed that there was a 'chaotic understanding. The officials see it as a scheme rather than having any wider vision'. P04 asserted that 'you will get as many different answers to that question as people asked'. P05 noted that 'there is still confusion even within the sector itself'. P06 believed that 'the social economy is a default area that has traditionally operated on ad-hoc bases. The social economy is the grey area between economic and social objectives. Politically seen as a sector that can strengthen the centre'.

Both community and voluntary sector interviewees defined the social economy and social enterprise within the framework of supporting people and developing marginalised communities. According to one interviewee the social economy had a 'hugely important role to play in taking people and progressing them. The social economy can be seen as a mechanism for the advancement of people who would be seen as distant from the mainstream. It has a more direct impact on communities compared to other interventions'. The other interviewee argued that 'the social economy should be a recognised player in economic and community development. The social economy is seen here as a FÁS⁹ scheme and as such has failed and is now being renamed and moved to Pobal¹⁰. IRDs¹¹ etc have played a major role without recognition. The social economy is understood in the non-Anglo-Saxon countries but not here. There is no social finance to support the growth of the social economy and at present there is no recognised social economy sector in Ireland'.

Whereas the community and voluntary sector representatives might have been expected to support and promote the social economy, the perceptions of the public-sector interviewees as to the definition and scope of the social economy and social enterprise demonstrated a lack of coherence and clarity. P05 believed that 'the social economy lies between the commercial and state sectors. The social economy constitutes economic activity with a social employment focus, but is a broad church and membership is to some extent in the eye of the beholder. Its primary role is explicitly social (employment) to people who would not gain employment in mainstream labour market'. P06 argued along a similar line that 'the social economy is defined in my mind as a default sector; anything that falls between the public and private sector. Not a coherent entity in itself and is replacing that which would have been previously been done by volunteerism and vocationalism. It is mopping up

⁹ Foras Áiseanna Saothair (FÁS) is the Irish national training and employment agency

¹⁰ Pobal is an intermediate funding body used by the Irish government to distribute funding and manage social programmes

¹¹ Integrated Rural Development (IRD) companies established to implement European Union pilot rural development actions

the needs that are falling between the cracks'. P01 agreed with this and argued that 'the perception of the social economy is very diverse. What is it? Are programmes like CE and JI¹² part of the social economy...whether social economy jobs are real jobs or sustainable is questionable? There is need for a think-tank engaging all sides in the discussion as to what we see the social economy as, and what returns we expect to see from it'. P04 asserted that he was 'confused. I don't think that the sector is properly understood by those in the system, much less by those outside it. The social economy has never created a proper niche for itself in the minds of policy makers and this has created the lack of clarity. Initially it was seen as a labour market instrument. In principle the social economy is unreal and artificial. The third sector should be redefined and mainstreamed within the public sector. Ultimately what is the difference between someone working on a 'scheme' in a community centre and a person cleaning the street outside the centre, who is a local authority employee. Both are providing a necessary social service to the community yet one is seen as a real job and the other is seen as a lesser type job. Workers in the voluntary and community sector should be employed centrally and contracted out to community-based organisations'. Thus, amongst the public-sector managers interviewed, the social economy was seen as a 'default' sector and was even readily conceptualised as a 'scheme' rather than a collection of social enterprises providing goods and services to a wide range of marginalised communities, groups or individuals.

The contribution and relative strengths of social enterprise in Ireland

All interviewees were able to recognise and identify the contributions made by social enterprises. According to one of the FÁS managers, 'FÁS funded a

¹² Community Employment (CE) and the Full-time Job Initiative Programmes are Irish active labour-market programmes managed by FÁS

study of the NSEP¹³ programme two years ago. We found that 75% of the projects funded were unsustainable but meeting an essential need in the community. The NSEP has not been successful as a labour market programme and thus the logic of moving the programme to DCRGA¹⁴. I don't know to what extent services are being created or meeting a need, or if they disappeared tomorrow would they be missed'. In contrast, the other FÁS manager argued that 'the social economy has made a massive contribution. It has filled gaps that government has not, or has not been able to meet. FÁS Community Services unit operates almost totally within the wider social economy. Social enterprises get the staff to meet their own objectives, but FÁS objectives are also met in relation to developing participants. Other social policies met include health related issues, social welfare services, addiction services etc'. P03 agreed that the contribution of the social economy was 'fairly substantial. Provided opportunities in geographic areas of marginalisation that would not have happened otherwise, the credit unions and cooperative movements have been particularly influential'. P02 also noted that 'credit unions and cooperatives have made a considerable impact, despite national policy. The Gaeltacht¹⁵ cooperative movement has made a positive impact on their communities, and provide a good model'. P05 noted that 'the sector employs 1,500 people within the NSEP and has a much wider number employed in the broader sector (co-operatives, credit unions etc.). The co-operatives and credit unions have been strong and had long and enduring legacies within the sector. Church activities have also had a long enduring legacy within social economic activity and social work. There is a stronger tradition here than in eastern European countries'. However, P04 was 'unclear and confused. I am not clear what it is doing right now; not sure where it begins and ends. The credit unions and cooperatives are volunteer initiatives and worthwhile initiatives. But not clear they are driving forces in society'. The multiple references to co-operatives, including Gaeltacht community development co-operatives and credit unions indicated

¹³ The National Social Economy Programme (NSEP) as managed by FÁS

¹⁴ The Department of Community, Rural and Gaeltacht Affairs (DCRGA)

¹⁵ The Gaeltacht is the Irish-speaking areas in the Republic of Ireland

that public-sector, as well as community and voluntary sector interviewees identified these institutions as part of the social economy in Ireland. There appeared to be recognition of the contribution of these institutions even if the interviewees could not properly define the sector. There was also recognition of the high proportion of social enterprises that were demand-deficient.

Overall, interviewees saw the relative strength of social enterprise as that it provided better value for money as compared to the private sector in the provision of publicly-funded goods and services, as a result of the removal of the profit motive and, provided a better modality as compared to public-sector provision, which resulted in a dependency culture. Social enterprises had a higher level of community ownership and promoted capacity building in communities and individuals. P01 summarised the point when he stated that 'the advantage of the social economy is that it gives opportunities to people who wouldn't have opportunities otherwise. It also has community support and higher levels of community ownership. However, it gives less sharp levels of value for money compared to direct service provision as there is a level of 'social support'. It creates vibrancy in a community'. P02 concurred and asserted that 'engaging with the community is a major strength of the social economy. There is no community ownership of the other two options. Direct public provision only builds dependency whereas the social economy builds capacities. The government couldn't deliver the same services for the same cost, thus the social economy delivers VFM. You cannot measure the levels and value of commitment and volunteerism'. P03 also concurred and noted that 'direct provision closes off opportunities for community to contribute and take ownership. It removes the self-help ethos that has proven to be successful in countering disadvantage. Private sector provision has the same drawback by and large. It is also more expensive on the whole'. P05 agreed and stated that 'PPPs¹⁶ have not given great returns to the public sector as civil servants are not good business people, and in negotiations the state does not get good deals. In social enterprises the state

¹⁶ Public-private partnerships (PPPs)

gets much better value as activity is based on not-for-profit. In direct service provision there is no local ownership and social enterprises are more flexible. Try negotiating with CIE¹⁷ to drop you at your door, whereas a rural transport scheme always drops you at your door. The public sector is governed by rules and procedures and therefore is less flexible than the social enterprises'. P06 agreed that 'private provision of social services is more expensive on the whole. Social economy provision is better value as it eliminates the profit motive and gives ownership to those community-based people who provide and deliver the service. It is also close to the ground and responds more quickly than private or public services. State provision supports a handout culture and is also more expensive'. Only P04 disagreed significantly and asserted that 'I don't see it those terms. There are two sectors; public and private. The community and voluntary sector in its wider context meets the gap and should be mainstreamed within public sector umbrella. We should not be dealing with these social needs through labour market programme mechanisms'.

When asked about the role of social enterprises in achieving either social justice or social change, there was a diversity of opinion. Some interviewees saw the social economy as having a role in achieving both social justice and social change, whilst others believed it had a role in achieving one or the other. P01 believed that 'it can create opportunities for people to develop and progress into the mainstream employment. Thus it has a role in creating social justice by increasing people's self esteem'. P02 concurred and argued that 'it has the ability to give dignity to people who wouldn't be employable in the mainstream. It provides services to disadvantaged communities and has a role in community development'. This was further agreed to by P06 who asserted that 'in many ways the people engaged in service delivery are empowering those most distant from the system and those most in need. The social economy achieves change at a local level and alleviates poverty with the people most affected rather than looking at target groups, and this is

¹⁷ C oras Iompair  ireann is the Irish national bus and rail authority

the way to go'. P05 believed that; 'social justice yes; social change not so sure. I doubt if the sector has had a serious impact on social change'. However, P04 argued that the social economy was not delivering social justice or social change, or at least 'not in this context. Ireland is being driven by an economic agenda, not responding to social agenda. There is too much comfort in society. We have forgotten very quickly where we came from and the social and economic situation only twenty years ago'. Thus, social enterprises, through their work, were seen as having a role in achieving social justice by addressing marginalisation. However, achieving large-scale social change may be a role for the community and voluntary sector at a societal level.

In relation to addressing market failures, the primary explanation proffered by neoclassical economic theory for the existence of social enterprises, interviewees recognised a number of areas where social enterprises were engaged in meeting market failures. However, addressing market failure was not seen as a comprehensive explanation for the existence of social enterprises in Ireland. The following identified market failures were being addressed; childcare; rural transport and estate management. According to P01, 'the social economy is mainly responding to community needs not meeting market failures per se. It is meeting deficiencies in local community services like childcare, meals on wheels. People have less time to volunteer and thus there is need for government supported social services'. P03 asserted that 'childcare is the one major market failure issue I can see. Leadership at a national level is required to resolve this issue; it's not just about money. A national framework strategy with adequate support needs to be put in place. However, the majority of social enterprises do not operate in market failure situations'. P05 concurred and noted that 'childcare provision is a clear example. Private childcare is extremely expensive and cannot meet the demand in many disadvantaged areas; community based childcare meets this demand. Rural transport schemes are also within this category. On a VFM basis rural transport schemes would not be funded but on a social

cohesion basis they must be funded. Also if the state had to fund some of the services funded under the social economy, the government would have a worse VFM return than funding them under the social economy'. P02 concurred and stated that the market failure element 'was the demand deficient part of the SEP. Meals on wheels, rural transport, elderly care are all not market failure as the private sector would not touch them with a barge poll. Estate management is another example. No these would not be market failures'. However, P04 made the point that 'the whole public sector meets market failure situations. Even the private sector is funded and subsidised; look at the public expenditure on infrastructure, waste disposal, running water and sewerage. The private sector is not paying the full costs of these and are all public goods. Most social enterprises are not operating in market failure situations'.

The role of Social Partnership

There was no clear agreement as to the role of social partnership with regard to the development of social enterprise in Ireland. Responses divided into three broad categories. There were those who believed that social partnership had been a key driver in the recent developments in the social economy in Ireland, there were those who believed that it had an effect, but that it was not a driving factor and, there were those who believed that social partnership has had a marginal effect. P01 and P03 emphasised the importance of social partnership. P01 asserted 'that is where most of the recent developments have come from recently, with an EU stimulus'. P03 asserted that 'the social economy would not have developed so fast in the last ten years without the social partnership process'. P04 believed that social partnership had 'a reasonably strong influence. The social partners saw the need and made commitment to do things in this area in the late 1980's and early 1990's. But I feel it is now off the agenda'. P05 concurred and argued that 'social partnership has had a reasonable impact. The Community and Voluntary platform and the other social partners were happy to endorse the

move of the NSEP programme to Community Department and this certainly had an impact'. However, P02 and P06 saw social partnership as having only a minimal role. According to P02 the effect of social partnership was 'marginal. The community and voluntary pillar and the trade unions have an interest. It was useful in the beginning, but the talks are now controlled by lobby groups'. According to P06 'social partnership has not driven the social economy, but it has helped the process that was already underway. It has facilitated not driven. Social partnership does affect the rules by which organisations are funded, supported and prioritised under national agreements'. There was, therefore, a divergence of opinion as to the level of influence that the social partnership process had played with regard to social enterprise. However, there was one outcome of social partnership that did have an effect, the development of the National Social Economy Programme (NSEP), which was later transformed into the Community Services Programme.

National strategy towards social enterprise and the role of the National Social Economy Programme/Community Services Programme

The National Social Economy Programme was managed by FÁS until it was transferred to the Department of Community, Rural and Gaeltacht Affairs (DCRGA) in 2005. It was interesting that the two FÁS interviewees had mixed views regarding the National Social Economy Programme (NSEP). According to one FÁS interviewee the NSEP effects were 'very mixed. 15-20% are successful economically. Other 80% would be economically unviable but socially necessary. Should it have been set up as a labour-market programme? FÁS had the ability to set the programme up quickly, and we had high levels of over 35 years long-term unemployed. We might look more critically at the projects funded if we were going to do it again'. The other FÁS manager stated that 'I'm too close to make an objective decision. NSEP highlighted the dichotomy between the social and economic objectives.

There was a bad fit between the opportunities to support some good community groups to deliver social services to the community; however, the viability conditions were inappropriate to the vast bulk of the projects who are demand-deficient. FÁS was given the programme to get up and running but nobody thought out how it fitted into the FÁS tool-kit; FÁS has a primarily economic/employment focus'. On the positive side, P03 believed that the NSEP 'has focused attention onto the social economy. There are increased numbers of people employed in the sector and the quality of projects has improved over time'. P05 argued that 'the programme must be seen as one of the key players as a global entity. The companies funded under the programme however are a very diverse group who employ a lot of people; many vulnerable people. However, the companies funded have to date not acted as a coherent entity'. Thus, FÁS appeared to have recognised the success of getting the programme operational but felt that the programme did not fit their primary remit.

Other interviewees were also ambivalent regarding the programme's success. According to P02, 'with a few exceptions it has failed. There was no clear understanding of what it was about and it was more a response to political pressure. FÁS had no clear vision as to the extent and potential of the social economy'. P04's opined that the programme effects were 'confused. It was a small adjunct programme and was used to reorganise CE. It was based on the false premise that community organisations would become self sufficient. The underlying concept was vague and false, monitoring was poor and evaluation was wishy-washy'. P06 outlined his view of national strategy towards social enterprise in the following way, 'I'm not sure there is a formalised thought out process at work. There is a rethink happening at national level and thus the move of the NSEP to DCRGA. There is a change in expectations. FÁS was seen as the agency to get the programme up and running but now the programme has a track record the government is revisiting the future direction and objectives of the programme'.

P01, P02, P03 and P04 concurred that there was a lack of a coherent national strategy relating to the social economy. P01 hoped that 'the new social partnership process may define a new strategy as part of the negotiations'. P02 noted 'there is an extra €5million to fund an extra 30 new projects under the CSP'¹⁸, but no strategy. P03 continued that he didn't 'think there is a coherent strategy or those implementing it are not aware of one'. Or as P04 noted, 'nobody has asked me to input into a discussion on a national strategy'. However, P05 believed that the strategy was 'to stabilise the sector and then to identify areas where greater support is needed'. The lack of a coherent national strategy, based upon the earlier discussed lack of agreement regarding the definition of the sector, can be seen as a serious impediment to the development of the sector.

There were some successes pertaining to the National Social Economy Programme. According to P06, 'it has been successful at getting large volumes of funding to organisations. It has been successful in relation to the development of certain projects. The viability condition has not been met by majority of the projects; although this had been predicted at the beginning of the programme. Successful at funding the delivery of services on the ground - not successful at creating a large amount of self-sustaining social enterprises'. P05 believed that 'the programme has had limited success. The programme did not have a very clear focus at the initial stages and would have been more successful if it had a clearer focus then. Not all the projects supported deliver community services per se. All the companies are strong on social employment, not so on output or activity'. P01 further concurred and argued that 'it put the social economy on the political map. It may not have met FÁS expectations and did not meet the outputs FAS would have liked. It is a mixed bag'. P02 argued that the programme had not really succeeded and only assisted 'those social enterprises that would have succeeded anyway using other funding lines' while P03 believed that the programme had made some success 'but if it were to be done again I would

¹⁸ The Community Services Programme (CSP) is the name given to the old NSEP after its transfer from FÁS to Pobal

make changes and do things differently'. P04, when asked about the success of the programme admitted, 'I don't know the answer to that question'. Thus the programme apparently raised awareness of the sector and what social enterprises do. It also had a number of shortcomings, especially with regard to the programme's criteria.

The main lessons learned, as expressed by the interviewees, related to the programme criteria applied by FÁS. P04 noted that 'the programme was built on a false premise and created a non-viable context for the delivery of social services. The people who drew up the operational programme had never worked in community organisations on the ground'. P05 commented that 'one lesson is that programme structures need to be better defined at drafting stage. In relation to operations FÁS extended projects from CE and JI¹⁹ into NSEP; working within their experience and tried to create artificial boundaries around their existing projects'. P06 noted 'the danger of force-fitting organisations that are good at what they do into programmes with criteria that run counter to their objectives. The best projects developed where there was respect and understanding between the funding agency and the social enterprise of each others needs'. P03 believed that 'FÁS didn't understand the programme at the beginning and to be fair the programme was hoisted on FÁS by politicians. The programme operated differently in different areas and the criteria was interpreted locally. Budget was not controlled properly in the beginning. Instead of starting from scratch and building up a suitable programme, they developed the programme based upon their knowledge of CE and JI and they created a hybrid programme. There was not enough prior consultation with practitioners and the result was reactive rather than proactive'. The result, as P01 outlined, was that 'the social economy programme has transferred to DCRGA and is now a service support programme, not a labour market programme. It will now become a state subsidy'. P02 argued that 'the social economy is not understood by the state and financial institutions do not want to know. There is no national thought

¹⁹ The Full-time Job Initiative Programme

process. It should be centred around social inclusion policy. It has great potential if allowed to grow’.

There was a diversity of opinion regarding the future of the Community Services Programme. P06 outlined the factual situation as ‘the NSEP is changing into the Community Services Programme and seems to be changing direction. The future of the programme is unclear at present’. P05 asserted that ‘the NSEP will become the CSP and will continue to expand over the next 2-3 years. The programme will be tightened up slightly. Some projects will fall into other programmes as appropriate. There will be a concentration on social services and community services moving forward, especially in relation to any programme expansion’. P03 believed that ‘the new CSP should have a positive future. If the government was going to do away with it then this would have happened at the review and it would not have transferred to DCRGA’. However, P01 asserted that ‘the NSEP is gone. National future of CSP is as a community support programme, not a labour market programme’. P02 believed that it will become ‘an urban version of the Rural Development Scheme. The minister is more interested in social provision than the social economy’. P04 believed that ‘the projects should be mainstreamed and moved under the agencies with core responsibility for their activity. The CSP should be kept as a residue programme for new innovative projects. If they prove successful then they should be mainstreamed’. Thus, again, the perceived view of the programmes future was connected to the definition of social enterprise applied by the interviewees.

The influence of entrepreneurial governance

Entrepreneurial governance, as discussed in Chapter 2, is a phenomenon where public-sector bodies are increasingly influenced by private-sector, market-driven philosophies and where government is adopting a ‘hands-off’ role with regard to the direct provision of public services. Interviewees were

asked as to their perceptions relating to the existence of and, influences ensuing from, the effects of entrepreneurial governance. All six interviewees recognised the presence and, the perceived importance of, entrepreneurial governance, although some believed it to be a positive influence and others believed it less so.

P01, when asked about the presence of entrepreneurial governance, agreed with its existence and believed that 'it is a positive influence from my point of view. Social partnership is crucial to its development. There is a distinct advantage to having a vibrant economy as it gives time and resources to work with the most disadvantaged groups, and this is beneficial to the social economy. It is important that nobody is left behind'. P06 agreed with the statement and asserted that 'on the whole I think this is positive. It keeps an overall reign on service provision and keeps operational activities tethered to reality. There always must be someone accountable and responsible or the system would go out of control. However, there must be a balance between bureaucracy and service delivery. Bureaucracy must be kept to the minimum necessary to keep accountability whilst allowing the actual service provision to be maximised'. P03 further concurred and believed that 'the effect is positive in general although it has strengths and weaknesses. It does result in more accountability and this is good, but it also involves more bureaucracy in accessing funding. There are times when it appears we have audits for the sake of audits and the result is a paper mountain on one side and clients get less service as resources are wasted on bureaucratic demands'. P04 further concurred and argued that 'it would be wrong not to learn from the positive points within the private sector. I think the influence is positive. There should be increased ambition and resources and the work of the community and voluntary sector should be mainstreamed. No critical opinion brought to bear on this subject'.

However, although P05 recognised the phenomenon, he argued that 'there are many VFM²⁰ and accountability systems in place; e.g., Quality Customer Service (QCS), Strategic Management Initiative (SMI), Performance Monitoring Development System (PMDS) and Risk Management. Where as the civil service must be accountable there are times when the civil service is becoming too slavish to these systems. And they are creating a lot of extra bureaucracy that is taking resources away from delivering services. There are many grandiose ideas being generated but the civil service is not performing any better than previously, but people are writing a lot more about what they do rather than serving the public. This has not had a great impact on the social economy as it has generated a lot of bureaucracy and paper work'. P02 also held a negative opinion and argued that 'I am not sure, if anything it has a negative influence overall'.

Thus, all interviewees recognised the phenomena of accountability, bureaucratisation and, the adoption of private-sector philosophies within the public sector. The overview was that value-for-money considerations were important but not the only measure of value to be considered. P03 opined that 'VFM is becoming increasingly important. There are many facets to value, but there should be value for money within an enterprise situation. However, VFM should be seen within the possibilities and practicalities of the enterprise and the resources and objectives open to it. A one size fits all approach does not work'. P05 concurred and argued that 'VFM is one consideration but not the be all and end all. In any programme there is going to be weak projects with low VFM. Countering disadvantage is more important than VFM'. P01 asserted that value for money was 'absolutely essential...you cannot keep pumping money into bad programmes ... programmes must be judged on their outcomes'.

P04 believed that there were not enough value-for-money considerations relating to social programmes and argued that 'social' allows monitoring and

²⁰ Value-for-money considerations

evaluation to be too soft. If the government was serious about addressing the real issues then per capita investment would have to be much higher. The political edge has gone out of society and there is a comfort zone. Ireland has been in the right place at the right time for the past fifteen years and the success has led to complacency'. P06 argued that the 'jury is out on that. FÁS had strict criteria for the NSEP for example that was suspended in 2005. VFM was a more serious consideration at the time the programme was set up as compared to the present time as we are in the run up to an election'. However, P02 believed that 'VFM is usually an excuse to make cuts in programmes. There is no realistic view as to the value and contribution of particular projects. What is the real value of CE, JI and SEP²¹. The real value is greater than that on a balance sheet. The view of VFM is unrealistic'.

The future for social enterprise and the social economy in Ireland

Several interviewees saw the future for social enterprises as positive. Included in this number was P03 who noted that 'while there is a need there will be a social economy'. P05 asserted that the 'wider community and voluntary sector will remain an important player in relation to community development and service provision. Economic trends and political cycles will ebb and flow, but the underlying trend is very good for the sector. Sector will continue to expand and the level of state support will continue to increase'. P06 concurred and stated that 'I see the social economy increasing. The government are still committed to small government and distancing itself from direct service provision and the social economy is consistent with this policy and preferable to the other options'. P01 and P02 noted the importance of national social policy for the future development of the social economy. According to P01 'social partnership is essential to drive the process, with government and community sector supporting people to progress and develop'. Whilst P02 believed that 'it needs to be an integral part of social inclusion policy and community development policy'. P04 was

²¹ SEP is an abbreviation for the National Social Economy Programme

not convinced regarding the future of the social economy and argued that it was 'not as relevant as it once was...partnership with the community is driving current developments'.

With specific regard to the Community Services Programme, the interviewee from the Department of Community, Rural and Gaeltacht Affairs asserted, for the record, that 'the state will provide the same type of support; funding. Funding rules and criteria will be relaxed on a gradual basis. Programme will evolve into two strands, a) quasi-commercial and b) non-commercial. As this evolves there will be different levels of support given to the 2 strands as one is more able to fund itself. However, at this time no actual decisions have been made however, the Department feels that the WRC consultants report is a good roadmap for the future of the programme'. P01 concurred that the main support was 'funding, providing a clear policy framework and moral support and goodwill for disadvantaged groups'. P03 also identified 'funding in the main. There is also a role for agencies to facilitate the sector in working together; i.e., Enterprise Ireland facilitated the community enterprise centres to come together and organise on a regional basis'. P06 concurred that there will be 'more of the same - funding. There seems to be greater awareness that there are two sides to the equation (social not just economic)'. P02 asserted that 'the government should support the social economy. Public sector should be giving contracts to social enterprises, especially the local authorities. There needs to be continued core funding. There must be a multi-departmental approach as the effects of the social economy are wide in range'. P04 argued that 'good projects should be mainstreamed. Staff working in community projects should be mainstreamed into the public sector'.

P04 noted that the social economy 'doesn't fit comfortably into any one department. The projects should be segregated into their relevant departments. The definition of the social economy is too vague and this is creating the lack of clarity'. P05 stated that 'the Department of Community,

Rural and Gaeltacht Affairs will take over responsibility for the programme. The programme will become more focused on community services than a labour-market programme. Key emphasis moving forward is on social not economic objectives'. P03 held judgement and believed that the 'move to DCRGA needs time to happen and see how it rolls out'.

P06 was 'not sure there is an overall policy. Used by institutions to deliver services and needs'. P01 wished to see the responsibility for the social economy to be located with 'government with support from social partners. Agencies are part of government with all having a role within their specific remits. Responsibility should be at social partnership'. P02 in a similar vein suggested an 'inter-departmental committee, possibly situated in the Department of the Taoiseach. This is where social partnership and the social economy started out'. Thus the future of social enterprise in Ireland appeared, in the main, positive.

Profile of individual policy and decision makers

Having examined the commonalities between the interviewees with regard to the specific questions raised in the semi-structured questionnaire, it is now useful to look at each interviewee in their own right.

P01 - public sector

This interviewee worked for FÁS and some of his responses were consistent with this, in that, he believed that upskilling the workforce was the main objective of economic policy and that achieving balanced growth was the primary objective of social policy. With regard to the social economy, this interviewee did not have strong opinions with regard to the role, potential or contribution made by the social economy. Considering that the NSEP was about to move from FÁS to Pobal around the time of the interviews, his views on the programme were not strongly supportive. He believed that the NSEP had achieved very mixed results and that its success was 'mixed'. He

believed that there was no national strategy for the social economy and did not know what future the programme had. He believed that the role of social partnership had been important in the development of the social economy in Ireland and that the sectors future was tied to social partnership. He recognized the existence of entrepreneurial governance in the Irish state, felt that 'value for money' was 'essential' and that the Irish state will continue to provide funding as its main support to the social economy in the future. He did not believe that market failure was the most important factor driving social enterprises in Ireland.

P02 – community and voluntary sector

Overall, this interviewee was cynical regarding the government's approach to the social economy in Ireland. He believed that social policy was now driven by an emphasis on structures and mechanisms; 'there are templates for everything'. He believed that the role of the social economy in Ireland was not recognised properly, that the potential for the sector was significant but that its contribution was varied. He believed that the developments in the sector had been driven from within but that the social economy had stalled over the past ten years. With regard to national policy he believed that there was no national strategy for the social economy, that the role of social partnership was marginal and that the NSEP had mainly failed and its future was unclear. He saw the future of the social economy as within social inclusion policy and did not accept market failure as a primary motivation for the majority of Irish social enterprises. 'Value for money' was seen as an excuse to 'cut spending' but he did recognize the existence of entrepreneurial governance in the Irish system.

P03 – community and voluntary sector

This interviewee saw 'appeasement' as the primary function of social policy and was unsure whether there was a deliberate and coherent primary objective to economic policy. He saw the role of the social economy as hugely important and that it's potential was high and its contribution fairly

substantial. Interestingly, he saw the European Union as the primary driver of the social economy in Ireland and felt that the social economy had grown over the past ten years. He saw the NSEP as having 'focused attention' onto the sector and felt it had been successful and saw its future as positive. He also saw the role of social partnership as important for the development of the social economy and generally saw a positive future. He recognised the existence of entrepreneurial governance in Ireland and saw the role of 'value for money' as important. He saw the main support that government would contribute to the sector as continued funding and did not know if there was a national social economy strategy.

P04 - public sector

This interviewee had a particular point of view with regard to the social economy. He appeared to define the social economy according to the continental European definition as outlined in Chapters 1 and 2 defining the social economy as the entire community sector. He believed that the role of social policy was to implement policies and structures to ensure that nobody now falls out of the security net and that economic policy had moved from creating employment to quality of life issues. He believed that the role and contribution of the social economy in Ireland was confused and unclear, as well as its potential. He believed that the social economy was driven by national policy yet agreed that there was no common understanding between policy makers as to the social economy and he also concurred that there was no coherent national policy towards the social economy. He believed that the social economy had not grown over the past 10 years and he did not have an opinion regarding the future direction of the sector. With regard to the NSEP he believed the programmes outputs to be confused and he was not certain regarding the programmes success. He, in common with the other interviewees, recognised the presence of entrepreneurial governance in the Irish system and believed that there was not enough 'value for money' being delivered by the system. He believed that social partnership had been an important factor in the development of the Irish social economy but was not

convinced that the majority of Irish social enterprises were driven to address market failures.

P05 – public sector

This interviewee had a rather cynical view of national policy stating that the primary objective of social policy was getting the government re-elected and that maintaining a low-tax base as the primary objective of economic policy. He saw the social economy as a default sector between the public and private realms. He believed that the sector had been driven from within and had grown over the past 10 years. He believed that the sector had strong potential and it was needed but was currently a low priority for government. He believed that there was a national strategy which aimed at stabilizing the sector but agreed that there was no agreement amongst policy makers regarding the role of the social economy. With regard to the NSEP he believed that the programme had been important for promoting the social economy but that its results had been limited but that the altered CSP had a positive future. He recognised the presence of entrepreneurial governance in the Irish system and believed that 'value for money' was one important factor in public policy but only one of many. He believed that the main support that government would continue to provide to the social economy would be funding and that some social enterprises were motivated to address market failure situations.

P06 – public sector

This interviewee was also from FÁS and believed that the role of national social policy was to break the cycle of poverty and that economic policy was to increase the labour force. These would both be roles given by government to FÁS. With regard to the social economy he, similar to P05, believed that it was a default sector between the public and private realms. He believed that the sector had grown over the past ten years and that these developments had been driven from within the sector itself. He saw that the social economy was needed and had a 'massive' contribution to make. He concurred with the

other interviewees regarding the presence of entrepreneurial governance in the Irish system and the effects of 'value for money' strategies had been varied. He concurred that there was no national strategy towards the social economy and felt that the NSEP had been a 'bad fit' within the 'FÁS toolkit' and it had mixed results. He was the only interviewee to accept market failure as the primary motivation behind social enterprises. With regard to the future he believed that the state would continue to provide funding to the social economy and that the sector had a positive future. With regard to the NSEP he felt that the programmes future was unclear at that time.

Summary

Overall, there appeared to be very little consensus between the people interviewed on issues relating to the social economy in Ireland. For example the two interviewees from the community and voluntary sector, both with considerable experience of social enterprise, held differing opinions on many points. Whereas they agreed regarding the scope and potential of the social economy in Ireland, they disagreed as to who was driving it; the sector itself or the European Union. They disagreed as to the role, success and future of the NSEP. They both agreed that there was a lack of agreement between policy makers regarding the social economy and that there was no national strategy towards the sector and that the entrepreneurial governance did exist in the Irish case, as well as, the lack of importance of addressing market failures as a rationale for social enterprises. However, they did not agree as to whether the social economy had actually grown over the past ten years or to the actual contribution that the social economy has made.

The public sector interviewees also showed little by way of consensus in their interviews. Apart from the existence of entrepreneurial governance, that funding was the main support that the public sector will provide the social economy moving forward and that there was a lack of clarity amongst policy makers regarding the social economy, there was little by way of agreement.

Even the two FÁS representatives varied significantly in their opinions. Although their answers on national social policy stressed balanced growth and breaking the poverty cycle, whilst both agreed that the primary objective of national economic policy related to labour-market issues, all FÁS-related policy priorities, they disagreed on many issues. They disagreed on the contribution that the social economy had made in Ireland, they did not agree as to who had driven the social economy in Ireland, they disagreed on the impact of value for money initiatives, the role of social partnership with regards to the social economy and as the importance of addressing market failures as motivations for social enterprises. They did agree noticeably on the role and the degree of success of the NSEP. Both felt that the programme had not met their expectations, was a bad fit for FÁS and that the programme had generated mixed results. The lack of consensus between the social-economy sector interviewees, between the public-sector interviewees and across all the interviewees on many issues supported the conclusions of the few questions on which there was consensus; there is a lack of clarity amongst policy makers as to the role, potential and contribution of the social economy in Ireland and this has led to an incoherent national strategy towards the sector.

With regard to the specific issues examined there were institutional factors in evidence throughout the interviews. The adoption of 'frameworks', 'structural policies' and 'templates for everything' demonstrated the convergence of institutional mechanisms across the public sector and through the community and voluntary sector in response to funding requirements. Also in relation to social partnership, which appeared to have been institutionalised in both the public- and community and voluntary sectors, it affected the rules by which organisations are funded, supported and prioritised under national agreements. There would appear to be no coherent national policy framework in existence in relation to the social economy and social enterprises specifically. There were programmes discussed, however there was divergence regarding the success and impact of these programmes in

the development of the social economy and social enterprises in Ireland. The social-economy agenda was identified as being situated within the broader social policy agenda and social partnership and there was evidence that the social economy had fallen down, if not off, the social partnership agenda. The social economy was not identified as a significant part of the national economic policy agenda. It was noted that the public-sector interviewees demonstrated a lack of clarity regarding the role of the social economy and in several instances identified the social economy within the context of a scheme rather than a collection of social enterprises. Four respondents identified the recent developments within the social economy as driven from within, or as 'organic' growth. Other interviewees identified social partnership as driving the recent developments, whilst noting that the community and voluntary was one of the key drivers within the social partnership process. Interestingly, all the public-sector interviewees underplayed the role of the European Union in recent developments in the Irish social economy. It was also interesting that the majority view defined the social economy within the narrow Anglo-Saxon definition: the aggregate of community-based social enterprises, like those within the NSEP/CSP and, some co-operatives, specifically Gaeltacht community development co-operatives and credit unions. Although most interviewees recognised that certain social enterprises addressed market failures, childcare and rural transport initiatives being the two most commonly cited, all the interviewees agreed that addressing market failures was not the main rationale for the existence of social enterprises in Ireland. However, all interviewees recognised the presence of entrepreneurial governance within the Irish system. Specifically, value-for-money considerations were seen as important but not necessarily the only value consideration. Also, it appeared that the Irish government operated a 'hands off approach' to service delivery and programme management and, aimed to develop social and economic policy by the achievement of political consensus through social partnership. Thus, funding and moral support was seen by the majority of respondents as the main support from government for social enterprises moving forward. However, there was majority

agreement that the broad future of the social economy was positive and that the Community Services Programme had a secure future in the medium term. Thus, to summarise, there was no broad national strategy for the development of the social economy. There was a narrowly based programme (CSP), based firmly within the national social inclusion and anti-poverty strategy. Outside of this there were regulatory frameworks. There was no consensus understanding at policy level of social enterprise - its definition, role and potential. Thus, it can be concluded that the social economy was not being driven by national policy as a result.