



DEVELOPING A SUCCESSFUL SOCIAL ECONOMY

Comments from the Institute of Directors

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1.0 Introduction

- 1.1 The Institute of Directors has already contributed to a response from the business community and Business in the Community to both this consultation document and to the Department for Social Development's document Pathways for Change. We support the contents of this joint submission but would wish to add specific comments on the DETI paper.
- 1.2 In this response, we concentrate on some of the central and fundamental issues which arise from the document rather than the detail, which is addressed by the joint submission.

2.0 The IoD's Position in Principle

- 2.1 In general, the IoD recognises that useful work has been done and continues to be done within the so-called social economy. We support and welcome it.
- 2.2 Our supportive position, however, is subject to the following:
- We see activities within the social economy, valuable though they may be, as of secondary importance to the objective of strengthening the Northern Ireland economy through the creation, existence, development and maintenance of strong competitive companies. It is these companies, which will create wealth and provide sustainable employment, and which can survive and flourish in the face of modern challenges, thereby underpinning social well being.
 - Policy concerning the social economy should, therefore, in no way be allowed to undermine or to present unfair competition (eg by virtue of any subsidies or government preference) to the wealth-creating sector or, indeed, to any private sector companies competing without subsidy.
 - Social economy enterprises should be required to become self-sufficient so that they can survive when any EU grants or other financial support, which they now enjoy, no longer exist or are less readily available.
 - Support for the Social Economy should not be at the expense of support for economic development more generally.
 - Support should be tied to the achievement of specified aims and objectives, supportive of economic as well as social development.

3.0 Aims and Objectives

- 3.1 Subject to what follows, the three Objectives proposed in the Report and the supporting Actions detailed in Chapter 6 are broadly acceptable.
- 3.2 As they stand, however, the objectives on their own are inadequate as a basis for a meaningful and satisfactory strategy. Although extensive and perhaps ambitious, they are essentially interim objectives concerned with the establishment of the means towards the achievement of certain ends.
- 3.3 The ends are inadequately defined, but have to do - as we understand the position (eg from para 1.5) - with enhancing the contribution of social economic enterprises to social and economic development (which the IoD would support). They need to be much more explicitly and less tentatively specified, and the three objectives in the document should be definitively tied to these ends as the outcomes at which the strategy is aimed.
- 3.4 The purpose of the document as indicated in para 2.1 is to set out in draft the Government's Three Year Strategic Plan to implement a more integrated approach to the social economy in order to maximise its contribution to the Northern Ireland economy.
- 3.5 The starting point for any kind of meaningful integration, in our view, is that all concerned should know what it is that should be achieved. They should also be quite clear about the contribution they must make and about the need for everyone to be pulling in the same direction.
- 3.6 Moreover, the public is entitled to be clear about the underlying policies and where they are leading.
- 3.7 The document, therefore, should contain a statement of the fundamental aims and objectives that it is intended should be achieved through the social economy and its development, and these should constitute the framework against which progress is assessed.

4.0 Strategy and Purpose

- 4.1 Although the document describes (e.g. in Chapter 3) various examples of useful services that are provided within the social economy, as it now stands, there is little indication in any specific sense of what it is that DETI and DSD are themselves aiming to achieve through the sector and its expansion, or of what the inherent parts of it are expected to contribute.
- 4.2 It is almost as if the aim is to increase the size of the social economy, and the numbers of organisations working within it, for their own sake. There appears to be an assumption that benefits will automatically and inevitably follow, and that the justification for promoting the expansion of the sector can be taken for granted.
- 4.3 We consider that a more questioning, deliberate and definitive approach is required if worthwhile progress is to be achieved and value for money secured.
- 4.4 It would be helpful for the Department to spell out more fully and precisely how the proposals in the document will be helpful to strengthening the contribution of the social economy to economic development (eg through the activities listed in para 3.9). It is important also to link the policies and proposals more specifically and purposefully with the economic development strategies of DETI and Invest Northern Ireland.

5.0 Definitions and Priorities

- 5.1 The document does not specifically define the term 'social economy', although a definition can be inferred from the definition of 'social economic enterprises' and the examples given in Chapter 3.
- 5.2 As defined in the document the term 'social economic enterprise' covers a very wide spectrum. Virtually any organisation that purports to have a social, community or ethical purpose, to operate using a commercial business model, and to be run on a not-for-profit basis, can claim to be a 'social economic enterprise' and to qualify for whatever support is available.
- 5.3 The impression is given that all 'social economic enterprises' are equally valuable and useful, and equally worthy, in terms of the public interest, of support. In reality, that is unlikely to be the case. A greater sense of priorities needs to be injected into the thinking that the document outlines

6.0 Achievements and Evaluation

- 6.1 It follows that the IoD would wish provision to be made for rigorous evaluation of achievements. We welcome the contents of chapter 7 of the document so far as they go but consider that they need to go further.
- 6.2 We do not consider it sufficient for evaluation to be confined, as chapter 7 seems to envisage, to assessing progress towards the achievement of the three strategic objectives described in the document, since, as we have made clear, we regard these as merely about the building and expansion of the machinery through which the social economy might be developed - ie about means rather than ends.
- 6.3 What is needed, in our view, is a more extensive process. Through this the evaluation would assess the effect of the proposals on the achievement of the aims and objectives, at which it is intended that the development and expansion of the social economy should be directed.
- 6.4 We reject the suggestion implied in para1.5 of the document that success should be judged in part by reference to the establishment of more social economic enterprises. We do not consider that the establishment of more organisations as such necessarily constitutes 'progress'. There must be a clear outcome of social and economic benefit to the public.
- 6.5 Thus success, in our view, can only be assessed against progress towards the achievement of the ultimate aims and objectives, properly defined as we have called for above.
- 6.6 Evaluation should include consideration of the contribution made by the machinery which already exists (including the Social Economy Agency, the Social Economy Network, the Inter-Departmental Steering Group, etc) as well as of the effects of the proposals contained in the document.

7.0 Conclusion

- 7.1 In this response, we have dealt mainly with some basic issues of concern to us. We would be happy to amplify if requested to do so.

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