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**DRAFT**

**SOCIAL ENTERPRISE: A TOOL FOR SOCIAL  
DEVELOPMENT**

**CHAPTER FOR A BOOK ON SOCIAL DEVELOPMENT  
FOR UNDERGRADUATE STUDIES**

**UNIVERSITY OF NATAL  
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## **INTRODUCTION**

This chapter deals with a subject that one of my former Native American students used to call "the cutting edge strategy" for social and economic development. The course that he was taking was Business Development. As part of the course requirements, each student had to prepare a business plan that specifically showed how a commercial or manufacturing venture was to attain social goals and community benefits while remaining financially solvent. This, in a nutshell, is basically what social enterprise development is all about: developing businesses that are not only economically viable but socially profitable as well.

This phenomenon is not new. At the very least, it dates back to the founding of the first co-operatives more than 150 years ago<sup>1</sup>. It could even be argued that trying to reconcile social and economic goals is what people such as Adam Smith and Karl Marx were seeking a century or two ago, even though they were searching in completely opposite directions. Smith and Marx, moreover, were primarily concerned with society as a whole and theirs was what could be called a "macro" perspective of economic development. On the other hand, developing social enterprises is much more a "micro" phenomenon, in the sense that it is concerned with the actual enterprises themselves and not necessarily the economic system within which they operate — although the economic system greatly influences their design and operations. In recent years, the expression "social enterprise" has gained favour in a number of industrialised countries such as Canada, the United States, Australia and those of Western Europe. This is because efforts to develop new ways of simultaneously providing needed goods and services, without losing money but while reducing unemployment or addressing issues related to poverty and well-being, have begun being documented<sup>2</sup> and analysed<sup>3</sup>.

The purpose of this chapter is to help understand what makes social enterprise relevant for students, practitioners and policy makers in the field of social development. It is divided into three sections that attempt to answer key questions for using this model to achieve social goals: what is social enterprise development, why it is important, and what are some critical issues from a social development perspective? The third section also highlights the business planning process for those who may be contemplating trying out this strategy. This chapter concludes with some personal thoughts on the meaning of social enterprise development in a broader context of social change.

### WHAT IS SOCIAL ENTERPRISE DEVELOPMENT?

In a most revealing article, Gregory Dees offers a framework called the “Social Enterprise Spectrum” to help analyse non-profit organisations according to their motives, methods, and goals as well as their key stakeholders (beneficiaries, source of capital, work forces, and suppliers)<sup>4</sup>. In it, he suggests that organisations go from the purely philanthropic to the purely commercial (see below). This chapter is concerned with organisations that fall in between the two extremes.

**THE SOCIAL ENTERPRISE SPECTRUM (DEES, 1998)**

		Purely Philanthropic	←————→	Purely Commercial
<i>Motives, Methods, and Goals</i>		Appeal to goodwill Mission driven Social value	Mixed motives Mission and market driven Social and economic value	Appeal to self-interest Market driven Economic value
<i>Key Stakeholders</i>	<i>Beneficiaries</i>	Pay nothing	Subsidised rates, or mix of full payers and those who pay nothing	Market-rate prices
	<i>Capital</i>	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
	<i>Workforces</i>	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	<i>Suppliers</i>	Make in-kind donations	Special discounts, or mix of in-kind and full- price donations	Market-rate prices

Using Dees’ grid, various characteristics of social enterprises can be identified related to their motives, methods and goals.

First, social enterprises have mixed motives since they incorporate dimensions of both public programmes and conventional businesses. As a rule, public programmes are purely philanthropic in that they are generally designed to provide goods and services (such as health care, protection of rights or help in finding a job) at little or no cost to people who are called beneficiaries. At the other end of the spectrum, conventional businesses are usually purely commercial since, even though they also provide goods and services (which may sometimes be the same as

those provided by public programmes), these are always sold at a cost to people or organisations who are called clients. Like public programmes, social enterprises attempt to ensure that everyone who needs the services that they offer will have access to them. This means that they have to find ways to make their services as affordable as possible without compromising their own survival which, like that of conventional businesses, depends in whole or in part on profitable financial transactions. Social enterprises therefore are hybrids that use methods that are both mission driven and market driven.

Overall, social enterprises seek to improve the quality of life of the people or communities that they want to help by providing needed goods and services. However, when their constituencies can't afford them, there exists what is called a problem of demand. When people cannot pay the price of a product (or are unwilling to do so), this means that they do not constitute a market for it. This distinction between a need and a market is crucial, since social enterprises operating in a market-based system have to sell the goods or services that they produce at a profit in order to generate income without which they cannot subsist. On the other hand, they do not exist primarily to make money but rather to satisfy unmet needs. In other words, "their business is also their service"<sup>5</sup>. What a dilemma!

Well, social enterprises have devised ingenious ways to get around this "need-market" predicament. For example, sometimes they obtain government or foundation grants to subsidise a portion of the price of their services or to reduce the cost of producing them. (This is called supporting supply.) Sometimes they have part of their work done by volunteers in order to lessen production costs. (If something costs less to produce, then the price that has to be charged for them can usually be decreased.) Sometimes social enterprises manage to convince governments to provide money directly to the people who need the goods or services. (This is called supporting demand.) Sometimes they make those who can afford to do so pay a little more so that others may pay less or even nothing at all, depending on the case. In other words, social enterprises fundamentally try to soften the effects of the laws of supply and demand by redirecting a portion of public or private finances to their operations through grants and subsidies as well as by mobilising volunteer labour to offset production or delivery costs. This, in turn, is a major advantage that social enterprises have over other business models: public funds of some kind and a minimum of volunteer resources allow them to accept lower profits than a private sector firm and enable them to hire or retain staff where a conventional capitalist business cannot.

Moreover, the goals and activities of social enterprises have both social value and economic value. On one hand, social enterprises most often emerge in essential fields or in localities deemed not profitable enough for the private sector or too costly for the public sector. Fields that require a substantial amount of financial capital — for buildings or equipment, for example — are usually excluded, as are those controlled by large corporations or having significant entry barriers<sup>6</sup>. Recent social enterprises instead play an increasingly important role in labour-intensive service provision fields such as home care services, childcare, assisting youth with social integration problems, housing improvements, security, local public transport, local shops, tourism, cultural heritage, local cultural development, waste management, protection and maintenance of green areas, and pollution control. The social value of producing goods and services in these fields lies in the fact that almost all of them inherently enhance the quality of life of the residents of the communities where they are provided.

Furthermore, there is also social value in the reduction of unemployment that such activities can bring about, especially when unemployed individuals with few or no job skills are targeted. For example, the European Commission estimates that additional 140,000 jobs could be created in its member countries in the 17 “job areas” just listed in the preceding paragraph<sup>7</sup>. As for value on the economic front, revenues generated and salaries paid by social enterprises contribute to economic growth in the same way as any other business does. While the sums for each social enterprise cannot compare with those of large manufacturing concerns, when all of the ones operating in one field are looked as a whole, the effects in economic terms can be quite impressive.

The social enterprises offering home care services in the Province of Québec (in Canada) can illustrate this last point. Beginning in the early 1980s, the ageing of the population and a general trend of empowerment among physically and mentally challenged individuals dramatically increased the demand for services that would allow the elderly and the disabled to live in their homes instead of institutions. Local State agencies began providing home care services and continue to do so today. In 1996, a task force set up by the provincial government reported that these needs were woefully under-served. A public programme was established to support demand and 103 home care social enterprises were also set up between 1996 and 2000<sup>8</sup>. During this period, State agencies harmonised their services with those provided by social enterprises. All of this has made it possible for over 35,000 new “clients”, most of them elderly or disabled, to receive home care. The vast majority of these people did not have access to these services in the past or illegally hired

workers to do the work “under the table”, in other words, without providing them with employment benefits. In all, 3,800 new jobs were created — although a few of these were legalised “black market” jobs — and no public sector jobs were lost with the advent of the social enterprises. In fact, the opposite is true, since the number of positions in the State agencies has continued to grow by 3% annually.

Tackling unemployment, low incomes, and poverty is often another objective of social enterprise development. Indeed, setting up training programmes to qualify the unemployed for entry or a return to the labour market through job and life skills development is a key component of any programme attempting to deal with these issues. However, social enterprises customarily go beyond the sole provision of training opportunities, and instead attempt to create employment, as permanent as possible and with equitable working conditions. In truth, the lack of economic opportunity available to their programme participants is one of the main reasons that social practitioners and grassroots organisations get involved in this strategy in the first place. It follows that social enterprise development can also encompass the creation of certain for-profit ventures, such as wholly-owned subsidiaries of public agencies and non-profit organisations, or community-owned businesses, when these have been set up to provide jobs to the unemployed. Social enterprises differ from most non-profit commercial initiatives by specifically incorporating job creation as a primary goal, not simply revenue enhancement, and by pursuing other economic objectives. Dees believes that social enterprises are emerging because non-profits are turning to the commercial arena to leverage or replace their traditional sources of funding<sup>9</sup>. This may be true in some circumstances but research seems to indicate that mission rather than money is a primary concern of practitioners and organisations involved in setting up social enterprises, and that creating employment opportunities for specific population groups is seen as an inherent part of the mission<sup>10</sup>.

To summarise, as a social development strategy, social enterprise development generally refers to the setting up of financially viable, usually co-operative or non-profit, ventures that usually create real jobs for low-income individuals and that generate much, if not most, of their revenues from the production and sales of goods and services, generally at prices that people who need them can afford. Being financially viable means having more revenues than expenses. Being a co-operative or a non-profit means either not distributing the excess of revenues over expenses (profits) to people simply on the basis of the amount of money that they have put into the venture or, in the latter case, not distributing any such excess revenues at all but rather using them to provide more goods and services. Creating jobs or providing

affordable goods and services for those in need links this strategy to social development.

### **WHY IS SOCIAL ENTERPRISE DEVELOPMENT IMPORTANT?**

Economic development and social development are closely linked. Economic development has to do with the management and allocation of resources. In practical terms, this is accomplished by the production of goods and services using natural resources, people (human resources), and money (financial resources). Efficient economic development, which is also called sustainable development<sup>11</sup>, occurs when goods and services are produced in such a way that the needs of the population are fulfilled without compromising the ability for resources to be renewed or reused<sup>12</sup>. Social development, on the other hand, is concerned with ensuring that people have the resources that they require to ensure their well-being. Optimum social development occurs when members of a population are educated, healthy (both physically and mentally) and secure enough to obtain and use the resources that they need. Unfortunately, it is widely known that large numbers of people, even in the most economically prosperous countries, are illiterate, lack adequate health care, or live in areas where crime is on the increase. Something is therefore dreadfully wrong since it is not because resources are lacking to meet these needs. It can be argued that countries relying on economic systems based on supply and demand to regulate resource allocation have not been successful in bridging the gap between the rich (who have more resources than they need) and the poor (who don't have enough)<sup>13</sup>. Since businesses are the main tools used in these countries to manage and allocate resources, it is clear that so far, business development has not ensured social development for everyone. Worse, since the gap between "haves" and "have-nots" is widening, businesses would actually seem to be contributing to the reduction of social development. These shortcomings of business development constitute an important social problem, since businesses are the principal intermediaries between those who produce goods and services and those who need them. Social practitioners and even environmental activists are therefore seeking and experimenting new business models in order to ensure that their concerns relating to poverty, social development and sustainable development are addressed. This is one of the reasons why innovative business development strategies such as social enterprise development are important.

On another level, the current popularity of social enterprise development among some policy-makers has a lot to do with the advent of two considerable problems. On one hand, although economic development has reduced unemployment levels in recent years and while various public policy changes have decreased welfare rolls, a great deal of wealth and poverty has simultaneously and paradoxically been created on both national and international levels. Even in prosperous countries, economic growth has not resulted in lessening the disparities between rich and poor individuals and communities<sup>14</sup>. On the other hand, social development has become problematic, since it is rightly or wrongly widely associated with a costly and, some believe, inefficient bureaucracy administering a massive number of cumbersome programmes and paternalistic policies generally referred to as the Welfare State. As if this weren't enough, public sector efforts do not always reach the people that they target, frequently do not fully meet the needs of the people that they do touch, and often contain continued barriers to employment on both administrative and policy levels for those receiving welfare<sup>15</sup>. All of this means that there are consequently problems related to both economic development and social development that confront our modern societies. New policies and programmes to help remedy this situation are thus actively being sought and, at first glance, strategies focusing on social enterprise development seem to have the potential to contribute to solving the problems on both levels.

One reason is because social entrepreneurs — the persons who set up social enterprises — seem to build on the strengths of both economic and social development while inventing new organisational models to offset the real and perceived weaknesses of the conventional forms of development. To illustrate what this means, a look at the co-operative model of enterprise, one of the main organisational structures for social enterprises today, can be helpful since it is currently evolving in order to adapt to society's needs. A co-operative is defined as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”<sup>16</sup>. So far, co-ops have customarily brought together consumers (consumer co-ops), producers (production co-ops and worker co-ops), tenants (housing co-ops), individuals who need insurance (mutuals) or loans (credit unions), etc. In the wake of the realisation that there may be more than only one group of people who have something at stake in a co-op's success or failure, a new model of co-operative with a rather unique governance structure has been developed in Italy<sup>17</sup>. It is called a solidarity co-operative and it differs from other models by requiring that at least two groups of members be organised: users of the services provided and the co-operative's workers (those who provide the services



or who are responsible for their provision). Moreover, a third membership group is also possible, one that brings together other individuals or organisations who have a vested social or economic interest in the co-operative's success such as parents and friends of the users or workers, suppliers, representatives of key players, etc. This is a very significant development, since bringing together all of the stakeholders of a particular situation means that all of the different aspects of providing related goods and services can potentially be better understood and acted upon. This type of co-operative is therefore well suited for all kinds of fields where multiple issues need to be addressed (such as personal services) and is now being studied and tried out in other countries as well. Co-operatives have, of course, been around for a century and a half, and the co-operative movement has set up enterprises everywhere in the world. Legally, a co-op is structured in such a way as to remain under its members' control, to use a democratic framework to ensure such control based on the principle of one member = one vote, to retain a portion or all surplus earnings within the co-operative, to forbid basing each member's share of non-retained surplus earnings on the amount of personal capital invested, and to interdict individual members from benefiting financially from its closing. These legal principles, founded on the axiom of "people before capital", when put into practice, have made it possible for thousands and thousands of people living in poor communities and countries across the world to exert greater control over their economic activities. Today, what is different from the past is that the newer co-operatives such as the solidarity co-ops — as is the case with other models of social enterprises — are attempting to mould markets, operations, management, and even financial resources to the specific social, cultural, environmental, and economic needs of customers, workers, suppliers, and members of the community where they are situated. In other words, social enterprises do not try to replace markets with top-down planning but instead attempt to limit the inequities of the marketplace by creating new ways of doing business and by enlisting the support and participation of all of the individuals and organisations concerned.

On another front, in both industrialised and non-industrialised countries, poverty is one of the most pressing social problems to be solved. Although poverty is much more than the lack of financial resources, both research and experience have shown that the simplest way out of poverty is being paid a decent wage for work performed. Many big business and political leaders argue that market forces, if left to their own devices, will generate all of the jobs that people require to move them out of poverty. Unfortunately, this opinion does not take into consideration the non-economic obstacles that people face even when they want to participate in the labour market. For example, a large number of people are denied employment

simply because of the colour of their skin, their gender, their religious beliefs, their political affiliations, their sexual orientation, or even the neighbourhood in which they live. Indeed, the way that some societies are structured makes it impossible for various population groups to get the jobs they need to alleviate their poverty. On a more individual level, some people are burdened with psychological or physical obstacles brought on by past traumatic experiences or present physical and mental disabilities. For many of these persons, job entry or maintenance must often be tailored to their individual needs. Finally, many poor people, particularly those already receiving some kind of public assistance, face administrative obstacles that are often the unintended result of bureaucratic controls included in public programmes. People facing these structural, personal, and administrative barriers to entering the labour market — including those who are part of the "working poor" (who have salary levels or working conditions too low to enable them to move out of poverty) — cannot rely on conventional private sector development strategies to solve their employment problems. In fact, with their capacity to involve different types of stakeholders, social enterprises are frequently much better equipped to find solutions to these complex, often contradictory, and overlapping problems.

Finally, social enterprises quite often also try to adopt democratic governance structures in order to ensure that the end users of the goods and services will have their say in the way that these are produced and delivered. In other words, not only do social enterprises enhance the quality of life by fulfilling needs, they can provide a vehicle for the empowerment of the individuals and communities concerned by allowing them to exert a degree of control over a certain aspect of their existence over which they had little or no influence before. This is yet another compelling argument for espousing social enterprise development from a social development perspective.

To summarise, social enterprise development is important as a social development strategy because new business models are required to ensure more equitable resource allocation and management as well as to simultaneously address current economic development problems (such as increasing poverty) and social development problems (such as inefficient public programmes).

## **ISSUES AND CHALLENGES OF SOCIAL ENTERPRISE DEVELOPMENT**

### **COMMUNITY ECONOMIC DEVELOPMENT**

Community economic development (CED) is much more than the simple economic development of a community. CED is an institution-building process whereby marginalised communities claim control over their present and future economic well-being. Indeed, a community has a key role to play in economic development, and that is to reconcile economic imperatives with local social, environmental and cultural concerns. This role is critical for social development as well. From a CED perspective, social enterprises are institutions that can significantly contribute to developing a community-controlled economy. For example, a social enterprise's financial transactions — sales, purchases, salaries, etc. — increase the amount of money circulating in the community because social enterprises usually deal with local financial institutions, employ local people, encourage local suppliers and have local members. It could be claimed that social enterprise development is simply good economics, especially in this era of global markets: local demand and, in some cases, local markets for services already exist for the goods or services that a social enterprise can provide, relatively small amounts of private or public funds can transform demand into a market, these markets are relatively unaffected by fluctuations in the global economy, and exploiting them requires little start-up capital and can make use of local labour. But local communities must possess the capacity to develop these markets, and developing such capacity is basic to CED<sup>18</sup>. This is why developing social enterprises should not be disassociated from CED efforts and why much more public and private support of experimentation, innovation, and research into both social enterprise development and community economic development as well as into the ties between these two phenomena is needed<sup>19</sup>.

To a certain extent, a successful social enterprise development strategy is also tied to the development of social capital. Social capital is the sum of mutual social obligations that individuals and organisations incur in their non-commercial and non-monetary activities<sup>20</sup>. Social capital can also refer to various elements of social organisation such as networks, norms and confidence that facilitate co-ordination and co-operation for the common good<sup>21</sup>. For some, the development of social capital is an essential component of a democratic society<sup>22</sup>. Indeed, the success rate in solving social and economic problems seems to be greater in communities where civic commitment is solid<sup>23</sup>. It follows that volunteer efforts, often a key component

of social enterprises, should also be easier to mobilise where social capital is stronger. Developing social capital should not, however, preclude other efforts to seek more adequate public policies to address the broader aspects of the social problems targeted by social enterprise development<sup>24</sup>. Anchoring social enterprises in local dynamics can nevertheless make it possible to link them to other development initiatives and, by doing so, to solidify the networks of solidarity that enable a community's optimal use of all its existing resources<sup>25</sup>. It is thus easy to understand why social enterprises and organisations that resemble them are sometimes referred to as "public-private projects" in Japan or as "community partnerships" in Europe<sup>26</sup>.

## **JOB CREATION**

By far, the most commanding justification in favour of fostering social enterprise development is that of the creation of new jobs. However, there are a number of issues that are problematic. For example, the number of jobs created in new ventures such as these will tend to be relatively small and the salary levels lower than in larger firms. Moreover, if new jobs are to be developed, the jobs need to "fit the people" of the community. There is clearly a need to bring jobs to people rather than to count on people to move to jobs because otherwise people from outside of the area will have to be recruited to fill new vacancies and this won't reduce unemployment!

On another level, social enterprise development has attracted a great deal of attention because social enterprises are providing more and more basic services in the wake of government cutbacks<sup>27</sup>, especially in the field of personal care, which is labour-intensive and provides new job opportunities<sup>28</sup>. When the services provided are those that could be expected from public programmes, social enterprises are often accused of job displacement (which occurs when a new enterprise forces an existing one out of business or when the fact that it provides services encourages governments to cut public sector jobs). From a social development perspective, social enterprise development must result in job creation and not in any form of job displacement. Creating jobs on one hand while cutting them back on another does not solve the problem of unemployment either!

On still another level, since the jobs created by social enterprises require a minimum of skills and since the individuals for whom the jobs are created frequently lack these skills, some form of training is usually required. It follows that setting up social enterprises does not preclude the need for training programs. If job creation

is a goal of this strategy (in order to reduce unemployment), then it must be seen as only one component of a more comprehensive strategy that may include different forms of training, life and job skills development, micro enterprise development and other forms of support<sup>29</sup>.

Social enterprises are thus often severely criticised for fashioning a pool of cheap labour and ghettos of poor-paying jobs with little or no benefits. This is a serious accusation, since revenues of social enterprises will undoubtedly always remain low in order to maintain affordability and because the enlistment of volunteers will never be sufficient to compensate for the differential between revenues and labour costs. Social enterprises could always target more affluent customers in order to increase revenues and ultimately, wages paid, but this would be defeating the purpose since they are usually set up to provide services to those who need them and not just to those who can afford them. It hence seems inevitable that social enterprises will often have to rely on low salaries and few fringe benefits to make ends meet since labour costs will be their major expense. Many thus fear that social enterprises will resort to exploiting people receiving welfare or similar benefits by turning to workfare<sup>30</sup> programmes in order to ensure their continued existence. Activists of every kind, including proponents of social enterprise development, are opposed to this, since these initiatives are supposed to help alleviate poverty, not contribute to building a bastion of working poor. In the minds of many, social enterprises cannot succeed in attaining their goals unless public or private funds are available to offset losses and to ensure relatively decent working conditions and remuneration, and, of course, unless worker participation is voluntary, which is generally not the case with workfare programmes<sup>31</sup>. Moreover, this issue must also be looked at from those who get the jobs. Even a small amount of money means being able “to move from having virtually nothing to having something [and] gaining access to better food, housing and social activities”<sup>32</sup>. Social enterprises must also be seen as venues for empowerment and community building providing those who work within them or who have something at stake in their success can participate in controlling them.

The place of women in social enterprises is another fundamental concern. The problem starts with the fact that the service sector, and personal services in particular, seems to be the main avenue for short-term development of social enterprises. Caring in some way for children, adults and the elderly has always been a task of women in the home as well as their usual source of employment outside of it. Women will probably therefore perform most of the chores related to service provision in social enterprises and bear the brunt of operational problems. Moreover, because of the type of jobs created, their salaries and benefits will most

likely be quite low. There are chances, therefore, that women will again not be compensated for the full value of their work. Indeed, it is doubtful that the development of social enterprises can actually speak to the issue of women's historical exclusion from the labour market or recognise the frequently unpaid and otherwise generally underpaid work that women accomplish for society's benefit.

There are no simple solutions to any of these problems and it could easily be argued that the solution lies within society as a whole and not within any single social enterprise. While this may be true, this does not mean that social enterprises cannot act upon those aspects that are under their control. Key issues for social enterprises therefore include ensuring that candidates for job openings are not being forced to apply, that workers participate in any decisions related to salaries and working conditions, and that every effort made to increase revenues does not sacrifice affordability. Similarly, any policies and programmes designed to support social enterprise development must address issues related to gender equity and must encourage the creation of stable and decently paid jobs providing good working conditions in these initiatives. Indeed, social enterprise development should be part of a broad, multifaceted attack on unemployment and poverty that could include, besides local development strategies that mobilise a community's resources and encourage community participation, a variety of measures such as the reduction in and the reallocation of paid working hours, the equitable sharing of productivity gains between workers and owners, and commitment to the idea and the practice of good corporate citizenship<sup>33</sup>

## **COMMERCIALISATION**

Many social and community activists believe that the mercantile side of social enterprises is dangerous in and of its own nature, since market forces play on inequalities and thus favour the most resourceful at the expense of those who are less so — and who are usually the people that social enterprises want to support. In a similar vein, Dees believes that the drive to become more businesslike holds many dangers for non-profits<sup>34</sup>, a concern echoed by other scholars<sup>35</sup>. In their view, in the best of circumstances, non-profits face operational and cultural challenges in the pursuit of commercial funding. In the worst, commercial operations can undercut an organisation's social mission. To explore the new possibilities of commercialisation and to avoid its perils, Dees suggests that non-profit leaders need to craft their strategies carefully, first, by identifying potential sources of earned income, and then, by accordingly setting clear and realistic financial objectives. Some activists go one step further, indicating that there should be some kind of public control over

the business side of social enterprises providing essential services just as there should be over any economic entity doing the same.

Still others hold that the place of initiatives such as social enterprises is between the private and public sectors, that they should not overlap either one, that their role is to complement these sectors or to temporarily increase the supply of production in these sectors where necessary, in other words, until such time as it becomes economically feasible for either the private or public sector to take over. In fact, quite a few examples of the “privatisation” of local non-profit services also exist. For example, in some Canadian cities and towns, recycling services were taken over by private sanitation firms once social enterprises operating in this field began showing a reasonable profit. Similarly, some for-profit firms currently provide social services for at-risk youth and counselling to workers in difficulty in the United States<sup>36</sup>. Not everyone agrees that this is a good thing, however, since private sector take-overs can erode the community involvement underlying what was considered a non-profit activity, and, in the long run, destroy its profitability.

The main problem is nonetheless what has been called the “terrifying simplicity” of private enterprise, that “suggests that the totality of life can be reduced to one aspect — profits”<sup>37</sup>. Indeed, the danger of commercialising all facets of human existence with, as its corollaries, a diminished concept of the common good, a redefinition of mutual assistance as quasi-commercial transactions, a subjugation of the development of social capital to economic goals and a degrading of citizenship to a mercenary consumption of public services<sup>38</sup>, is one of the threats of market-related activities on a broader scale. The resulting tension is likely to remain within social enterprise development for some time to come, since there does not seem to be a definitive solution at hand.

## **FUNDING**

The pitfalls related to the commercialisation of social enterprises are directly tied to the question of funding. Indeed, the financing of a social enterprise's operations is not an abstract question of a very practical one. In general, co-operatives seldom and non-profits never have access to conventional venture capital. Capital, as it is used here, refers to money invested by individuals or institutions who want to make a profit (called a return) on their investment. There are many ways to do this in standard private sector businesses and these include receiving a portion of the business' annual profits (dividends) or by selling the investment at a profit to someone else (trading stock). These options are not available for those who want to

support social enterprises financially. In fact, the only things that social enterprises can do to raise money is to borrow it or try to obtain it in the form of a grant, and, frankly, neither one is an easy thing to do. However, just because it is difficult for social enterprises to obtain necessary financial capital, it does not mean that they can do without it. In a number of industrialised countries, alternative financial institutions are now an important source of capital for organisations such as social enterprises. Known generically as “community development financial institutions”, these private sector intermediaries make loans and investments that are considered “unbankable” by mainstream financial institutions<sup>39</sup>. Another growing source of capital is found in a new breed of donors and foundations who call themselves “venture philanthropists” and who seek a “social return on investment”<sup>40</sup>. Finally, there are a few public programs providing capitalisation grants (money for machinery and equipment) and working capital (money to maintain day-to-day operations) for social enterprises in some countries<sup>41</sup>. There are thus a growing number of diversified funding sources available for social enterprises and other local development initiatives, but the situation is far from adequate. New social enterprises requiring capital must often turn to individuals and organisations in their community, often relatives and friends who supply what has become known as “love money” (investment based on family ties rather than on the rate of return), or alternatively, scale down their initial activities to the level of financing that their commercial transactions will generate.

## **SOCIAL ENTREPRENEURSHIP**

Entrepreneurship is usually seen as encompassing a number of personal attitudes, skills and qualities. There are many lists of these and most identify similar traits. For example, a list developed by Hawaii’s Entrepreneur Development Corporation, one of the world’s leading entrepreneurial training organisations, and adapted by the Centre for Community Enterprise in Canada recognises the following entrepreneurial characteristics and values<sup>42</sup>: drive and energy; self-confidence; long-term involvement and commitment; belief money is not an end in itself; capacity for persistent problem-solving; ability to set goals and to take moderate risks; positive attitude towards failure; willingness to seek and use feedback; ability to take initiative and personal responsibility; willingness to use other resources; competitiveness against their own self-imposed standards; masters of their own fate; tolerance of ambiguity and uncertainty and ability to decide in ambiguous situations; independence and individuality; optimism; innovation and creativity; ability to get along well with others; flexibility; high need for achievement; profit-oriented



outlook; persistence, perseverance, determination; integrity; foresightedness, perception skills; fondness for challenges. Other authors<sup>43</sup> add curiosity, motivation and mobilisation skills, management skills, and ability to analyse, to synthesise, and to delegate.

There is a certain amount of hype around these characteristics, since individual entrepreneurs seldom if ever possess all of them. Such lists are made to help individuals evaluate their potential rather than to discourage them from getting involved in venture development. Taken as a whole, they point to individuals who are generally autonomous and creative. Since social enterprises inevitably bring a number of people together in a collective effort, chances are greater that many if not most of the characteristics will be found among these collective entrepreneurs. Moreover, social entrepreneurs usually possess two other qualities: they generally have a considerable amount of empathy as well as good pedagogical skills. Attracting individuals who have such qualities and skills is a major challenge for social enterprise development.

“Social entrepreneurs are innovators who pioneer new solutions to social problems and in doing so change the patterns of society. Like business entrepreneurs, they combine creativity with pragmatic skills to bring new ideas and services into reality. Like community activists, they have the determination to pursue their vision for social change relentlessly until it becomes a reality society-wide.”<sup>44</sup> Indeed, social entrepreneurs are the people who imagine and subsequently play a lead role in setting up social enterprises. While they are often also the ones who establishing other types of community organisations that have no commercial operations, advocacy groups, and various forms of social and charitable programs, it is their tie to social enterprise development that has sparked recent interest.

In the past, social entrepreneurs were occasionally public servants or employees of corporations who wanted to do something for others, but most often emerged from traditional, community development networks. Today, “new” social entrepreneurs are generally social workers and community organisers<sup>45</sup>, and sometimes socially concerned business people, who want to do something with other people. In other words, social entrepreneurship is no longer solely focussed on providing services, but also on the way that these services are provided and on channelling them towards the development of greater individual and collective empowerment and social change. For example, the growing number of community leaders and social practitioners initiating and managing social enterprises do so because they believe

that this strategy has the potential to provide more “good” jobs in the long run for marginalised people than short-term training.

Programs in Great Britain and New Zealand support social entrepreneurship rather than social enterprises. This is a wise move on the part of the governments since, by doing so, they foster the development of all kinds of social innovations, including social enterprises as well as all kinds of other initiatives that enhance quality of life, reduce poverty and suffering, or all of these. On the other hand, entrepreneurial characteristics must not be confused with management skills. Good managers are required to ensure continuity and profitability on all levels. People who run organisations generally have the technical skills required to produce the goods and services offered, the ability to market them and the ability to manage the financial affairs of the organisation<sup>46</sup>. Ideally, therefore, support for social entrepreneurship should likewise seek to support the development of on-going management skills.

## **BUSINESS PLANNING**

Developing social enterprises is not a haphazard process. Successful operations are generally the result of good planning and the development of a solid business plan is crucial for a social enterprise.

The planning process for social enterprises is multifaceted and complex. It begins with a selection process within which ideas for new social ventures are screened. This means that promoters of a social enterprise project will have identified criteria for evaluating the different ideas that will come forth. For example, if the promoter is a local development organisation, then evaluation criteria might include the employment of low-income community members, not competing with existing local businesses or services, and using existing local assets and expertise. Similarly, if the promoter is an individual, then the criteria might contain providing opportunities for creativity, ensuring decent working conditions for all workers, and building on existing personal strengths. Setting up a social enterprise can be an expensive proposition, both in terms of energy and financial resources, and so this way to begin is important so that its potential to help attain objectives can be clearly measured right from the start.

Once a limited number of ideas are retained, the next step is to identify what resources are available to see the project through and which are lacking. At the same time, a preliminary estimate of the potential market is calculated and a bit of data related to operating costs is collected. All of this information, even though it

may be very general and uncertain, will nevertheless provide a somewhat informed opinion on the general potential of the social enterprise. This step is often referred to as a feasibility study, and it is performed in order to ascertain whether it is worth investing time, energy, human and financial resources into developing a formal business plan for this venture.

The next step of the planning process is the development of a formal business plan for the venture that is still in the running. The first stage is the collection of data about the industry, the product or service that is to be offered, the beneficiaries, clients or end-users, and the competition. All of this information is compiled and analysed, and the results are used to develop marketing strategies, operating plans, organisational structure and financial forecasts — or, in other words, all of the components of a formal business plan.

The *Venture Development Basics Workbook*<sup>47</sup> states that a business plan is a written document prepared by the entrepreneur or the entrepreneurs which describes her, his, or their goals as well as the ways to achieve them within a specific time frame. It goes on to explain that a business plan alerts everyone involved to all of the things crucial to the success of the venture and forces them to make a lot of important decisions in advance, when there's still plenty of time to think. Since the information gathered and the results of analyses are not always encouraging, it tests the commitment to the social enterprise of everyone involved. It also gives everyone a chance to think new ideas through and to see if they can be turned into the facts and figures required by funders.

The business plan is also very important because many people in the financial institution or government agency that the promoters will approach for funding will never meet the people involved or see the actual installations. The loan or grant will often be decided by second-level managers or higher (the manager of a bank or credit union, a field office manager of a government agency), sometimes relying on the opinion of internal analysts and outside consultants, or by a loan review committee. Their decisions regarding the loan or grant application will depend almost entirely on their analysis of the business plan document.

No amount of planning, no matter how rigorous, can guarantee the success of a social enterprise. In fact, it can be argued that a very great number of highly successful businesses did not emerge from any kind of a business planning process. While this may be true, because the stakes of social enterprises are often higher than that of conventional businesses, it is imperative that promoters make every effort to ensure stability and continuity of services. In many cases, shutting down a social

enterprise means that the people served will be deprived of services that they need. If planning can help a social enterprise to better meet its objectives, both economic and social, then it must be accomplished.

Because the development of a business plan requires some specialised knowledge — to develop a marketing strategy, for example, or to prepare financial analyses —, the promoters will commonly seek assistance from professionals. This is a good idea. However, they may also be tempted to allow outside professionals to prepare complete sections of the business plan. This is not such a good idea since the social entrepreneurs will have the responsibility of explaining the contents of the business plan to others and of transforming it into reality. They will therefore have to be aware of all of the details of the plan. They will also have to understand the reasoning behind each element in it in order to be able to evaluate the success of the implementation process and to make any necessary changes in the future. Such comprehension is much easier to acquire if the persons responsible for seeing a business plan through actually write it up themselves. The use of business planning guides and software must also be an empowering process and not the opposite. There is no recipe for setting up a successful social enterprise or for any other type of business venture, even though there are essential ingredients. Finally, social enterprises must, of course, address stakeholder concerns such as those of the people who will be receiving the goods or services or of the community. Unfortunately, most business planning guides or even professionals do not take this into consideration since they are just simply not all that concerned with non traditional business issues or with social as opposed to financial returns on investment.

In some ways, the acid test of social enterprise development is the possibility of integrating social and ethical criteria into a business plan format since a social enterprise's economic side has all of the same components and imperatives as have conventional businesses. However, its true success will ultimately lie in its ability to meet its social goals. Indeed, if social changes are truly going to happen, a community's or a society's benefits from a social enterprise must be identified in its marketing plan, in its operations plan, in its management plan, and in its financial plan. Otherwise, as a strategy for social development, social enterprise development may be just wishful thinking.

## CONCLUSION

The development of a completely new economy based on solidarity, designed to strengthen civil society, not the other way around, must be achieved if social problems such as poverty and unemployment are to be resolved<sup>48</sup>. While social enterprise development seems to be a step in this direction and, as such, part of a movement towards social change, if it promotes nothing more than a collective way of doing business, then its social goals will eventually be subordinated to what become, with time, economic imperatives<sup>49</sup>. In the same vein, if a social enterprise is just another form of State service delivery, then its only advantage would seem to be cheap labour or less expensive management and infrastructures or both, practices that do not solve fundamental social problems and that play into the hands of governments seeking to disinvest themselves of their social responsibilities<sup>50</sup>. Social enterprise development should instead try to become an active part of what some refer to as a “plural economy”, “an economy based on solidarity” or “a reciprocal economy”<sup>51</sup> that gives new value to non-commercial and non-monetary transactions by recognising them as economic activities in their own right. Social enterprises are, after all, an economic mix of commercial activities (self-financing through sales), non-commercial but monetary activities (public funding, donations from churches, foundations, and other institutions), and non-monetary activities (voluntary work and donations by members and other supporters). They can fit right into this new model.

In some ways, social enterprise development is much more about citizenship than about economics. The main issue has a lot to do with the way that control is exercised by a community’s members, especially those who are usually left out from development-related decisions. The idea is to mobilise and make use of all possible resources, to ensure that the resulting development will benefit all of a society’s members, and to guarantee that all social concerns are part of the agenda for change. Economic development in line with values such as power sharing, consensus decision-making, and integrated individual and collective concerns has to be fundamentally democratic, equitable and ethical. This means that concepts such as productivity and compensation have to be looked at through new lenses and that social and economic organisations have to make room for people simply because they are people, not because they are the best and the brightest, not because they are the most technically competent. The development of social enterprises has the potential to embrace some of these values and to experiment their practice in an economic context. But a new economic order goes beyond what social enterprises

can offer. Social enterprise development can, nevertheless, contribute to the advent of such an economy, even if only in a limited fashion. It is therefore vital to make it part of the process of building a new society based on mutuality and solidarity. Is this not in some ways an ultimate goal of social development?

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- <sup>1</sup> Defourny, Jacques, "The Origins, Forms and Roles of a Third Major Sector" in Defourny, Jacques, and Monzón Campos, José Luis (Editors), *Économie Sociale: entre économie capitaliste et économie publique/The Third Sector: Cooperative, Mutual and Nonprofit Organizations*, Brussels: CIRIEC and De Boeck-Wesmael, Inc., 1992, pp. 29-32.
  - <sup>2</sup> For example, see: Bullen, Paul, Lawrence, Steve, Schwenke, Phil, Williamson, Alan, and Williamson, Sue, *Nonprofits in Business: Business Ventures Operated by Community Organizations in NSW and the ACT*, Surry Hills, New South Wales: WorkVentures, 1997, 258 pages; Church, Kathryn, and Creal, Liz, *Voices of Experience: five tales of community economic development in Toronto*, Toronto: CED/Health Research Project, 1995, 89 pages; Community Workshop on Economic Development (CWED), *Digging In: Community Grown Business Ventures*, Chicago, 1989, 71 pages; Emerson, Jed, and Twersky, Fay, *New Social Entrepreneurs: The Success, Challenge and Lessons of Non-Profit Enterprise Creation*, San Francisco: The Roberts Foundation Homeless Economic Development Fund, 1996, 417 pages; Macfarlane, Richard, and Laville, Jean-Louis. *Developing Community Partnerships in Europe: New Ways of Meeting Social Needs in Europe*, London: Directory of Social Change and Calouste Gulbenkian Foundation, 1992, 121 pages.
  - <sup>3</sup> For example, see: Bordeleau, Danielle, Toyé, Mike, and Shragge, Eric, *Alternative/Training Business: New Practice, New Directions. Case Studies*, unpublished, 1999, 180 pages; Church, Kathryn, "Business (Not Quite) As Usual: Psychiatric Survivors and Community Economic Development in Ontario", in Shragge, Eric (Editor), *Community Economic Development: In Search of Empowerment and Alternatives*, Montréal: Black Rose Books, 1997, pp. 48-71; Hammack, David C., and Young, Dennis R., "Introduction: Perspectives on Nonprofits in the Marketplace", in Hammack, David C., and Young, Dennis R. (Editors), *Nonprofit Organizations in a Market Economy: Understanding New Roles, Issues, and Trends*, San Francisco: Jossey-Bass Publishers, 1993, pp. 1-19; Krimerman, Len, and Lindenfeld, Frank, "Taking Stock: Workplace Democracy's Unique Potential for Progressive Change" in Krimerman, Len, and Lindenfeld, Frank (Editors), *When Workers Decide: Workplace Democracy Takes Root in North America*, Philadelphia, PA and Gabriola Island, B.C.: New Society Publishers, 1992, pp. 204-217; Laville, Jean-Louis, *An Approach of Non Profit Organizations and Welfare Mix: the "Proximity Services"*, Paris: Centre de recherche et d'information sur la démocratie et l'autonomie, Laboratoire de sociologie du changement des institutions, 1996, 47 pages; Pestoff, Victor A., *Beyond The Market and State: Social enterprises and civil democracy in a welfare society*, Aldershot, England: Ashgate, 1998, 288 pages; Skloot, Edward (Editor), "The Nonprofit Entrepreneur: Creating Ventures to Earn Income", New York: The Foundation Center, 1988, 170 pages.
  - <sup>4</sup> Dees, Gregory, "Enterprising Nonprofits", *Harvard Business Review*, Vol. 76, N° 1, January-February, 1998, pp. 54-67.

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- <sup>5</sup> Budd, Jeff, "How Aonprofits Using Business Ventures? Advice from the Front", *Nonprofit World*, Vol. 14, N° 3, Jan-Feb, 1994, p. 40.
- <sup>6</sup> This doesn't mean that social enterprises do not exist in such fields. The opposite is true, especially the co-operative model. One very well-known example is the Mondragón group of worker co-operatives in the Basque region of Spain. This federation of 85 worker co-ops and 22 other companies either wholly or jointly held by the cooperatives provides employment for over 34,000 people in several sectors: automotive, electronic components, construction, industrial equipment, household goods, engineering and capital goods and machine tools. See: Clamp, Christina, *Mondragon & the Challenge of Thinking Globally and Acting Locally*, paper presented at the International Cooperative Alliance Congress, August 30 – September 6, 1999, Québec City, Québec, 29 pages; MacLeod, Greg, *From Mondragon to America: Experiments in Community Economic Development*, Sydney, Nova Scotia: Tompkins Institute, University College of Cape Breton, 1997, 187 pages.
- <sup>7</sup> Commission européenne, *Les initiatives locales de développement et d'emploi : enquête dans l'Union européenne*, Luxembourg: Office des publications officielles des Communautés européennes, 1995, 122 pages (in English: *A European Strategy for Encouraging Local Development and Employment Initiatives*, COM 273/95).
- <sup>8</sup> Chantier de l'économie sociale, *De nouveau, nous osons : document de positionnement stratégique*, Montréal: Chantier de l'économie sociale, 2000, p. 14.
- <sup>9</sup> Dees, 1998, *op. cit.*
- <sup>10</sup> See footnotes 1 and 2.
- <sup>11</sup> Daly, Herman E., *Beyond growth: the economics of sustainable development*, Boston: Beacon Press, 1996, 253 pages; World Commission on Environment and Development, *Our Common Future*, Oxford, England: Oxford University Press, 1987, 400 pages.
- <sup>12</sup> Economic development should therefore not be confused with economic growth. While the latter may be essential in underdeveloped countries or communities to ensure a supply of goods and services to residents, efficient economic development may actually mean slower or more selective growth in the rest of the world. See: Daly, Herman E., and Cobb John B. Jr., *For the Common Good: redirecting the economy toward community, the environment, and a sustainable future*, Boston: Beacon Press, 1994, 534 pages; Sen, Amartya, *Development as Freedom*, New York, New York: Anchor Books Division of Random House, Inc., 1999, 366 pages.
- <sup>13</sup> Bruyn, Severyn T., "Beyond the Market and the State" in Bruyn, Severyn T., and Meehan, James *Beyond the Market and the State: New Directions in Community Development*, Philadelphia: Temple University Press, 1987, 3-27.
- <sup>14</sup> Some believe that labour market restructuring is an important factor. See: Harrison, Bennett, and Weiss, Marcus, "Labour Market Restructuring and Workforce Development: The Changing Dynamics of Earnings, Job Security, and Training Opportunities in the United States", in Giloth,

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- Robert P. (Editor), *Jobs and Economic Development: Strategies and Practice*, Thousand Oaks, California: Sage Publications, 1998, pp. 19-41.
- <sup>15</sup> Deniger, Marc-André, Evans, R. Scott, Portebois, Viviane, Provost, Monique, Régimbald, André, and René, Jean-François, *Poverty among young families and their integration into society and the work force: an Ontario-Quebec comparison*, Ottawa: Social Planning Council of Ottawa-Carleton and Canadian Council on Social Development, 1995, 126 pages; Sherman, Arloc, Amey, Cheryl, Duffield, Barbara, Ebb, Nancy, and Weinstein, Deborah, *Welfare to What? Early Findings on Family Hardship and Well-Being*, Washington, D.C.: Children's Defense Fund and National Coalition for the Homeless, 1998, 67 pages.
- <sup>16</sup> According to the Web site of the International Co-operative Information Centre, <http://www.wisc.edu/uwcc/ivic/def-hist/def/what-is.html> (visited September 23, 2001).
- <sup>17</sup> Rossi, Giovanni, "The Phenomenon of Social Co-operatives in Italy", *The World of Co-operative Enterprise 1996*, London (England): Plunkett Foundation, 1996, 109-114.
- <sup>18</sup> Boothroyd, Peter, and Davis, Craig H., "Community Economic Development: Three Approaches", *Journal of Planning Education and Research*, 12, 1993, pp. 230-240; Lewis, Mike, "Opportunity & Risk", *Making Waves*, Vol. 11, N° 1, 2000, p.1; Ninacs, William A., "Synthesizing the Research Results: Where is the Common Ground?", *Making Waves*, Vol. 4, N° 4, 1993, pp. 18-20; Swack, Michael, and Mason, Donald, "Community Economic Development as a Strategy For Social Intervention" in Bennett, Edward M. (Editor), *Social Intervention: Theory and Practice*, Lewiston, New York, and Queenston, Ontario: The Edwin Mellen Press, 1987, pp. 327-347.
- <sup>19</sup> Wallace, Sherri Leronda, "Social Entrepreneurship: The Role of Social Purpose Enterprises in Facilitating Community Economic Development", *Journal of Developmental Entrepreneurship*, Vol. 4, N° 2, pp. 153-174.
- <sup>20</sup> Coleman, James S., "Social Capital" in *The Foundations of Social Theory*, Cambridge: Harvard University Press, 1990, pp. 301-321.
- <sup>21</sup> Putnam, Robert D., "Social capital: measurement and consequences", *Isuma*, vol. 2, n° 1, 2001, pp. 41-51.
- <sup>22</sup> Putnam, Robert D., "Bowling Alone", *Journal of Democracy*, Vol. 6, N° 1, 1995, pp. 65-78 [[http://muse.jhu.edu/journals/journal\\_of\\_democracy/v006/putnam.html](http://muse.jhu.edu/journals/journal_of_democracy/v006/putnam.html)].
- <sup>23</sup> Putnam, Robert D., *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton (New Jersey): Princeton University Press, 1993, 258 pages.
- <sup>24</sup> For a critique of social capital, see Lemann, Nicholas, "Kicking in Groups", *The Atlantic Monthly*, April 1996, 22-26.
- <sup>25</sup> Sauvage, Patrice (1996), "Summary" in *Reconciling Economy and Society: Towards a Plural Economy*, Paris: OECD, pp. 9-27.



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- <sup>26</sup> Ishigami, Keitaro, *New Approaches to Public-Private Projects in Japan*, Nomura Research Institute, Ltd., 1995; Macfarlane, Richard, and Laville, Jean-Louis, *Developing Community Partnerships in Europe: New Ways of Meeting Social Needs in Europe*, London, England: Directory of Social Change and Calouste Gulbenkian Foundation, 1992, 121 pages.
- <sup>27</sup> Rifkin, Jeremy (1995). *The End of Work*, New York, G. P. Putnam's Sons, 350 pages.
- <sup>28</sup> Clark, Peggy, Dawson, Steven L., Kays, Amy J., Molina, Frieda, and Surpin, Rick, *Jobs and The Urban Poor: Privately Initiated Sectoral Strategies*, Somerville, Massachusetts: Mt. Auburn Associates Inc., 1995, 42 pages; Dawson, Steven L., and Surpin, Rick, *Home Health Care Enterprise Creation as a Strategy for Low-Income Community Development*, New York: Home Care Associates Institute, 1993, 10 pages.
- <sup>29</sup> O'Regan, Fred, and Conway, Maureen *From the Bottom Up: Toward a Strategy for Income and Employment Generation Among the Disadvantaged*, interim report of the Local Employment Approaches for the Disadvantaged (LEAD) Programme, Washington, D.C.: The Aspen Institute, 1993, 45 pages.
- <sup>30</sup> Workfare is a contraction of the expression "work for welfare". It refers to public assistance programmes in which welfare recipients are required to work as a condition of aid. In countries such as the United States, limits have been put on how long someone can receive benefits and states now have broad latitude to design their own programmes. Often, welfare recipients must attend job orientation sessions, look for work, participate in job clubs, work with job counsellors, and accept jobs that they might not otherwise have taken. In general, welfare recipients are penalised for non-compliance. See: Shragge, Eric, "Workfare: An Overview" in Shragge, Eric (Editor), *Workfare: Ideology for a New Under-Class*, Toronto: Garamond Press, 1997, pp. 17-34.
- <sup>31</sup> See: "Regeneration through Work: creating jobs in the social economy", *Local Work*, N° 72, December 1996/January 1997, Manchester, England: Centre for Local Economic Strategies, pp. 1-7.
- <sup>32</sup> Church, 1997, *op cit*.
- <sup>33</sup> Lapointe, Danielle, and Vachon, Bernard, "Création de services d'aide à domicile", *Économie locale et territoires*, vol. 1, n° 3, April 1997, p. 3; Reder, Alan, *75 Best Business Practices for Socially Responsible Companies*, New York: G. P. Putnam's Sons, 1995, 304 pages.
- <sup>34</sup> Dees, 1998, *op. cit*.
- <sup>35</sup> Scotchmer, Kristin, and Van Benschoten, Elizabeth, "Nonprofit Pursuit of Commercial Ventures: Implications for Nonprofit Public Purpose", working paper published in the proceedings of the Independent Sector's 1999 Spring Research Forum, *Crossing the Borders: Collaboration & Competition Among Nonprofits, Business and Government*, Washington, D.C.: Independent Sector, 1999, pp. 397-418; Weisbrod, Burton A., "Conclusion and Public-Policy Issues: Commercialism and The Road Ahead" in Weisbrod, Burton A. (Editor), *To Profit or Not To Profit: The Commercial Transformation of the Nonprofit Sector*, New York: Cambridge University Press, 1998, pp. 287-305.

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- <sup>36</sup> Ryan, William P., “The New Landscape for Nonprofits”, *Harvard Business Review*, January-February 1999, pp. 127-136.
- <sup>37</sup> Schumacher, E. F., *Small is Beautiful*, London, England: Abacus (Sphere Books Ltd), 1976, p. 213.
- <sup>38</sup> Sauvage, 1996, *op. cit.*
- <sup>39</sup> See the CDFI Coalition Web site at <http://www.cdfi.org/about.html> (visited September 25, 2001).
- <sup>40</sup> See the Roberts Enterprise Development Fund Web site at [http://www.redf.org/about\\_sroi.htm](http://www.redf.org/about_sroi.htm) (visited September 25, 2001).
- <sup>41</sup> For example, such a programme exists in the Province of Québec in Canada. See the Web site of the Association des centres locaux de développement du Québec [local development centres] at <http://www.acldq.qc.ca/> (visited September 25, 2001).
- <sup>42</sup> Green, Frank, and Lewis, Mike, *Venture Development Basics: A Workbook*, Vancouver, British Columbia: Westcoast Development Group, 1991, 100 pages.
- <sup>43</sup> Gasse, Yvon, “L’entrepreneur : son profil et son développement” in Desrosiers, Jules, and Gasse, Yvon, *Former des entrepreneurs : pourquoi, à quoi, comment?*, Québec (Québec): Fondation de l’entrepreneurship, p. 119; Orion, coopérative de recherche et de conseil, *Le conseil en création d’entreprises*, Sillery (Québec), 1994, 86 pages.
- <sup>44</sup> *The Jobs Letter*, N° 147, June 27, 2001, page 1. Downloaded from its Web site on June 26, 2001, at <http://www.jobletter.org.nz/jbl14700.htm>.
- <sup>45</sup> Ninacs, William A., and Favreau, Louis, “CED in Québec: New Features in the Early 1990s”, *Making Waves*, Vol. 4, N° 4, 1993, pp. 8-11; Favreau, Louis, and Ninacs, William A., “The Innovative Profile of Community Economic Development in Quebec” in Galaway, Burt, and Hudson, Joe (Editors), *Community Economic Development: Perspectives on Research and Policy*, Toronto: Thompson Educational Publishing, 1994, pp. 153-165.
- <sup>46</sup> Sirolli, Ernesto, *Ripples from the Zambesi*, Philadelphia, PA, and Gabriola Island, B.C.: New Society Publishers, 1999, 151 pages, p. 92.
- <sup>47</sup> Green and Lewis, 1991, *op. cit.*
- <sup>48</sup> See: Brandt, Barbara, *Whole Life Economics: Revaluing Daily Life*, Philadelphia, PA, and Gabriola Island, BC: New Society Publishers, 1995, 243 pages; Henderson, Hazel, *Paradigms in Progress: Life Beyond Economics*, San Francisco: Berrett-Koehler Publishers, 1995, 293 pages; Nozick, Marcia, *No Place Like Home: Building Sustainable Communities*, Ottawa: Canadian Council on Social Development, 1992, 237 pages.
- <sup>49</sup> See: Joyal, André, “Les entreprises alternatives au Québec” in Lévesque, Benoît, Joyal, André, and Chouinard, Omer (Editors), *L’autre économie: une économie alternative?*, Sillery, Québec: Presses de l’Université du Québec, 1989, pp. 165-184, and “Les entreprises alternatives québécoises: à l’image de leurs homologues européennes”, *Coopératives et développement*, vol.

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- <sup>50</sup> Shragge, Eric, and Church, Kathryn (1998). "None of Your Business?! Community Economic Development and The Mixed Economy of Welfare", *Canadian Review of Social Policy/Revue canadienne de politique sociale*, N° 41, 33-44. These concerns are usually associated with the development of a social economy. See: Ninacs, William A. (1999). "A Practitioner's Perspective on the Social Economy in Québec" in Fontan, Jean-Marc, and Shragge, Eric (Editors), *Social Economy: International Debates and Perspectives*, Montréal, Black Rose Books, 2000, pp. 130-158.
- <sup>51</sup> Laille, Jean-Louis, *An Approach of Non Profit Organizations and Welfare Mix: the "Proximity Services"*, Paris: Centre de recherche et d'information sur la démocratie et l'autonomie, Laboratoire de sociologie du changement des institutions, 1996, 47 pages; Ninacs, William A., "The Bois-Francs Experience: Reflections on Two Decades of Community Development and Empowerment" in Shragge, Eric (Editor), *Community Economic Development: In Search of Empowerment and Alternatives (Revised Edition)*, Montréal: Black Rose Books, 1997, pp. 147-181; Polanyi, Karl, *The Great Transformation*, Boston, Beacon Press, 1957, 315 pages; Roustang, Guy, Laille, Jean-Louis, Eme, Bernard, Mothé, Daniel, and Perret, Bernard, *Vers un nouveau contrat social*, Paris: Desclée de Brouwer, 1996, 187 pages.