

# A review of the evidence on models of social enterprise in the provision of adult social care in the UK, Europe and USA

Dr Luke Cowie, Research Fellow, Cardiff University

---



# Structure of presentation

---

- Some background & definitions
- Overview of the main themes to have emerged from the literature review to date
- Spotlight on the assumed differences between ‘third sector’ and statutory or ‘for profit’ providers of social care services
- Some points on evaluating the ‘success’ of social enterprises
- Some specific examples from an international example (Italy) to foreground some of the important issues
- Concluding remarks

# Definitions

---

- The literature abounds with various terms that are often left unclarified or used interchangeably, creating the possibility for confusion.
- This literature review has not encompassed all third sector organisations (TSOs), but has concentrated on 'social enterprises' (co-operatives/mutuals, employee owned businesses etc.)
- Social enterprises are businesses with primarily social objectives where surpluses are reinvested for social purposes in the business or community, rather than being distributed to shareholders.
- Employee owned businesses are either totally or significantly owned by their employees, using either direct, indirect or mixed ownership models.
- 'A co-operative is an autonomous associations of persons united voluntarily to meet common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise' (International Co-operative Alliance)

# Background

---

- Since the 1980s, there have been significant changes to the welfare states and public expenditure programmes of many countries in Europe and further afield, due to fiscal constraints and growing health and social care needs of their populations (scissors crisis).
- This evolution has often seen decreasing public service provision supplemented by growth in the 'third sector' (charities, voluntary organisations, social enterprises), and this has often promoted politically as both a means of reducing the burden on central statutory resources and also claimed as a way of better reaching and serving people's needs.
- The rationale is simply that, while third sector organisations are private organisations, they are motivated by important social values such as justice and social inclusion.
- It is also argued, however, that a promotion of these organisations can serve to justify further cuts to public services (e.g. political aspirations to reduce the public sector – UK?)

# UK policy background

---

- Successive governments have each shaped the evolving relationship between public, private and third sector bodies in the provision of public services.
- The period following WW2 till the late 1980s saw the development and expansion of centralised health and welfare departments, evolving into more specialist provision (local authorities providing public services directly).
- The 1990s saw the Conservative government (1979-1997) pushing towards greater marketization, seeing social workers becoming 'purchasers' as well as providers of care.
- New Labour (1997-2010): discourses of 'modernisation' and a 'third way' (somewhere between private/public polarities). Emphases on 'partnership working' and a pragmatic 'managerialist' approach rather than political drivers for change. A 'level playing field' for all providers, regardless of sector.
- The UK Coalition government (2010-2015) continued to encourage third sector providers through local Clinical Commissioning Groups, allowing GPs to choose services from 'any qualified provider', meaning that third sector organisations were encouraged to compete for contracts.

# Main themes to have emerged

---

- Economic context and policy changes, associated differences in emphasis and the pragmatic implications of policy for social care provision by TSOs.
- Relationships between governments and TSOs
- Differences between TSOs and other types of social care provider (statutory/‘for profit’)
- Measuring the value and success of social enterprises
- International case studies (principally Italy, Spain, France, Japan, Sweden, Norway, USA)
- Models of TSO and models of governance (e.g. single- or multi-stakeholder)

# The distinctiveness of the third sector in delivering social care

---

- The literature contains numerous examples of benefits that are implicitly assumed to relate to the distinctiveness of third sector provision of social care services.
- Structural distinctiveness – autonomous from government, self-governing, does not distribute profit outside of the organisation, has specified value-driven aims.
- Perceived qualities – greater scope to be innovative and tailor more personalised services, increased access to and responsiveness to local populations, increased involvement of volunteers and service users (co-production), fostering more active communities.
- **However**, caution is advised in assuming that such beneficial distinctiveness is always and uniformly present in every case. The literature abounds with examples, but it is not clear to what extent generalisations can be made across third sector organisations in social care.

# Evaluating the success of social enterprises

---

- Financial metrics alone are not sufficient to evaluate the success of social enterprises.
- The point of economic equilibrium must still be reached (sustainability) but this is principally so that broader social value aims can be realised – wider community of stakeholders.
- Wealth creation (and possibly cost savings elsewhere), but also social value creation – must evaluate both aspects (which is most important?!).
- Objective outputs can be monitored, but arguably much more difficult to measure the qualitative impact on individuals and wider communities (outcomes).
- In addition to direct benefits to the intended beneficiaries, key indicators might also include use of local suppliers, use of socially or environmentally certified suppliers, the quality of working conditions for staff or the offering of employment opportunities to disadvantaged groups



# Case study: Italy

---

- Italy has a long tradition of co-operative development, beginning in the c19th with worker and housing co-ops, but since the late 1960s this has broadened into the model of the 'social co-op'. Since the global financial crisis of 2008, statutory health services have been further restricted, and co-ops have broadened their provision further.
- Explicit legal recognition (1991) is given to these social co-ops and stipulates that they pursue the "general interest of the community, for the human promotion and social integration of citizens". It recognises a special relationship between public administrations and the social co-ops.
- They tend to be of two types: Type A – health and social care in addition to education and daycare services, Type B – targeting the social inclusion of people marginal to the job market
- Italy's co-ops have always tended to have more than one type of member (e.g. workers and volunteers) and so they were pioneers in the multistakeholder co-op model.

# Case study: Italy

---

- As of 2013, 10,836 co-operatives operate in the social care sector. The number of users is not known, but for all kinds of social co-op in Italy, there are an estimated seven million clients.
- Several models of social co-op identified: 1) Labour-oriented: core activities include searching for work and employment protection for worker-members, 2) 'delegatory': orgs that give the state responsibility for financing services to the most disadvantaged groups, 3) 'responsible': orgs that are committed to responding to the needs of disadvantaged groups and are not interested in catering to private demand, and 4) 'interventionist': orgs which give highest priority to the problems of social inequality and social inclusion.
- They have become an integral part of the Italian welfare system, with around 35,000 employees, but their close dependence on public financing (previously direct funding, now competitive tendering) has somewhat changed their original close relationship with civil society

# Case study: Italy

---

- A social co-op survival rate of 89% after 5 years demonstrates the robustness of the model.
- The social co-op model has successfully expanded its distributed way of working by following four guiding principles and methods:
  - 1) **Human scale guidance**: a maximum recommended membership of 100 to aid the building of trust and social capital.
  - 2) **Locality and decentralisation**: operating in the local economy and within defined geographical areas.
  - 3) **'Strawberry fields'**: each successful social co-op commits to support one new social co-op.
  - 4) **Co-op consortia**: unite co-ops in specific sectors such that there is pooling of resources (legal advice, training, regulatory support, back office admin services, tendering & negotiating power).

# Case study: Italy

---

- Argued to have been three phases of co-op evolution: 1) 'pioneer' phase (1980s-1991), 2) 'expansion' phase (1991-2000), and 3) 'institutional' phase (2000-present).
- Some have criticised co-ops during this last phase as becoming overly dependent on the state, and losing some of their unique autonomy. But it has been argued that this is overly simplistic - these models of service provision continue to evolve in response to changes in the social and economic landscape, and continue to innovate in ways that show a capacity to use new methods and enter new areas and tackling changing socioeconomic needs.
- After 3 decades it can no longer be assumed that Italian co-ops will inevitably continue to work to their original social values, and that occupational and economic interests are increasingly relevant. Generalisations are difficult, given wide heterogeneity of co-op models, but the extent to which co-ops remain committed to these values seems to correlate to the extent to which they have maintained links with civil society (mostly via governance models that involve multiple stakeholders).

# Case study: Italy

---

- The rapid transformation of social care provision has included significant structural change, which has generated certain assumptions about the changing role of social work in Italy and the quality of the services provided:
- These assumptions are:
  - 1) that TSO provision of social care is a fall-back solution in the face of atypical structural and economic circumstances, and that the atypical services provided by TSOs are often at odds with the features of traditional social work,
  - 2) this shift is part of the scaling back of public services, and TSOs are indirectly contributing to this erosion of civil rights, which social workers have traditionally been advocates and protectors of, and
  - 3) TSOs are a 'Trojan horse' that are imposing market principles and methods onto the field of social work, which implies increased exploitation of workers and an impoverishment in the quality of social work provided.

# Case study: Italy

---

- However, it is argued that these assumptions are largely unsupported by data: surveys instead suggest that TSO workers perceive their role to be equal to their public sector counterparts, that they share the same professional values and role identity, and that they are in fact better placed to exert autonomy and facilitate political engagement than those who are more stifled by bureaucracy, cultures of managerialism and cost cutting pressures.
- But, one author accepts, there are elements of deprofessionalisation in contexts where they are delivering services in highly competitive contexts, and also that there are examples where TSO workers have roles and duties different from those of traditional social workers, but that these do not imply a loss of quality.
- Instead, these issues reflect structural challenges facing the entire social care sector, and are suggestive of opportunities for reassessing and renewing the profession as a whole.

# Concluding remarks

---

- This review of the literature is incomplete and ongoing.
- There are several countries about which there is a considerable number of high quality sources that document the development and evolution of social enterprises from a range of perspectives and that provide interesting insights into pragmatic concerns that are highly relevant to the relatively undeveloped culture of social businesses here in the UK
- But, the literature from the UK is comparatively smaller, more difficult to identify, and often to be found in 'grey literature' sources.
- It is unclear to what extent, given the differences in cultural and economic contexts, that it can be expected that experiences in these countries are replicable in the UK without attention to those specific factors that have contributed to their success elsewhere.
- There appears to be a paucity of academic research from UK contexts, and so recommendations for future research will be generated as part of the final literature review.