



Stronger Charities.
Stronger Communities.

SUBMISSION TO THE ENTERPRISE WHITE PAPER PUBLIC CONSULTATION

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Introduction

The Wheel warmly welcomes the Government decision to develop a White Paper on Enterprise in 2022. This presents an opportunity to outline the context for, identify the challenges and opportunities in, and set policy priorities to support the development of sustainable enterprises between now and 2030.

We agree fully with the sentiment expressed in the Department's briefing note that *"As Ireland looks towards 2030, the country is facing a variety of mutually reinforcing challenges – from digitalisation to decarbonisation as well as geopolitical and global economic changes. Arguably, Ireland now faces a 'hinge moment', a pivotal turning point that could profoundly shape our future economy and society."*

If Ireland is to succeed in making the **digital transition**, making the **green transition**, **decarbonising** the economy, achieving a **circular economy** and **upskilling** the labour force, all types of enterprises must be included.

The Social Economy was identified as a key component in the European Commission's *A New Industry Model for Europe*, while its *Annual Single Market Report 2021* presented an analysis of the challenges and the transformative initiatives to achieve the twin green and digital transitions and increase resilience. The Social Economy was identified as one of the 14 industrial ecosystems to be supported.

The Commission is preparing to launch a transition pathway for the Social Economy industrial ecosystem which will inter alia boost the capacity of the social economy to adopt and develop greener practices, products and services, and to improve their digital capacities.

The forthcoming White Paper should also recognise and put in place the supports to harness the potential of Ireland's social enterprises. Social enterprise organisations are private entities running economic activities whose main purpose is to provide goods and services to their members or the community at large, with profits coming second. They build on local roots; solidarity and participation are core principles driving their activities.

It is estimated that in 2019, the Irish nonprofit sector turned over €13.9 billion, of which 44% – less than half (€6.2 billion) – came from Government. The sector is comparable in size to the tourism sector. Fáilte Ireland estimates that in 2019 overseas and domestic tourists and the airfares to come to Ireland came to €9.5 billion and said that represents 3.6% of GNP in revenue terms.

While the state provides *"a range of tailored supports for enterprise of all sizes in Ireland"*, social enterprises have historically found it difficult to access them. The supports which *"include access to finance, management development, mentoring supports, business development programmes, market supports and trade promotion"*, should be equally available to social enterprises.

The social economy can play a much larger role in the post-COVID phase to inspire transformation to a more inclusive and sustainable economy and society. Across the world, the social economy has proven to be a pioneer in identifying and implementing social innovations and alternative ways of organising economic activities, e.g. fair trade, organic food movements and ethical finance.

The OECD points out that, *"Social economy organisations also have the potential to expand social innovation to address pressing environmental and societal challenges. They do so by focusing on social impact and working with local stakeholders (citizens, civil society, policymakers, entrepreneurs, researchers) in collaborative ways that promote the use of new practices."*

“In the long term, social economy organisations can help reshape the post-crisis economy by promoting inclusive and sustainable economic models. Relying on decades of experience, its specific features and underlying principles, the social economy can inspire models of social innovation and a sense of purpose to firms operating in the market economy .”

As our economy, and the society in which it operates, responds to these challenges, there is a discernible convergence towards a new approach to economic activity taking place. Traditional commercial businesses are finding ways of making themselves more accountable, becoming in their own way more like community-based organisations, while at the same time traditional community-based organisations and charities are becoming more commercial in their approach. We call this ‘new way’ **social enterprise**. Social enterprises are emerging as a key model for the sustainable production of goods and services.

In this context, we need to ensure that the state’s Enterprise White Paper, and all subsequent statutory departmental and agency strategies, recognise and support this growing model. This can be achieved by ensuring that the form a business or enterprise takes (be it private, for profit or a not-for-profit company or cooperative that reinvests its profits in services for the benefit of the community) should present no barrier to accessing business and enterprise supports and services.

The OECD Council at Ministerial level on 10 June 2022 adopted a series of recommendations to member states on the Social and Solidarity Economy and Social Innovation. Among the wide-ranging recommendations, OECD members are to:

“Strengthen skills and business development support within the social economy by:

Providing access to coaching as well as affordable and adapted mentoring programmes for social economy organisations and social entrepreneurs.

Facilitating access to capacity and business development support for social economy organisations in all places (urban and rural) tailored to their needs and affordable.

Allowing, where appropriate, social economy organisations to access existing business development services.”

This is the simple purpose of our submission: to ensure that social enterprises and non-private-profit-making organisations (traditionally understood as community and voluntary organisations as many are registered charities) – which will play an ever-increasing role in the emerging circular economy and in the sustainable provision of goods and services in the future – are supported in full in their business activities by the State’s enterprise support infrastructure and services.

What do we mean, and why?

In general, traditionally-understood ‘commercial’, private-profit making and distributing shareholder-owned businesses (the firms traditionally viewed as the ‘productive’ sector and understood as the group served by the Department of Enterprise and its agencies) are becoming more accountable to their customers, the communities they operate in, their employees and the general public.

This is being driven by a general acceptance by firms of the need to demonstrate and show sustainable and responsible raw-material sourcing, product design, production, marketing and distribution processes. There is a new focus on keeping operations local and reducing energy consumption. It is happening because of the increasing competition for skills too, and because of the

expectations of shareholders who are more aware of the unsustainable nature of current approaches. In this way, **businesses are moving from a Corporate Social Responsibility (CSR) model towards an Environmental, Social and Governance (ESG) model**. Increasingly, they are also moving towards a social-enterprise model to show that they are making their operations sustainable in a world of limited resources.

At the same time, traditionally-understood non-profits, charities and community and voluntary organisations are seeking to put their operations on a more sustainable footing by increasing the proportion of their income that is earned from trading in goods for services. In doing this, **they face the very same challenges as private firms** (developing markets, creating demand or addressing deficient demand, recruiting and managing workforces, developing goods and services, achieving standards, producing business plans, managing cashflows etc).

Many such organisations are involved in providing essential supports and services in Ireland; there are for example over 12,000 registered charities. Many of these receive some funding from the state through departments such as Health, Education, Children, Justice and Community, but many also raise very significant sums towards their activities themselves. **The sector has turnover of over €14bn with circa €7bn of this being independently earned**, often through trading activities or fundraising.

These organisations value this independently-earned income because it increases their scope for innovation and development into new areas, making them more responsive, secure and sustainable. The state departments they partner with also value this as it reduces demand on the exchequer for the cost of services. **The move towards social enterprise is seen as a win-win for all stakeholders.**

In summary, increasing numbers of community and voluntary organisations are transforming into social enterprises as they become more market-oriented and business-like in their general approach, becoming more like traditionally-understood commercial firms. Simultaneously, commercial firms are becoming more accountable and sustainable through the ESG transition towards a social enterprise approach, moving from being primarily shareholder-driven to being more stakeholder driven.

We are very clear, social enterprises should qualify on an equal basis for state supports just as privately owned SMEs and micro-businesses do. **Being community-owned, being a registered charity or having the legal form as a company limited by guarantee should not be a relevant consideration when it comes to accessing business supports.**

Additionally, we believe that there are a wide range of other implications for public policy that will flow from the recognition and acceptance of the irrelevance of this traditional distinction. These will be crucial in putting our society's economic activity on a sustainable footing in the years ahead.

Summary of Recommendations

Government departments and agencies should

- Enable social economy organisations to better access general business supports for SMEs (and any special COVID-19 business supports)
- Ensure that the forthcoming White Paper aligns with the European Commission's *A New Industry Model for Europe* and includes measures to support social enterprises
- Work with stakeholders to identify how to improve opportunities for social enterprises in the business-to-business supply-chain and in public procurement
- Include social economy organisations automatically in any post-COVID and impact-of-inflation funding and policy measures emanating from DETE
- Compile and make available information on the various business supports available to social enterprises, along with details of the providers of those supports
- Identify any gaps which may exist in business supports available to social enterprises and work to address those gaps
- Provide improved access to advice and supports to assist social enterprises and social entrepreneurs, including through standard Local Enterprise Office services where appropriate, or alternatives, to develop their business proposals
- Provide tailored training for social enterprises in areas such as business planning, mentoring, leadership, governance, capacity building, financial planning and digital innovation to help them to improve their business potential as well as leadership and governance skills
- Ensure that social enterprises have access to supports available to SMEs regionally, including through the Local Enterprise Offices and Local Authorities, in order to support a just transition (the *National Social Enterprise Policy 2019–2022* acknowledges the range of supports available)
- Support the creation of local partnerships between social enterprises and mainstream businesses in line with the European Commission's *Social Economy Action Plan*
- Introduce a bespoke workforce skills and training framework for the community, voluntary and social enterprise sector (CVSE sector) to serve the needs of the 165,000 paid employees and volunteer workers
- Invest in the skills and training of these employees and volunteer workers through the National Training Fund
- Develop a process to produce the workforce skills and training framework for CVSE that is agreed upon by a wide range of stakeholders (including Solas, ETBI, ETBs etc) in an inclusive manner and which is led by the sector
- Work to ensure DETE's full involvement, liaising closely with DRCD to support further enhancement of this approach in the next *National Social Enterprise Policy*, which is currently under development
- Prioritise collaboration between DETE, DRCD and other departments to fulfil the spirit of this approach in the next stage of policy delivery by Government
- Incorporate the approach taken in the *Climate Action Plan*, prioritising collaboration between relevant departments and agencies to ensure community-based energy delivery is acknowledged and incorporated into DETE planning and policy

- Ensure adequate investment in communities for implementation of the *Circular Economy and Miscellaneous Provisions Act 2022*
- Invest in digital equity through the community and voluntary sector and social enterprises who are able to reach those most in need
- Ensure that enterprise development aimed at ensuring a just transition is inclusive of social enterprises
- Ensure that DETE takes a joined-up approach to policy design, underpinned by Ireland's SDG commitments.

About the Social Enterprise Sector and the Social Economy

Social Enterprises are involved in every community in the country providing employment and community services. Many provide essential health and social supports, services and advocacy on behalf of people with disabilities, older people, young people, children, people experiencing poverty and disadvantage, and people at every stage of their lives.

This social economy drives employment while simultaneously meeting the demand for essential services, works to progress social inclusion, equality, and the health and wellbeing of our communities, and makes a difference to millions of lives here and across the world.

Since 2020, the COVID-19 pandemic has demonstrated the extent to which we rely on social enterprises, especially in difficult times. These organisations played a key part in sustaining communities during the crisis, demonstrating their core role as part of Ireland's service infrastructure. They restructured services to deliver remotely, responded to the need for socially-distanced and safe provision, cut costs, redirected resources to priority areas and designed new service responses targeted at meeting emergent need.

The Community, Voluntary and Social Enterprise sector (CVSE sector) constitutes a significant social economy within the broader economy. It comprises almost 35,000 CVSEs, involves over 86,481 unpaid directors and trustees, directly employs 165,000 people, and manages income of €14.2bn per year. **These organisations raise over half of this income (circa €7bn) themselves, majorly subsidising the cost of public services in Ireland.** Indecon Economic Consultants (in a report published by the Charities Regulator in 2018) estimate that the total direct, indirect, and induced value of the work of Ireland's charities exceed €24bn per annum and supports 289,000.

Despite a huge variance in the size, structure and composition of organisations within the sector, they share a few things in common. They are all:

- Governed by Boards made up of unpaid directors
- Operated for the common good / public benefit on a not-for-private-profit basis, putting the needs of people and communities first.

This activity creates significant social value (sometimes called 'social capital') and, quite simply, it sustains communities, builds a sense of common purpose and creates trust and a willingness to work together in our society. There are unique characteristics that are observable in the way that CVSEs carry out their work in providing everyday social and community services for the people who need them:

- Responsive, tailored and holistic approaches to identifying and meeting needs
- Flexibility, innovation, integration and collaboration in delivering services
- Ownership, involvement and empowerment of service-beneficiaries and the wider community in shaping services and supports
- Contributions to building social capital and social cohesion
- Committed, motivated and person-centred staff

- Bringing additional assets and sources of funding to support the work that would not otherwise be available to the state.

Social Enterprise and the Social Economy

The current review of enterprise policy should clearly acknowledge the significant function, role and contribution of social enterprise and the social economy to the economy as a whole, in line with overall government and EU policy. Government has acknowledged the need to support SMEs and support for social enterprise is of significant importance in this respect. Bolstering the sector through access to business supports will help to strengthen economy and society alike.

The social economy (SE) includes entities like cooperatives, mutuals, associations (including charities), and foundations. **SE organisations make up 10% of all EU businesses**¹. 13.6 million people (6.2% of EU workforce) work for SE organisations and the equivalent of an additional 5.5 million full-time workers are mobilised through volunteering².

International recognition for SE is building rapidly. The EU published its *Social Economy Action Plan* in 2021, a landmark document that aims to enhance social investment and support SE organisations to scale up and create jobs. The *Action Plan* states that SE organisations “create and retain quality jobs, contribute to social and labour-market inclusion of disadvantaged groups and equal opportunities for all, drive sustainable economic and industrial development, promote the active participation of citizens in our societies, play an important role in Europe’s welfare systems, and revitalise Europe’s rural and depopulated areas”³.

In May 2021, the European Commission in updating its *Industrial Strategy*, gave such an acknowledgement and identified the social economy as one of 14 industrial ecosystems to be analysed for the identification of “transformative initiatives to achieve the twin green and digital transition and increase resilience”⁴.

To support the social economy fully, there needs to be increased greater cross-departmental attention and co-operation to address its needs. For example, **a study by Indecon, *Investment Appraisal of Upskilling Employees in the Nonprofit Sector 2020*, indicated a clear net benefit to investing in social economy workforce development** with, on average a return of €2.86 for every €1 invested.

Key issues on which DETE could offer support include:

- Working with stakeholders to identify how to improve opportunities for social enterprises in the business-to-business supply-chain and in public procurement
- Enabling Social economy organisations to better access general business supports for SMEs (and any special COVID-19 business supports)
- Including social economy organisations automatically in any post-Covid and impact-of-inflation funding and policy measures emanating from DETE.

In addition, internal impact auditing in DETE should in particular address the effectiveness of supports provided to the outgoing *National Social Enterprise Policy for Ireland 2019–2022*.

¹ <https://ec.europa.eu/social/main.jsp?catId=1537&langId=en>

² <https://www.socialeconomy.eu.org/the-social-economy/>

³ <https://ec.europa.eu/social/main.jsp?catId=1537&langId=en>

⁴ <https://www.oecd.org/cfe/leed/social-economy/>

Specifically, it should focus on the section with aims to “improve business and leadership supports for social enterprises” and states that “The Government, in collaboration with stakeholders, will”:

- Compile and make available information on the various business supports available to social enterprises, along with details of the providers of those supports
- Identify any gaps which may exist in business supports available to social enterprises and work to address those gaps
- Provide improved access to advice and supports to assist social enterprises and social entrepreneurs – including through standard Local Enterprise Office services where appropriate – to develop their business proposals
- Provide tailored training for social enterprises in areas such as business planning, mentoring, leadership, governance, capacity building, financial planning and digital innovation to help them to improve their business potential as well as leadership and governance skills.

Finally, the *National Social Enterprise Policy* committed to “Establish a National Social Enterprise Policy Implementation Group, chaired by the Department of Rural and Community Development, with representation from other relevant Government Departments, public bodies and social enterprise stakeholders”. We recommend:

- Working to ensure DETE’s full involvement, liaising closely with DRCD to support further enhancement of this approach in the next *National Social Enterprise Policy*, which is currently under development
- Prioritising collaboration between DETE, DRCD and other departments to fulfil the spirit of this approach in the next stage of policy delivery by Government

The twin green and digital transitions which all enterprises must address

Like many other micro, small and medium-sized enterprises, organisations in the social economy face big challenges as they seek to evolve their practices and processes to achieve green and digital transitions. In order to maintain an innovative and resilient social economy sector, organisations need to be supported to assess the right course of action, upskill their workers, adapt and adopt best practices and implement agile responses to fast-changing conditions.

Just Transition

The Government's *Climate Action Plan* will be a prime focus of future enterprise policy, to ensure sustainability of industrial development in line with the government's climate justice goals. For many years, community and voluntary organisations have led the way on both advocacy and action in relation to climate issues and the *Plan* acknowledges the role played to date by community organisations in a range of areas. **The sector is well placed and appropriately skilled to work towards a just transition**, achieving net zero by 2050 and implementing the Sustainable Development Goals.

For example, the *Climate Action Plan* notes that at least 500 MW of renewable energy will be delivered through local community-based projects, subject to competition as appropriate. The proposals in 11.3.3 of the *Plan* on *Microgeneration and Community-Based Projects* have the potential to empower and drive engagement and participation, creating opportunities for “domestic, community, farming, and small commercial customers” to take the first steps towards investment in renewable technologies on a community basis. The *Plan* also commits to further strengthening the community energy framework, including consideration of community-benefit funds and community ownership provisions and a Microgeneration Support Scheme (MSS).

We welcome the recent announcement that the *Circular Economy and Miscellaneous Provisions Act 2022* has been signed into law. As well as marking a shift towards “a more sustainable pattern of production and consumption”, The *Act* also takes specific account of the social dimensions of the circular economy to safeguard, for example, low-income households and people with disabilities. The *Act* introduces a legal requirement that, when a *National Circular Economy Strategy* is being prepared, the national policies in relation to the needs of socially and economically disadvantaged communities, and persons with disabilities must be factored in.'

We recommend:

- Incorporating the approach taken in the *Climate Action Plan*, prioritising collaboration between relevant departments and agencies to ensure community-based energy delivery is acknowledged and incorporated into DETE planning and policy
- Ensuring adequate investment in communities for implementation of the *Circular Economy and Miscellaneous Provisions Act 2022*.

Digital Divide

In a recent survey carried out by The Wheel amongst employers in the social economy, a significant digital skills gap amongst workers was identified, with over 56% noting that over the past 12 months workers in the organisation have not had the necessary digital skills to carry out their current roles. More research is needed to identify the current and emerging digital skills gaps and digital resourcing needs of social economy organisations.

With almost one in two Irish adults lacking basic digital skills,⁵ the social economy, with its **unique reach into communities that public policy interventions find challenging to engage**, will be a key partner in tackling the “digital divide”. Digital equity is necessary in order for all of society and our economy to thrive through the digital transition and ensure that no communities are left behind as we move towards the goal of 80% of adults having sufficient digital skills by 2030.

We recommend:

- Investing in digital equity through the community and voluntary sector and social enterprises who are able to reach those most in need.

⁵ Adult Literacy for Life Strategy, <https://www.adultliteracyforlife.ie/>

Enterprise Policy Support for the Sustainable Development Goals

The 2030 Agenda for Sustainable Development is the only universally agreed and universally applicable framework for global evidence-based policy making. It is vital that **implementation of the SDGs underpins policy design across Government** and reflects a joined-up approach to tackling the primary global challenges of our time.

As a member of Coalition 2030, an alliance of civil society organisations working together to ensure Ireland keeps its promise to achieve the SDGs, we welcome the recognition in the draft second *National Implementation Plan for the SDGs* of the essential roles of civil society, which includes social enterprises and the wider social economy, in implementing the SDGs in Ireland. All social enterprises address one or often more of the SDGs through their work, but they face big challenges as they seek to evolve their practices and processes to deliver on the SDG targets and support a just transition for communities.

We call on DETE to ensure that enterprise development and support, aimed at ensuring a just transition for communities, is inclusive of social enterprises. **Social enterprises need to be supported to adopt best practices in delivering a just transition** and upskilling their workers in order to meet future demands in the face of fast-changing conditions.

Local authorities have a critical role to play in ensuring that the enterprise development and support locally addresses social and environmental, as well as economic, sustainability considerations. We recommend that DETE work with other relevant government departments to seek a commitment that each County Development Plan and the associated local area plans include policy objectives to work towards the achievement of the SDGs generally and sustainable enterprise development and support specifically, recognising the critical role of social enterprises and the wider social economy in their achievement.

We recommend:

- Ensuring that enterprise development and support is aimed at ensuring a just transition is inclusive of social enterprises
- Ensuring that DETE takes a joined-up approach to policy design, underpinned by Ireland's SDG commitments.

Ensuring enterprise growth policies are inclusive and the role of enterprise policy in further enhancing regional development

The European Green Deal recognises the importance of a just transition for communities across the country in order to take effective climate action. Achieving a just transition calls for investment in SMEs and provision of training and reskilling so that local businesses and communities can adjust to a low-carbon transition. Thus, it is essential that the White Paper addresses the need to apply the principles of just transition in a regional context, including the ensuring the provision of supports for social enterprises.

We recommend:

- Ensuring that social enterprises have access to supports available to SMEs regionally, including through the Local Enterprise Offices and Local Authorities, in order to support a just transition (the *National Social Enterprise Policy 2019–2022* committed to the full range of these supports being available.)
- Supporting the creation of local partnerships between social enterprises and mainstream businesses in line with the European Commission's Social Economy Action Plan.

Skills and talent availability to support enterprise development

A study carried out by Indecon, *Investment Appraisal of Upskilling Employees in the Nonprofit Sector 2020*,⁶ quantifies for the first time the levels of training and upskilling undertaken by people in the social economy, both paid and unpaid. The authors also produced a rigorous cost benefit analysis of investment in upskilling amongst these workers.

The report indicates that investment in training in the social economy workforce in Ireland is low, in comparison with other sectors in the Irish workforce, and with comparable social economy workforces in other countries. Specifically, it identifies barriers that impede necessary investment, such as the cost of training and lack of time available to engage with training amongst workers, and points the way towards the solutions needed in this regard.

The research also includes a cost benefit analysis which demonstrates a **clear net benefit to investing in social economy workforce development**. On average, for every €1 invested, there will be a return of €2.86, in terms of increased innovation and impact, demonstrating clearly the positive return that would follow from increased investment in training in the social economy, including increased innovation in work practices, productivity benefits and lower operating costs.

A social economy workforce that is skilled and primed to meet the challenges of the twenty-first-century workplace benefits the overall labour force, ensuring all workers are more mobile, agile, and able to share transversal knowledge and innovation from one sector to the other. The social economy supports thousands of people in communities across Ireland to access education, upskilling opportunities and employment schemes who would otherwise be excluded from the workforce. It provides those farthest from the labour market with vital stepping-stones into employment in all sectors of the economy.

We recommend:

- A bespoke workforce skills and training framework for the CV/SE sector to serve the needs of the 165,000 paid employees and volunteer workers
- Investment in the skills and training of these employees and volunteer workers from the National Training Fund
- A process to develop the framework agreed upon by a wide range of stakeholders (including Solas, ETBI, ETBs etc) in an inclusive manner led by the sector.

⁶ <https://www.wheel.ie/sites/default/files/media/file-uploads/2020-12/Investment%20Appraisal%20of%20Upskilling%20-%20Indecon.pdf>

About The Wheel

The Wheel is Ireland's national association of community and voluntary organisations, charities and social enterprises. We are the representative body for this vibrant and diverse sector, and together with our members, we shape and promote conditions in which people and their communities thrive.

We passionately believe that community and voluntary action improves and enriches communities and society. Our simple but ambitious mission is to make Ireland a fair and just place for all by strengthening the capacity and capability of community and voluntary organisations, charities and social enterprises to play their part.

We do this by representing these organisations, supporting these organisations to do their work, and, promoting the importance of the voluntarism and community values that power these organisations.

The Wheel has over 2,000 members and provides support services and representation on behalf of its members relating to matters that reflect their collective interests.

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