

Public Services and Government

Scoping Study: Support for Social Enterprise Start-Ups

EKOS Ltd

The Government's Commitment to support social enterprise was set out in early 2007. This has been followed by a significant programme of investment in the development of the sector over the next three years.

This research was commissioned to help inform the Government's approach and spending priorities for the sector; in particular, its interest in promoting the start-up of new social enterprises in Scotland.

Carried out between April and July 2007, the study examines those initiatives in Scotland and beyond that promote social enterprise start-up. It maps out existing provision in Scotland, identifies the key challenges, suggests various approaches to enhance provision, and makes recommendations on future activity for social enterprises.

Main Findings

- There are a number of growing support providers and initiatives across Scotland that contribute to the promotion, encouragement and support for new social enterprises.
- The current arrangements for providing start-up support in Scotland can best be characterised as fragmented, complex, uneven and inconsistent.
- There are many challenges in providing start-up support including: providing leadership and guidance at national and local levels; reducing the complexity of provision and ensuring groups are able to navigate the support system; and guaranteeing the quality of start-up support available.
- The importance of encouraging start-ups is recognised across the UK and each administration continues to develop its own unique approach in response to local circumstances.
- There is an array of interventions that might now contribute to an increased rate of social enterprise formation in Scotland, and significant potential to better organise and direct the support that is already available to start-up groups.
- In developing provision further, there are a number of areas where action can be taken including: producing better guidance; raising the profile of social enterprise; ensuring the availability and quality of training and support; and introducing integrated start-up funding.

Methodology

This comprised the following main elements:

- a comprehensive review of documented evidence on issues such as the pathways and processes that lead to new social enterprises;
- in-depth interviews with 34 people representing the views of those main organisations with an interest in, or influence on, the start-up of social enterprises in Scotland;
- short consultations with representatives from more than 35 start-up services and initiatives operating in other parts of the UK and Ireland; and
- a development workshop with research participants to validate the findings and examine an agenda for action.

Social Enterprise Start-up

Taking into account all of its different forms, the best estimate is of 3,000 social enterprises currently operating in Scotland. However, there is limited intelligence available on the formation of new social enterprises in Scotland.

The start-up of social enterprises is a challenging process. Any attempt to understand this process must acknowledge social enterprise as a distinct business model and recognise the central role that social entrepreneurs play in this.

To enable social enterprises to form and to flourish, the Scottish Social Enterprise Strategy calls for an effective pipeline of support. This should offer different forms of intervention at different stages in an enterprise's development.

To date there has been no agreed rationale for, or approach to, providing support to start-up social enterprises in Scotland.

Current Start-Up Provision

There are a growing number of support providers and initiatives across Scotland that contribute to the promotion, encouragement, and support for new social enterprises.

A review of current support arrangements suggests that:

- there is usually little differentiation or distinction between pre-start, start-up, and post-start support;

- there is a broad array and mix of spatial, sectoral, and thematic support initiatives currently available;
- there is no national framework or programme to support social enterprise start-up; and
- localised arrangements for co-ordinating provision vary considerably.

Current arrangements for providing start-up support in Scotland can best be characterised as fragmented, complex, uneven and inconsistent.

The research has identified a number of reported challenges including:

- a lack of leadership and guidance, at both a national and local level, on support for social enterprise formation;
- a lack of connectivity between the various sources of funding, training, and advice;
- a geographic variation in the coverage of support across the country, and a cluttered/complex landscape of provision in lowland Scotland;
- a lack of knowledge about the scope and scale of existing start-up activity, and where additional support is needed to stimulate or respond to it;
- limited support available to groups pursuing acquisition, franchising and buyout as a start-up path;
- the inadequate resourcing of start-up support providers and uneven coverage of subsidised provision to start-up groups;
- a lack of uniformity in the mix of provision available, making it difficult for start-up groups to navigate the support system; and
- a lack of evidence generally on the quality of start-up support available, and limited evidence on what works well and why.

Comparative Approaches

While the importance of encouraging start-ups has been recognised across the UK, each administration continues to develop its own unique approach in response to local circumstances.

Much of the emphasis across the rest of the UK has been on organising, simplifying, and integrating support provision into a more coherent offering to start-up enterprises.

Despite much experimentation, there is as yet no accepted model or framework emerging for start-up support.

The emphasis on, and approach to, supporting start-up enterprises in Scotland does not appear to compare favourably to that in other parts of the UK.

Start-Up Interventions

There is an array of interventions being used elsewhere that might now contribute to an increased rate of social enterprise formation in Scotland. These go beyond traditional forms of funding, training, and advice to the social enterprise sector.

Increasingly these interventions take a tailored approach. They often target start-ups in particular sectors (e.g. health) and localities (e.g. rural areas), or among specific client groups (e.g. young people).

There are various initiatives currently operating that highlight the potential to mobilise, motivate, and support higher levels of socially entrepreneurial people, and from which start-ups will emerge.

There is also an increasing experimentation with, and interest in, initiatives that seek to harness the brightest and best social enterprise ideas and accelerate their early development.

The Way Forward

Overall, the study identifies significant potential to strengthen the support available to start-up social enterprises in Scotland. It sets out a number of areas where further action

should be taken by the Scottish Government:

- better intelligence on the scope and scale of social entrepreneurship and social enterprise formation across the country;
- clearer guidance on why social enterprise formation is important to Scotland and what might be achieved;
- increased action to raise the profile of social enterprise as a start-up option and to stimulate the aspirations of targeted groups;
- clearer agreement between support providers on how start-up support can best be organised and delivered;
- the introduction of an agreed form of accreditation to monitor and control the quality of publicly funded start-up support to the sector;
- guidance to start-up groups that enables them to understand and navigate the support available to them across Scotland;
- the increased availability of accredited training to support the formation of new social enterprises;
- the introduction of a new social enterprise start-up fund, which provides integrated funding (grants and loans) and business support;
- the piloting of initiatives designed to incubate, accelerate, and scale-up promising social enterprise start-up ventures; and
- strengthened arrangements to monitor and evaluate the impact of start-up support arrangements.

This document, along with “Scoping Study: Support for Social Enterprise Start-ups” the full research report of the project and further information about social and policy research commissioned and published on behalf of the Scottish Government, can be viewed on the Social Research website at: www.scotland.gov.uk/socialresearch.

If you have any further queries about social research, please contact us at socialresearch@scotland.gsi.gov.uk or telephone 0131 244 7573.



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