

<b>Institution:</b> Middlesex University
<b>Unit of Assessment:</b> 19 Business and Management Studies
<b>Title of case study:</b> Social enterprise growth and development
<p><b>1. Summary of the impact</b></p> <p>There has been a growing interest in the concept of social enterprise - that is organisations that are trading but with a social purpose. The research at Middlesex University has Influenced policies of state support to social enterprises demonstrated through references to research in policy documents and acknowledgement by key policy makers working in a range of UK national departments and Scottish Government. Research findings have influenced how government measures the size of the social enterprise sector and the supply of social investment funds, feeding into strategy documents of the Cabinet Office and supporting the development of Big Society Capital. Research has also stimulated the growth of individual social enterprises, with one reporting an increased turnover of 20% over 2 years.</p>
<p><b>2. Underpinning research</b></p> <p>Social enterprise research activity at Middlesex University (MU) started with research on community enterprise in the 1990s by Syrett in Portugal and Evans in the UK. It was developed through the EC Framework V supported CONSCISE project (1999-2002) led by MU (Syrett and Evans), which examined the extent to which social enterprises produced and reproduced social capital and thereby facilitated social cohesion and inclusion across four European states (UK, Germany, Spain and Sweden). This led to a series of projects in the UK (2001-2007) for different government departments including the then Department for Trade and Industry, Department for Education and Skills, Commission for Rural Communities, Department for Environment, Food and Rural Affairs, and Department for International Development (Lyon with David Smallbone).</p> <p>Research in this area developed from a conceptual interest in both enterprise growth and social capital (Lyon, 2006; Evans and Syrett, 2007). The subsequent research programme examined a number of elements of social enterprise development. Work on the process of start up and growth of social enterprise explored the capabilities and contextual factors that shape how social enterprises develop (Vickers and Lyon, 2013; Sepulveda et al, 2013). Other research examined the particular types of support and finance required for the development of social enterprises (Lyon and Ramsden, 2006; Lyon and Sepulveda, 2012), innovation (Chew and Lyon, 2012) and scaling impact (Lyon and Fernandez, 2012). Findings have provided insights into the scale and scope of social enterprise activity with key papers (Lyon and Sepulveda, 2009; Teasdale, Lyon and Baldock, 2013) used as a basis for further mapping exercises around the world (including Australia, Canada and Israel).</p> <p>Building on this social enterprise research tradition, MU were successful in their bid (as lead partner, with support of Durham University and London South Bank University) to direct the £1.3 million, ESRC funded <i>Social Enterprise Research Capacity Building Cluster</i> (2008-2013, Prof Fergus Lyon as director) with 4 CASE PhDs including completed work by Bianca Stumbitz on Older Social Entrepreneurs. In addition Middlesex also leads the social enterprise stream of the Third Sector Research Centre (TSRC) (led by the University of Birmingham), a £10m, 5 year funded Programme (ESRC, Cabinet Office - Office for Civil Society, and Barrow Cadbury Trust). This has supported a programme of research into issues of growth (Vickers and Lyon, 2013), ethnic minority involvement (Sepulveda et al, 2013) and mapping the scale of the social enterprise sector (Lyon and Sepulveda, 2009; Teasdale et al, 2013).</p> <p>In contrast to previous 'boosterist' research that had been focused largely on successful examples and ignored the negative effects of intervention and a shift to market based models of delivery, this research took a critical perspective. The MU research was unique in providing an independent view of how social enterprises grow and struggle. Previous research had focused on well known and 'heroic' social entrepreneurs that our research showed are rare within this community (Vickers and Lyon, 2013). Lyon and Ramsden (2006) was one of the first papers to explore the specific needs of social enterprises starting up, with a review of the types of support provision that might meet these needs. It identified the constraints in terms of capabilities and lack</p>

of finance facing smaller organizations. Research on the national scale of social enterprises demonstrated how figures widely quoted in policy documents and ministerial speeches were exaggerated (Lyon et al, 2010; Teasdale et al, 2013).

### 3. References to the research

- Lyon, F (2005) 'Managing co-operation - trust and power in Ghanaian associations' *Organization Studies* 27 (1): 31-52.; doi: 10.1177/0170840608088706
- Lyon, F. and Ramsden, M. (2006) 'Developing fledgling social enterprises? A study of the support required and the means of delivering it', *Social Enterprise Journal*, 2 (1) 27-41; doi: 10.1108/17508610680000711
- Evans, M. and Syrett, S. (2007) 'Generating social capital? The social economy and local economic development', *European Urban and Regional Studies*, 14 (1) 53-72; <http://eur.sagepub.com/content/14/1/55.full.pdf+html>
- Lyon, F and Humbert, A (2012) 'Gender balance in the governance of social enterprise' *Local Economy* September 11, 2012, doi: 10.1177/0269094212455158
- Vickers, I and Lyon, F (2012) Beyond green niches? Growth strategies of environmentally-motivated social enterprises. *International Small Business Journal* (December) <http://isb.sagepub.com/content/early/2012/12/04/0266242612457700.abstract> DOI: 10.1177/0266242612457700
- Sepulveda, L., Syrett, S. and Calvo, S. (2013) Social Enterprise and Ethnic Minorities: Exploring the consequences of the evolving British policy agenda, *Environment and Planning C (Government and Policy)*. 31: 633 – 648 doi:10.1068/c11319 (Previously TSRC working paper in 2010)
- Teasdale, S., Lyon, F. and Baldock, R. (2013) Playing with Numbers: A methodological critique of the social enterprise growth myth. *Journal of Social Entrepreneurship* 4 (2): 113-131; DOI:10.1080/19420676.2012.762800 (previously TSRC working paper in 2010)

The papers from which this impact has come have been published in leading peer reviewed journals in the field, as well as in newer peer review journals in this emerging field. A number were previously published as peer-reviewed working papers produced by the Third Sector Research Centre. This work was produced from competitively funded projects that had steering groups of academic peers and senior policy figures to ensure quality.

#### Major research grants

- Lyon, F, Vickers, I., Sepulveda, S. *Role of Mutuals in Public Service Innovation*. (PI) ESRC Innovation Research Programme 2011-14 (£234,000).
- Lyon, F and Sepulveda, L *Third Sector Research Centre*, funded by ESRC/OCS, Cabinet Office Led by Birmingham University 2008-13 (£10m, £360,000 for MU to direct the social enterprise stream).
- Lyon, F., Syrett, S., Sepulveda, L, Vickers, I, *Social Enterprise Research Capacity Building Cluster* 2008-13 £1 million funded by ESRC, OCS/Cabinet Office with co funding of £300,000 from eight Third Sector Organisations.

### 4. Details of the impact

From 2000, Middlesex University provided advice that contributed to shaping policy on social enterprise at a national and local level, as well as shaping the wider environment on social enterprise, with research quoted widely in national and sector specialist media (1;2;3). There have been impacts on practice, with social enterprises themselves and support organisations drawing on MU research in developing strategies and growing their organisations. This has been based on a number of Knowledge Transfer Partnerships as well as other funded consultancy and training events.

#### Policy influence

Evidence on social enterprise support needs fed into key policy documents with Lyon and Ramsden (2006) referenced in Briefing Paper (unpublished, 2009) for the Prime Minister's Office on 'Staff Led Enterprises and the NHS' and in 'Scottish Government Social Research Support for Social Enterprise Start-ups' (4). Lyon was invited to speak at the Houses of Parliament to Ministers and senior MPs in the All Parliamentary Party Group on Social Enterprise. Research on

**Impact case study (REF3b)**

the scale of the social enterprise sector in the UK (initially a 2010 briefing paper and later published as Teasdale et al, 2013) challenged figures widely used in policy documents and ministerial speeches. Following our briefings and coverage in a range of media and influential blogs (1; 5), these figures were removed from government documents. MU is now advising policy makers in the Cabinet Office and Office of National Statistics on future measurement.

Policy influence was developed through a series of invitations to brief policy makers and presentations at the Cabinet Office's Office for Civil Society (6 events), Department of Health (2 events), Communities and Local Government (6) (3 events), Business Innovation and Skills with Office of National Statistics, the Foreign and Commonwealth Office (Embassy in China), Big Lottery Fund, and European Commission (DG Employment, Social Affairs and Inclusion). MU research influenced the development of the social investment infrastructure, particularly Big Society Capital, and the associated policy makers in the Cabinet Office who have referenced MU research (7). There has also been interaction with Local Authorities, with training courses to over 160 local authority officials and councilors and specific advice to councilors in Stevenage (2010-13) and to commissioners in Camden (2013).

Impact was evident through requests to undertake research on social enterprise by government Departments. Middlesex University (in collaboration with Universities of Birmingham and Oxford) was invited to evaluate the largest loan fund for social enterprises, the Social Enterprise Investment Fund, set up by the Department of Health. Results showed difficulties in dispersing funding and identified a lack of demand for loan finance by social enterprises not previously recognized. This led to development of the £10m Investment Readiness Fund from the Cabinet Office and contributed to debates about the actual demand for such finance compared to traditional grant funding. MU research subsequently shaped policy review related to social investment. The Cabinet Office review leader stated: *'The consultation began with an interview with the Middlesex University Business School. The discussion was useful in defining the context for the review, highlighting other research on the funding and role of social enterprises, and identifying lines of inquiry to take in subsequent interviews'* (7). Advice on social investment was also provided to DCLG (6) and MU researchers were asked to talk at events on the subject hosted by NESTA (organised by Director of Impact Investments) and Social Enterprise Coalition, now Social Enterprise UK (8).

**Impact on social enterprises**

Research on the operations, management and governance of social enterprises gave insights into the strategies for growth (Vickers and Lyon, 2013; Lyon and Humbert, 2012). Previous research had focused on conventional concepts of economic growth but the MU work showed how social and environmental value had to be integrated with economic conceptions of growth in the strategies of social enterprises. This has been widely cited in the media and a podcast on the Guardian website (1; 2; 3). The impact of this work was developed through four Knowledge Transfer Partnerships (KTPs) with social enterprises (competitively funded to a total of £340,000), led by Vickers and Lyon.

The frameworks for understanding approaches to growth developed in MU research were used by organisations when deciding on their strategy. Existing and ongoing social enterprise research led to a KTP with the London Early Years Foundation (LEYF), looking at social enterprise models for early years provision (2010-2011) (9). This KTP activity led to the development of a growth, social franchising and networking strategy. LEYF has related this research to their growth of 30% (to 24 nurseries and an extra 200 places with a focus in deprived areas) and the raising of over £100,000 investment. LEYF stated that the system put in place by the KTP allowed the growth to take place at a faster scale while ensuring quality was not affected (9).

A further KTP with the Holy Cross Centre Trust developed a new delivery model and used MU research to influence the commissioning system in Camden (8). Impact on practice came through nine, day-long events for over 450 social enterprises and third sector organisations, drawing on our research findings concerning the growth of social enterprise activity. These include the events organised by ESRC Festival of Social Science Seminar in Edinburgh (2010) and in Glasgow (2012), Westminster Briefing (2009, 2010, 2011), British Library (2010 and 2013), and

**Impact case study (REF3b)**

Cumberland Lodge (2011).

Other impacts of MU research on social enterprises have come through working with SE support bodies. This has included the use of MU research by Lyon, Sepulveda and Stumbitz in the design of larger surveys and policy reports by SEUK, and collaboration with UnLtd, (an organisation supporting over 3,000 social entrepreneurs), which has assisted them in developing their services, grow with new funding, and influence policy (10).

**5. Sources to corroborate the impact**

1. Research on ethnic minority social enterprise development. Sepulveda quoted in *Salman, S Avoiding the perception of social enterprise as a magic wand Guardian, Friday 19 November 2010* <http://www.guardian.co.uk/social-enterprise-network/2010/nov/19/social-enterprise-is-not-a-panacea>
2. Research on scaling up in articles and podcasts in Guardian (including a 15 minute interview with Lyon) <http://socialenterprise.guardian.co.uk/en/articles/social-enterprise-network/audio/2012/dec/14/social-enterprise-podcast-scaling-up> and: <http://www.theguardian.com/social-enterprise-network/2013/jun/17/mythbuster-scaling-up-not-always-superb>
3. Research quoted extensively in feature article in Charity Times, (business and management magazine for UK non-profit sector ) [http://www.charitytimes.com/ct/June\\_July\\_2013\\_issue:\\_Social\\_Enterprises.php](http://www.charitytimes.com/ct/June_July_2013_issue:_Social_Enterprises.php)
4. Research on social enterprise support (Lyon and Ramsden) quoted in “Scottish Government Social Research Support for Social Enterprise Start-ups” <http://www.scotland.gov.uk/Resource/Doc/229473/0062191.pdf>
5. TSRC web pages and briefing papers have been viewed by over 33,000 times by practitioner and policy makers as well as researchers. :Briefing paper on ‘Measuring the scale on social enterprise’ viewed by 1,797, Briefing paper on ‘Mapping social enterprises’ viewed by 1835 <http://www.tsrc.ac.uk/Research/SocialEnterprise/tabid/510/Default.aspx>
6. Head of Decentralisation Analysis, Department for Communities and Local Government. (factual statement available)
7. Social Investment and Finance Team, Cabinet Office (factual statement available).
8. Head of Policy, Social Enterprise UK (factual statement available).
9. CEO, London Early Years Foundation
10. Head of Impact, Research and Evaluation, UnLtd (Commissioned MU to analyse data on their support for over 3000 of social enterprises and used MU research by Stumbitz in policy document <http://unltd.org.uk/wp-content/uploads/2012/11/Findings-Paper-4-Golden-Opportunities-2011.pdf>) (factual statement available)