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Findings from DETI's First Survey of Social Economy Enterprises in Northern Ireland

**Social Economy Branch and Statistics Research Branch
July 2007**

Department of Enterprise,
Trade and Investment

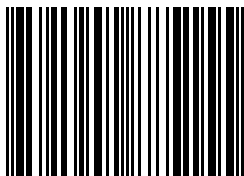
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Contents

1

Introduction

Page 07

2

Analysis

Page 11

3

Conclusion

Page 19

Appendix 1

Technical Notes

Page 22

Appendix 2

Questionnaire used to Collect Data

Page 24

Tables

Table 1: Social Economy Enterprises by Volunteer Numbers

Page 13

Table 2: Social Economy Enterprises by Turnover

Page 14

Table 3: Nature of Social Economy Enterprises

Page 15

Table 4: Main Group of People Social Economy Enterprises in NI Trying to Help

Page 16

Figures

Figure 1: Types of Social Economy Enterprises in NI

Page 11

Figure 2: Breakdown of Paid Employees by Full-time/Part-time Status

Page 12

Figure 3: Main Social Goal of Social Economy Enterprises in NI

Page 16



Introduction

Introduction

1

DEVELOPING A SUCCESSFUL SOCIAL ECONOMY

In September 2004 the Government published a three year Strategic Plan - “Developing a Successful Social Economy” - in which it highlighted the diversity of the social economy and the need for an integrated approach to encourage the development and growth of the sector.

The Strategy includes three strategic objectives and provides a framework for action by individual Departments/Agencies. The three objectives are:

- To increase awareness of the sector and establish its value to the local economy;
- To develop the sector and increase its business strengths; and
- To create a supportive and enabling environment.

It is recognised that the social economy sector is wide and diverse and that organisations involved in the social economy operate along a spectrum of activity, merging at one end with the voluntary and community sector and at the other with ethical and socially responsible businesses. Across Government Departments, the definition of a Social Economy

Enterprise (SEE) includes those organisations that have a social, community or ethical purpose, operate using a commercial business model and have a legal form appropriate to a not-for personal profit status¹.

In progressing the Strategy it was accepted that there was a need for some baseline data on the sector, from which to assess its contribution to the economy and to monitor any future growth. While there had been some studies into particular parts of the sector, for example on Housing Associations and Co-Operatives, as well as local studies by some Local Strategic Partnerships (LSPs), a more consistent and comprehensive analysis of the sector was required.

Initially it was hoped that work undertaken by the Department of Trade and Industry (DTI) at a UK level would provide some of the information required². However, while DTI produced both UK and regional estimates, it acknowledged that the regional estimates were not particularly robust. Furthermore, DETI was unable to gain access to the raw Northern Ireland (NI) data to enable secondary analysis. It

¹ DETI: Developing a Successful Social Economy.

² DTI: Survey of Social Enterprises Across the UK.

was therefore agreed that DETI would undertake a 'first steps' survey aimed at producing some baseline data for a particular group of SEEs. This was agreed by the Social Economy Forum at its first formal meeting in June 2003³.

OBJECTIVES OF NI MAPPING STUDY

The main objective of DETI's first piece of research into SEEs in NI was to help increase understanding and thereby raise awareness of SEEs in Northern Ireland.

The main aim was to collect information on the size of a known group of SEEs in NI (including date of establishment, employment, volunteers, turnover, profit and sources of income). The research was not expected to provide a definitive measure of employment or turnover for the sector but rather to provide baseline data on a sub-group of SEEs, which would increase understanding of the profile of this type of enterprise and enable future monitoring of change.

A further aim was to seek the consent of these SEEs to include their contact details and information about their products or services on a publicly available database. Such a database could then be used to increase awareness and promote the diversity of the sector.

METHODOLOGY

Compilation of Survey Population

The initial survey database was prepared by

combining information that had been collected in 2004 for the DTI's UK Survey of Social Enterprises (sourced by DTI and validated in NI by an "Expert Panel" made up of representatives of the social economy sector in NI) with more up to date and detailed information collected in 2006 on a wider range of SEEs and potential SEEs. This included information from a wide variety of sources including known SEEs and databases and websites managed by sectoral organisations such as SEN, NICVA, UCIT, CFNI, SEB, ENI, UFCU, Irish Federation of Credit Unions, NIFHA, SSEI, SEUPB plus Invest NI and DSD⁴.

Data Collection

In determining the methodology for data collection, there was a need to strike a balance between an interest in capturing a wide range of information and the burden on SEEs in providing it. It was agreed, that a short postal survey with a specifically designed questionnaire (supported with separate guidance notes) was the simplest and most cost effective method of gaining key information from the SEEs, while imposing as little burden as possible upon them.

The questionnaire was designed by DETI and piloted with a small group of SEEs, who provided feedback to help enhance both the questionnaire and guidance notes. The questionnaire is included in Appendix 2.

SURVEY RESPONSE

Between September 2006 and January 2007 each organisation on the survey database (884

³ Social Economy Forum - joint meeting of representatives of the Social Economy Network and Social Economy Inter-Departmental Steering Group, chaired by DETI Minister.

⁴ Social Economy Network, Northern Ireland Community and Voluntary Association, Ulster Community Investment Trust, Community Foundation for Northern Ireland, Social Economy Belfast, Enterprise Northern Ireland, Ulster Federation of Credit Unions, Northern Ireland Federation of Housing Associations, The School for Social Entrepreneurs in Ireland, Special EU Programmes Body, Invest Northern Ireland, Department for Social Development.

organisations) was issued with the questionnaire and, where relevant, a reminder form. Any organisations that had not responded to these were then contacted by telephone, in an attempt to improve the overall survey response. The Social Economy Network and various funding bodies and stakeholders were also asked to contact their members and encourage them to return their questionnaire.

A total of 537 organisations replied to the survey, equating to a response rate of 61%. However, a substantial number of the responding organisations did not feel that they met the definition of a SEE i.e. 'a business that has a social, community or ethical purpose, operates using a commercial business model and has a legal form appropriate to a not-for-personal profit status'. The actual number of organisations who identified themselves as a SEE was 396, equating to 45% of the original survey population and 74% of the responding group.

A series of validation checks was carried out on each of the returned questionnaires to validate the responses and ensure that information supplied was consistent with other sources and was as complete

as possible. Where necessary, any missing or inconsistent data was queried with the relevant organisation before the final analysis was carried out.

INTERPRETATION OF RESULTS

The diverse nature of enterprises in the social economy sector makes it impossible to know whether or not the 396 responding organisations are representative of the sector as a whole. While it is known that a number of large SEEs did not respond to the survey, little is known about the majority of the other non-responders. The effect of this non-response on the average figures produced from the survey can therefore not be calculated with any degree of accuracy. In addition, despite the efforts that went in to creating the database of potential SEE organisations, it is inevitable that some SEEs in NI will have been omitted and these organisations will therefore not have had the opportunity to complete the survey.

For these reasons the following analysis is constrained to a summary of the information obtained from the 396 responding organisations and no attempt has been made to estimate the overall impact of SEEs in NI.

The background is a solid blue color with a series of concentric, semi-transparent circles and cylinders that create a sense of depth and movement. The circles are centered and overlap each other, with the ones in the foreground appearing more prominent. The cylinders are also semi-transparent and appear to be rising from the circles, creating a 3D effect. The overall aesthetic is clean, modern, and professional.

Analysis of Data Provided by Social Economy Enterprises (SEEs)

Analysis of Data Provided by Social Economy Enterprises (SEEs)

2

TYPE OF ORGANISATION

Figure 1 shows the breakdown of the 396 SEEs by type of enterprise. Just over half (51%) of the respondents classified themselves as a 'Community Business', with 'Credit Unions' (25%) being the next largest category. The remaining SEEs consisted of 'Housing Associations' (9%), 'Local Enterprise Agencies' (7%) and 'Other' types of organisation (9%).

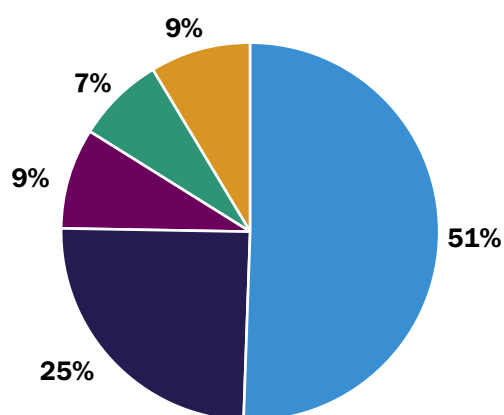
There was a fairly equal split between those respondents that indicated that they have charitable status (49% of SEEs) and those that do not (51% of SEEs).

The majority (68%) of responding SEEs indicated that their legal status was that of a Company limited by Guarantee, with Industrial & Provident Societies (22%) representing the next largest group. The remaining SEEs consisted of those companies that are limited by shares (7%) and organisations with some 'other' type of legal status (3%).

While some of the responding SEEs have been in existence in NI for over a hundred years, a significant proportion (44%) were established after the first Peace and Reconciliation Programme in 1994.

Figure 1: Types of Social Economy Enterprise in NI

51%	Community Business
25%	Credit Union
9%	Housing Association
7%	Local Enterprise Agency
9%	Other



EMPLOYMENT IN SOCIAL ECONOMY ENTERPRISES IN NI

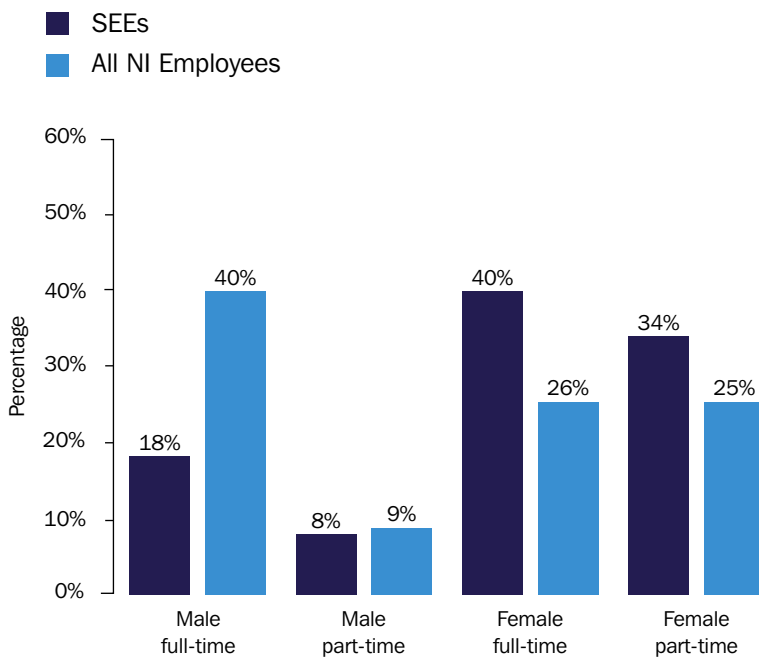
The total number of paid employees in the 396 SEEs taking part in the survey was 6,683 - consisting of 1,207 male full-time workers, 554 male part-time workers, 2,665 female full-time workers and 2,257 female part-time workers.

Figure 2 shows that almost three-quarters (74%)

of paid employees in SEEs were female. This is in contrast to the labour market as a whole where just over half (51%) of employee jobs are held by females.

The majority of SEEs (71%) had less than 10 paid employees, however due to a number of larger employers, the average number of paid employees in the 396 responding SEEs was 17.

Figure 2: Breakdown of Paid Employees by Full-time/Part-time Status



VOLUNTEER WORKERS IN THE SOCIAL ECONOMY SECTOR

In addition to paid employees, SEEs are highly dependent on the work of volunteers. Overall the 396 respondents to the survey indicated that they had just under 5,000 volunteers working in their organisations, equating to an average of 13 volunteers per SEE.

Table 1 shows there was a significant variation in volunteer levels across the social economy sector. While almost a quarter of SEEs have no volunteers, a small number (1%) have 100 or more volunteers.

The average number of volunteers was higher for those SEEs with charitable status (16 workers), than for those without charitable status (10 workers).

On average, it is estimated that volunteers spend 13 hours per month working in the relevant SEE. However, the numbers vary from less than half an hour per month for some volunteers, to over 100 hours per month for other volunteers.

Table 1: Social Economy Enterprises by Volunteer Numbers

NUMBER OF VOLUNTEERS	NUMBER OF SEEs	SEEs AS A % OF TOTAL
0	93	24%
1-9	113	29%
10-49	173	44%
50-99	6	2%
100+	5	1%
Total¹	390	100%

¹ Excludes some organisations which did not provide volunteer figures.

TURNOVER IN SOCIAL ECONOMY ENTERPRISES IN NI

Turnover figures were provided by 383 of the SEEs that responded to the survey and totalled just over £355 million.

The median turnover for responding SEEs was £222k, with one-third having a turnover of less than £100k and 13% reporting a turnover of over £1million per annum (see Table 2).

On average, two-thirds of the income of SEEs was 'earned from trading activities', while 28% was received from 'grants & donations' and 4% came from 'other' sources.

72% of SEEs indicated that they were able to generate a profit during the year, with the median profit/surplus of these organisations equal to £37k.

Table 2: Social Economy Enterprises by Turnover

TURNOVER OF SEE	NUMBER OF SEEs	% OF TOTAL
Less than £100k	128	33%
£100k but less than £500k	155	40%
£500k but less than £1million	52	14%
Greater than £1million	48	13%
Total¹	383	100%

¹ Excludes some organisations which did not provide turnover figures.

NATURE OF SOCIAL ECONOMY ENTERPRISES, THEIR MAIN SOCIAL GOAL AND BENEFICIARIES

Table 3 shows the sectors containing the largest proportions of SEEs were ‘property & business services’ (29%), ‘financial intermediation’ (26%), ‘health & social work’ (12%) and ‘education’ (11%). In contrast, sectors such as ‘production and construction’ (4%) and ‘wholesale & retail trade’ (3%) contained relatively low numbers of SEEs.

Figure 3 shows the main social goal of the majority of SEEs in the survey was to ‘help people other than through employment’ (74%). A further 21% of SEEs aimed to help people by providing employment or

by assisting them into work, while the remaining 4% of SEEs aimed to improve the environment in some way e.g. through activities such as recycling or conservation.

Table 4 shows the majority of SEEs (63%) in the survey indicated that their main target group for the provision of help was the ‘local community in general’. Other target groups that were highlighted by SEEs were children (7% of SEEs aim to support children/young people in some way), the ‘unemployed’ (6%), ‘those with disabilities’ (5%), ‘women’ (4%) and ‘people on low incomes’ (4%).

Table 3: Nature of Social Economy Enterprises

INDUSTRY SECTION	% OF TOTAL SEEs
Production & Construction	4%
Wholesale & Retail Trade	3%
Hotel Bars & Restaurants	6%
Transport & Communication	2%
Financial Intermediation	26%
Property & Business services	29%
Education & Training	11%
Health & Social Work	12%
Community/Social/Personal service industries	8%
Other ¹	0%
Total	100%

¹ Other category includes Agriculture and Public Administration

Figure 3: Main Social Goal of Social Economy Enterprises in NI

- **74%** Help other than through employment
- **21%** Help through employment
- **3%** Help environment & people
- **1%** Help environment

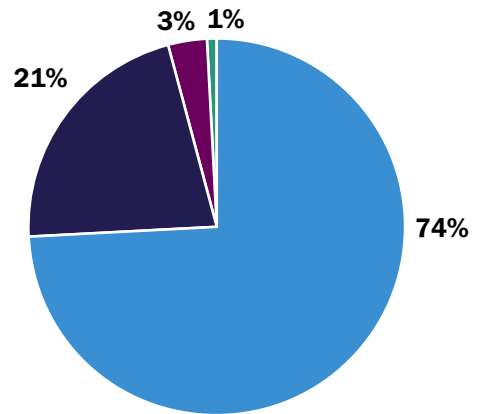


Table 4: Main Group of People Social Economy Enterprises in NI Trying to Help

MAIN GROUP TRYING TO HELP	NUMBER OF SEEs	% OF TOTAL
Children	26	7%
Those with disabilities	20	5%
Elderly/old people	10	3%
Local community in general	249	63%
People on low incomes	15	4%
Unemployed people	22	6%
Women	14	4%
Other ¹	40	10%
All SEEs	396	100%

¹ Other category includes specific interest groups, ethnic/racial groups and homeless people.

The background is a solid blue color with a series of overlapping, semi-transparent, curved bands that create a sense of depth and movement. The bands are light blue and curve from the bottom left towards the top right, eventually fading out towards the right edge of the frame.

Conclusion

Conclusion

3

The main aim of the survey was to collect baseline data on a known group of SEEs. Attempting to collect this data has raised a number of important issues. Firstly, there is a certain ambiguity in defining the sector; it does not fall under any existing classification systems and the current definition is open to interpretation by individual enterprises. Secondly, a number of enterprises that might be major contributors chose not to participate; there is therefore a challenge to encourage the sector to engage in assessing its contribution to the economy. Nevertheless, we now have good baseline data for a group of nearly 400 enterprises.

The data provided by this group gives us some indication of features of the sector such as its reliance on volunteers, the breadth of industries across which it operates and the ways in which it helps within the community. While every effort was made to ensure the survey population was as complete as possible, we cannot be certain how representative of the sector the final group actually is. However, bearing this in mind, it is still interesting to note that using the average employment for this group (17 employees), there would need to be 1,200 SEEs in NI to achieve employment of 20,000 (an estimate of employment that has been put forward in the past).

The second aim of the survey was to create a database of enterprises to promote the sector. This has been achieved with the vast majority of respondents agreeing to their details being made publicly available.

DETI will now work with the Social Economy Network (NI) Ltd (the new company formed to represent the sector in NI) to consider the findings from this survey and explore next steps. These might include:

- options for monitoring and measuring change and growth in the responding SEEs;
- the development and maintenance of the SEE database to make appropriate use of the contact details and information on products and services (for those SEEs that gave permission for their details to be used in this way);
- actions needed to help increase knowledge of the SEEs operating in NI to ensure that those that wish to be defined in this way can be included in any future research.

One of the Government's strategic objectives in "Developing a Successful Social Economy" is to increase awareness of the sector and establish its value to the local economy. The findings from this piece of research contribute to this objective. This

work has helped to advance our understanding of the nature and activities of a sub-group of SEEs in NI and will be beneficial to policy makers and others seeking to help develop and support SEEs.

This report can be found at
www.socialeconomy.detini.gov.uk

Acknowledgements

The Department of Enterprise, Trade and Investment's (DETI) Social Economy Branch would like to thank all of those in the social economy sector who contributed to this research including those that helped with compilation of the survey database, those that took part in the pilot exercise and those that participated in the survey.

Appendix 1

Technical notes

Appendix 2

Questionnaire used to collect data

Appendix 1

Technical Notes

RESPONSE RATE

The survey was issued to 884 organisations and replies were received from 537 organisations, 396 of whom were regarded as Social Economy Enterprises (SEEs). It is known that a number of larger SEEs did not participate in the Survey and this would obviously affect the overall results for the Social Economy Sector. The results produced in this booklet are therefore limited to the 396 SEEs that took part in the survey.

TYPES OF SOCIAL ECONOMY ENTERPRISES

Participants of the survey were asked to classify themselves into one of the following groups:

Community Business: including

- Co-operatives
- Employee owned Businesses
- Social Firms
- Community Development Finance Institutions
- Charitable Trading Arms

Credit Unions

Enterprises which provide access to community finance as savings organisations and sources of affordable credit and financial advice for the benefit of members.

Housing Associations

Enterprises which provide affordable housing for rent or low cost home ownership and also supportive housing for the elderly or people with disabilities.

Local Enterprise Agencies

Enterprises which stimulate business growth and local economic development through the provision of advice, support and workspace.

Other

Used to classify those enterprises which according to the respondent do not fall within any of the groups.

LEGAL STATUS

Respondents to the survey classified their organisation into one of the following categories:

- Company limited by Guarantee
- Company limited by Shares
- Industrial and Provident Society
- Other

CHARITABLE STATUS

The division between charitable and non charitable status was based on survey respondents own assessment.

DEFINITION OF EMPLOYMENT

Employment information was requested for the period September 2006 and was divided into the following categories:

- Paid employment - This included permanent, temporary and casual workers, paid trainees, relief workers, employees in Northern Ireland whose pay records are held elsewhere, seconded/ agency staff paid directly by the enterprise and proprietors / partners.
- Full Time / Part Time - Part time employees are those who work 30 hours or less per week.

VOLUNTEERS & VOLUNTEER HOURS

Volunteers are unpaid workers and include unpaid members of the Board of Directors. The total number of hours worked by each volunteer was added together to give the total number of hours worked in the month of September.

TURNOVER

The turnover consists of the total takings or invoiced sales and receipts of the enterprise in the financial year 2005 - 2006. Due to the variation in turnover figures recorded by SEEs and the disproportional impact of extremely large turnover figures, the average turnover figures quoted are based on median estimates rather than means.

SOURCES OF INCOME

The respondents classified the percentage of their generated income into the following categories:

- Earned Income from Trading Activities
- Income from Grants and Donations
- Other income

INDUSTRY CODES

The classification of the respondents industry is based on the Standard Industrial Classification (SIC) 2003.

SOCIAL GOAL OR PURPOSE

The respondents were asked to select the option (one only) which best represented their enterprise's main social goal or purpose.

MAIN GROUP HELPED

The respondents were asked to select the option (one only) which best represented the group of persons their enterprise primarily helped.

Appendix 2

Questionnaire used to collect data

Biennial Survey of NI Social Economy Enterprises 2006

Please read the guidance notes before completing the Survey and please complete all sections.

1. Contact Details

If any of the contact details, i.e. name and address, are incorrect please amend in the space provided below.

Name of Enterprise

Address

Postcode

2. Social Economy Enterprises are businesses with primarily social or environmental objectives whose surpluses are principally reinvested for that purpose in the business or in the community. Does your enterprise:

Have a social, community or ethical purpose?

Yes No

Operate using a commercial business model? e.g. running as a business selling products and/or services in the market.

Yes No

Have a legal form appropriate to a not for personal profit status? e.g. Company limited by Guarantee.

Yes No

If you have answered **YES** to all three questions, please proceed with the completion of the survey.

If you have answered **NO** to any of the above please complete the contact details at the end of the questionnaire and return the uncompleted questionnaire in the pre-printed envelope.

3. Please indicate (tick one only) the type of enterprise you operate

- Community Business
- Credit Union
- Housing Association
- Local Enterprise Agency
- Other (please specify)

4. What is the legal status of your enterprise? (tick one only)

- Company limited by Guarantee
- Company limited by Shares
- Industrial & Provident Society
- Other (please specify)

5. Does your enterprise have charitable status?

- Yes No

6. In what year was your enterprise established?

7. How many people were in paid employment in your enterprise during September 2006?

Male Full Time	Male Part Time	Female Full Time	Female Part Time	Overall Total of paid staff
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

8a. How many volunteers are currently working in your enterprise?

8b. What are the total hours worked by your volunteer group in a month?
An estimate is acceptable.

9. What was the annual turnover (i.e. sales, income or gross takings) of the enterprise in the financial year 2005-06? If you do not have an exact figure, please provide an estimate.

£

10. Please estimate the percentage of your enterprise's turnover that comes from the following sources (percentages should add up to 100%)

Earned income from trading activity	<input type="text"/>	%
Grants and donations	<input type="text"/>	%
Other income	<input type="text"/>	%

11. Taking into account all sources of income in the last financial year (2005-06), did you generate a profit or surplus?

Yes No

12. If you answered YES to question 11 (i.e. you generated a profit or surplus) please specify the amount. If you do not have an exact figure, please provide an estimate.

£

13a. Please indicate (tick one only) the main business sector in which your enterprise operates. This should relate to the part of the business that generates the most earned income from trading activity.

- Manufacturing (Including re-cycling)
- Construction
- Wholesale & retail trade (Including garden centres & nurseries)
- Hotels, bars & restaurants (Including youth hostels, catering, coffee shops etc.)
- Transport & communication (Including tour operators/tourist information)
- Financial intermediation (Including Credit Unions)
- Real estate, renting & business (Including property services/housing associations, consultancy, recruitment)
- Education & training (Including private training orgs.)
- Health & social work (Incl childcare, care for people with disabilities etc.)
- Community/Social/Personal service (Including arts, libraries/museums, theatre/sports clubs, parks etc.)

13b. Please describe in detail the exact nature of this trading activity e.g. products and/or services provided.

14a. Please indicate (tick one only) which of the following best describes the main social goal or purpose of your enterprise.

- To help people through employment (helping people into work).
- To help people other than through employment (enhancing the communities and places where people live through the provision of local services such as social housing, financial services, training or through regeneration activity.)
- To help improve the environment (in the traditional sense through “green” activities such as recycling, conservation, raising environmental awareness).
- To help improve the environment (as above) and to help people in some way.

14b. Please describe your main social goal/purpose in more detail.

15. Please indicate (tick one only) the main group of people your enterprise seeks to help in some way (e.g. through provision of products and services or through employment).

- | | |
|---|---|
| <input type="checkbox"/> People with disabilities | <input type="checkbox"/> Children/young people |
| <input type="checkbox"/> Elderly/old people | <input type="checkbox"/> People on low incomes |
| <input type="checkbox"/> Unemployed people | <input type="checkbox"/> People of particular ethnic or racial origin |
| <input type="checkbox"/> Women | <input type="checkbox"/> Homeless people |
| <input type="checkbox"/> Local community generally | |
| <input type="checkbox"/> Specific interest groups (please specify groups) | |

- Other (please specify)

Completion

Questionnaire completed by _____

Position within enterprise _____

Telephone number _____

Email _____

Website _____

Permission for the use of information

I agree to the use of the name, address, telephone number, email, website and products/services provided by the enterprise in a publicly available database of NI Social Economy Enterprises.

Please note that the other information you have provided (e.g. figures for employment, turnover, profit etc.) will be treated in confidence and will not be disclosed to any unauthorised persons. This information will be combined with figures from other Survey contributors to provide summary statistics.

Signed _____

Date _____

Position within Enterprise _____



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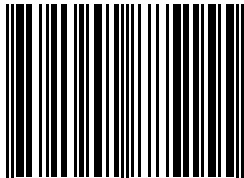
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