

POLICY BRIEF

MANAGEMENT SKILLS FOR SOCIAL ENTERPRISES

THE PROBLEM

Social enterprises play an important role in society, by providing care services to those in need, and by providing work to people who find it difficult to compete in the mainstream labour market. Despite this, or perhaps because they eschew a “get rich quick” mentality, social enterprises tend to suffer from low prestige. Yet working in them is not easy; it demands flexibility and multiple skills. Incentives and career paths are sometimes limited, or perceived as such. Volunteer and paid employee mentalities may clash. There may be fears that pay and conditions in the public or private sectors might be undermined by “unfair competition” from more result-oriented social economy working methods. As if this was not enough, they predominantly offer employment to people who have not gained formal qualifications.

As businesses, they must be well managed if they are to survive. The specific nature of social enterprises means that they need specific new skills and qualifications in the following areas:

- Working in a social enterprise is not solely a matter of gaining a material reward. In personnel or human resource management, social enterprises therefore depend to a far greater extent on the **motivation** of their workers. Techniques of **participative management** are required to maintain this. These depend on the involvement of people in deciding the content of jobs and in improving results, rather than simply carrying them out as instructed. This relies on a keen appreciation of what it means to work in a team, and a commitment to a process of collective problem resolution and decision-making. Positions of responsibility may be held in rotation over longer or shorter periods, and jobs may be shared. Working hours may be negotiated flexibly. To increase job quality, people may carry out a number of different roles in parallel or in succession. Strategic decisions will generally be reached through a process of consultation of all stakeholders. Feedback on achievements and results is to the general meeting of members as well as to stakeholders more broadly.
- The success of social enterprises depends on keeping up good links with a number of different stakeholders. There is a need to manage their “**social capital**”, which is made up of levels of trust, reciprocity, norms of behaviour, a sense of belonging and networks. This not only involves workers but suppliers, final users and clients in both the public and private sectors.
- Social enterprises do not rely on conventional, anonymous marketing techniques. Instead they focus on **social marketing** based on proximity, personal contact and trust.
- **Finance** is often a combination of private finance, public funding and voluntary contributions of money or time. Managing this mix also requires specific skills.
- Finally, social enterprises require special **reporting**, monitoring and evaluation techniques that take account of the social as well as the economic objectives.

THE POLICY CONTEXT

Over the years, the European Social Fund and education and training programmes such as FORCE and Leonardo de Vinci have supported many projects which have built the skills of social enterprise managers. The start of a more strategic approach was signalled in the mid-1990s, when the Social Economy Unit of DG XXIII supported a pilot project to establish a *Third Sector Training Network* (REEN). This held a number of European conferences and summer schools and published a directory of 140 providers,¹ but in the absence of permanent funding was wound up after several years. The issue is still on the agenda of the Education and Culture DG.² However provision remains fragmented and there are few accepted standards.

The European Commission’s main policy thrusts in this area are:

- The **Strategy for Lifelong Learning** produced in 2001, which is based on two key ideas: firstly that nowadays learning has to take place throughout one's life rather than being concentrated in the ages between 6 and 19. Secondly that it is important to encourage and recognise much of the informal learning that takes place at work and outside the formal education or training system (learning must be life *wide* as well as life *long*);
- The Initiative on Vocational Education and Training (commonly known as the **Bruges-Copenhagen process**), a 31-country initiative whose aim is to build a transparent and visible European framework that allows credit transfers between countries (now possible in higher education), common quality references for training and teacher training.

The link between learning and mobility, and the imperative towards inclusion, are set out in the Copenhagen Declaration of 30 November 2002 as follows: "*Strategies for lifelong learning and mobility are essential to promote employability, active citizenship, social inclusion and personal development. Developing a knowledge based Europe and ensuring that the European labour market is open to all is a major challenge to the vocational educational and training systems in Europe and to all actors involved. The same is true of the need for these systems to continuously adapt to new developments and changing demands of society.*"³

Work consequent on the declaration focuses on five concrete outputs:

- A single framework for **transparency of competences and qualifications**. The intention is to bring together into a single user friendly and more visible format the various existing transparency instruments, for example the European CV, the certificate supplements and diploma supplements, the Europass-Training and the national reference points, possibly using the Europass brand.
- A system of **credit transfer** similar to the European Credit Transfer System in higher education.
- **Common quality criteria and principles**.
- Common principles for the validation of **non-formal and informal learning**.
- **Lifelong guidance**. The aim is to strengthen the European dimension of information guidance and counselling services, enabling citizens to have improved access to lifelong learning.

Training in social enterprise management would benefit from this harmonisation process. There are already a number of management qualifications, at various levels, specially designed for social enterprises. The Commission points out that "several examples exist of specific modules for co-operative management training (including distance learning) and even of dedicated university courses for co-operative entrepreneurs. Unfortunately, most such initiatives remain isolated and these could usefully be networked across Europe." It undertakes to "take the necessary steps to ensure that programmes for education, training, lifelong learning and e-learning should facilitate the participation of co-operatives."⁴

NEW SOLUTIONS: GOOD PRACTICE FROM EQUAL

The training being piloted by EQUAL DPs generally falls into one of five categories, with many DPs working on more than one:

- **Management** training to improve the performance of social enterprise
- **Graduate** and post-graduate education
- **Vocational** training (mostly in the care sector)
- **Pre-vocational** training and animation
- Training in **support** services

A number of widely varying approaches may be mentioned.

- **Transnational delivery of a common curriculum**

The partners in one transnational co-operative agreement are piloting an 18-month university-level qualification, the European Certificate in Community Enterprise (ECCE).⁵ While delivery is divided among the six participating countries (ES, FR, IT, RO, SE, UK), the course is validated by the University of East London. It develops a common understanding of the social economy, creates "communities of practice" to improve skills, and creates new professional profile, the "community enterprise agent". Thirty students started the course, and six have dropped out. The

progress of the project so far shows that given wide variations in practices of social enterprise development among different countries, structured partnership working can allow useful lessons to be learnt. Despite wide variations in social enterprise support practice, a common European model is feasible.

- **A strong focus on empowerment**

Self-managed enterprises such as co-operatives are by their nature empowering, as all members have to take the responsibility of running the business. The process of group working and decision-making can be an important socialising and therapeutic tool. One DP runs a one-year theoretical/practical course in starting a social enterprise for ex-drug addicts and education dropouts. The course is now in its second year and the first four graduates have successfully reintegrated into the labour market.⁶

Its work shows that some groups of people disadvantaged in the labour market, such as ex-drug addicts, have the potential to hold down professional jobs, but, having dropped out of formal education, lack the formal qualifications to gain such a job. By offering ways into work for people with low qualifications, social enterprises play an important role in integrating disadvantaged people into the labour market.

In Germany, one DP has successfully piloted a training course that empowers unemployed people by making them the boss of their own co-operative enterprise.⁷

- **Professionalising the fast-growing care sector**

By carrying out training in care skills, a number of DPs are acting to simultaneously improve the supply of high-quality care, integrate disadvantaged groups into the workforce, and reduce the extent of informal work. The need for elderly care is growing fast: for example in the Land of Baden-Württemberg alone there are 34,000 people working in institutional care and a further 12,000 in mobile care. Demographic change means that this figure needs to grow by 25% by 2010.⁸

- **Creating new professions to aid social enterprise development**

One Italian DP operates workshops, delivers an on-line training course and a masters' degree in social business administration.⁹ It is developing training for a new profession, the "intermediary of confidence", with the following skills profile:

- mapping the outsourcing policy of profit-making enterprises
- mapping the social economy offer
- arranging meetings between public authorities, private enterprises and social enterprises,
- developing corporate social responsibility policies
- developing innovative ideas

The qualification is accredited by the economics faculty of Padua University for the year 2005/6. It will be delivered on Fridays and Saturdays, to enable working managers to attend. It will cost about €3,000.

Another Italian DP is integrating immigrants by offering courses in three new professions: intercultural mediator, social economy coach and expert in international co-operation (this last course is designed to facilitate back-migration).¹⁰

- **Business advice qualifications**

Britain's national Social Enterprise Partnership (SEP) used EQUAL's first round to put social enterprise at the heart of professional qualifications in business support. To slot into Britain's well-developed qualifications framework, it developed national occupational standards for both social enterprise managers and their advisers. It went on to create a professional qualification aimed mainly at business advisers, that part of the market that shows the most demand for qualifications. These standards were developed in partnership with the Small Firms Enterprise Development Initiative (SFEDI), approved by the National Occupational Standards Board, and are now awarded by the Institute of Leadership & Management (ILM). There are five NVQ level 5

qualifications at both Certificate and Diploma level, in five areas: Understanding, Promoting, Developing and Sustaining Social Enterprises, and Personal and Professional Development.¹¹

CONCLUSIONS AND POLICY RECOMMENDATIONS

Social enterprises have a valuable contribution to make in promoting inclusion, local development and neighbourhood renewal. They face the risks that commerce is prey to, and so require professional management if they are to prosper. Moreover, their multiple stakeholders and objectives mean that managing them is a complex balancing act, which demands a broader range of skills than much conventional management. There is therefore a need for better-targeted and widely available training in social enterprise management.

A number of EQUAL development partnerships are working on various pieces of the jigsaw of training that is needed, and the pieces are beginning to fit together. The whole picture would be assembled much more quickly if a European network of social enterprise training providers were to be established.

A new professional qualification in social enterprise management, which recognises the specific skills needed, would raise the profile of the sector and thus improve labour market transparency, and thus job quality. To aid labour mobility, this should be agreed at European level. Such a qualification should be made widely available, and there is interest in several EU countries in a common graduate-level qualification in social enterprise management. These have a lot of potential for synergy, and a European network of “centres of excellence” in social enterprise training should be set up.

As well as the level of general management skills, there are skills issues specifically related to the field of personal care. Professional standards are needed to guarantee service levels to clients, to provide accountability to funders, and to offer stable career paths to workers. Transnationally accepted professional qualifications also promote cross-border labour mobility. Their establishment in the care sector will make it easier for care workers (in both EU and third countries) to take up posts in other countries as part in the formal economy, while reducing the temptation to work illicitly.

¹ *European Directory of Training Organisations for the Third Sector*, European Third Sector Training Network, Brussels, c. 1996

² In July 2004 it organised the seminar *Developing and promoting vocational training for social enterprises* which brought together both providers of training to social enterprises and social enterprises that provide vocational training.

³ cited at http://europa.eu.int/comm/education/copenhagen/index_en.html

⁴ *On the promotion of co-operative societies in Europe*, COM(2004) 18, 23 Feb 04, page 7

⁵ *ECCO – European Community Co-operative Observatory* (TCA 397), led by the Thames Gateway DP, see www.ecco.europa.net

⁶ The Swedish DP partner in TCA 397 (EFF – Empowerment for the Future) has four partners: Basta Arbetskooperativ (an 80-strong co-operative of ex-drug addicts), a voluntary organisation, an insurance company and the University of Lund. It practices empowerment to help vulnerable people start social enterprises. Its computer division supports personal development & marketing strategies. The problem is how to deliver vocational training to drug users who have little education and are in and out of prison. The training has to raise their self-esteem so that they stay off drugs before it can give them vocational skills. A one-year course is the longest the users can face. The course combines theoretical learning with ethical subjects and practical work, for instance in building (3 people) or horse breeding (1). A cohort of five (4 men, 1 woman, aged 35-40) has graduated. The course is accredited by employers and trade unions, and graduates have a “work book” which shows what skills they have. The problem of the lack of funding for adult education has been overcome by cross-subsidising with the income from training younger people from school: 6 young people will pay the costs of 4 older ones. The inter-generational mix works well: it inspires and it lends discipline. The students coach each other.

⁷ *innova Entwicklungspartnerschaft für Selbsthilfegenossenschaften*, see www.innova-eg.de

⁸ The *Dritt-Sektor-Qualifizierung in der Altenhilfe* DP is a coalition of the main welfare organisations. It aims to improve personnel development, raise job quality, and create jobs in elderly care. An index of its value is that it has grown from 17 to 30 partners.

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- It has filled a gap in human resource planning by creating a “personnel development planning concept” which it supplies free of charge.
 - On job quality, it has addressed the problems that part-time staff have no opportunity to train; that there is no language training for the 15%-18% of workers who are immigrants; that there is no strategy for diversity management; that health and working time management are deficient; and that there is no sensitivity to the needs of older workers. It has developed a benchmarking tool, and is now starting model projects with a view to create a self-evaluation tool.
 - The DP is also creating employment, by delivering training in care skills to women returners (who constitute a major unused resource), unskilled unemployed people, and immigrants. In three places there are job rotation schemes.

One problem is cost-effectiveness: the training takes three years, but, once trained, workers typically stay in post only five years. A massive throughput of trainees is therefore needed to make a difference to supply. The qualification is not accredited as it is not a modular system.

⁹ The *Welfare Integrato e Imprenditorialità* DP in northwest Italy has 24 partners. (A) The **workshops** are targeted at social enterprise managers in their 20s. They are 8 x ½-day and cover tendering, social marketing, human resource development, sustainability, networking and relationships with profit-making organisations. (B) The on-line **social enterprise management course** comprises 84 hours of distance learning. It comprises 6 knowledge units, covering marketing, business planning, quality, management and law. It is not accredited. (C) The MSBA – **Master of Social Business Administration** – is at university level and is targeted at social enterprise and non-profit managers. It is competency based and covers skills such as goal setting, taking initiative and benchmarking – content which was defined by asking focus groups of managers what skills they aimed to acquire. It lasts 1,500 hours: 360 classroom + 690 distance learning + 325 on placement + 125 project work. It counts for 60 credits.

¹⁰ *Domiziana* has set up local one-stop-shops and works with groups of 20 which mix local people and immigrants together.

¹¹ http://www.i-l-m.com/downloads/resources/qualifications/ILM_L5_Social_Enterprise_VRQs.pdf