

Supportive Policy for Rural Social Enterprise Development



CRRF Presentation
October 14, 2016

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Objectives

- Focus on ways of thinking and working with the unique characteristics and context for rural and northern nonprofit social enterprise.
- Provide summary of three recent research and capacity building projects with the Rural Social Enterprise Collaborative in Ontario.
- Identify the role of policy needed to successfully grow the social enterprise sector in rural.

Who am I ?

- Mary Ferguson, Eko Nomos
 - PhD candidate in Rural Studies at the School of Environmental Design and Rural Development – University of Guelph
 - Topic for research – Rural Municipalities as Intermediaries in Social Enterprise Development: The Role of Place-Based Public Policy
 - Focus on evaluation, social enterprise development, community based research
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Who are you?

- What's your interest in rural and/or northern remote social enterprise?



Agenda

1. Social Enterprise Definition
2. RSEC Project Overview
3. New Directions Overview
4. Role of Rural Municipalities as Intermediaries in social enterprise development
5. Next Stage Work

Interrelated Projects

- Rural Social Enterprise Collaborative
- OMAFRA New Directions Research
- Research into Municipalities as Intermediaries in SE Development: The Role of Place Based Policy

Social Enterprise Definition

Introduction

Social Enterprise is not new

- The Fenwick Weavers' Association in Scotland dated back to 1769 and is generally considered the first co-op ever created.
- European artists' guilds of the early Renaissance approximated co-ops and the ancient Chinese had co-operatively organized memorial societies" (OnCoop website).
- Similarly, the Kingston Farmers Market was established in 1780 as a mission-based enterprise (RSEC, 2014).
- In rural Ontario, Agricultural Societies began with a provincial act in the 18th century.

These examples all show how individuals and groups have come together to create income-generating opportunities that support **their personal and communal** needs.

- Key words “co-operation and solidarity” which assumes inclusionary behaviour
- Preconditions for place based systems change include:
 - “Trusted partners who understand and adapt to each other’s “values”
 - Strength based: Utilizing the assets of people and place”
 - Resilient and risk embracing: safe to fail, able to quickly bounce back
 - Able to let go: act as a platform for innovation and
 - Distributed leadership: enabling, fluid, no egos, convening”

(Billard and McAllister-Jones 2015)

Defining Social Enterprise

- Social enterprise is strongly attached to the idea of the social economy, “that part of the economy that is not driven by profit” (Loxley & Simpson, 2007, p. 1)
- “Organizations that have explicit economic, social and often environmental objectives and involve various forms of co-operation and solidarity” (CCEDNET 2013)
- Social enterprise is “defined neither as a corporate form nor as an economic sector, but rather as an approach or means that is used to achieve an end that is both social and economic (McIssac, Moody, 2013)

Our working definition of social enterprise

- A business operated by a non-profit...
that is:
 - directly involved in the production and/or selling of goods and services to customers
- For the dual purpose of
 - generating income from sales and
 - achieving social, cultural or environmental aims

ENP BC 2011

Definition remains elusive

- Social enterprises may be defined as businesses operated to achieve **social, cultural, environmental and economic** aims.
- Within this more limited definition, there are at least four general types of non-profit social enterprises.
 - **Human development** (providing accommodating employment for people),
 - **Mission-driven** and offer services or goods that align with their mission (for example a municipality offering fee for service recreation opportunities),
 - **Earned revenue driven** (operate a business to use the profits for mission-related work), and
 - **Co-operatives**. (Ferguson and Murray, 2007)

Human Development



Mission Driven



Earned Revenue Driven



Co-operative



Non-Profits in Ontario

- Includes over 55,000 organizations and generates over 50 billion dollars annually, or over 7% of Ontario's GDP (Ontario Non-profit Network, 2013).
- Coordinates over seven million volunteers province-wide
- Employs over 600,000 Ontarians
- The sector stewards social, cultural and environmental assets on behalf of the people of the province.
- Non-profits are a major contributor to the maintenance and development of civil society and the economy. (ONN, 2015)

Non-Profit and Earned Revenue

- Over 45% of revenues for the 55,000 nonprofits in Ontario comes from earned income
- Nonprofit social enterprises as “a bedrock of community stability” that has “the potential to address growing inequality in communities and play a major role in building community assets and resiliency”
- Enterprise activities are “not just about running a business [but] about generating revenue to strengthen communities”
- The way we define success must include “top up” social enterprises that cover sometimes 50-90% of their costs but need a baseline of government funding to flourish” (ONN, 2015)

Business Model Continuum

Not-for-Profit Ownership

For Profit / Private Ownership

Donations

*Fee for
Services*

*Social
Enterprise
In House*

*Social
Enterprise
Corporate*

*Corporate
Social
Responsibility*

*Strictly
Seeks
Profit*

**Blended
Return on
Investment**

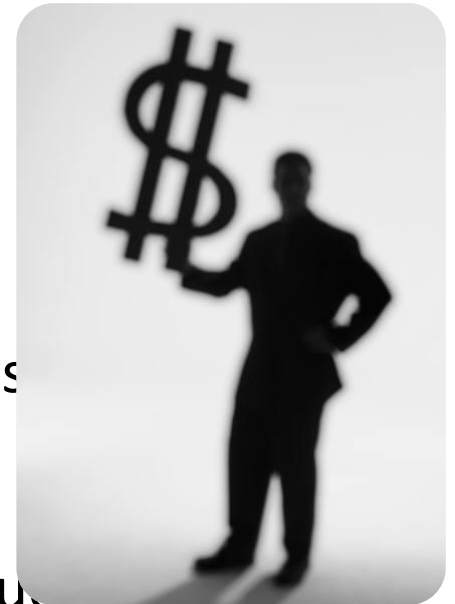
Key Findings: Rural SEs

when compared to urban SEs

- 1.5 times more likely to have families, children or seniors as a target group
- twice as likely to receive no grants or donations
- employed 57% fewer full-time equivalent (FTE) employees
- hired 30% less freelance or contract workers
- Rely more on volunteers

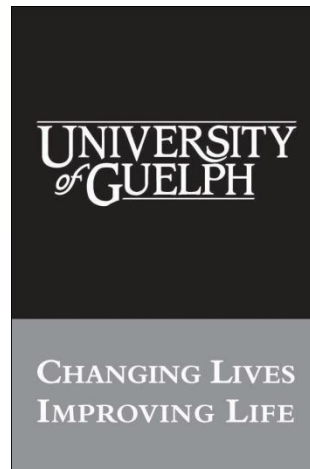
Key Findings: Employment

- Social enterprises are creating jobs
 - employed at least 5,355 individuals and 2,930 FTEs; paid at least \$117 million in wages and salaries (\$47,680 per FTE)
 - responding rural social enterprises paid over \$57 million in wages and salaries
 - Extrapolating data for rural social enterprises
 - ❑ Employed over 28,000 people
 - ❑ Generated \$800 million in revenue



Rural Social Enterprise Collaborative

Collaborating Partners



SE Intermediaries

- **Social enterprise intermediaries** are organizations or networks that connect people, ideas and resources and create the conditions for successful social enterprise development
- RSEC regional intermediaries:
 - CED organizations (PARO and COIN)
 - Community Futures Development Corporations (Huron Business Development Corporation)
 - Community College Social Entrepreneurship Centre (Georgian College – Orillia Campus)

Strategies and Activities

Deepening capacity building work & testing new approaches to building skills and supports for rural SE development

SE Webinars

Coaching for NFP's & Social Entrepreneurs

Building relationships & partnerships among rural SE capacity builders to support long term development

Assessment of SE Support Capacity in Regions

Regional Intermediaries Mentoring & Convening

Regional Meet Ups & Mapping

Supporting and engaging emerging practitioners & post-secondary institutions in rural SE capacity building & research

Testing Postsecondary Models

Promoting Research into Rural & Northern SE

Improved SE Infrastructure and Strategy in rural regions of Ontario

Roundtables in participating regions

Organizations reflect a networked understanding & inter-regional provincial framework for SE & the social economy

Increased understanding and sharing information about the SE sector in Ontario

SE Mapping Survey completed in 2012 and 2015

SEontario website

Outcomes and Building Blocks

A solid plan and project management with a knowledgeable experienced team



Three year funding through Ontario Trillium Foundation



Strong collaborative relationships & processes among project partners



Credible, active & engaged regional & provincial partners



Research agenda & reflective practice

RSEC Intermediaries

- Up until RSEC there was no one convening SE's in rural and northern regions
- Intermediaries engaged in RSEC needed to define their own regional boundaries
- Required more \$ resources to adequately take lead across regions and link to larger sector
- Project helped build networks and credibility of regional intermediaries
- Rural regional intermediaries with limited capacity still struggling

SE in Rural

- There are more rural SE's than we knew about; mapping helped shine light on invisible sector
- Still lots of confusion in rural about what SE is and how it applies to work of NFP's and stakeholders such as rural municipalities
- SE's put together their own supports; there is no one entry point for SE supports in rural
- Rural NFP's build assets such as jobs, culture, social capital; SE is one way to sustain this role
- Rural SE's not linked to larger SE sector
- Need for more co-ordination of regional SE stakeholders and services; e.g. community foundations, business enterprise centres, CFDC's, info centres

RSEC Recommendations

Capacity Building

- Continues to be an interest of rural and northern NFP's in SE learning and skill building
- It takes time for NFP's to integrate SE into their DNA – staffing, systems, cultures; coaching takes time and intervention at different levels (Board, staff, volunteers, clients)
- Most NFP's coached through RSEC were early stage
- Funding was important consideration to advance SE; few internal resources for R & D

Practitioner Development

- Coaching and doing business development with rural SE's requires specialized knowledge; i.e. NFP organizational development + program design + business development
- Limited number of people with this skill and knowledge
- Few opportunities for practitioner development, yet appetite is there

Postsecondary Engagement

- There is little formal research available on rural SE
- Curriculum on CED, MBA, sector focused, but no rural development and NFP lens in formal courses
- Increasingly SEs are working with and engaging students and researchers in community based research
- Opportunity to integrate rural SE into university curriculum dependent on retiring of other courses

Rurality

- Regional intermediaries did not necessarily see their work as rural (e.g. Simcoe, Peterborough)
- North had its own identity separate from rural
- SE more closely linked to community economic development in rural and north
- No provincial voice for rural and northern SE in Ontario
- Rural municipalities also operate businesses – sometimes in competition with other SE's; need to fund services through revenue generation
- Not easy to link mandate of rural municipality to NFP SE; not seen as small business or economic generator

SE Ecosystem Evolution

- Many more players in field from when RSEC began – mostly social finance
- Attention to for profit social businesses in policy eclipsing attention to NFP's and rural
- Ontario SE sector is not unified
- Larger system and cross regional approach allowed for more dynamic network building through RSEC
- Universities and Colleges can play a key role in SE
- Municipalities and school boards are engaged, but role is not well defined or understood
- Provincial partners now have more knowledge and commitment to rural SE going forward

Work to be Done

Strengthen Capacity

- Deepen the capacity of rural and northern nonprofits to engage strategically in social enterprise activity
- Build the knowledge and skills of people who support social enterprise development
- Enable rural, regional and northern intermediaries to take a lead in social enterprise sector development

Create Connections

- Invest time and resources into coordination to grow rural and northern regional supports for social enterprise
- Create spaces for rural and urban social enterprise practitioners to connect, share and co-create the social enterprise landscape
- Align regional, provincial and federal funding to support local social enterprise activity

Share Knowledge

- Understand and learn from existing rural and northern social enterprise innovations and initiatives
- Embed social enterprise into post secondary curriculum
- Conduct and share post secondary research on rural and northern social enterprise

Align policy

- Advance policy and programs that enable social enterprise
- Promote the use of policy lenses that account for unique rural and northern contexts

New Directions Research

New Directions Project Overview

Intended to identify key leverage points for policy investment to facilitate social enterprise development in rural Ontario by:

- Researched four case studies on nonprofit social enterprises in rural regions
- Cross case analysis
- Literature review

Case Study Sites

- Abbey Gardens – Haliburton, ON
 - <http://www.abbeygardens.ca/>
- Common Roof – Simcoe County, ON
 - <http://thecommonroof.ca/>
- Cloverbelt Local Food Co-op – Dryden, ON
 - <http://cloverbeltlocalfoodcoop.com/>
- Community Living South Huron – Dashwood
Wood Products and Housing Ownership
 - http://www.clsh.ca//view.php?Developmental_Services_Ontario

Abbey Gardens



Common Roof

**“A most excellent piece of
real estate creativity.”**

*L. Loftus, CCIM, SIOR
Sutton Group*



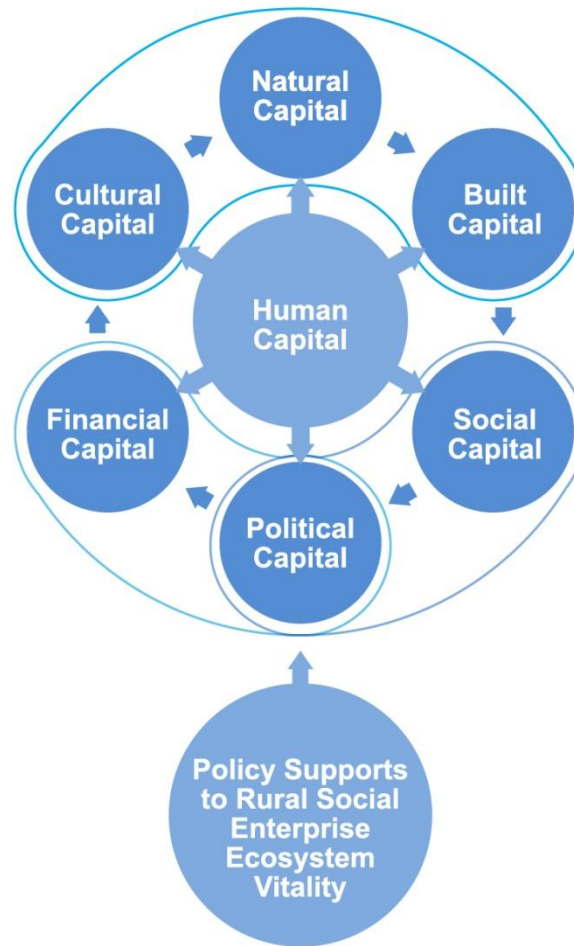
Dashwood Wood Products



Cloverbelt Food Cooperative - Dryden



Community Capitals Framework



SE Pathways

1. Idea and impetus

- May have been seeded many years before
- Getting ready
- Response to catalyst(s)

2. Core group formation

- Right people
- Entrepreneurial
- Credible community leaders
- Connected

3. Business or organizational structure

- Incorporation to steward the idea/address mission, vision
- Structured to access and manage relationships and assets
- Not necessarily SE as yet

4. Business model testing

- Attempt to balance social and economic
- Earned revenue strategies tested
- High experimentation – “just do it”
- Engagement of more stakeholders – institutional and other; linking of mandates
- Capacity growing due to more knowledge, skills, connections

5. Scaling

- Attempts to grow impact and further test model
- Through replication, serial SE, multiple revenue streams
- Internal and external growth
- May be driven by institutional partner mandates
- Seeking break even

Supports for Social Enterprise Sector



- Case study sites not tied to larger SE sector
- Will benefit from demonstrating impact, enhanced access to capital, market opportunities
- Yet... supports not in place as yet....pillars may not be as relevant to rural and north

Role of Policy and Leverage Points

- **NFP and SE Structure, Governance, Taxation:**

- CRA guidelines for charities doing business/CED
- CRA and provincial guidelines for taxation
- Acts (provincial and federal) governing nonprofits
- Provincial SE Strategy – hybrid models

- **Land Use and Ownership: (provincial, municipal)**

- Agricultural lands
- Settlement areas and rural designation
- Public lands in Public hands/Community Hubs
- NFP building ownership/equity policy

- **Sectoral and Services Policies:**

- Community Hubs (MCSS/other)
- Services for persons with disabilities (e.g. Individualized funding)
- Local Food Act/procurement of local foods
- Safety – local health units, provincial and federal

- **Regional Development Policy: (federal/provincial)**

- Industry Canada Community Futures Corporations
- Regional Development Funds + EODP etc.
- Business Investment Grants

- **Business Development Policy/Economic Development:**

- Small business development supports
- Large business grants

Conclusion

Support place-based innovation and avoid “cookie cutter” approaches

Enable rather than inhibit the flexibility needed for local cross-sectoral innovation in rural and northern SE development

Leverage and co-ordinate the mandates and resources of enterprise support organizations, programs and advisors at local and regional levels to support and encourage the adoption of SE objectives and strategies

Grow enterprise development capacity and take advantage of unique community capitals to account for and address capacity and service gaps in rural and northern communities

Contribute to align municipal, provincial and federal policies that impact nonprofits and social enterprise in rural and northern communities

Recognize the community benefit impacts that rural and northern social enterprises can effect in their regions related to the many forms of community capital - social, cultural, built, political, financial, human, and natural capital

Current Research

- Into the Municipalities as Intermediaries in SE Development: The Role of Place Based Policy – projected completion September 2017

- “If they can’t see it from the top of the CN tower then it doesn’t exist” – Kenora DoKURA
- “The feds downloaded to the province and the province downloaded to us and unfortunately they continue to do that. A lot of the time the province hands down these responsibilities without the funding that’s necessary to implement. It happens to us frequently, every single year” – Peterborough
- “The smaller you are the more difficult it is” – Peterborough
- “We (lower-tier) are the face for all levels of government because we aren’t insulated from them, we are in their community, we are them” – North Kawartha

Why go to all this trouble

- Rural communities are struggling in a policy system that is heavily biased towards urban and more populated Southern Ontario
- Public revenue controlled by municipalities is now only 9% down from 36% in 1913 (Sancton and AMO) – Smaller local governments have little leeway for new investment yet this is where people live.
- Rural social enterprises are operating in isolation and if connected to the field could contribute to civil society, jobs, finances and citizen engagement – all outcomes that rural municipalities are working towards
- If municipalities are to add legitimacy to social enterprises as a key component to the rural social and economic infrastructure we need to know more about what they are doing and what they could do

OMAFRA Funded Research

- **Rural Municipalities as Intermediaries in Social Enterprise Development: The Role of Place-Based Public Policy**

Objectives of this research are to:

- Assess rural and remote successes and failures in social enterprise
- Document the current level of activity of rural municipalities in social enterprises that are publicly owned or owned by non-profit organizations
- Identify the enablers and barriers to municipalities' role as social enterprise intermediaries
- Identify dimensions of effective practice and collaboration in municipally-led social enterprise development
- Identify the municipal supports required for effective place-based rural social enterprise development
- Identify key leverage points for municipal and other public policies to facilitate effective and positive impacts on rural Ontario social enterprise development.

Phases of the research

Phase 1:

- Extensive literature review

Phase 2:

- Interviews with 26 CAO's and/or Mayors in 4 regions and 26 lower ties settings to identify case study sites

Phase 3:

- Case Studies of 8 successful SE in a variety of sectors (human development, infrastructure, culture, social development)
- Case studies with 4 unsuccessful SEs to determine

Phase 4:

- Writing and dissemination of manual and webinars of effective practice for rural municipalities

Social Enterprise term new to most interviewees

- The term “social enterprise” is not recognized (80%) and about 60% did some on line research to orient themselves to the term before the call
- None knew of Social Enterprise Branch
- Research adding new knowledge for interviewees
- Many talked about interest in learning more about SE as an economic diversification strategy
- 2 could not think of a single NFP or SE in their municipality

Municipal people are acting as intermediaries

- Municipalities are acting as intermediaries by connecting people from the private, non-profit and public sectors to make projects happen
- For many NFP not really on radar – seen on par with for-profit as out there interest groups. For others they have developed partnership with NFPs to make things happen or developed new NFP SEs
- There is not a one-size fits all solution for all municipalities, and collaboration and cooperation is required to make things work
- Municipalities are supporting SEs in a wide of range of ways from providing insurance, space and in some cases owning and operating large scale SEs.
- All municipalities are unique and contextual elements often provides impetus for social enterprise development

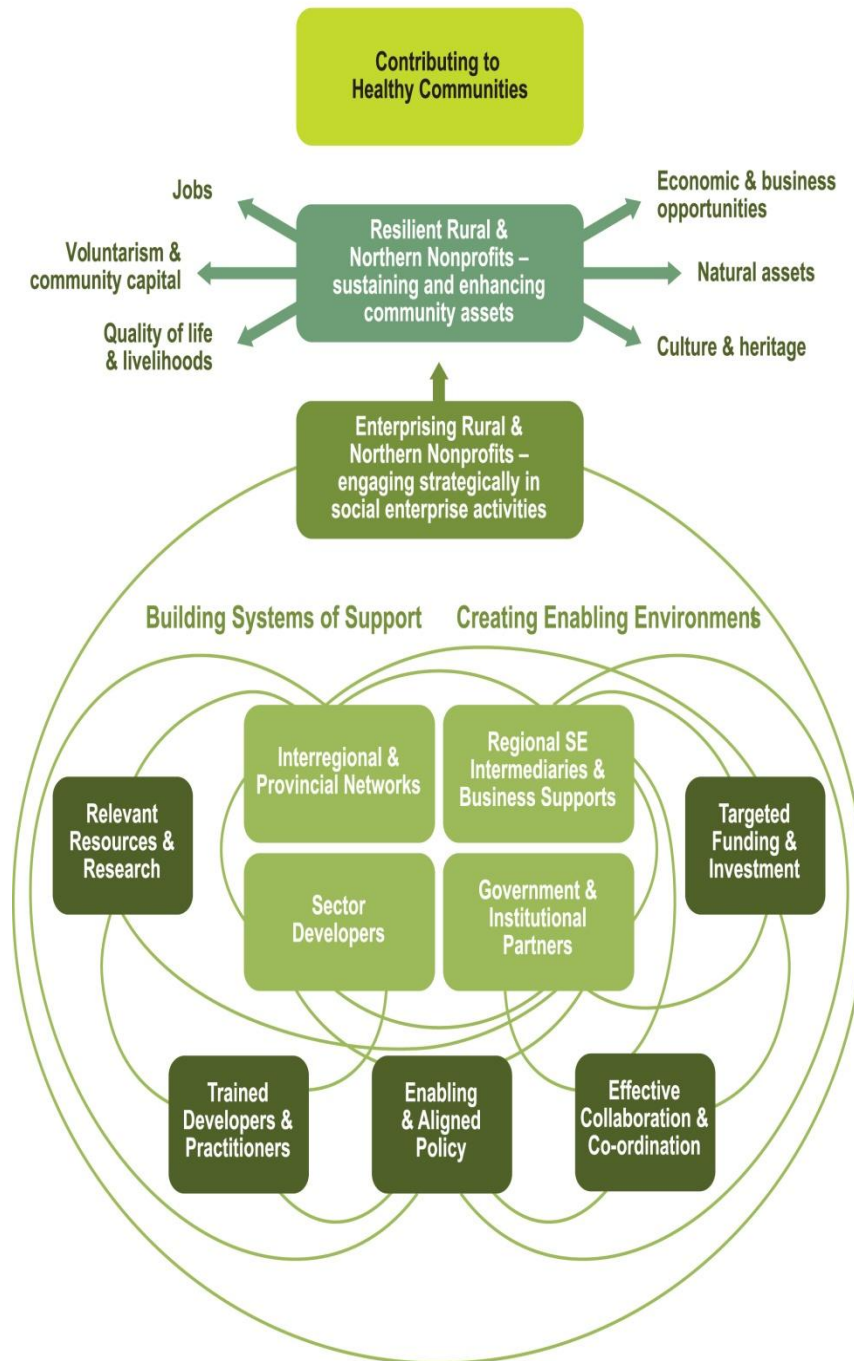
Challenges in role as an intermediary

- A big issue is the scale of the population and the taxes base municipalities have access to, which puts smaller rural municipalities at a disadvantage. Some are barely staying solvent.
- The smaller the municipality the more likely they are to rely on County to make linkages and support SEs
- Infrastructure upgrades are needed both to attract people to their town and for the wellbeing of the townspeople and seniors. Not enough tax dollars to do everything that is needed.
- Difficulties include: lack of information and expertise, lack of support (staff) and resources to apply for additional physical support and grant applications.
- Public attitudes and education on SE should be addressed, and youth should be encouraged to participate and stay in rural areas, hiring interns and summer students to help.
- Most talked about the importance of not competing with the private sector .
- Lack of success linked to limited capacity and older less informed decision makers
- Emphasis on importance and need for volunteers. Volunteer burn out mentioned often.
- An SE toolkit/resource manual, similar to the Ontario Heritage Toolkit would be highly useful.

Policy analysis was weak

- Interviewees were familiar with provincial and federal policies affecting municipalities
- Policy and funding context making things very difficult – not a lot of time for anything but the basics – especially the smaller municipalities. It takes time to learn about opportunities, apply for them and then report on them. Program not designed for smaller municipalities with limited staff time.
- Policies need to change according to individual municipalities to include protection against liabilities and insurance costs. Bylaws also need to be updated to support mobile SE endeavours.

Vision for the Future: Right Side Up



THANK YOU!!