How do social enterprises in the homelessness field negotiate social and commercial considerations?

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## Policy Background

<table>
<thead>
<tr>
<th>Mainstream policies</th>
<th>Homelessness specific policy initiatives</th>
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<tbody>
<tr>
<td>Department for Trade and Industry (DTI) Social enterprise: A strategy for success</td>
<td>Communities and Local Government (CLG) Hostels Capital Improvement Programme</td>
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<td>Office of the Third Sector: Social Enterprise Action Plan</td>
<td>CLG SPARK Challenge</td>
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<tr>
<td>Public Services (Social Value) Act</td>
<td>CLG Places of Change</td>
</tr>
</tbody>
</table>

[1999] Policy Action Team 3 Enterprise and Exclusion


[2008] CLG Places of Change

[2009] CLG SPARK Challenge

[2012] Public Services (Social Value) Act
Balancing social and commercial considerations

**Figure 1.** Balancing social and commercial considerations.
Research questions

• How do social enterprises in the homelessness field balance social and commercial considerations?
• What strategies do they employ to maximise their aggregate social and commercial return?
• Is it possible to move beyond the limits of aggregate social and commercial output implied by the previous slide?
# The case study organisations

<table>
<thead>
<tr>
<th>Case study</th>
<th>Type</th>
<th>Commercial approach</th>
<th>Non-commercial resources</th>
<th>Social goals</th>
</tr>
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<tbody>
<tr>
<td>Dry Cleaning Works</td>
<td>Employment provider</td>
<td>Provides same day cleaning service to individuals working at city firms: 50–75 per cent commercial income.</td>
<td>Salaries of key staff paid by grant. Free building rental.</td>
<td>To provide homeless people with temporary paid employment as a stepping stone to the mainstream labour market.</td>
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<tr>
<td>Removal Works</td>
<td>Employment provider</td>
<td>Provides removals service to local businesses: 75–100 per cent commercial income.</td>
<td>Salaries of key staff paid by grant. Free building rental.</td>
<td>Permanent employment of formerly homeless people.</td>
</tr>
<tr>
<td>Street Cleaning Works</td>
<td>Employment provider</td>
<td>Provides street cleaning service to supportive local authority: 75–100 per cent commercial income.</td>
<td>Free premises and grants from government to pay salary of chief executive</td>
<td>Providing homeless people with employment as a stepping stone to the mainstream labour market.</td>
</tr>
<tr>
<td>Environmental Training</td>
<td>Accredited training of homeless people</td>
<td>Wide range of projects, including accredited training program for homeless people: 75–100 per cent commercial income.</td>
<td>Volunteer teachers. Other volunteers help with environmental work.</td>
<td>Environmental goals—reducing carbon footprints. Work integration of homeless people a secondary social goal.</td>
</tr>
<tr>
<td>Garden Furniture Training</td>
<td>Training and work experience</td>
<td>Sale of handmade garden furniture: 0–25 per cent commercial income.</td>
<td>Free premises. Salaries paid by parent housing association. Grants to purchase materials</td>
<td>To provide homeless people with work experience in a supportive environment.</td>
</tr>
<tr>
<td>Integrated Living</td>
<td>Participation-based community</td>
<td>Sale of recycled goods. Accommodation provision: 50 per cent income derived through housing benefit; 25 per cent commercial income.</td>
<td>Free premises. Salaries of key staff paid by grants. Relies heavily upon volunteers and donations of goods.</td>
<td>To help homeless people reintegrate into society through ‘work’ and sheltered accommodation.</td>
</tr>
</tbody>
</table>

**Table 1.** Introduction to the case study organizations.
The costs of employing homeless people

The problems were around what you’d imagine … inappropriate language, we work in a corporate setting, it’s not a building site, there was a lot of street language, spitting, smoking where they shouldn’t have been … one of them offering a security guard out for a fight, and you’re just, like, oh my God! … just completely not understanding the environment they’re working … every job we went out, something would happen, and it was only the good grace of the clients that we were working with that kept us going … and they would just use us sparingly, but at least they were throwing work at us, because they believed in what we were trying to achieve … that’s what happened in the early days and that’s why we stopped using 100 per cent ex homeless [people]. (Removal Works)
Balancing strategies

• Adopting the commercial practices of the field
  – For example short term and flexible contracts

• Creaming off those homeless people easiest to place into the labour market
  – For example refusing to accept people with substance misuse problems

• But some organisations tried to resist these pressures
  – Dry Cleaning Works and full time contracts
  – Environmental Training and cross subsidisation from more profitable commercial areas
Strategies used to balance social and commercial considerations

Figure 2. Strategies used to balance social and commercial considerations.
Resource transfer strategies

• (1) Drawing upon hybrid resource mixes
  First and foremost, we’re a business and we have to be competitive in the marketplace, we have to deliver an excellent service, we have to be priced competitively, we have to be able to deliver in competition with all the other companies out there . . . (Removal Works)

• However all the organizations in the study relied to some extent on grants, donations and volunteers
(2) Resource transfer from the consumer

- I know that one of our BENCHES will never compare to one that’s been imported [from] India, but if we can get within 20 quid of it, 25 quid of it, then we can turn round and it can be almost like a—‘you can choose this BENCH, and it’s been made by homeless people’—and that’s almost like the kind of fair trade mark . . . Because I know for a fact that if I was buying a new BENCH and there was one that was 25 quid dearer but it was made by homeless people, I know that I would quite happily pay that. (Garden Furniture Training)
(3) Resource transfer from private firms

- Dry Cleaning Works were allowed to offer a service on the premises of London’s banks.
- Street Cleaning Works were given free premises by a local garden centre.
- Removal Works and Dry Cleaning Works were both provided with start-up assistance by mainstream entrepreneurs keen to utilize their business skills for a social purpose.
- The private businesses concerned were able to boost their CSR profile through being associated with social enterprises.
(4) Resource transfer from the state

- I think some of these charities who have been encouraged to explore social business through things like Places for Change . . . they don’t actually employ their staff, they use a voluntary training programme . . . although they are generating money . . . they’re not actually creating employment. Just opportunity and experience. Which is valuable, but it’s not a business, because businesses don’t have free workers[laughing]. (Dry Cleaning Works)
(5) Resource transfer from charities

- Three approaches to providing social support to homeless employees
  - “It’s not our job” (leave it to other charities)
  - In house provision of informal social support. Professional help provided by other charities
  - Employment of specialist staff to provide social support (costs met by foundations or government)

- These are effectively resource transfers from the third sector to social enterprises.
Resource transfer strategies

Figure 3. Resource transfer strategies used to subsidise social and commercial outputs.
Concluding thoughts

- The policy assumption that social enterprises can address homelessness while generating a surplus from their trading activities should be treated with some caution.
- Social enterprises should be conceptualized as hybrid organizations able to draw upon a wider range of resources than businesses or traditional charities.
- These ‘free’ resources involve redistribution from the state, individual, private firms, and existing charities.
- Successfully attracting and maintaining these different resources is likely to require careful management.
- Is it possible maintain a hybrid resource mix over time?
- What are the implications for government, charities and homeless people themselves?