

The Constraints of Social Sciences

The Impact of Social Enterprises on Local Economies

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Abstract

Social enterprises influence the economies of cities, regions, or towns. Thanks, in part, to the British government as the caliber of social enterprises has flourished during a certain tenure. For example, there are more than 70,000 social enterprises throughout the United Kingdom, including cafes and catering franchises, which, in a local case, source their products and ingredients from nearby suppliers. Another study project was based on nursing-based social enterprises that were launched in the United Kingdom. These types of social enterprises improve healthcare service provision and create or maintain employment opportunities.

Historically, social enterprises emerged to solve local challenges. The working class or social fabric of communities evolved or collapsed post-industrial revolution, so social enterprises came into being to offer jobs and renaissance. The crux of this research is housing-based social enterprises and how exchanges or participation within similar enterprises influence communities and local economies. These social enterprises may be described as either centralized organizations that directly provide services in a community, or others that outsource work to local tradesman or businesses. In the latter example, take a local initiative aiming to redevelop derelict or empty properties; similar schemes refurbish these buildings and employ builders in the vicinity to carry out the renovation work.

Keywords social enterprises, local economies, employment opportunities, community impact, healthcare services, economic development, sustainable initiatives, housing solutions.

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2. Introduction

Social enterprises have an increasingly important role in local economies. They are often viewed not only as a tool for driving economic growth but also for tackling social issues. This essay argues that in order to drive economic growth, social enterprises must first address a number of social objectives which negatively impact business initially. It seeks to achieve this goal by discussing the ways social enterprises do this and then examining the effectiveness of such initiatives (Ko & Liu, 2021). This issue is both locally and globally significant for two main reasons. First, job creation increasingly requires social entrepreneurs to address multiple, often entangled, local social issues. Second, existing analyses are constrained by a different set of criteria for what makes an appropriate 'policy' response and broader understanding of the issue is necessary. The paper proceeds first by defining what is meant by 'social enterprise' and, relatedly, what social objectives need to be achieved to then drive economic growth (social value chain). Social enterprises have a broad range of objectives pursued via a variety of means. These include the provision of social services, the relief of poverty, the empowerment of marginalised groups, environmental protection, the furtherance of culture and art, and generally, any activity intended to improve the quality of life or wellbeing of the community or a group within it. Social enterprises may be distinguished from traditional charity and not-for-profit activity by a market orientation, that is, the sale of a good or service. This in many ways represents the middle ground on a spectrum model. On the one hand, traditional charity does not generate an income stream. On this basis, notions of a 'social enterprise' may resemble, for example, notions of 'social entrepreneurship' or 'social innovation'. To achieve these objectives, a community-sourced model is developed, called the 'social value chain'. Social entrepreneurs must first address primary, more basic, social issues. These are a prerequisite for the creation of a stable, 'functioning' enterprise, in its broadest sense. This need relates partly to questions of stakeholder theory 'management and business practices...to address and manage the complexity of their social and economic environment' (P. Halsall et al., 2022).

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3. The Concept of Social Enterprises

Community-led social enterprise is increasingly seen as a way for those without a voice to find one, and in some cases as a way for communities to get the support they need to make desired changes in their localities. Yet in many of the poorest areas, where social enterprises could make a difference, they are absent. One reason might be that social enterprises, when present in deprived urban areas, take a specific form. However the concept of social enterprise could cover these different attempts at community-based business as well as the developmental role of community interest social businesses initiated by voluntary sector organizations. Another example is provided by community co-operative businesses, initially assisted but now quite self-sufficient owned and managed by local people though possibly also now often employing professionals. Two final examples are of a local development organization supporting incorporated social businesses, social enterprises, and community groups owning and managing community assets and community renewable energy businesses.

Many different types of community-based business can be seen as social enterprises, but the needs of different communities and the array of possibilities are such that to assume that there can be a homogenous social enterprise 'sector' at the neighborhood level. On the one hand, the participants in projects are unlikely to share a common identity of interest; on the other, accepted standards of good governance and management. Beyond this it could be argued that there can be different forms of social enterprise depending on community motivations, genesis, or even structure of trading relative to other activities all forms of social enterprise, yet all of which meet some discussion. Recent years have seen a resurgence of interest in community-led approaches to local regeneration in the UK as in many other countries. Evidence that many of the poorest communities are bypassed by the market economy the public sector, or voluntary organizations institutions focused primarily on delivery of services has helped focus government attention on neighborhood renewal. At the same time, social capital has been high on the policy agenda. In this context, the social purpose of

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many social enterprises and the hope that they can better articulate community needs and aspirations has meant that they are increasingly seen as a solution to some of the problems of regeneration in poor communities.

4. The Economic Role of Social Enterprises

Social enterprises have become key drivers in promoting local and regional economies, creating job opportunities, and revitalizing run-down urban and rural regions. Every business opened by a social enterprise creates 1.3 new jobs in the market (P. Halsall et al., 2022). By creating opportunities for other small businesses to thrive nearby and creating community hubs, social enterprises help to stimulate business growth in areas of severe economic recession. Moreover, social enterprises working in deprived areas generate annually more than £80,000 of new income and work opportunities for local people facing multiple barriers to the jobs market (Kah, 2019). Despite their potential, the benefits of such activities are still not fully recognized, particularly in the UK, since social enterprises remain little understood by the private and public sectors. Social enterprises are often viewed as operating parallel to the traditional economy, yet the reality cannot be further from the truth. Rather than effacing the profitability of conventional businesses, social enterprises open up new opportunities for mutually beneficial cooperation that can stimulate investment in areas affected by poverty and deprivation. The investments made by social enterprises in local communities stimulate other businesses, with councils reporting an average fivefold multiplier effect for every pound of public money spent. Providing facilities to other businesses, social enterprises lower the cost of local rent, making the areas more attractive to both business owners, residents, and visitors. When situated on the high street, social enterprises offer an anchor to attract foot traffic, further stimulating local economic growth. By creating community wealth funds, social enterprises have an asset lock guarantee that their business will always only benefit high street and jobs that have the most impact on the local area, offering a more sustainable model of local investment. The current vibrancy of the social business sector represents an unprecedented opportunity for authorities

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and social entrepreneurs to begin crafting economic synergy that could withstand through harsh economic times. While traditional businesses struggle in the aftermath of the last market crash out of which they receive minimal public assistance, social enterprises have shown an unparalleled process of durability and innovation on top of their value-driven operation.

5. Case Studies of Successful Social Enterprises

Although social enterprises have been defined in various ways and there are different interpretations of what a social enterprise constitutes, ultimately they are organizations that take a revenue-generating business approach to creating solutions for social, environmental, cultural, or economic issues. Revenue/surplus generating activities are often at the core of social enterprises in order for these organizations to strive for sustainability, while their products primarily differ from mainstream businesses in that they have socially beneficial missions at their core. Some social enterprises are owned by private individuals who aim to solve problems either in their own communities or a place of interest, while others function as non-profits or charitable organizations, leaving them free of tax burdens in order to further the benefits of their social purpose. City Market, in Burlington, Vermont, is a customer-based co-op with a democratically elected board of directors that works to establish both social and enforcement missions through playing trust games with employees and vendors, as well as distributing funds to anti-genocide and human rights organizations. TreePeople is a more environmentally or beneficially focused organization located in southern California, with public and private backing that enables their projects, free of charge tree planting for shade and air purification. Dorcas has its origins in a religious institution in the Netherlands. It is not reliant on any particular source of income, because it is scattergun approach, receiving revenues from both donors and the sale of merchandise that has been made as a result of initiatives. Lill'homeboy Industries in Los Angeles, California sources trainees from more than 400 imprisoned individuals that integrate drug counseling, education, and apprenticeships, based around solidarity products. Each of these enterprises is

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characterized at their core by being financially self-sustaining and enterprising regarding their revenue generation activities, while also working to alleviate and bring about effective change to pressing local and broader social issues. (Reficco et al., 2021)

6. Challenges and Opportunities for Social Enterprises in Local Economies

Social enterprises have rapidly captured widespread attention due to their potential to address and mitigate the negative social impacts of local economic development. However, social enterprises are institutionally and economically complex entities confronted by multiple challenges in obtaining financial sustainability (Mendell & Nogales, 2008). The derived financial difficulties both generate and drive other challenges, such as encoding fiduciary practices that are often seen as asymmetrical with the ethics and aims of a social entrepreneur; in a context of inter- and intra-sector competition for both scarce resources and markets, local social enterprises often operate within a markedly competitive economic environment and can have difficulties identifying and creating social cartels; and while in part dependent on context, local social enterprises are also capable of creating specific social and economic context, with potentially negative effects on the very communities they hope to support, and with potentially concomitant blowback effects.

Further, social enterprises are herein conceived as hybrid entities that work with an ethic of altruism in an otherwise financial market economy. Their incomes can derive from market interactions, social interaction and networks, and public assistance. In an increasingly marketized sociopolitical environment, support from social networks is crucial to their survival. However, the types of networks advantaging social enterprises can be decimated by either advanced capitalistic economic structures or state forces. Small-scale calculations in a deregulated era can also have significant and negative impacts on social and service providers.

7. Policy Implications and Recommendations

The growth of social enterprises can be fostered through specific policies or hindered by other policies. There are a number of potential policies that can be put in place that

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directly support the sector. These include social clauses in public tenders that give preference to social enterprises and other disliked organizations, the simplification of regulation, tax incentives, a biodiversity requirement in procurement processes, the offering of unused public property to the sector, the offering of better financial conditions, the creation of a well-funded and professional infrastructure to work with the nascent social sector, and other efforts to create a broader understanding of the concept among the population (Mendell & Nogales, 2008). There are also many policies that are not specifically linked to social enterprises but that would make the environment easier for them. In general terms, if there is already a strategic plan for entrepreneurship and it's comprehensive – not just focused on the crafts – then it is good for social enterprises as well. The development of a legal status for them may have mixed consequences but mostly positive. Having a regulated existence is vital to build up credibility, legitimacy, and sustainability. Some of the policy efforts are harmful. While it is clear that abundant financial resources are necessary, this will also raise the competitive pressure of the sector. Furthermore, if specific resources are made available, they should be used with great caution to avoid a whitewashing of only ambitious and with better entrepreneurial capacities of the population. Although the success of this type of enterprise largely depends on its business capacities, a number of other policies outside the entrepreneurship domain may help to foster its growth. Recommendations are made concerning education and training support, in particular the introduction of social entrepreneurship courses in initial training programs, together with more practical training like working for some time with a local social enterprise. Furthermore, there may be the possibility of developing training programs specifically aimed at unemployed individuals who identify social services needs in their communities. This is a difficult and unknown path, thus perhaps the first measures should consider that the entrepreneur already has the business idea. Finally, support measures may be put in place to endorse partnerships between traditional businesses and social enterprises at the local level, like the creation of a Local Development Agency,

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or broadening the support already available for collaboration beyond the district (Hung and Wang 2021)

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8. Conclusion

Social enterprise has been recognised as a model for tackling global untreaty economic issues and societal demands (P. Halsall et al., 2022); (L. Thompson & Doherty, 2006). The sector is diversely acknowledged by policy-makers and researchers, al-be-it that there is a lack of standard definition. There is a need to build a comprehensive approach that includes environmental, fiscal, and educational perspectives in any discussion or any further developing of social enterprise policy. This essay has identified several positive impacts of SEs on local economy. It has observed to reach public policy impacts at Combe, South West England. Two case studies, the Woodhouse Park Lifestyle Centre and Perkins Engines Company, were conducted to exemplify the impact of social enterprises. They point to the importance of financial viability and social impacts to the achievement of sustainability and continuity within the case organizations.

Understanding social enterprise is crucial and focuses both on reaching social change and ensuring financial stability. However, the majority of studies concerning SEs have been conducted as social advantage, the capital indicators combined with social, environmental and economic elements, and suggest the capital operations among markets within nations. By contrasting market capitals around the globe, this is among the first studies to shoot a global perspective through the use of GIS technologies.

The social enterprises surveyed are of great diversity and their success and incentives are due to this varying ideology. They include the operation of non-profit businesses; rotation providers of important goods and services; the trade monetizes or trains communities' capability to acquisition goods and services; involved of people within their mind of the enterprise; working innovatively and service firms incorporating product life recycle methodologies; operating to achieve a PEAK (Preserve, Enhance, and Acquire Knowledge) land acquisition strategy and most significantly; they are

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carving out successful trading ends. Raising issues related to scale, efficiencies and stakeholder benefits in the field of social enterprise summarises their mission in the social change of the well-being.

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