

Chapter 6

Public Policy: Implications for Small Third Sector Social Enterprises in UK Regions

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ABSTRACT

This chapter explores the influence of public policy on small third sector social enterprises in four UK regions. The importance and contribution of small social enterprises contribution to the economy is well established. They are regarded as an integral part of the delivery of public services in the UK. Public policy, in turn, shapes the environment in which these organisations are developed. Due to limited research on how public policy are impacting on small regional small social enterprises. Semi-structured interviews were conducted with the Chief Executive Officers (CEOs) in the: East Midlands, South East, South Wales and Yorkshire and Humber regions to understand how public policy framework poses challenges and/or support small third sector social enterprises. The research finding contributes to the empirical research investigating the insinuation of these regional variations on their development and survival.

INTRODCUTION

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Semi-structured interviews were conducted with the Chief Executive Officers (CEOs) in the: East Midlands, South East, South Wales and Yorkshire and Humber regions to understand how public policy framework poses challenges and/or support small third sector social enterprises. The research finding contributes to the empirical research investigating the insinuation of these regional variations on their development and survival. It advocates for changes in government public policy agenda to help small third sector social enterprises to develop and sustain appropriate effective services for their service recipi-

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ents. The qualitative findings of the study add to, and help to explain the inter-play between individual manager's internal career needs and organisational culture. The findings make an important contribution in the field of public policy and small social enterprises management and development.

Social enterprises are businesses that trade and use their profits to bring social, economic and environmental benefits to our society; they are designed to meet social needs as well as to achieve commercial viability (Weisbrod, 1997; Crossan, Ibbotson, and Bell, 2011). There are 740,000 social enterprises in the UK of which 195,000 are classified as small (social enterprises with 10-49 employees, 60% of them have a turnover of £100k and almost one-third operate with a turnover of £25k) (Cabinet Office, 2016). Although, some social enterprises are found in the private sector and the public sector; most social enterprises in the UK are mainly located within the third sector (Social Enterprise UK, 2015).

Several government policies since the 1990's, has led to increased government regulation of the third sector and has influenced the development of third sector social enterprise organisations in different regions of the UK. (Alcock, 2010; Cunningham, 2010). Amin, Cameron, and Hudson (2002) study of social economy in four UK cities found variations in the nature and extent of social enterprise activities; and that London and the South East have larger shares of activities.

Most small social enterprises provide counselling, information, advice, advocacy, sexual health, family support services, outreach services and return-to-work skills (Social Enterprise UK, 2011). The Home Office (2011) acknowledges that they are key providers of such services. However, these organisations face many challenges such as the time-consuming demands for information in competitive tendering process, competing against bigger third and private sector organisations for contracts. Competitive tendering framework is acknowledged as a reasonable basis for which to allocate scarce resources. However, the bidding process is increasingly becoming challenging, a burden and often threatens the success and survival of small third sector social enterprises.

As government interests in social enterprise activities and contribution to public services delivery grows, the need to provide regional qualitative data that informs policy makers of the challenges of these organisations face is paramount. This chapter exploratory research offers an empirical understanding of how public sector policies instigates challenges and impact on the success of small third sector social enterprises in UK regions.

Contextual Background of the Third Sector

Third sector organisations were created in order to protect communities. In Anglo-Saxon times third sector organisations were found in the 9th and 11th century. Organisations such as, Association of workers were developed to provide members with food and support when they fell sick (Defourny & Develtere, 1997, Moulaert and Ailenei, 2005; Murdock, 2006). The introduction of the Act for the Relief of the Poor 1601 in the UK offered relief to people who could not work, so they could be cared for in alms-houses or poor-houses (Murdock, 2006); this increased the role the third sector organisations in delivery of social and welfare services. Throughout the centuries, the sector continued to provide services for those that the state considered beyond its remit. However, it was during the mid to the last 19th Century that third sector organisations were mostly established, inspired by schemes to improve the living conditions and education of the newly urbanised masses (Smith, 1979; Kendall, 2003; Evans, 2009; Mold, 2012). Despite the long history of the third sector's contributions to education, environmental, health, animal and social welfare services, there was a scarcity of empirical studies examining the role of the sector

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