



Photo: Potluck Café and Catering

Social Enterprises: Creating Jobs and Community Wellness One Small Business at a Time

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EXECUTIVE SUMMARY

The social enterprise business¹ model has become increasingly prevalent in recent years; in particular, many social enterprises in British Columbia (B.C.) have evolved with a social mission offering employment to people facing multiple, persistent barriers. The intent of this research is to contextualize the role that these social enterprises play in the B.C. economy by analyzing the barriers to employment, the specific managerial challenges that are associated with social enterprises, and the value that social enterprises provide to the people they employ and the greater community. The result of this analysis includes a set of concrete recommendations that aim to alleviate these barriers and provide an environment that is more conducive to the growth of social enterprises in B.C.

There are over 125,000² individuals in B.C. with disabilities that hinder their ability to perform the full range of traditional workplace activities. These people are capable of working but face significant challenges such as developmental disabilities, mental illness, physical disabilities, addiction, communication and cultural barriers and have a long history of social assistance dependence. The multiple barriers these individuals encounter leave them lacking employment options that are supportive and accommodating. Furthermore, as a consequence of social stigma, lack of education, experience and basic needs, the confidence and self-awareness of these individuals is severely diminished. Those individuals who are on social assistance are faced with a financial disincentive of not wanting to work beyond the \$500 monthly earnings exemption allowed. Every additional dollar worked beyond \$500 is deducted directly from their social assistance, thereby creating no monetary net gain by working any additional hours. Most people with barriers do not have the means to obtain employment, let alone retain it. A result of these barriers is a lack of options and a 17% lower labour force participation rate than those without disabilities.³

Social enterprises offer individuals, who are otherwise considered “unemployable” from a private market perspective an opportunity to gain employment. As a result of adapting their business model to accommodate the needs of employees with barriers, they face particular hurdles to success. The social mission that defines social enterprises as such also creates a complex business environment with the conflicting goals of profit maximization and supportive employment. A result of the dual goals is a multifaceted business decision with a high level of responsibility and vast breadth of stakeholders. Finding the right management team with the business acumen to operate the business successfully, but with the social conscious to invest in the needs of people with barriers, presents another challenge for social enterprises. The management team must not only manage an extremely diverse and sensitive environment, but must do so at lower than market wages. Business development and marketing must be conducted within a limited budget, which creates dissonance in communicating all of the social benefits of the business along with the quality of the products or service itself. An additional management hurdle is supervising the greater number of part-time employees and coordinating the various schedules that must fit into the \$500 earnings exemption disincentive.

¹ Social enterprise: businesses operated by non-profit organizations with the dual purpose of earning income from sales of programs or services AND creating a social value. Enterprising Non-Profits, 2010

² Statistics Canada, Participation and Activity Limitation Survey, 2006

³ Statistics Canada, Participation and Activity Limitation Survey, 2006

Furthermore, social enterprises must introduce a more tolerant and flexible business model that integrates social support systems which increases the operating costs. Additional costs are incurred when these businesses offer specialized social services, employee training, supportive management and an overall accommodation of the needs, capacities and skills of each employee. The time and expense of these services add an average 33% to the operating cost of social enterprises. These additional costs of managing social goals leave most social enterprises in financial distress.

Although their cost structures present a challenge, social enterprises offer people with barriers who are frequently excluded from the job market a chance to earn an income, integrate into society and improve overall quality of life. These individuals with barriers will gain self-esteem, self-actualization, and a sense of purpose, taking pride in their ability to participate in the economy. They obtain the ability to earn money, live more independent and comfortable lives, and plan for future purchases. This increase in financial and lifestyle stability allows these individuals to start focusing their energy on new goals and hobbies that help them develop more fulfilling lives. As their mental and physical health improves, so does their human capital, building valuable work experience and developing new skills that add credibility. Finally, they build friendships and relationships that provide a social network that is supportive and conducive to more productive behavior.

The value of social enterprises extends beyond the individual benefits. Communities gain businesses that increase the workforce capacity and add economic activity to the local market. Social enterprises increase the labour supply and the number of consumers who now purchase more goods and services with their expendable income. They also improve the overall social capital in local communities, improve community connectedness and reduce stigma surrounding individuals with barriers. Social enterprises create a supportive environment that motivates other community members to improve their lives; thereby creating a multiplier effect that results in significant positive change from a seemingly small gesture.

In addition to adding to the workforce capacity by increasing jobs for the under-employed and contributing to the B.C. economy, social enterprises reduce the provincial expenditure on social assistance, health care, training and employment services, crime, housing and other social support services. Further, the employment of people with barriers actually generates additional income for the government through income tax and HST collection.

The benefits of social enterprises to the individuals they employ and the greater community are vast and indisputable, therefore, creating a compelling reason to help these businesses succeed and promote the model further. In order to accommodate the social enterprise model, it is necessary to adjust traditional for-profit business perspectives and implement new systems that will assist their growth and prosperity. The following recommendations intend to do just that.

A solution that may have a profound impact on the financial sustainability of social enterprises is an increase in the demand and sales of socially responsible goods and services. Since reducing costs is not conducive to the social mission of offering supportive employment, the only way social enterprises can gain greater financial sustainability and self-sufficiency is through increasing sales. As sales increase the fixed costs are less significant and higher returns are accrued. The social

procurement model suggested is a demand-side solution to increasing the sales volume for social enterprises. Social procurement encourages private, public and non-profit businesses to purchase from social enterprises. It is encouraged that these organizations integrate a socially responsible purchasing policy into their buying mandates. In addition, consumers should be encouraged to purchase more socially responsible products; a goal which may require a more current and promoted social purchasing portal.

In order for social enterprises to support each other, share resources and experiences, it would be advisable to initiate a Social Enterprise Association. This association would be a source for business advice, assistance and any other points of contention for social enterprises. Most importantly, it would provide a place for networking, business development and promotion of the social enterprise sector. The Social Enterprise Association would produce communication campaigns that educate mainstream society on the social enterprise sector, and form strategic partnerships with public institutions such as universities.

As gaining capital during the initial years of social enterprise inception is one of the more salient challenges to success, it is recommended that funding agencies offer more long-term investment for growth. This would require funds that are consistent throughout the five to seven years prior to breakeven. The additional 33% in social support costs should be covered by investments until the social enterprise is established and reaches a level of efficiency that can absorb these extra costs. Investments would be provided through grants, loans, patient capital and government shifting in spending from employment programs to social enterprises that offer long-term job retention and supportive employment to people with barriers.

The earnings exemption disincentive is a frequently expressed barrier for both employees and the management team. In order to alleviate this disincentive, it is recommended that the provincial government implement a tiered earnings exemption which incentivizes employees to work as many hours as they can by reducing the current gap between \$500 of part-time employment monthly and full-time employment. The goal of the tiered earnings exemption would be to shift as many employees as possible from part-time to full-time work. As an incentive to shift from receiving asocial assistance to being completely self sufficient, it is recommended that The Province introduce a wage supplement for those employees with disabilities who gain full-time employment. This supplement would help offset the cost of hiring employees full-time and monetarily incentivize employees to shift from part-time to full-time employment.

It has become apparent that the social economy lacks representation in government. As a solution, it is recommended that a Minister of Community Economic Development be appointed to champion specific policies related to social enterprises. This minister would be responsible for cross-ministerial policy changes, providing funding, guiding further research and promoting employment of people with multiple barriers.

There is a distinct lack of information regarding the social economy, and specifically social enterprises in B.C. It is recommended that empirical evidence of the value of social enterprises be developed through cost-benefit analysis of government expenses of people on social assistance and those that shift into part-time and full-time employment. Due to the sensitive

nature of employment, health and judicial records it is recommended that the provincial government embark on this research. This cost-benefit analysis will reveal the social return on investment of funding social enterprises and assist to develop provincial funding and support programs.

Through the research conducted in this study about social enterprises in B.C. it has become evident how impactful these businesses are to individuals with barriers and to the greater community. The benefits far outweigh the additional managerial challenges and costs associated with maintaining the social mission, and, as such, reveal how important it is to foster an environment that is conducive to the growth of social enterprises. The above recommendations have been developed to alleviate some of the managerial barriers to establishing a social enterprise and advancing those that exist.



Clockwise from top left: The Common Thread, The Right Stuff, and Providence Farm

SUMMARY OF RECOMMENDATIONS

Industry Recommendations

Social Procurement Model – encourage the private, the public and the third sector, as well as consumers to purchase from social enterprises.

Social Enterprise Association – provide a centralized database and network for social enterprises along with resources, marketing, industry support and advice.

Long-term Investment for Growth – shift employment spending to focus more on long-term employment by investing in social enterprises that improve job retention of long-term assistance users. Grant, loans, and patient capital funding to cover the start-up phase and social support costs incurred by social enterprises will support a ‘demand-side’ model for targeted employment.

Policy Recommendations

Wage Supplement + Tiered Earnings Exemption – introduce a wage supplement to encourage more full-time work for Persons With Disabilities (PWD) or Persons With Multiple Barriers (PWMB)⁴ and a tiered earnings exemption to incentivize those employees who can only work part-time to work as much as possible.

Appoint Minister of Community Economic Development – assign a champion for the social economy who is responsible for making cross ministerial policy changes, access to existing resources funding, further research and promoting employment of people with multiple barriers.

Social Enterprise Research – further invest and support research to conduct cost-benefit analysis and quantify the value of social enterprises that employ people with barriers in B.C.

⁴ Refer to page 13 for the definition of PWD and PWMB

INTRODUCTION

This study was initiated to provide a more in-depth, comprehensive overview of the role of social enterprises that employ those facing multiple, persistent barriers in B.C. Information was collected through secondary research, in-depth interviews and business analysis of social enterprises that offer employment in both urban and rural communities in B.C. The object of the study was to detail the past and current state of such social enterprises in B.C., identify the employee and managerial barriers to running a social enterprise versus for-profit companies, determine the value of social enterprises to the individuals they employ and greater society, and present recommendations to alleviate these barriers and facilitate industry success.

METHODOLOGY

This research study was initiated through the B.C.-Alberta Social Economy Research Alliance (BALTA) and is categorized under D11, Serc 1. Research was conducted through ISIS, a research centre within the UBC Sauder School of Business, and in conjunction with Enterprising Non-profits, “enp”.

Preliminary research included a thorough literature review and benchmark of current research in the field, including social enterprise case studies. Upon developing a comprehensive understanding of the current state of social enterprises, a project outline was developed and approved by the project management team. A semi-structured interview guideline was used to conduct 25 in-depth interviews with various senior managers of social enterprises across B.C. that offer employment to those with barriers. Refer to Appendix 1 for a list of social enterprises interviewed.

The in-depth interview research process was preferred due to the ability to gain qualitative, unbiased information directly from the respondent. The interview process allowed a more comfortable, flexible and unstructured atmosphere where the researcher was able to gain relevant and compelling information from the respondent’s perspective. This process provided a more detailed understanding of the complexities of the managerial barriers social enterprises are faced with. Furthermore, being in the social enterprise environment, additional information was absorbed through observational research, meeting employees and gaining firsthand access to the business operations. Due to the sensitive subject of the research, one-on-one interviews helped create a researcher-respondent relationship that alleviated the chance of a potential response bias and ensured a more reliable and valid response rate.

The need for a qualitative study was the outcome of a quantitative survey of B.C. social enterprises conducted by Peter Hall in 2009, which identified a further requirement for research into the managerial barriers faced by social enterprises.

Whenever possible interviews were conducted in-person to ensure a more comfortable atmosphere and more candid responses. Interviews were administered in the Vancouver Lower Mainland and in Prince George and surrounding areas (Quesnel and Vanderhoof). All other communities that were less accessible were interviewed via telephone.

Interviews included approximately twelve questions and were purposefully left open-ended and unstructured to guide the social entrepreneurs into identifying their primary struggles and business challenges. Average interviews lasted one hour and were conducted one-on-one with the primary researcher and social enterprise manager or senior management personnel. Refer to Appendix 1 for a list of social enterprises interviewed.

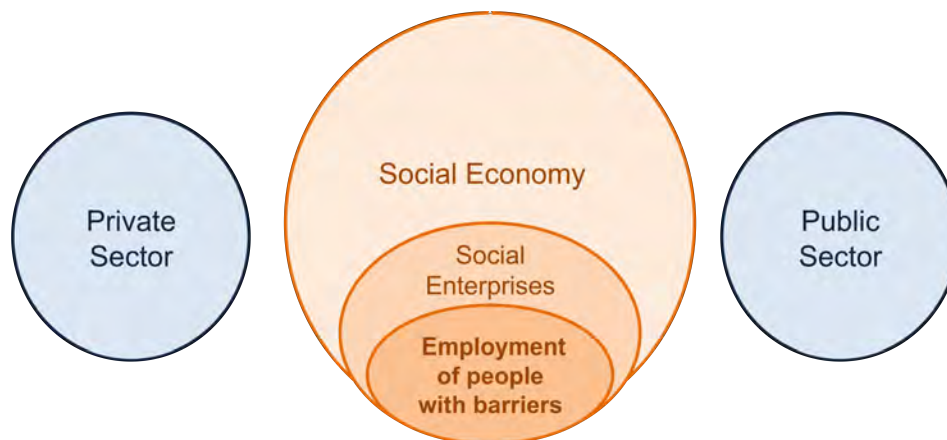
Upon completion of the interview process, analysis of results was conducted by compiling the most salient themes of every interview into a master database. The most pertinent and commonly cited results are revealed in the following research. Following a summary of the key employee and managerial barriers, industry recommendations were developed to address these challenges. Prior to finalizing the research results a focus group was held with five social enterprise representatives.

DEFINITIONS

Social Enterprises

Social enterprises fall under the umbrella of the social economy. The social economy does not include any organization that is for-profit or part of the private sector, nor are public institutions considered to be part of the social economy. The social economy therefore encompasses a vast array of enterprises from arts and culture organizations, credit unions, religious institutions, teaching education and training centers, healthcare programs, childcare, charities, voluntary sector, sustainable enterprises and social enterprises. Common synonyms of the social economy include the Third Sector, Community Economic Development, Economie sociale et solidaire and the Non-profit sector.

Figure 1: Illustrates the sector of interest in this study (social enterprises that employ people with barriers)

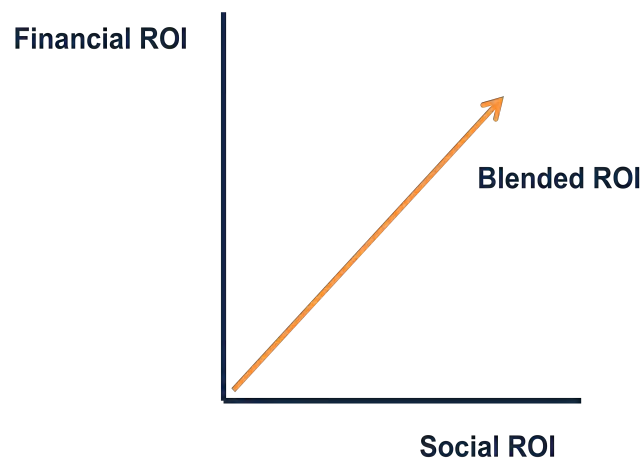


- Third Sector
- Community Economy Development
- Financial and social ROI
- Generate revenue, non-profit

Most social enterprises operate under non-profit status, although some also have registered charitable status. It is common for social enterprises to be affiliated with larger social service agencies and associations, although they often operate as a subsidiary or branch of the primary non-profit organization. Business structures vary from belonging to co-operatives, larger organizations that run a variety of social programs or operating solely as a small business. For example, Starworks is a division of the Developmental Disabilities Association, Landscaping with Heart is a part of Coast Mental Health, whereas Potluck Cafe and United We Can operate independently.

Although social enterprises maintain non-profit status, they do generate revenue through the sale of products or services with net income reinvested into the company to support its social mission.⁵ Therefore, profit maximization for the purpose of appeasing shareholders is not a motivation, rather, maximization of the social mission and financial stability are the primary objectives of these organizations. The juxtaposing dual goals of maximizing both financial ROI and social ROI leave these organizations with a unique decision-making model of blended ROI.⁶

Figure 2: Social Enterprise Blended ROI Model⁴



Social enterprises tend to be creative with funding as balancing the social mission requires some accommodations of the traditional for-profit model. Further examination into these managerial hurdles will be elaborated in the Managerial Barriers section.

This study will focus solely on those social enterprises that provide alternative entry points for under-represented people into the B.C. economy and offer durable employment opportunities. These social enterprises provide a motivational and supportive work environment, shifting some of the sole focus on the client to an internal, employee satisfaction perspective. In the typical business model, social support and the workforce have divergent roles, but social enterprises bring these two disparate domains together to offer an employment option for individuals with barriers. The ultimate goal of social enterprises is to provide social and professional development through labour

⁵ Center for Community Enterprise, 2008

⁶ Enterprising Non-Profits, 2010

market integration and offering social and personal guidance.⁷ Social enterprises that offer employment are also known as “WISE” – work integration social enterprises.

People With Multiple Barriers

People facing multiple barriers are a diverse group but share the challenge of being systemically oppressed and removed from the B.C. labour market. The social enterprises in this study all share a common goal in employing people facing multiple persistent barriers. Individuals with multiple persistent barriers to employment are often non-participatory in the mainstream workforce, and under-employed and under-represented in the job market. Only two-thirds of disabled persons received some form of employment income, versus 82.3% of non-disabled persons.⁸ This unemployment figure would be significantly higher if those individuals who are not provincially classified as disabled were included.

People facing employment barriers are represented by a vast demographic, with the most salient population being slightly older aged, from rural communities and disadvantaged ethnic groups.⁴

Groups facing multiple, persistent barriers to employment may face one or more of the following barriers:

- Developmental disability, mental illness, physical disability
- Severe addiction or recovering from substance abuse
- Underprivileged, living in chronic poverty, homeless and have a track record of long-term reliance on social assistance
- Immigrants and refugees
- Disadvantaged ethnic groups, Aboriginal people - 23% of B.C.'s Aboriginal did not obtain employment between 2004 to 2006, and 22% of Aboriginal families with children under 15 used government transfers as a major source of income⁹
- Inner-city minority groups
- At-risk youth
- Incarcerated
- Fleeing abuse
- Sex trade workers

Note: The term “marginalized” is commonly used to describe individuals facing multiple, persistent barriers.

The use of this word is avoided throughout the report, as it is felt that classifying groups as “marginalized” tend to further segregate them from mainstream society.

Instead, this report will describe these individuals as those facing “persistent multiple barriers”, “under-represented”, “under-employed”, or as “workers who thrive in a flexible environment.”

⁷ Dobel, 2009

⁸ Statistics Canada, B.C. Stats, 2009

⁹ Statistics Canada, Census Profiles, 2006

Government Classification

The B.C. Ministry of Housing and Social Development has two classifications for people facing barriers: Persons with Disabilities, and Persons with Multiple, Persistent Barriers. Individuals under either of these designations have applied through a rigorous application process that includes doctor assessment and approval. Upon achieving disability recognition, these individuals are entitled to various social supports including monthly monetary assistance. Only those individuals with barriers that meet the following classifications and have gone through the arduous application process have received provincial disability status. Those that are living with an undiagnosed disability or whose barriers do not directly fit into these definitions may be receiving employment insurance or welfare, or they are obtaining support through another means.

PWD - Persons with Disabilities

“A person with disabilities is a person with a physical or mental impairment who is significantly restricted in his or her ability to perform daily living activities either "continuously or periodically for extended periods" and, as a result of these restrictions, requires assistance with daily living activities.”¹⁰

Those who receive disability status often face one or more of the following disabilities: arthritis, attention deficit disorder, bi-polar deficit disorder, blindness and visual impairments, brain injury, cerebral palsy, deafness and hard of hearing, depression, developmental disabilities, dyslexia, mobility disabilities, schizophrenia, speech disabilities and systemic disabilities.¹¹

PPMB – Persons with Persistent Multiple Barriers

“The Persons with Persistent Multiple Barriers (PPMB) category provides assistance to clients who have long-term barriers to employment that are not expected to be overcome in the short term despite all reasonable steps by the client. Clients may be assessed for PPMB if they have been on assistance for at least 12 of the past 15 months and are unable to achieve financial independence.

¹⁰ B.C. Ministry of Housing and Social Development, 2010

¹¹ Open Door Group, 2010

HISTORY OF B.C. SOCIAL ENTERPRISES

Although the social enterprise sector is relatively new in B.C., the concept of businesses giving back to the community and practicing equal opportunity employment has been around for generations. Social enterprises have evolved from a series of social movements, institutional programs, government policies and assertive social entrepreneurs who championed for change.

The idea of the social economy was initiated in the 19th Century with the advent of workers' co-operatives in the United Kingdom.¹² They continued to develop and in the 1980's with the growth of the disability rights movement and a more sympathetic and advanced understanding of mental illness.¹³ In 1986 the U.S. passed the Rehabilitation Act, and Canada followed suit.¹⁴ The federal government started funding agencies that offered employment for people with disabilities, and the B.C. government initiated a post-secondary education program.¹⁵

As education, training and support programs developed it became apparent that there was a need for employment opportunities for people with barriers. Non-profit organizations started to develop small businesses to fulfill this need and generate revenue to run self-sufficiently or to fund their other programs that supported this target population.

Social enterprises started with the sheltered workshop model that offered people with disabilities a group working atmosphere, typically doing repetitive, assembly line labour. As these programs developed and thrived, they progressed into businesses that were no longer operating to solely fulfill the employee need, but were selling products or services that garnered a demand on the mainstream market.¹⁶ These businesses also started to develop their business models offering more complex tasks for workers, paying fair market wages and offering a transitional place of employment that replicated the mainstream market.

In 1998, funding for the social economy was shared between the provincial and federal government, and the dual governments made an investment of \$54 million for employing people with disabilities.¹¹ By 2004 the Martin government announced a social economy stimulus of \$100 million over five years to support social and environmental entrepreneurs.¹⁷ However, when the conservatives came into power with Harper in 2006, this funding was eliminated, with only \$15 million for research and \$30 million allocated to Quebec remaining. As such, Quebec has always been the forefront of the movement, with much more progressive employment programs for those with barriers while the rest of Canada continues to struggle for funding.¹³

¹² Smith, 2010

¹³ Fairbrain, 2009

¹⁴ Kregel, 1998

¹⁵ Cohen et al., 2008

¹⁶ Harron et. Al, 2009

¹⁷ Fairbrain, 200

THE CURRENT SOCIAL ENTERPRISE CONTEXT

Social enterprises play a distinct role in B.C., a province with a disability rate that is the highest of the three Western provinces.¹⁸ With the prevalence of homelessness in the downtown eastside, social enterprises are attracting more attention as they provide a solution to the many social issues the province faces. In recent years, social enterprises have grown as a solution to generating revenues following a reduction in funding for social programs, and as a response to an increase in the need to support people with barriers.

NOTE: Participants of the PALS survey self-reported their disabilities, and therefore relied on a subjective indication of those with a disability. The population sample included persons living in private and collective households across Canada, however, residents living on First Nations reserves, institutional and non-institutional collectives were excluded. Furthermore, as clarified above, there are many people facing multiple barriers that have not received PWD or PPMB status. Therefore, although the study is valuable, it does not completely represent the complexities of persons living with multiple barriers to employment. Rates reported may be lower than the actual number of those in need.¹⁸

The need for the employment of people with barriers is growing. The 2006 Statistics Canada PALS survey results showed that there were 127,650 people in B.C. with a disability who were capable of working, but their condition limited the amount of work that they could perform. Further, disabled persons are 17% less likely to be participating in the labour force than those without disabilities. The median employment income was only \$20,678, over \$7,000 lower than non-disabled persons. The number of persons with disabilities in B.C. increased over 22% from 2001 to 2006, and with an ageing population, this number will only continue to increase.¹⁸

In response to a growing need for employment of people with barriers, the B.C. Minister of Employment and Income Assistance, Claude Richmond, declared a “10 by 10 Challenge” which aimed to increase employment for persons with disabilities by 10 percent by 2010. To initiate this goal the Provincial Government started AccessWorks, which invested \$900,000 towards the

employment of people with disabilities over the duration of the Vancouver Winter Olympic and Paralympic games.¹⁹ (Refer to Appendix 3 for a list of agencies) The outcome of this mission is still to be evaluated, but as of August 2010, 93 communities and 39 organizations across B.C. had signed up for the Challenge.²⁰

Over the years the services and benefits for PWD have evolved, with the earnings exemption increasing from \$200 per month plus 25% of earnings over \$200 to \$500 in 2002.²¹ A Community Volunteer Program was implemented for PWD and PPMB that allows an additional \$100 monthly

¹⁸ Statistics Canada, Participation and Activity Limitation Survey, 2006

¹⁹ Ministry of Housing and Social Development, 10 by 10 Challenge Report, 2008

²⁰ Wharton, 2010

²¹ Cohen et al., 2008

for volunteer activities. From 2007 onwards the Employment Program for Persons with Disabilities (EPPD) has offered in-depth career planning, skills assessment, pre-employment programs, job training and placement, provision of necessary employment supports, disability management assistance, follow-up workplace support and employment crisis services.²² On occasion this program will also supply transportation and work boots. Furthermore, if clients leave disability assistance for employment they can keep their disability designation and maintain their medical coverage, which can be a hefty monthly expense. The goal of EPPD is economic and social advancement while providing some independence for those with disabilities.

In February 2009, the responsibility of employment and training programs for PWD or PPMB was shifted from the federal to the provincial level, and in 2011 all job placement programs will be consolidated into a centralized employment agency model, with one caseworker profile per person. The Provincial Disability Strategy is managed through the B.C. Ministry of Housing and Social Development, and allocates almost \$5 billion annually in disability spending throughout the province with the goal of enabling all persons with disabilities to fully participate in their communities.²² As the province continues to manage the programs and services for those with disabilities, the opportunities available are expanding. Recently, there has been a Government 'Non-Profit Initiative', which resulted in a \$5 million Labour Market Partnership to support labour market capacity building in the non-profit sector, which does include support for social enterprises.²³

“Active participation in B.C.’s booming economy is “one of the highest priorities for persons with disabilities.””

- Claude Richmond, Minister of Employment and Income Assistance (MEIA)

²² B.C. Ministry of Housing and Social Development, 2010

²³ B.C. Ministry of Housing and Social Development, Annual Service Plan Report 2009-2010

SOCIAL ENTERPRISES IN BRITISH COLUMBIA

Preliminary results from a B.C. social enterprise survey show that there were approximately 223 social enterprises in B.C. in 2009 that employed 4,000 people with barriers.²⁴ The employment models and corporate structure of social enterprises can vary significantly, with some being stand-alone organizations and others operating as a program or brand of a larger social organization. Some social enterprises offer full-time employment, but for the most part employees work part-time hours. Employment models can vary significantly depending on the barriers of the target employee-participants and the business model of the organization, and therefore operate with a different percentage of employees with barriers versus mainstream employees.

Further, when looking at the prevalence of social enterprises in different cities and areas of the province, they appear to be clustered around the downtown eastside of Vancouver and in rural communities. However, the disability rate in B.C. is higher outside of the Lower Mainland, which would indicate that social enterprises are able to make a more significant impact in rural and suburban communities.

Table 1: Disability Rate by Sub-Provincial Geographies, Age and Sex²⁵

Geography	Age			
	15 to 64	15 to 29	30 to 54	55 to 64
Lower Mainland/ S. Vancouver Island	10.9%	6.1%	10.1%	21.9%
Rest of B.C.	17.6%	6.7%	17.6%	31.3%

From the observations of this research it is apparent that social enterprises have the ability to make a significant impact in smaller communities. Lower population rates mean that often these businesses are the only option for people with multiple barriers, especially in a small town where histories of people with disabilities are well known and stigma tends to linger. In a particular case, an individual in a very small town had a history of schizophrenia and was completely exiled from the community due to a violent history prior to be diagnosed and receiving medication. Later in life he was given the opportunity to work with a social enterprise and revealed that he was not only one of the most reliable and hard working staff, but was well loved by the local community. In general, social enterprises are greatly supported in rural areas and represent a source of pride for the local community. Social enterprises can have a profound impact on these smaller communities, because there simply are no other alternatives for employment.

²⁴ Hall, 2009

²⁵ Statistics Canada, Participation and Activity Limitation Survey, 2006



BARRIERS TO EMPLOYMENT

Photo: United We Can

Traditional employment models are not inclusive to those with multiple, persistent barriers. Many of the typical employment models do not accommodate the specialized needs of people facing barriers, and therefore eliminate the opportunity for these individuals to participate in the workforce. Most often once an employee with barriers has obtained a job that position is rarely retained. Aspects of the traditional employment model including the hiring process, training environment, specific job tasks and prerequisites for job retention, exclude employees with multiple barriers from participating in the labour market. The following section outlines the various challenges that individuals with barriers face when trying to gain employment.

“Most of the people that we hire, this is their last or only hope for employment.” - Brian Dodd, United We Can

BARRIERS TO EMPLOYMENT

The following summarizes the employment barriers that were identified in this study:

- Lack of employment options for those with physical and psychological barriers
- Social stigma, exclusion, fear, low self confidence
- Lacking "soft" skills, life skills and understanding of social norms
- Lack of education and experience
- Lacking basic needs ie. shelter, hygiene, clean clothing, etc.
- Earnings Exemption Disincentive
- Other:
 - Addiction, history of substance abuse
 - Fear of lifestyle change, breaking habits
 - Criminal record
 - Fear of losing benefits
 - Language and cultural barriers

LACK OF EMPLOYMENT OPTIONS FOR PEOPLE WITH BARRIERS

The social enterprises in this study were developed out of the need for employment opportunities for particular groups of individuals who face multiple, persistent barriers to employment. There are thousands of people with disabilities in B.C. with the desire and ability to be valuable members of our workforce and communities, yet they face an employment rate 17% lower than the rest of the population.²⁶

Furthermore, consistent, long-term employment is a challenge. The majority of assistance focuses on training, education, life skills coaching and transitional employment models, without offering any opportunities (or assistance) for these individuals when they are actually ready to enter the workforce. All too often individuals go through training programs and never find employment, or they find themselves unemployed within the first year. Most programs focus on integrating these individuals into the workforce without considering challenges they are faced with, thereby leaving employees with barriers emotionally and physically exhausted, and unlikely to transition to a more full-time or advanced job. Some individuals are faced with particular physical and psychological barriers that hinder them from working a full-time workweek and taking on all tasks associated with a position. These individuals face episodic illnesses that leave them with restrictions to daily living

²⁶ Statistics Canada, Participation and Activity Limitation Survey, 2006

activities on a continuous or periodic basis - a debilitating disadvantage when trying to find employment.²⁷ Some individuals facing multiple, persistent barriers are at their highest capacity when they are working part-time and receiving social assistance to supplement the cost of living.²⁸

SOCIAL STIGMA, FEAR & LACK OF CONFIDENCE

Societal stereotypes and discrimination leave people with multiple barriers stigmatized and in fear of entering the workforce. Studies have shown that one quarter of people believed depression was a sign of personal weakness and that addiction is a sign of moral deficiency and lack of willpower.²⁹ When an individual is labeled with mental illness, addiction or as a criminal, they are aware that society may reject them as weak, dangerous, incompetent or untrustworthy.³⁰ Individuals with barriers have often experienced forms of taunting, alienation and exclusion throughout their lives that has resulted in isolation from friends, community and society.³¹ As a result these individuals lack self-confidence and esteem and have an extremely fragile threshold for criticism. They often fear interaction with people they do not know, unable to look them in the eye and engage in casual conversation. Many people with barriers avoid the mainstream workforce thinking that they will be ridiculed, treated poorly, or just not be accepted.

The anxiety associated with applying for a job and conceiving working in a mainstream atmosphere leaves employees with barriers in a cycle of being excluded and self-excluding. The self-fulfilling prophesy of being told that you are unable to do something your whole life can leave individuals too discouraged and embarrassed to attempt to try. Often these individuals have spent years outside of the workforce and are unsure how to approach gaining employment or keeping a job once it has been obtained.

LACKING “SOFT” SKILLS

As a consequence of being socially excluded from the mainstream workforce for a number of years, people facing multiple, persistent barriers are often lacking “soft” skills. The ability to communicate effectively is challenged when one has not had the opportunity to interact with many members of society for a period of time. There is a lack of understanding social norms and conventions, especially in the workplace. For example, punctuality, listening skills, knowledge of acceptable behavior, vacation time and pay may have to be learned on the job. Additionally, communicating with team leaders, coworkers and clients is an integral part of any job, leaving those with barriers who lack skills in this area at a distinct disadvantage on the job market.

²⁷ B.C. Ministry of Supported Housing and Employment, 2010

²⁸ Cohen et al., 2008

²⁹ Crisp et al., 2005

³⁰ Walsh, 2007

³¹ Dobel, 2009

“Most employee barriers are basic employment-related department skills – showing up on time, convivial, being able to interact in a positive and constructive way, being able to take instruction, grooming, etc.”

– Ross Gentleman, Tradeworks

LACK OF EDUCATION AND EXPERIENCE

The education rate of PWD is surprisingly close to those without a disability, although PWD have a lower rate of high school graduation (15.4% v. 23.4%) and university education (17.1% vs. 28.7%).³² However, it is important to consider that many people with barriers to employment are not labeled as PWD or PPMB, rather these individuals have spent the majority of their lives facing hardship and disadvantages that have left them outside of mainstream society and less likely to obtain education. As education is lacking, so is experience. Many people with barriers are middle aged and have had little or no work experience leaving them with no credentials or validation when applying for employment. The lack of experience does not make them ideal candidates for most positions and leaves them with very little human capital to leverage for gaining employment.

Employers of people with disabilities will often have to provide training and pay for certification such as food safety, heavy equipment licenses or drivers' licenses. For some individuals, a lack of basic language, mathematics and social skills leave them ill equipped to enter the job market. The learning curve is often longer and productivity slightly slower at the onset of work. These employees are unattractive to employers as they require additional investment or are restricted to limited capabilities, and ultimately are more costly and risky hires than hiring a mainstream employee.

LACKING BASIC NEEDS

Many individuals with barriers to employment are also facing challenges in other aspects of their lives, which have left them with a shortage of basic needs such as shelter, access to nutritious food and good physical health. Hence these individuals are unable to fulfill the basic requirements for obtaining employment such as contact information, transportation, clean clothing and proper hygiene. Housing is an extremely prevalent concern for people with barriers; a lack of which can be greatly correlated with success in the workplace. If you lack a safe and quiet place to rest, it is not conducive to being productive and active during the day. Further, those challenged with substance abuse and mental illness have a high risk factor of becoming homeless.³³ Social housing itself may put those with barriers into an atmosphere that is unstable and offers a number of bad influences.

When a person is unable to bathe and put on clean clothing, it presents a challenge in the workplace. When it comes to hygiene, there are expectations that must be met in order for an individual to maintain employment – often, people facing barriers do not have the means to adapt to the conventional level of appearance. Finally, in order to obtain employment there are issues of access to practical resources. For example, if one cannot find transportation they may not be able to get to the job site or place of application. If a person does not have access to a computer they are unable to type up a resume or correspond to jobs online. Those who are homeless will not have an address for contact, and are unlikely to have access to a telephone or email. These barriers make it extremely difficult for an individual to obtain and maintain employment.

³² Statistics Canada, Participation and Activity Limitation Survey, 2006

³³ Patterson et al., 2007

EARNINGS EXEMPTION DISINCENTIVE

Persons receiving disability assistance also face a disincentive to work beyond a monthly wage of \$500, which presents a barrier to working additional part-time hours or shifting into full-time work. The provincial government provides PWD \$906 per month and allows them to earn an income up to \$500 per month. Every additional dollar earned beyond \$500 is deducted from their monthly disability claim.³⁴ This one-to-one claw-back ratio reduces the incentive for anyone on disability to work beyond the \$500 per month, as their net income will remain the same for more hours of work.

Essentially this 100% tax on any earnings beyond \$500 creates a situation where working beyond that \$500 is useless unless the individual is paid over \$1356/month, or effectively working full-time at \$8.50/hr at 160 hours per month. If an individual is incapable of working full-time they are unlikely to ever work beyond \$500 per month. Additionally, if a PWD feels they are ready for full-time employment, it is a big leap to shift from approximately 50 hours per month to 160. If there was a gradual increase it is more likely that individuals on disability would be able to transition into working additional work hours.

OTHER

Addiction and History of Substance Abuse

Those facing the barrier of active addiction or recovering from substance abuse not only face the barrier of stigma, but also the physical barrier of withdrawal and cravings. Most social enterprises maintain a policy of sobriety to gain employment, which automatically eliminates the chance of anyone working while using substances. The addiction to drugs or alcohol does not only hinder their ability to actively seek employment, but greatly determines their success factor for maintaining employment. A consistent reason for losing employment is relapse.

Fear of Changing Lifestyle and Breaking Habits

People facing multiple, persistent barriers have often come to rely on social assistance and live a life of little or no employment. They have adjusted to this lifestyle, and may have certain habits that they are accustomed to, such as spending every morning sleeping in, meeting friends at a local spot and watching their favourite TV shows in the afternoon. Such habits can be hard to break, and scary to give up, therefore adding an additional barrier to seeking employment.

Criminal Record

People with mental illness are overrepresented in B.C.'s jails, and almost half of those released from jail fail to re-enter the community and consequently re-offend.³⁵ The representation of those with a severe mental illness in forensic institutions is 6 to 15 percent, versus only 2.8 percent for the general adult population.³⁶ Employing someone with a criminal record requires more paperwork

³⁴ Ministry of Housing and Social Development, 2010

³⁵ Walsh, 2007

³⁶ Peterson et al. 200

and risk for the employer. Further, the “triple stigma” of mental illness, a criminal record and substance abuse can prevent a person from attempting to gain employment.³⁷

Fear of Losing Benefits

Those who are receiving disability assistance are also eligible for social and medical supports including Medical Services Plan, no deductible for PharmaCare, dental and optical, low-cost bus passes and access to other social services including supportive housing, employment services, training and childcare.³⁸ The cost of medication to care for a psychological disability is extraordinarily high, and although a client will maintain medical assistance if they shift to full-time employment or lose their disability designation, the other benefits are reduced. Therefore, employees on disability face a catch-22 of shifting onto full-time employment where they gain the benefit of being financially self-sufficient, but lose the additional benefits of keeping their designation. There is also fear that one may have an unexpected health episode that hinders their ability to work, which leaves them in the position of having to re-apply for their disability benefits, which can be an arduous and exhausting process.

Language and Cultural Barriers

A demographic trend amongst those with barriers is disadvantaged ethnic groups and women facing gender discrimination. These individuals often do not speak perfect English and also lack understanding of Western social norms. These communication barriers can result in misunderstanding and a lack of trust between the employee and employer. It also presents a hurdle when trying to find and maintain employment as it requires more effort on behalf of the employer to try to communicate and educate these individuals on employment conventions that are outside of their common way of thinking.

³⁷ Walsh, 2007

³⁸ Ministry of Housing and Social Development, 2010



MANAGERIAL BARRIERS

Photo: The Right Stuff

Those who initiate social enterprises typically do so because they care. These businesses are not started for profit-maximizing goals, but rather to fulfill other societal needs that are prevalent and leave certain populations at a constant disadvantage. As a consequence of competing in the business sector, but not on the same terms, social enterprises are faced with managerial challenges that are distinct from typical for-profit small businesses. The following results identify the key challenges that social enterprises are faced with beyond the everyday small business managerial challenges of administration, operations and sales. These are the factors that make social enterprises unique from the mainstream business models, and while doing so leave them at a disadvantage of long-term financial sustainability.

“The main barrier is not the social or physical barriers a person is faced with, but the barrier is more that the model is incapable of meeting employees’ needs.” – Ray Gerow, Aboriginal Business Centre

MANAGERIAL BARRIERS

The following summarizes the management challenges that are specific to social enterprises:

- Managing dual goals, many stakeholders
- Flexibility in business model, tolerance
- Social support, emotional support, patience, communication
- Finding the right managers at lower than market wages
- Start-up and long-term capital
- Marketing, sales and business development
- Cost of additional training equipment, supplies and employee needs
- Approximately 33% additional costs
- Other:
 - Managing many programs
 - Reliability and quality control
 - Managing earnings exemption

MANAGING DUAL GOALS

The defining feature of social enterprises requires a manager to measure two divergent types of return on investment: financial and social. These two goals often become a battle of importance, with the primary purpose of a social enterprise being its social mission, which is only successfully implemented when the business is able to maintain financial stability. Social enterprises must manage their capitalistic requirements in order to succeed with their social mandates. This makes every managerial decision extremely complex and adds a vast array of stakeholders to each business decision that would not ordinarily be included. For every business decision, the manager must consider how it will affect the wellbeing of its employees, sometimes at the expense of profit maximization or their cost structure.

As a result of being the primary stabilizers in their employees' lives, social enterprises experience a high level of social and ethical responsibility. The social mission of employing people with barriers goes beyond the number of employees hired, but also must factor the health, job satisfaction and happiness of each employee to ensure job retention and career development. Beyond the individual employee responsibility, social enterprises greatly affect the atmosphere of surrounding communities and lead by example in society. Therefore, when making any business decision, not only are employees and cost structure evaluated, but so is the effect on the greater community. As a result, social enterprises are under significant pressure to stay in business to maintain employee stability and community wellness.

Social enterprises are typically governed by a Board of Directors and are constantly applying for funding which requires them to demonstrate their value and social return on investment. Rather than maximizing profits to shareholders like typical for-profit businesses, social enterprises must ensure they maximize employee satisfaction and growth, community involvement and

interconnectedness. Furthermore, this social value must be presented to the Board of Directors and funding agencies, along with demonstrating the ability to turn a profit and move towards financial sustainability. All of these funding agencies and individual stakeholders require managers to juggle many tasks and appease a vast audience.

FLEXIBILITY AND TOLERANCE

“The traditional HR/Management model does not work...you require a lot more patience and understanding and you need to have the ability to accommodate daily.” - Shaugn Schwartz, The Cleaning Solution

As part of the social mission of employing people with barriers, social enterprises must adapt their business model to accommodate the needs of their employees. This requires adjustments to traditional expectations of employee conduct as every employee struggles with various barriers and has a different level of work capacity. Employees sometimes miss extended periods of work due to episodic health complications and social enterprises must absorb these.

Almost every social enterprise in this study confirmed that they maintain a lenient policy for calling in sick. Employees are allowed to miss as many shifts as necessary without losing their employment status. It is common for employees with barriers to work shorter days, take more frequent and longer breaks, work part-time to meet the exemption limit of \$500/month, maintain on-call scheduling and return to work after longer health related breaks.

Hiring and firing policies need to be more lenient so they are inclusive to the target employee populations. Social enterprises often try to keep an open door policy and accept those that are most in need, rather than those that are most qualified. Some concessions may have to be made on employment history, experience, availability, breadth and capacity of skill sets and communication styles. However, although they are tolerant, social enterprises expect to see a level of commitment and dedication in order to obtain employment.

In addition, flexibility must be added to the tasks required of employees. People facing barriers are perfectly capable of taking on a full workload, but the variety of tasks enacted, the physical and emotional demands may have to be adjusted to meet the capacity of their employees. For example, some employees are incapable of counting, so they do not deal with money, others feel uncomfortable communicating with others, so they are not given a service-based job. Rather than maintaining standard expectations of each employee, required roles are adjusted based on the employee's capacity, which means efficiency and productivity are more volatile and inconsistent than a typical for-profit.

SOCIAL SUPPORT

Some social enterprises have found it necessary to employ a professional social worker, personal and life counselor or job coach to assist with the social support and task analysis. Social enterprises working with those with developmental disabilities most frequently utilize the assistance

of job coaches to help the employee perform their daily tasks. Social enterprises that are a subsidiary of a larger non-profit organization often refer employees to the umbrella organization when they are in need of specific social support. Other enterprises would like to keep a counselor or social worker on staff but simply cannot afford to, so they take on the role as a counselor, trainer and manager.

Managing employees who are dealing with daily challenges requires superior communication skills, empathy, understanding and patience. Those working with people with barriers often become friends and mentors, putting the needs of their employees before their own and always offering social support when it's needed. In this way, the management team goes beyond the typical roles of organization and leadership, and offer their counseling and advice to employees. Often managers will help employees with complicated life problems outside of work, such as assisting them in finding safe housing, addiction services and other social supports. It is necessary to create a supportive and friendly atmosphere that fosters the growth of employees and is inviting to those employees who are experiencing low confidence and fear of employment. Putting the needs of employees first is a priority for social enterprises, a goal which is only achieved when the appropriate social supports are provided, and, although some of these services could be offered outside of the workplace, all of the emotional support on the job site must be integrated into the social enterprise.

FINDING MANAGERS

When managing a social enterprise, leaders must not only possess the required business skills to run the organization effectively, but they must also demonstrate the social conscious described above. The requirement of a manager with business operations experience coupled with a social support background is extremely challenging to fulfill. Leaders must take on two dissimilar roles, and a broad range of activities. Frequently, social enterprises are initiated by social entrepreneurs with social work background(s), however, those that have been successful have found that they require all of the traditional business skills any other small business must possess. This leaves social enterprises having to train a manager with a business background about the social support required, or educating their primary social workers in the intricacies of managing a small business. It has been shown that a lack of business expertise presents the greatest barrier to the long-term sustainability of social enterprises.³⁹ Due to the non-profit nature of social enterprises, salaries are often below market wage. This adds an additional complexity to finding the right management team. Not only do social enterprises require managers that are multi-faceted, but they must accept a lower wage than what they could obtain in a for-profit organization. Social enterprise managers often work overtime and take on multiple roles in an organization at no additional salary.

³⁹ Cohen et al., 2008

FUNDING

As a non-profit organization it is near impossible to obtain a loan from a Canadian bank. Credit unions are more lenient when it comes to lending and some have a particular mandate to assist social enterprises with gaining funding, but since most social enterprises lack assets they continue to have a tough time. Private investment is not an option for social enterprises since their non-profit status does not allow for shareholder dividends. That leaves social enterprises with little other options for raising start-up capital other than grants, outside funding and donations.⁴⁰ Some social enterprises are registered charities and can therefore offer charitable tax receipts which can assist in gaining donations as an alternative source of funding.

When initiating a social enterprise entrepreneurs are often able to raise small start-up funds, but they come in the form of a one-time stimulus that is not conducive to long-term growth.⁴¹ Due to the various managerial challenges, social enterprises take five to seven years to breakeven, versus the average three to five years for a for-profit business. In this initial period, gaining capital for growth presents a challenge. The grant process requires lengthy RFPs that are time-consuming and arduous. Further, once an initial grant is received it is treated as though it is a social support program and in order to receive additional funding the social enterprise must establish a new initiative. Building capacity and scaling the business is extremely challenging without access to these resources and leaves most social enterprises in a struggling cycle constantly reliant on looking for additional funding.

Once established, the financial concerns of a social enterprise become much like a small businesses. They put less emphasis on gaining funding and they focus on financial self-sufficiency and independence. Most social enterprises have the goal of being financially self sufficient without depending in part or in whole on outside contributions, however, often the revenues realized are not enough to cover the costs. Social enterprises are at a financial disadvantage due to their flexible business model and addition costs incurred by supporting the employment development mission. Therefore, maintaining financial self-sufficiency may be more of a long-term goal, with financial sustainability (“ability to fund the future of a non-profit through a combination of earned income, charitable contributions and public sector subsidies”⁴²) a more realistic precedent.

⁴⁰ Kantowicz, 2007

⁴¹ Chertok et al., 2008

⁴² Boschee, 2006

MARKETING, SALES AND BUSINESS DEVELOPMENT

A result of social entrepreneurs establishing new businesses with a focus on the employee is often a lack in assessing the needs of the market. Proper analysis of the market, consumer preferences and the business opportunity are frequently neglected, resulting in social enterprises that are established for reasons other than meeting demand. The initiation of a business that does not fulfill a market need results in many social enterprises that are struggling to compete. Those that do well have either chosen a unique, niche product or know how to market their brand properly to evoke the sentiments of socialist and philanthropic consumers. Business development and sales are areas that most social enterprises have identified as a weakness, mainly due to the lack of business acumen, resources, business networks, best practices and procedures.

Social enterprises are frequently challenged when trying to communicate their social mission to gain mainstream attention. There is a limited time in which a marketer has to intrigue a potential consumer, and the goals of social enterprises are complex and difficult to convey quickly. In addition, the subject of people with barriers is sensitive and tact must be utilized when developing a messaging campaign. One does not want to exploit their employees and further marginalize those who are already fighting to gain acceptance. In addition, it has been found that promoting the quality of their product or service as the primary value proposition with the social mission as a secondary feature tends to garner more favourable results.⁴³ There may also be some consumer concerns with the quality of products or services provided due to an ingrained societal stigma and fear of people with barriers. The limited cash flows of social enterprises means that investing in traditional advertising mediums is not an option, as a result social enterprises must be more creative with their marketing initiatives. When social enterprises face a lack in sales and contracts, their social mission is severely hindered. Their ability to grow and increase the number of individuals with barriers they employ relies heavily on the success of the business, an outcome that is directly related to demand for their products and sales.

“<We> wish they could provide more steady employment; most of the work is on contract and all employees are on call so <we> can only employ those contracts that are available at the time.”

– Deanne Ziebert, Starworks

⁴³ Kantowicz, 2007

COST OF TRAINING, EQUIPMENT AND NEEDS

As reported, many employees facing barriers are lacking education and experience related to their roles in the workplace. This leaves employers the responsibility to educate and train their new employees for the particular tasks required in their place of work. Although a level of training is necessary for any new employee, the learning curve for people with barriers tends to be longer due to the lack of work experience and various barriers they are faced with. It should be mentioned, however, that employee turnover of social enterprises is quite low, therefore resulting in more long-term employment and a longer return on the training investment.

Additional costs may be incurred by the need to secure proper certification, equipment, tools, clothing and supplying other employee requirements. Most social enterprises that were interviewed claimed that they supported the cost of a safety certification, such as food safety, driver's licenses or heavy machinery operating licenses. Other social enterprises supplied the tools required for employees to participate, along with clothing, and hygiene kits upon acceptance into the workplace. Transportation was another frequently reported cost, especially in more rural towns where the public transit system is not as developed as the city. In order to work, the employee must be able to get to the job site; most social enterprises provided rides to and from the worksite that adds additional costs and time to the workday.

SOCIAL SUPPORT COSTS

The aforementioned social supports required to successfully manage a social enterprise, present these businesses with additional costs than those that employ mainstream workers. The costs incurred by the extra training time, emotional support, social workers, skills building counselors, health care professionals, job coaching, referrals to other services, equipment and basic needs, are added to the bottom line of social enterprises.

The median of rough estimates made by social enterprises in this study suggests that the additional operating cost of the social supports is **33%**.

Although most social enterprises have not conducted detailed analysis of the cost of their social support systems, it is undeniable that every social enterprise spends additional costs on accommodating the needs of their employees.

OTHER

Managing Social Programs Along With Social Enterprises

Many social enterprises also run other social programs, which were initiated by their parent organizations, or internally out of a need for their employees. As a result, social enterprise managers must operate a business in addition to other social support programs, which often requires juggling different roles, multitasking and overtime work. The breadth of services these social enterprises provide are vast, thus creating a challenge of trying to be all-encompassing to many people.

Reliability and Quality Control

Although most social enterprises emphasized how committed their employees were to working, due to the various barriers they face there can be high fluctuations in employee behavior creating a more volatile work environment. Shifts in employee behavior results in unreliable workmanship, which can affect the quality of products and services produced. Some social enterprises have reported challenges with unreliable, unproductive and inefficient employees in the past, and even though employment of people with barriers is a primary goal, these social enterprises must also consider their business needs.

Competitive employment is crucial to the success of the business. If they are not producing high quality products, social enterprises are unable to maintain a competitive market position, and will eventually lose sales and revenues and therefore the ability to hire and train new workers. This disparity between maintaining job security and a competitive hiring and firing policy is a significant challenge most social enterprises are faced with.

Managing Earnings Exemption

The provincial earnings exemption results in most employees on disability assistance wanting to work up to their monthly limit, and not beyond. This means that social enterprises are mostly managing part-time employees, which creates a larger workforce to train and coordinate, and higher administration and organization costs. Juggling the various employee schedules, and ensuring that employees' hours do not exceed their earnings exemption presents a time-consuming operational challenge for social enterprises.



INDIVIDUAL BENEFITS

Photo: Providence Farm

Social enterprises that employ those with multiple, persistent barriers make it their mission to assist these individuals and alleviate some of the struggles they are faced with day-to-day. The reasons why these businesses have made it their mission to help is because they care - and a direct benefit is observed in the improvement in the lives, health and happiness of employees. Almost every social enterprise interviewed stated that employees loved coming into work so much that they would often drop in on their days off or volunteer once they surpassed their regular work week hours. The reason why many social enterprises have established their businesses as such is due to the many fruitful benefits that are experienced by their employees. It is inspiring and rewarding to observe the amazing transformations many of these employees with barriers achieve through supportive employment.

“We look for peoples’ abilities rather than disabilities.”

- Brian Dodd, United We Can

INDIVIDUAL BENEFITS

The following summarizes the employee benefits of social enterprise employment:

- Self actualization, status, pride, self worth, self esteem, empowerment
- Social inclusion, building of social networks, mentorship
- Improved health and hygiene
- Earning an income
- Improve employee satisfaction, job retention and long-term employment
- Stability, purpose, routine, ability for long-term planning
- Employable skills, credibility, work experience, career development, hobbies

SELF ACTUALIZATION

The most significant improvement experienced by people with barriers who are employed is the increase in self-esteem, self-worth, confidence, pride and self-actualization. These individuals become empowered when their employment provides them with a purpose and a way of making a valuable contribution to the community. Building confidence and reducing fear result in an increased motivation to participate in society and work towards achieving a goal.⁴⁴ Negative thoughts are reduced and these individuals start to feel more positively about their own abilities and what they are capable of achieving. Once individuals are in a more positive psychological state, they can focus their attention on other areas of their lives such as their families, hobbies, education and other areas of self-improvement. The personal value that is gained by the individuals these social enterprises employ is immeasurable but very real.

SOCIAL INCLUSION

Many people facing multiple barriers live their lives in isolation and are alienated from mainstream society. By employing these individuals they gain the ability to work with others in a team atmosphere and integrate into mainstream society. They build social networks with their employer, colleagues and customers, and become part of a community. Working beside other employees results in a sense of purpose when the team relies on each other to achieve success in the workplace. There are friendships formed between employees, and they gain a personal, vested interest in each other's health and personal wellness. More established employees take on mentorship roles, guiding new employees through struggles in the workplace and in their personal lives. This sense of belonging offers employees great personal satisfaction and worth, which contributes to an increase in self actualization. There is a feedback loop of increasing well being

⁴⁴ Parker, 2010

leading to an increase in self esteem and self worth, a reduction in symptoms of illness and greater social well-being.⁴⁵

IMPROVED HEALTH & HYGIENE

Attention to one's psychological wellbeing precedes attention to one's physical wellbeing. Once the psyche is at ease extra attention can be paid to improving physical fitness. Being employed improves the psychological states of those with barriers, along with providing an income so they can afford the price and energy of focusing on their health. In general, working is highly correlated to an improvement in physical wellbeing.⁴⁶

Extra money allows employees to purchase more fresh and nutritious meals, and enjoy activities outside of the home. Many social enterprises offer a lunch meal service or cooking lessons that promote employees to make healthy meals at home. Most employment opportunities rely on some sort of physical activity, which results in an increase in physical stamina and strength. Furthermore, the responsibility of going into work, especially during early hours requires employees to have a restful sleep and avoid any substance abuse prior to a shift. With the extra income and positive working environment employees are more likely to surround themselves with others who maintain the same goals, and do not have any dependency problems. The requirement of working with the public, especially in service jobs, promotes employees to take care of their hygiene and appearance. Further, the additional income gained through employment allows those with barriers to find safer and cleaner living environments.

EARNING INCOME

Earning an income provides financial assurance and the pride of purchasing an item with money that was obtained from your own hard work. This income can also be utilized to improve an employee's housing situation, health and nutrition or just to enjoy some small luxuries such as a dinner with friends or going to a movie. The ability to participate in the economy is exciting for employees with barriers, and using their own money provides an irreplaceable reward.

JOB SATISFACTION & JOB RETENTION

One of the most convincing indications of employee satisfaction is the employees desire to continue working as a volunteer beyond the course of their monthly earnings exemption. Employees often stay late and enjoy coming into work on their days off. The flexible and supportive environment, along with the social network fosters job satisfaction and increases the likelihood of maintaining long-term, sustainable employment.⁴⁷ These aspects of the social enterprise business model are particularly successful at retaining people with extreme barriers who are typically considered "unemployable" on the mainstream market.

⁴⁵ Cohen et al, 2008

⁴⁶ Ross and Mirowsky, 1995

⁴⁷ Cohen et al., 2008

STABILITY & PURPOSE

The responsibility of punctuality and reliability in the workplace requires an employee to live a more routine lifestyle. This routine leads to a more predictable lifestyle that becomes more stable. A reduction in erratic and spontaneous activities often reduces the lethargy, depression, unhealthy or criminal behavior an unemployed person may be tempted to be involved in. Living a more routine lifestyle allows employees to plan for the long-run. With their income they can start saving for larger purchases and experiences down the way – a psychological effect of which is a more meaningful lifestyle and will to achieve your goals.⁴⁸

EMPLOYABLE SKILLS

An obvious, yet often overlooked benefit to those employed is the human capital gained. The training and work experience leads to practical skills that can be utilized throughout the rest of these employees' lives. The job experience provides credibility to the individual, and provides valuable skills that can be added to an employee's resume. The job skills learned through social enterprises can be used as a transitory skills-building session that leverages an employee into a more permanent employment position. Further, the social network and other social connections made by being employed can provide opportunities for further community involvement and employment. All of this work experience provides employees with barriers a better chance of integrating into the mainstream workforce, along with an opportunity for career development and job advancement.

“Our woodwork shop gives participants an opportunity to come in and do some casual work so they have a recent employment history and a job reference.” – Ross Gentleman, Tradeworks

⁴⁸ Kregel, 2002



SOCIETAL BENEFITS

Photo: Providence Farm

The employment of people with barriers not only improves the lives of those employed, but also benefits the greater community. Creating a more productive, supportive, accepting and connected community. Social enterprises provide inviting gathering places that bring together people with barriers, their families, neighbours, friends and all members of the community. They also provide an increase in productive, working members of society and consumption, which benefits the local economy.

“We are not just about training people for the restaurant business after all, but about helping them reintegrate into society.”

– Heather O’Hara, Potluck Cafe & Catering

SOCIETAL BENEFITS

The following summarizes the societal benefits of social enterprises that offer employment:

- Increase workforce capacity, long-term employment and job retention
- Economic activity and productivity
- The multiplier effect, positive community influence
- Community connectedness, improves community health and wellness
- Reduces stigma
- High quality work and products produced

INCREASE WORKFORCE CAPACITY & JOB RETENTION

As social enterprises provide employment to those who are excluded from the workforce, they are introducing a population of employees that would otherwise be non-participatory. Not only are social enterprises offering employment opportunities for people with barriers, but they are shifting people from unemployment, to part-time employment, with the ultimate goal of full-time employment; therefore building individual working capacity and transferring individuals into the employment demographic. A significant benefit of social enterprises is their ability to grow the labour supply in B.C. and increase the province's overall workforce capacity. Social enterprises are fulfilling jobs that tend to be more flexible, remedial and inconsistent, those of which are typically unappealing for other mainstream workers who are able to work full-time, full capacity positions.

As the primary goal of social enterprises is to foster a supportive and accommodating employment environment for people with barriers they are more successful at retaining employees than other businesses.⁴⁹ A survey of placement rates revealed that social employment enterprises had a placement rate of 36-54% for people with psychiatric disabilities and 47-81% for those with developmental disabilities compared to the Ministry's EPPD program placement rate of 12.5%.⁴⁷

Social enterprises have the ability to understand the complex environment their employees face, allowing them to be more hands-on and design appropriate programs for their needs. In fact, many social enterprises measure business growth based on the number of employees they are able to offer employment to and how many are able to transition into more permanent work positions. Therefore, they are constantly re-evaluating their business model to meet their employment target and often conduct quarterly or annual performance reviews to ensure growth and improvement amongst employees.⁵⁰

⁴⁹ Kregel, 2001

⁵⁰ Cohen et al., 2008

ECONOMIC ACTIVITY

In addition to an increase in workforce capacity, social enterprises improve economic activity through commercial pursuits, improved human capital, community revitalization and an emphasis on long-term, sustainable growth. Social Enterprises produce goods and services that bring together consumers and producers to generate sales and revenues, which are transferred back into other economic activities. The nature of social enterprises introduces more innovative business models, employment models and products that are unique and fulfill an unmet market need. This economic stimulus promotes local growth, especially in rural communities where the impact of new businesses is more significant. Further, the training and skills development improve human capital across the community, and also introduces more productive living in other areas of life, such as hobbies and recreational activities. Employing individuals with barriers can greatly improve community dynamics, and motivate others to become more participatory and productive in their lives. Social enterprises are also particularly skilled at enhancing the delivery of social, environmental and cultural services that enhances community education and wellness. Finally, the shift of business planning from short-term, monetary gains to a more community and sustainable focus reveals a social shift in perception to stimulate long-term economic gains.

In 2010 the economic impact of social enterprises was **\$150 million in total revenue**. 76% of social enterprises were breaking even or profitable, with an average revenue of **\$377,000.**⁵⁰

Preliminary results from Peter Hall's 2010 B.C.-Alberta social enterprise survey estimate the economic impact of social enterprises at a conservative \$150 million in total revenue.⁵¹ Further, social enterprises in Hall's study revealed that 76% were breaking even or profitable, with an average revenue of \$377,000. These results point to the fact that social enterprises provide economic value in the province.

MULTIPLIER EFFECT

The multiplier effect, also known as the ripple effect, demonstrates that one small improvement in society has the ability of making a ten-fold change. As one individual gains employment and becomes a more productive and participatory member of a community, others are motivated to follow suit. Slowly family members, friends and neighbours start to re-evaluate their lifestyles and make positive changes, with the final result an overall improvement in community livelihood and integrated success.

⁵¹ Hall, 2009

COMMUNITY CONNECTEDNESS

Social enterprises share a mandate of promoting community health and wellness by offering employment and support to those members of society who are frequently neglected. This shift in emphasis to a more inclusive, responsive and compassionate business model improves relationships and wellness among community members. These social values are passed on to members of the local community who thereby provide each other with ongoing, unlimited support. Those neighbourhoods that support social enterprises have exclaimed their pride of housing these businesses. Social enterprises create a clean and safe social hub which acts as a social gathering place. They provide a positive environment in communities which are often riddled with problems, and as such, stimulate a healthier and friendlier atmosphere with a strong sense of community.

REDUCE STIGMA

By employing members of society who are faced with barriers, social enterprises act to integrate these individuals into mainstream society. Social enterprises require those with barriers, and those without, to work together and interact which increases understanding and social connections. This increase in interactions reduces misunderstanding and fear that people tend to develop about the unfamiliar. This in turn reduces overall social stigma towards those with barriers, promoting a more supportive and understanding community all-round.

OTHER

High Quality Products and Services Introduced

The tasks that people with barriers take on are often very well suited to their skills which results in the production of high quality products or services. All of the social enterprises interviewed expressed the high level of workmanship achieved by their employees. In fact, for the most part, social enterprises were successful because of their high quality products and services, not for their social mission. For example, employees with developmental disabilities tend to be more meticulous when it comes to detailed job skills, and they tend to be more comfortable taking on repetitive tasks than those without disabilities. Those with learning disabilities outperformed their peers on punctuality, attendance and ability to accept constructive criticism.⁵² Furthermore, because of the low employee turnover rate and the high level of commitment, employees with barriers became more skilled at their jobs than those without. Therefore, social enterprises create businesses that offer the societal benefit of providing high quality products and services to consumers.

⁵² Graffam et al., 2002



GOVERNMENT BENEFITS



Photo: United We Can

Beyond the immense individual and societal benefits, social enterprises offer cost savings and additional revenue generators for the government. These benefits provide the provincial government an opportunity to resolve some of the most complex social issues and concerns that it is constantly trying to tackle.

GOVERNMENT BENEFITS

The following summarizes the provincial benefits of social enterprises that offer employment:

- Reduce cost of social assistance payments
- Increase revenue through increase in tax payers
- Reduce cost of emergency care, homelessness, employment services, crime

REDUCE COST OF SOCIAL ASSISTANCE

For every employee that shifts beyond the \$500 earnings exemption of monthly work, the amount of assistance the provincial government pays is reduced. Furthermore, social enterprises promote more long-term, sustainable employment, a result of which is shifting an individual who would likely be on welfare for life into a zero-assistance payment lifestyle.

The cost of social assistance is significant to the provincial government, and any reduction in this cost could be utilized to funding other aspects of the social economy.

**Provincial expenditure
on employment and income
assistance was
\$938,000,000 in 2008.⁵²**

INCREASE REVENUE THROUGH TAXES

Each employee that shifts from social assistance to full-time employment is transferred from being a government expense to government revenue generator. Full-time and part-time employees who start earning a regular income are now required to contribute applicable income taxes for their earnings bracket.

All increases in earnings by employees with barriers, whether they are working part-time or full-time, are regenerated back into the economy through purchases, and therefore generate earnings through HST. Although it may appear insignificant, a large portion of the earnings made by individuals who are now working is spent on items that incur provincial sales tax. Individuals who are living on social assistance do not have the budget to consume many goods and services that those who are working have.

REDUCE OTHER COSTS

A consequence of employment is an improvement in health and welfare, which reduces overall costs of various public services and resources. Those who are employed have reported a decrease

⁵³ Ministry of Housing and Social Development, 2008

in health care and mental health services, hospitalizations, criminal activity and subsidized housing.⁵⁴ In addition, while employed these individuals reduce their use of social services such as job placement, training and counseling.

A study of homelessness in Vancouver revealed that those facing substance abuse and mental illness cost the B.C. public system an excess of \$55,000 per year. The study concluded that “‘cost avoidance’ in health care and provincial corrections institution costs are more than sufficient to offset the capital costs and the costs of providing housing supports to those who are absolutely homeless.”⁵⁵

People living in unstable housing were more likely to use health services, be hospitalized for otherwise preventable conditions, use emergency care for acute medical conditions and have a high prevalence of substance abuse and/or mental illness.⁵⁶ Studies have shown that 82% of those patients admitted to St. Paul’s hospital for emergency HIV aid were unemployed and 7% were admitted due to mental illness or disease of the nervous system, and the median length stay was 3 days.⁵⁷

People suffering from mental illness and addiction are over-represented in B.C.’s prisons at a rate of 6 to 15% versus the 2.8% representation rate of the general population.⁵⁸ An additional study showed that those with mental illness in B.C.’s jails find themselves in a cycle of committing low-level crimes with a 41% rate of recidivism. Those that enter transition programs and find employment have a reduced recidivism rate of only 13%.⁵⁹

In a Quebec study, the return on investment of every dollar spent on finding supportive employment to those with disabilities showed that the social ROI was \$1.93 on every dollar spent, and the individual ROI was \$2.15.⁶⁰ As a consequence of supportive employment, the Province will experience a reduction in some of the following relevant costs.

⁵⁴ Cohen et al., 2008

⁵⁵ Patterson et al., 2007

⁵⁶ Palpeu et al., 1999

⁵⁷ Weber et al., 2000

⁵⁸ Petterson et al., 2007 referencing Lamb & Weinberger, 1998; Lamberti et al., 2001

⁵⁹ Walsh, 2007

⁶⁰ Dolbel, 2009

Table 2: Provincial Costs of Accommodating People with Barriers

Item	Amount	Period
Social Assistance		
Monthly Assistance	\$ 906	Monthly per person ⁶¹
Employment & Income Assistance	\$ 938,000,000	2008 expenditure ⁶²
Homelessness		
Non-housing service costs	\$ 55,000	Yearly per person ⁶³
Housing Expenditure	\$ 104,000,000	2008 expenditure ⁶¹
Health Care		
Mental Health & Addiction Treatment	\$ 1,260,000,000	2009 expenditure ⁶¹
Emergency Medical		
Psychiatric Hospitalization	\$ 500	Per person per day ⁶⁴
Social Supports		
Adult Community Living	\$ 591,000,000	2008 yearly expenditure ⁶²
Development Disability Services	\$ 22,333,333	2009 yearly expenditure
Community Volunteer Program	\$ 9,000,000	2006 yearly expenditure
Total		
Programs, benefits and services, PWD	\$ 4,300,000,000	2008 yearly expenditure ⁶²

“One <employee> was an IV drug user and the police were called every weekend to deal with her behavior. She came in for work and...has not been arrested once, hasn’t used IV drugs and hasn’t been causing a ruckus in the community: stealing and being violent. Prior she was accessing medical treatment about 20 times per year...”

- Sheila Adcock, Career Development Services

⁶¹ Ministry of Social Development and Housing, 2010

⁶² Ministry of Social Development and Housing, 10 by 10 Challenge Toolkit Report, 2008

⁶³ Patterson et al, 2007

⁶⁴ Cohen et al., 2008



RECOMMENDATIONS



Photo: United We Can

The qualitative and quantitative benefits of the social enterprise model that provides employment for people with barriers are unarguably convincing. Following a thorough analysis of available research, along with primary, first-hand experience of the improvements these organizations present to the individuals they employ and greater society, it is apparent that this model is effective. The social enterprises that make it their mission to employ these individuals with barriers are then faced with the complexities of going against a traditional capitalistic private model by introducing more flexible and supportive business models. To assist social enterprises in overcoming their business challenges, it is necessary to develop an environment that is more conducive to the growth and sustainability of a social business model. The following section presents concrete recommendations for improving business opportunities of social enterprises with supportive employment models.

RECOMMENDATIONS

In order to advance the financial success of social enterprises and encourage the adoption of this business model it is recommended that the following solutions be implemented:

Industry Recommendations

- Social Procurement Model
- Social Enterprise Association
- Long-term Investment for Growth

Policy Recommendations

- Wage Supplement and Tiered Earnings Exemption
- Appoint Minister of Community Economic Development
- Social Enterprise Research

SOCIAL PROCUREMENT MODEL

Social enterprises in this study have struggled to cover the additional costs associated with accommodating the needs of employees. A traditional capitalist model would resolve this discrepancy by decreasing costs, or increasing profits. Decreasing costs is an unlikely option since it will often compromise the social mission of offering supportive employment to people with barriers. An alternative for improving profits is to increase revenues through sales, thereby covering more fixed costs and lowering variable costs through economies of scale experienced from larger production. Therefore, this first recommendation is to promote an increase in demand of socially responsible products, in particular, locally made products and services by people with barriers. A marketing and sales campaign should be utilized to educate and influence venders to make social sustainable goals a higher priority in procurement decisions.

This social procurement model will be targeting the public, private and third sectors. The public model should introduce a preference for contracts with those organizations that include employment of people with barriers. The public sector has the ability to lead change by example, and could also implement an incentive campaign for those organizations that support social enterprises. VANOC represents the first public initiative of this sort, and introduced the world to the option of socially responsible purchasing with their Vancouver 2010 procurement policies which invested \$1,793,998 with inner-city businesses and organizations.⁶⁵ Although the model is still novel and in the development process, it can be used as a case study to design best practices for future government purchasing policies.

⁶⁵ VANOC, Sustainability Report, 2008

In the private sector, it is suggested that social procurement be a higher priority in corporate social responsibility goals, as it is ranked lower in importance than environmental goals.⁶⁶ Currently, only 20% of international purchasers promote employment diversity in their supply chain, and 29% had a formal supplier diversity program in place.⁶⁷ If larger institutions recognized the overall improvement to society, they may perceive socially responsible purchasing to be more of a social investment, rather than a charity. Further, social enterprises are often offering services and products that are of great value and better than those which large corporations purchase already. The gap in purchasing is often due to unawareness. Therefore, if the client took responsibility to seek out socially responsible vendors it would provide an immense benefit to social enterprises that are offering quality services but lack the sales and marketing budget to promote them. Additionally, larger corporations often utilize lengthy contract agreements and negotiation processes where sustainable practices and social responsibility should be considered. Adding a local, social element to these procurement practices would provide an essential advantage for social enterprises.

Non-profits and other organizations in the third sector generally try to support other organizations with social missions, but are sometimes unaware of each other. In particular, those social enterprises in rural communities and outside of the downtown eastside tend to be less networked and known in other communities. These social enterprises could greatly benefit from support by other non-profits and social enterprises in their surrounding communities, and across the country. A unifying resource would be required to help these organizations locate their peers and foster procurement relationships. Finally, there are a growing number of consumers with social consciences who would prefer to purchase socially ethical products, but may not know how to find them. BOB (Building Opportunities for Business) initiated a social purchasing portal some years ago, although traction and resources failed and it has not been kept up-to-date. In 2008, BuySmart B.C. was launched which introduced a social purchasing network for products and services with positive environmental, social, ethical, and economic impacts. Although this is a step in the right direction, the database is lacking in local, socially sustainable businesses and currently has more emphasis on environmentally friendly businesses. An updated, user-friendly social purchasing portal could help alleviate the hunt for socially responsibly made items. There may also be room for a recognizable socially sustainable certification, similar to Fair Trade, that assists consumers when making purchase decisions.

SOCIAL ENTERPRISE ASSOCIATION

In order to unite social enterprises, promote resource-sharing and network-building amongst organizations with similar social missions, it is recommended to initiate a Social Enterprise Association. This association would act similar to an industry association, such as the Vancouver Board of Trade, B.C. Technology Industry Association or B.C. Construction Association. In addition to providing resources, marketing, industry support, workshops and advice, the primary objective of the association would be to provide a centralized database of all social enterprises, thereby

⁶⁶ Robinson and Strandberg, 2007

⁶⁷ Robinson and Strandberg, 2007 referencing Duffy, 2004

facilitating contacts within the sector. The association's primary purpose is to facilitate business development of social enterprises.

Many social enterprises struggle with a lack of business acumen and ability to assess market opportunities. This has been identified as an area of interest by most social enterprises and is a role which the social enterprise association could play by offering workshops and industry advice. To assist social enterprises with an increase in market share and consumer purchasing, the association could develop communications campaigns that promote the business model and encourage social procurement to mainstream consumers.

The lack of education regarding social enterprises in academic institutions has also been identified and presents a good opportunity for the Social Enterprise Association to create partnerships with colleges and universities. Although social enterprises appear to be researched frequently, the results are not well publicized or taught in universities. In particular, being that these are small businesses and many of the complexities they face are business problems, the Social Enterprise Association could campaign for more education of social enterprises in business schools.

LONG-TERM INVESTMENT FOR GROWTH

Most social enterprises struggle with gaining capital to assist them to breakeven in the five to seven years following inception. It is suggested that funding agencies re-evaluate their funding model from program-based funding to longer-term, consistent funding. For example, a five year funding contract would allow a social enterprise to plan ahead and use that financial stability to build their business model to a point where they can become financially self-sufficient. This contract should provide funding to cover the additional 33% operating costs added by the social support services social enterprises integrate.

Overall, funding should be shifted from training programs and various other social support programs towards businesses that offer long-term employment and job retention for long-term assistance users. Social enterprises offer training, social support and other services that are typically publically funded in other organizations but add an additional 33% to their operating costs. Some of the funding that is allocated to other social services, such as training and job placement agencies, should be shared with social enterprises that offer employment for people with barriers. When evaluating the costs and benefit of investing in social enterprises, long-term job retention, lower health and social support costs and further societal advantages such as meeting Vancouver's poverty and homelessness goals should be considered and compared to the initial costs these social enterprises require to make the modifications they need to operate. Typically these costs are short-term and incurred by requiring specialized equipment, workplace adjustments, training and developing the business model.⁶⁸

In a Boston cost-benefit analysis of social enterprises, it was revealed that the cost efficiency was a ratio of almost 0.90 benefits to costs.⁶⁹ Furthermore, the primary reasons for not reaching efficiency

⁶⁸ Graffam, 2002

⁶⁹ Rogers et al., 1995

were the small sample size, timeframe limitations, increased costs associated with advocacy efforts and an inability to quantify the intangible benefits. The study suggests that in the long-run, once the program model is more developed with a reduced ratio of participants-to-staff, it is likely to gain positive efficiency levels. In addition, studies have shown a 25% reduction in the operating costs of a social enterprise from the demonstrating phase to the ongoing phase.⁷⁰ Furthermore, regardless of whether there is a financial gain from investing in social enterprises, as long as the investment is equal to the cost of social assistance and services, the self actualization and pride gained by the individuals employed and the greater community still results in a net gain.

It is recommended that the B.C. provincial government review its funding availability and allocation, with a larger emphasis on social enterprise. Looking to other provinces as benchmarks, it appears that the province of Ontario provides financial support through coordinating groups that assist with business development and social support, Alberta allows an asset limit of \$100,000 compared to B.C.'s \$3,000 limit.⁷¹ On July 22 2010, the U.S. government announced a \$123 million Social Investment Fund to support the social economy while Britain's Department of Health has spent over £73m over the last four years promoting social enterprises.⁷²

In addition, funding from private institutions should also be re-evaluated to consider longer terms and amounts that are more conducive to growth. In particular, start-up, small social enterprises require significant help gaining funding, especially since providing metrics to demonstrate their value is impossible prior to inception.

⁷⁰ Thornton et al., 1992

⁷¹ Cohen et al., 2008

⁷² PR Newswire, 2010

POLICY CHANGES

The following recommendations are suggested specifically for the Province of B.C., and complement the suggestions above. These recommendations can only be provided through policy change.

Appoint Minister of Community Economic Development

There appears to be a lack of emphasis on supporting the social economy on the part of policy makers. In addition, this sector is unique, and should not fall under the category of social support and development, or pure economic development – it is a blend of the two. Rather than consider social enterprises as a part of the social ministry, they should have their own distinct category, and a minister to champion increased awareness, policy change, to allocate funding and conduct further analysis into the sector. Appointing a Minister of Community Economic Development would make someone personally accountable for representing this sector and ensuring that there is a voice for social enterprises that is focused on the business development aspect.

The Minister of Community Economic Development would ensure that the Province of B.C. becomes more socially progressive, and places more attention on the integration of social, economic, cultural and environmental goals. Many other European countries are exploring new ways of co-management, where business responsibilities are shared among governments, for-profit providers, and third-sector organizations.⁷³ Québec has a strong public policy agenda for social enterprises and recognizes them as a significant part of their economy, offering more assistance, mobilization and long-term funding.⁷⁴

Some potential areas of interest for the Minister of Community Economic Development would be:

- Focus on business development, not charity
- Make social enterprises part of the economic policy with a focus on growing B.C.'s productivity and workforce capacity, and reducing welfare
- Produce cost-benefit analysis of employing those with multiple, persistent barriers
- Review the potential of a Community Interest Corporation (UK) where social enterprises can gain a small business-type designation and actually gain funding from investors and bank financing by producing a hybrid non-profit/small business structure
- Review the potential of social-impact bonds
- Provide tax credits for social enterprises under the small business model
- Promote social acceptance and eliminate discrimination of people with barriers

⁷³ Defourny, 2001

⁷⁴ Tremblay, 2010

Wage Supplement & Tiered Earnings Exemption

As it has been clearly indicated throughout this study, the earning exemption disincentive presents a challenge to increasing employee's work hours, administering work, pay and coordinating schedules. In order to encourage more part-time or full-time work for PWD or PWMB, there are two suggested policy changes:

1. Tiered earnings exemption - to incentivize those employees who can only work part-time to work as much as possible
2. Wage Supplement – to provide incentive for part-time workers to shift to full-time

The tiered earnings exemption would slowly increase the claw-back rate so that employees who are capable of working more than \$500 per month (approximately 50 hours) could do so and still gain a benefit. If there was a 50% claw-back of the next \$500 earned, this would provide employees with an additional \$250 per month and the ability to continue earning more if they work 100 hours monthly. Other provinces in Canada have more lenient earnings exemptions, for example, Alberta adds a 50 per cent graduated reduction in benefits for additional earnings up to \$1400.⁷⁵ Once the 100 hours is reached, the shift to full-time employment of 160 hours per month is not as daunting of a transition. If an individual is then earning \$1,656 (a combination of their \$906 disability and \$750 income) there will need to be a slight incentive to move to full-time employment. This can be provided by a wage supplement for full-time work. At \$10/hr employers would pay their \$1,600 monthly and the government supplements some additional income as an incentive to work the additional 60 hours. Further analysis is required to determine the exact wage supplement allocation, however, this provides a solution for both employees with barriers, social enterprises and to reduce the cost of assistance payments by the government.

Table 3: An example of the new system could look something like the following:

	Earnings Assistance	Earnings Exemption	Wage Supplement
Current System	\$ 906	\$ 500	
New Tiered System	\$ 906	\$ 500 50% of the next \$500 (\$250)	\$200 for 160 hours

Figure 3: Illustration of Persons with Disability social assistance based on monthly hours worked.

The following graph illustrates the disincentive of the current system which does not provide any monetary gain for an individual who increases their part-time work hours (refer to the straight line earnings from 50 hours to 141 hours of monthly work). The new tiered system aims to create a more gradual incline and therefore incentivize individuals to work as many hours as they are capable of.

⁷⁵ Cohen, 2008

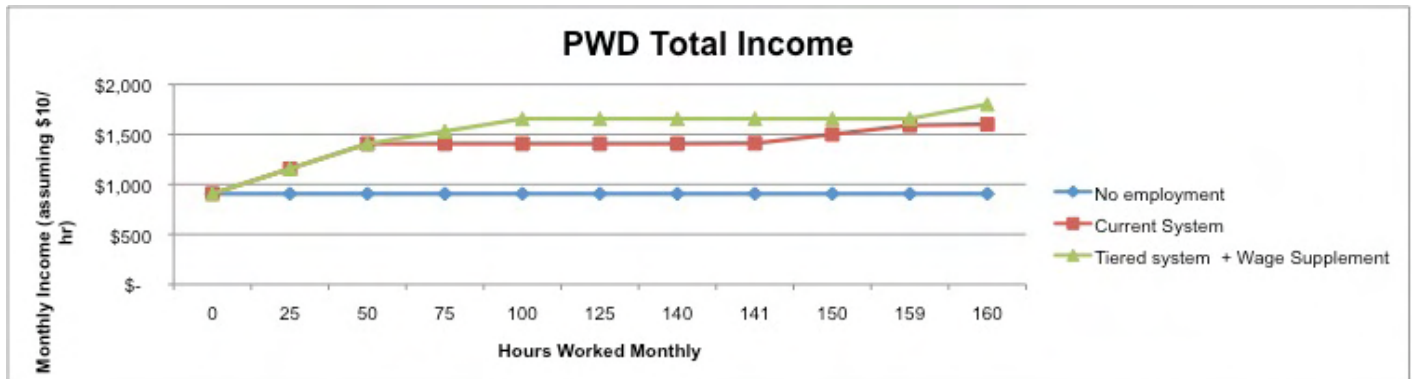
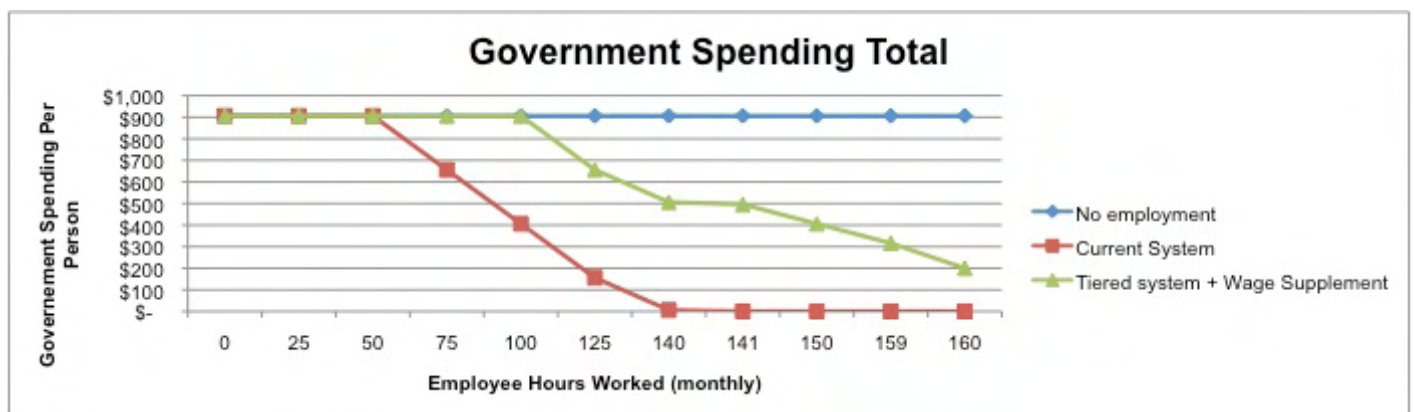


Figure 4: Government Spending on each Persons with Disability based on monthly hours worked



Although the exact breakdown of earnings exemption percent and wage supplement will need to be further analyzed, this more graduated system will encourage all people receiving assistance payments to work as much as possible, and reduce the gap between working only 50 hours per month and 160 hours of full-time work. This new system is based on the hypothesis that more employees on assistance will switch to full-time work if there are monetary incentives that gradually increase. Further, for those employees who are unable to work a full-time work week, the government spending will be slightly higher in the tiered system, but when the savings to public services, economic growth and individual benefits are factored in, there will be a positive return overall. Based on the research findings of this study, the benefits of employment are so enormous that a slight increase in assistance will still be offset by the gain in individual and societal benefits and government savings from a reduction in the use of ancillary programs and services.

Social Enterprise Research

There is a lack of robust empirical evidence measuring the value and outcome of social enterprises for people with multiple barriers and the greater society. Although there has been a movement towards studying this new sector in Canada, there continues to be a need for concrete data and measurement of indicators, for example how many jobs and how much social capital is created by

social enterprises.⁷⁶ In particular, the long-term impact of employment and well-being of the individuals and families that benefit from an investment of work experience-based programs has yet to be determined.⁷⁷ The industry recognizes a strong correlation between employment of people with multiple barriers and an improvement in health, hygiene, housing and the use of other support programs, but there have not been any quantitative studies to date that reveal the average savings per person. Furthermore, the real current investment per person who is unemployed and living on assistance has not been identified. A study that compares these two samples would indicate the direct societal improvement of social enterprises.

Since the information regarding each individual is confidential and sensitive, it is difficult to chart the actual dollars spent and saved on each person who has been employed by a social enterprise. Health records, criminal records and assistance payments are all tracked through public institutions, therefore the government has the ability to cross-correlate information and cull records to create a measurable picture of the employment of people with barriers. A B.C. study could be conducted that tracks the cost-benefit analysis of each employee with barriers and reveals the change in assistance payments, health care usage, employment retention and capacity, shift in use of other social services, crime and other relevant services. The data for this report could be culled from existing data or produced through a statistically sound experiment. Regardless, a high correlation and validity rate is necessary to present the most convincing results. This information would be extremely valuable to understand the quantitative benefit of social enterprises and produce a compelling reason for investing in the social economy.

⁷⁶ Trembley, 2010

⁷⁷ Sattar, 2010



CONCLUSION

Photo: Providence Farm

The social enterprise business model is unique in its synthesis of financial and social goals. The social mission of employing people with multiple, persistent barriers presents various complications to running a self-sufficient, financially sustainable business, and therefore creates a complex business environment for social enterprises. However, although they are faced with many managerial barriers, social enterprises continue to grow and thrive as a result of the myriad of benefits they offer to individuals, the community, and the local economy.

Employees with barriers struggle with various challenges that restrict them from gaining mainstream employment. Research conducted with social enterprises has determined that the primary barriers to employment are a lack of employment options, lack of self-esteem and confidence, stigma and fear, lack of skills, experience and basic needs, and the social assistance earnings exemption disincentive. These challenges leave people who are already facing multiple life burdens a slim chance of finding employment.

Social enterprises have evolved with a mission to provide employment options for individuals facing multiple barriers, however, while accommodating the needs of employees, these businesses are faced with challenges that other for-profit businesses need not consider. Social enterprises

hold a high level of community responsibility, with many stakeholders to consider. They must maintain a flexible and tolerant business model, and offer a supportive atmosphere which includes providing social support and equipment. They must find managers who have businesses expertise but care enough about the social mission to accept lower wages. Finding funding is always a challenge for non-profits, and social enterprises face an additional 33% costs required for the support systems they offer. Finally, business development and marketing presents an additional challenge for social enterprises that have complex social missions and stories to convey.

The value of social enterprises is indisputable. To the individual, they provide a source of self-actualization and pride, stability and routine, an income, improved health and hygiene, skills development and social inclusion. They increase the workforce capacity and economic productivity of society, improve community health and wellness, reduce stigma and provide a positive influence that resonates to others in their communities. For every individual that shifts from living on social assistance to being productive members of society the government achieves a cost reduction in welfare, health care, crime and other employment and social services, along with gaining revenue through income tax and HST.

In order to assist the growth of social enterprises in B.C., it is recommended that a number of improvements be made. A feasible and impactful solution is to promote social procurement policies with businesses in the private, public and third sectors, and with individual consumers. Social procurement allows social enterprises to gain revenue to cover their higher costs through increased demand and sales. In order for social enterprises to support each other and share business experience, expertise and resources, a social enterprise association is necessary. The association would assist in knowledge and business development, and would be separate from funding agencies. In terms of funding, all grants should be re-evaluated to include more long-term funding to cover the 33% social support costs for the first five to seven years prior to breakeven. Additional funding is necessary to help assist social enterprises with start-up capital and to help cover the social support costs.

On the part of the provincial government, it is recommend that a Minister of Community Economic Development is appointed to represent small businesses with social missions by analyzing business needs, allocating funding and championing for a more progressive business environment. As a solution to the earnings exemption disincentive, and to promote PWD and PWMB to work to their full potential, it is recommended that the provincial government implement a tiered earnings exemption schedule and provide a wage supplement for those that shift into full-time employment.

Finally, it is necessary to collect the data required to assess the value of social enterprises, and the provincial government has the most access to this sensitive information. Further cost-benefit analysis and quantitative research should be initiated to understand the true return on investment of employing people with barriers. The social enterprise environment in B.C. is complex and colourful. As these small businesses struggle to make social change, they are slowly making enormous impressions on the lives of people with barriers and the communities that surround them. In an effort to create a more progressive society and province, it is necessary to foster an environment that is conducive to the growth of these organizations. The above recommendations will assist in improving the initiation of new social enterprises and assist those that exist to flourish.

APPENDICES

APPENDIX 1: SOCIAL ENTERPRISES INTERVIEWED

N = 25

Organization Name	City
Aboriginal Business Development Centre	Prince George
Aboriginal Friendship Centre	Prince George
AiMHi	Prince George
BOB	Vancouver, DTES
Brain Injury Group Society	Prince George
Cariboo Central Interior Poultry Producers Association Mobile Abattoir Project	Quesnel
CDS (Career Development Services)	Trail
Cleaning Solution	Vancouver
Common Thread	Vancouver
Embers Staffing Solutions	Metro Vancouver Region
Just Beginnings Flowers	Metro Vancouver Region
Landscaping with Heart (Coast Social Enterprise Foundation)	Metro Vancouver Region
Larry's Cycle and Sport (Kelowna and District Society for Community Living)	Kelowna
Nelson Cares Society (Earth Matters)	Nelson
Nichackle Valley Community Services Society (Bean on Burrard)	Vanderhoof
Potluck Café and Catering	Metro Vancouver Region
Prince George Nechako Aboriginal Employment and Training Association	Prince George
Providence Farm	Duncan
Skeena Supported Employment Society (bakery)	New Hazelton
Starworks Packaging and Assembly	Metro Vancouver Region
The Cleaning Solution	Metro Vancouver Region
The Right Stuff (The Greater Trail Community Skills Centre)	Trail
Tradeworks	Metro Vancouver Region
United We Can	Metro Vancouver Region
West Kootenay Social Enterprise Society	Nelson

APPENDIX 2: SUMMARY OF RESEARCH RESULTS

Results of Social Enterprise Interviews

August, 2010

Sample Size N = 25

Employee Barriers	% Response
Psychological challenges, mental illness, developmental disabilities	72
Social stigma, fear of entering the workforce, of being labelled	52
Lacking "soft" skills / life skills	48
Lack of education and experience	44
Physical barriers	40
Impoverished, long term social assistance	40
Earnings exemption disincentive	36
Employment options do not meet needs	32
Criminal record	24
Fear of changing lifestyle, breaking habits	20
Low self confidence	20
Lack of basic needs	20
Cultural challenges, gender	20
History of substance abuse/active abuse	16
Fear of losing benefits (medical)	12
Language barriers	12

Management Barriers	% Response
Flexibility in business model, tolerance	72
Emotional support, patience, communication	72
Finding the right management	64
Accommodating needs of employees	60
Funding	52
Dual goals	48
Require more training	44
Lack of fair wages for management	44
Cost of social support	40
Provide equipment, clothing, basic requirements	36
Open door policy, tolerate unreliable attendance	32
Greater number of employees (all part-time)	32
Managing multiple programs and businesses	32
Marketing, sales, business development	32
Employee transportation	24
Reliability, quality control, efficiency	24
Demand, sceptics about quality	20
Require volunteer time	8
Not enough revenue to run the other social services	8
Debt is scary	8
Many stakeholders, need to consider entire community	8
Theft	4
Lacking capacity for need	4
Provide financial support to employees	4
Additional costs for employing PWD (percent of operating costs)	33%

Individual Benefits	% Response
Status, pride, self worth, self esteem, empowerment	72
Social Inclusion, social networks	72
Improved health and hygiene	68
Earning income	56
Improve employee satisfaction	44
Social Support	40
Stability and routine	36
Rewarding	36
Life skills, self development	36
Employable skills, knowledge	32
Better job matching	28
Credibility, work experience	28
Focus on employee needs	24
Long-term life planning	24
Mentorship	24
Financial independence	20
Promote culture (aboriginal, family)	16
Safe Environment	4

Societal Benefits	% Response
Increase workforce capacity	64
Increase productivity, add to economy	60
Community Involvement	60
Promote community health and wellness	52
Increase in long-term employment and job retention	48
High quality work	44
Reduce Gov. assistance, health care, social support costs, etc.	44
Long-term sustainability	36
Reduce stigma	36
Promote culture and family values	24
More reliable and committed workers	20
Community pride	20
Promote equitable employment	16
Offer a desirable product or service	12
Reduce Income gap	8
Reduce crime rate	8
Improve environment	4

Recommendations	% Response
Social Procurement + Purchasing	48
Promote the long-term socially responsible affect of business (social enterprise model, social ROI)	48
Long-term funding for growth	40
More relationships with credible partners, business and industry advice, support from credible institutions	36
Wage subsidy for full-time work	32
More funding for start-up capital	32
Gov. focus more on employment than training programs - CED	32
SE Professional Association	28
Funding for administrative costs	24
Community Model of Living	24
Improve market demand	20
Create their own business designation that provides benefits - Ministry of Community Services	20
Index Earnings Exemption	20
Funding for social support costs	12
More grass-roots funding/ micro financing	12
Engage Businesses in SE	8
Localized Employment	4
Innovate Gov. Projects to include SE	4
Socially Representative Workplaces	4
University interest	4
Business resources	4

APPENDIX 3: ACCESSWORKS RECIPIENTS⁷⁸

Adult Learning Development Association
B.O.B.
Burnaby Association for Community Inclusion
B.C. Epilepsy Society
B.C. Association for Community Living
B.C. CPD
B.C. ITS
B.C. Paraplegic Association
Centre for Ability
CMHA Burnaby Branch
CMB
Coast Mental Health
Cowichan Independent Living
Crews@work
Developmental Disabilities Association
Disability Foundation
Garth Homer Society
Gastown Vocational Services
IAMCares
Langley Association for Community Living
Linkup Employment Services
MS Society of Canada
Neil Squire Society
CRW
People in Motion (Kelowna)
Polaris Employment Services
Reliable Outsourcing
Richmond Employment Resource Centre (RERC)
Sustainable Employment Network Inc
Surrey Association for Community Living
THEO
Triumph Vocational Services
Western Institute for Deaf & Heard of Hearing
World Accessibility

⁷⁸ Ministry of Housing and Social Development, 10 by 10 Challenge, 2008

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