How can social enterprise really tackle social exclusion? A comparative study of children’s welfare in the United Kingdom and Cambodia

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Social enterprise is being increasingly encouraged as a solution to social problems concerning social exclusion, child development and family welfare within both developed and developing countries. This article considers these policy contexts and two case studies of social enterprises that provide children’s services in the United Kingdom and Cambodia. It aims through this comparison to contribute insights as to the challenge for social enterprise to deliver gains in this area. This article considers a ‘rights-based’ discourse of social inclusion and concludes that a political capabilities approach to the ways that social enterprise engages with policy measures is crucial if it is to meaningfully address the social needs of marginal communities.

Keywords: social enterprise; child welfare; social exclusion; political capabilities

Introduction

This article builds upon a previous literature review and discussion drawing from experiences of international development which questioned whether social enterprise truly has the means to empower communities and reduce social exclusion (Toner, Lyne and Ryan 2008). This article takes childhood development and family welfare as a specific aspect of social exclusion in deprived communities and seeks to explore whether social enterprise is a viable mechanism to deliver meaningful solutions. This work builds on the international development discussion by considering current scenarios of social exclusion and social enterprise in the United Kingdom and Cambodia. Insights are drawn from the two countries in relation to the capabilities that social enterprises need to develop in order to make a significant impact on social exclusion and poverty reduction in ‘hard to reach’ communities.

This article begins with a literature review that assesses the importance of childcare and then the policy contexts and prevalent paradigms for the delivery of childcare services and specific opportunities that exist for social enterprise in this area in the United Kingdom and Cambodia. The literature review emphasises the path-dependent nature of policy context, illustrating differences between the post-Keynesian circumstances of public service management in the United Kingdom and the acute post-conflict circumstances of capacity constraints in Cambodia.

In the second part of this article, two case studies of social enterprise are considered (one in the United Kingdom and the other in Cambodia) in order to compare the effects of the different social and political contexts from which they have emerged and also to contrast the strategies and capabilities which they have developed in order to achieve their aims.

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The importance of childcare

The provision of childcare and child development services plays a multi-dimensional role in the well-being of society, it is essential not only to the healthy development of children but also to the well-being of children’s families and it also has crucial linkages to the social and economic benefits of the wider communities in which families live (Warner 2006). These services can raise the legitimate expectations of communities and encourage stronger social relationships and greater gender equality (Mahon 2002, 356–60; Ellison 2007, 337). Childcare services can raise employment levels as parents are better equipped to balance their caring duties and needs for income generation, and they also provide an employment sector in their own right (Warner 2006; Warner and Liu 2006, 98). These services help to provide communities with a sustainable future by raising children who are less vulnerable to risk-taking behaviour (Quinn 1999, 111–12) and who grow up equipped with skills necessary for economic prospects and healthy interaction with other people during their adult life (Scott 1998, 22; Warner 2006; Warner and Liu 2006, 98). In the United Kingdom, childcare has moved from being a ‘backwater’ issue to adopt a prominent position in strategies for the economic prosperity of deprived communities and lone parents (McDowell 2005, 369; Vincent, Braun and Ball 2008, 6). Furthermore (with profound implications for international development), childcare is notably expressed to be ‘as valuable as other critical services’ in disaster recovery when the ‘multiplier effect’ of linkages to different aspects of economic recovery is taken into consideration (Save the Children 2007).

There are many ways that these services have been provided by the public and private sectors. Social enterprise is one of the ways in which these services can be provided and is receiving increasing attention from current governmental policy makers in the United Kingdom. It has also begun to emerge as a credible solution to the problems of socially excluded and vulnerable children in Cambodia. Support for social entrepreneurship emanates from the idea that it can capture the creativity and innovation that are necessary for problem solving, promote citizenship and place decision making at the heart of communities, and create a range of additional benefits or ‘added value’ which might not be delivered by another form of service provision (Dees 1998; SEC 2003; Leadbeater 2007, 2; Nicholls 2007, 3–4; Ryan and Lyne, this issue). However, the question that must be asked is

To what extent can social enterprise services in childcare and child development genuinely address the social exclusion of marginalised groups, cater for the multiplicity of needs of vulnerable children and support families in their efforts to maintain an enjoyable standard of living?

The policy context in the United Kingdom and Cambodia

In the United Kingdom since 1997 and the election of New Labour, a ‘third way’ blueprint to tackle social exclusion has evolved from the US libertarian model of social inclusion within the labour market (Seyfang 2004, 52; Speeden 2006, 222). More specifically, the UK blueprint for social inclusion and childcare can be contrasted with two key paradigms that are prevalent elsewhere in the European Union: firstly with the ‘neofamilialist’ approach, which emphasises a commitment to parental care (especially during early years and usually by the mother) and which is highly consistent with a ‘conservative solidarity’ paradigm of adherence to moral norms (Mahon 2002, 350–6; Seyfang 2004, 51–5); and secondly with an ‘egalitarian’ approach to childcare, which expresses that state-supported access to non-parental childcare which is actively committed to gender equality is a necessity of social inclusion – this is consistent with a redistributive policy discourse that seeks to address external constraints on the agency of individuals (Mahon 2002, 350–6; Seyfang 2004, 51–5; Ellison 2007, 337).

The key concern guiding the ‘third way’ blueprint for childcare is that the realities of post-industrial economic growth necessitate a departure from equality as a central measure of social
This departure from equality has been made in favour of full employment through a deregulated labour market that provides a lot of unskilled, part-time and low-paid work, which is perceived to be the best way (at present) to improve livelihoods for the worst off (Mahon 2002, 347–8). To encourage parents (mainly mothers) to enter the labour market, the government has sought to mitigate the worst impacts of low-wage and part-time employment through incentives such as the Working Families Tax Credit (WFTC), which entails a childcare component offering high rebates of up to 80% of childcare costs to parents in paid employment for a minimum of 16 hours per week (ibid).

If incentives such as the WFTC childcare component are to be successful, then the supply of suitable childcare must also be sufficient; however, it is noted in the Daycare Trust’s Childcare Costs Survey (2008, 3) that ‘more than two-thirds (70%) of Children’s Information Services (CIS) in England said that parents had reported a lack of affordable childcare in the last 12 months’. However, it must be considered that arising largely from the neoliberal project of privatisation of public revenue-generating assets, the path-dependent, post-Keynsian ‘third-way’ social policy statements emanating from the New Labour Government in the United Kingdom express that alternatives to the large-scale operation of a welfare state (typified as New Public Management (NPM) policy approaches) are necessitated by stretched public budgets (Roper and Cheney 2005, 96; Ellison 2007, 322; Ridley-Duff 2008). It is therefore in response to the challenge to deliver affordable childcare that the UK Government has implemented legislation and programmes targeted to improve the mix of childcare options available, for example under the 2006 Childcare Act and Sure Start. The Extended Schools Agenda (ESA) is another such policy initiative and provides a basis for core focus in this article, as it is ESA that has provided significant opportunities for one of this article’s case studies, ‘schoolfriend etc’ in the United Kingdom.

The UK Government states that under ESA

Extended schools will provide integrated education from 8 am to 6 pm on weekdays all year round, not just during term time . . . The Government wants all schools in England to be extended schools by 2010. (DWP 2007, 43)

The UK Government cites Ofsted research that conveys ‘considerable evidence that the early extended schools targeted disadvantaged children’ (DCSF 2007, 1–3). It also emphasises that while ESA gives parents options for before and after school childcare, these services must be sustainable and can be promoted through ‘the engagement of the voluntary and community sector (the third sector) and the private sector in the delivery of services’ (ibid, 8–9).

The ESA project is therefore viewed as a particular incentive for social enterprises that might seek to work in partnership with schools by providing services which help them to meet their ESA obligations. Social Enterprise London (SEL) emphasises that ‘the out of school niche . . . is one of the fastest growing sectors of childcare’, but advises possible entrants into this market to be aware of financial sustainability where they ‘may deal with parents who are on low incomes that need childcare but cannot afford the market rate’ (SEL 2006, 9).

To gain a fuller picture of the New Labour Government’s support for social enterprise in the United Kingdom, it should be considered that not only is it maintained that policies are constrained by post-privatisation budgetary constraints, but it is actually clear that the ‘third way’ to tackle social exclusion has continued on essentially the same trajectory as the neoliberal paradigm of NPM; since coming to power in 1997, New Labour has proceeded to export the governance strategies of the private sector into seemingly almost every aspect of public service delivery guided by a faith in market mechanisms to deliver competitive efficiency (Letza, Smallman and Sun 2004, 160; Ellison 2007, 332; Ridley-Duff 2008).
The provision of services by social enterprises in Cambodia needs to be considered in a very different path-dependent context to the United Kingdom. Where the UK policy maintains the general trajectory of a retreat from the welfare state, in Cambodia there has never been a meaningful form of a welfare state to retreat from. The problem of weak institutional capacities was also exacerbated when the state apparatus, medical facilities, educated classes and social fabric of Cambodia were left decimated by the 1975–1979 genocide and the civil war that continued for more than a decade afterwards (Gollogly 2002, 794; Turner 2002, 635; Courtney 2007, 635; Tan 2007, 4).

In the face of inadequate institutional capacities, service provision to alleviate deprivation in Cambodia has been highly dependent upon projects supported by international donors and delivered by the non-governmental organisation (NGO) community. The British Embassy website (www.britishembassy.gov.uk/cambodia) states that there are 267 ‘International NGOs’ and more than 1100 ‘Local NGOs’ registered in Cambodia. There is, however, scepticism expressed about the sustainable benefits of projects in Cambodia as localised dependency on the incentives (pay, expenses, etc.) provided during the project life cycle means that staff will often seek a new project rather than sustain a delivered output that ceases to supplement their income (Turner 2002, 632; Courtney 2007, 633–4). Furthermore, since the 1990s the socialist trajectory of government which had resulted from consultation with Vietnamese advisers had been abandoned in favour of neoliberal economic reforms that have persisted as the key priority of the ruling Cambodian People’s Party (CPP). The mandate that the CPP still maintains for governing is to ensure peace and stability, and the party’s move towards devolving political power to local institutions such as the recently constituted communes has been limited by the CPP’s preoccupation with consolidating its dominance (Hughes 2003; Blunt and Tuner 2005, 76–9, 856). Under such circumstances, non-governmental solutions to service provision are attractive to the CPP as it limits political decentralisation and also the necessity for social expenditure.

It is accepted that microfinance can be viewed as a variant of social enterprise practised in developing countries (Martin and Osberg 2007; Toner, Lyne and Ryan 2008), and Morris, Woodworth and Hiatt (2006) argue that a key attribute of cooperative models of microfinance is that they also establish networks between users and crucially enable independence and sustainable economic activity rather than dependency in the long term. Morris, Woodworth and Hiatt (2006, 352–3) express the view that this form of ‘social capital’ is at least as, if not more, important in developing countries as in the developed world. Taking this into consideration, in Cambodia there is apparently a very strong argument for social enterprise models of service delivery which promote local ownership and networks of trust. However, the extent to which these networks, typically characterised as ‘bridging social capital’ which perpetuates ‘norms of reciprocity’ (Putnam 1993, 177; Fukuyama 2000), can be considered to magically tackle social exclusion is heavily contested. Previous work indicates that it is invariably ‘linking social capital’ that leverages claims on resources from authorities that are more likely to have the biggest impact on social exclusion in deprived areas (Toner, Lyne and Ryan 2008, 7). There also is a debate surrounding the source from which social capital originates, where Putnam (1993) and Fukuyama (2000) perceive social capital as a ‘public good’ that arises from civil interaction. Schuurman (2003, 1001–3) counters that the government or institutional policy which at the very least subsidises resource development is prerequisite for the formulation of ‘bridging’ social capital amongst the poor. Finally, it should be considered that social capital is not inherently good; networks of trust between some groups in a community are often developed at the expense of other people and can therefore actually be a cause of exclusion (Cornelius et al. 2006, 7), and relations of power within these networks can also be exploitative rendering social capital as ‘a resource for the unpoor’ (Cleaver 2005, 991–2).
A comparison of two case studies taken from the United Kingdom and Cambodia is presented in the next part of this article. The comparison is interesting because the lack of institutional capacities in Cambodia has necessitated the private actions of social entrepreneurs to empower community development. However, a previous review of Community-Driven Development in Tanzania found that the same theoretical principles as those supporting social enterprise applied in terms of local ownership and service cost recovery but concerns in relation to issues of scale, equity and professionalism raise doubts that public action alone is sufficient to induce social inclusion (Toner, Lyne and Ryan 2008). If similar lessons are learnt in Cambodia, where a social enterprise is compelled to act almost entirely independently from the state because of weak institutions, then they should serve as a cautionary note to policy makers who would turn towards social enterprises as an alternative to the state and as a comprehensive solution to the problems of deprived communities in the United Kingdom. The focus of this article is essentially an analysis of the capabilities which social enterprises need to develop in order to make an impact of significant scale on social exclusion. If it transpires that certain alliances and political gains have been forged in Cambodia to achieve this, then in turn this might signpost progress that social enterprises seeking to scale up their impact could even more realistically seek to achieve in the United Kingdom, and also contribute towards a broader insight into the type of entrepreneurship that this requires.

Case studies

Two case studies are presented in the next section of this article: in the United Kingdom, schoolfriend etc provides out-of-school hours childcare, and in Phnom Penh, Cambodia, Mith Samlah (a project of Friends-International) provides a range of services to cater for the welfare of vulnerable children. A background is given to each organisation, and then different points of analysis have been selected within a framework that seeks to establish conclusions regarding certain capabilities that are necessary for each organisation in order to fulfil their social aims. The points of analysis are also integrated between the organisations within each sub-heading for the purpose of comparison. The case studies were developed through semi-structured interviews with key personnel from each organisation and then follow up interviews with the founder of each organisation by telephone and e-mail. They were initially developed as part of an exploratory investigation which sought to build upon a theoretical literature review concerned with the ways in which social enterprise might reduce social exclusion and provide effective community services (Toner, Lyne and Ryan 2008).

Background

Schoolfriend etc in England

In the context of the New Labour ‘third way’ paradigm of tackling social exclusion by promoting social enterprises as alternatives to public sector service provision in the United Kingdom, schoolfriend etc (etc stands for ‘education, training and childcare’) has emerged as an organisation that specialises in providing after school, breakfast and holiday clubs along with ‘extra’ recreational activities for children between the ages of 5 and 13 by making use of school facilities. The organisation piloted out-of-hours children’s clubs in 2003; in 2004 the organisation took advantage of ESA to offer services that could help schools to meet these new obligations and, within 3 years, became the largest UK charitable provider of childcare. The founder, Amanda Argent, clearly identifies the organisation’s trading activity as a ‘social enterprise’ (Lyne 2008a, 19–20). The organisation does not regard itself as a babysitting business, but
I. Lyne

instead sees itself as socially driven to make a strong contribution to regeneration and community cohesion (ibid); however, pragmatically this is tempered by the recognition of schoolfriend etc that ‘sustainability is essential to our future success’ (www.schoolfriendetc.org).

The organisation has needed to be adaptable in meeting the needs of parents in specific areas and innovative in developing new clubs and specialist activity services (UnLtd Ventures 2007, 3) and now also operates ‘schoolfriend tec,’ diversifying revenue generation further by providing various childcare training packages. Schoolfriend etc was recognised by The Charity Times Awards as ‘Best New Charity’ in 2007 for its ‘innovative solutions, impressive growth and provision of holistic childcare’ (www.schoolfriendetc.org).

Mith Samlanh (Friends) in Cambodia

Mith Samlanh works with street children, disadvantaged children at risk and the families of these children, is a partner of the Friends Alliance (projects facilitated by Friends-International) and is also an instrumental partner within the ‘Child Safe Network’, a project aiming at actively involving communities and key people in the protection of children from all forms of abuse (Lyne 2008b, 37–8).

In the Cambodian capital city Phnom Penh, there are between 10,000 and 20,000 children working on the streets on any given day and between 1000 and 1500 children who are sleeping rough with no parental contact (Friends-International 2006, 5–7). There are significant numbers of homeless HIV/AIDS orphans, and an increasing level of drug use is also a cause of children working on the streets (Mith Samlanh/Friends-International 2001; Friends-International 2006, 5–7; United Nations (UN) Cambodia 2008). Children working on the streets in Cambodia have also become notoriously prone to sexual exploitation; a 2001 study illustrated that 72.5% of vulnerable children surveyed in Phnom Penh stated that they have frequent sexual contact with tourists (Niron, Viriya and Gray 2001, 42–3).

When Sébastien Marot, Barbara Adams and Mark Turgesen arrived in Phnom Penh in 1994 and witnessed the problems facing Cambodian street children, they established an NGO called Friends-International, and at the same time within this NGO, a project was founded for Phnom Penh entitled ‘Mith Samlanh’, which is the Khmer word for ‘friends’. The rationale for Friends-International is clearly stipulated in a charter that maintains a commitment to see the 1989 UN Convention on the Rights of the Child implemented in full, and this is a charter that all organisations which are members of Friends-International must subscribe to and monitor their activities against (Lyne 2008b, 37–41). This project has been dependent on numerous financial donor agencies; amongst them are UNICEF, the European Union, AusAid, Save the Children Australia and the Catholic Committee against Hunger and for Development (CCFD). However, the organisation quickly realised the difficulty of bridging gaps between funding, and also that a vocational training programme giving children ‘real life experiences’ was a necessity for their future prospects. Mith Samlanh therefore developed a social enterprise approach to revenue generation which is integrated with vocational training facilities that bring children off the streets in the long term (ibid, 39–41).

Mith Samlanh has established numerous businesses including ‘home-based production’ and sales of handicrafts and t-shirts, a beautician parlour and four restaurants. Revenue generation quickly proved successful and efficient, and it has become a project in its own right called ‘Good Money Enterprises’ (ibid, 40). The organisation has clearly demonstrated an aptitude for adaptation, problem solving, experimentation, calculated risk taking and empirical learning, and in 2007 Sébastien Marot was honoured by the Skoll Foundation and Friends-International received a ‘Skoll Award for Entrepreneurship’ (www.skollfoundation.org).
Successful approaches to social enterprise

Schoolfriend etc enjoys a strong position within the childcare market as there is no national competition in the ‘out-of-school niche’, and the user fees charged to parents are modest in comparison to most childcare options. However, the organisation’s success as a social enterprise can be largely attributed to its reputation for high-quality service provision due to the acquisition of strong capacities for service provision. All school club staff are trained to Ofsted-recognised Quality Assurance Standards, and all play group leaders possess the National Vocational Qualification (NVQ) Level 3 in childcare or play work. Regional managers are also trained to NVQ Level 3, meaning that they can be deployed to run out-of-hours school clubs when play group leaders take annual leave (usually during school holidays) (Lyne 2008a, 21).

Mith Samlanh (Friends) was registered in 2004 as a local NGO, thus building local capacities by staffing the organisation with Cambodian workers, some of whom are former child graduates from the programme. This local ownership demonstrates a successful approach to the social enterprise model of sustainability, as it is creating buy-in from stakeholders, creating a stronger future than the organisation would have if it was heavily dependent on short-term foreign workers and volunteers, and also meeting social objectives by generating employment solutions within the local community (Lyne 2008b, 40).

The direct and indirect benefits of a social enterprise approach

The direct benefits of schoolfriend etc’s activity are as follows: (1) increased parental opportunities for work or training; (2) enhanced childhood education, children’s participation in healthy activities and peer mentoring across age groups which results in better social skills; and (3) allowing schools to maintain the focus upon delivering high-quality education during school hours where they do not have the extra burden of coordinating activities to meet ESA obligations. Indirectly, communities may benefit from a reduction in juvenile crime where children are spending their time outside of school hours and during school holidays productively engaged in healthy activities (TDA 2007; Lyne 2008a, 22).

The direct benefits of the Mith Samlanh (Friends) project are as follows: (1) stable reintegration of homeless street children back into family life, the wider community and the education system; (2) employment opportunities for older children through vocational training; and (3) reduced exposure of children to exploitation and substance misuse. Indirectly, the families of vulnerable children benefit; although they are not the core beneficiaries, the welfare of vulnerable children is contingent upon their enhanced and sustainable welfare and so the project has initiated projects that aim to provide a stable environment for child rearing. The wider community also benefits from economic activity as the vocational programme is increasingly accessed by local business as a source of apprentices and children who graduate from this programme become successful in starting their own businesses. There are also benefits that serve a dual purpose of delivering community welfare and meeting governmental objectives, for example access to drug treatment; the HIV and management scheme and provision of general care, which reduce public expenditure on health; monitoring children who graduate from ‘non-formal education’ into state education to ensure that they are not being charged user fees, which helps to enforce the constitutional legislation that stipulates a commitment to free and universal education (Lyne 2008b, 39).

Social capital as an asset of social enterprise and the community

Such is the reputation of schoolfriend etc and trust which surrounds the organisation that many schools are now approaching them directly for assistance in meeting ESA obligations, rather
than the organisation having to canvass schools for new contracts. The organisation also has the potential to enhance social cohesion by fostering enhanced cross-cultural interaction within ethnically diverse communities, notably, for example, in the involvement of women from Bangladeshi communities whose husbands may disapprove of them going to ‘work’ but who do approve of time spent with their children (Lyne 2008a, 23).

Circles of trust which surround the Mith Samlanh (Friends) project are illustrated by key successes; the Child Safe Network (operating under the key slogan ‘Good Clients, Good Business’) has bought in the support of hotels, taxi riders, restaurants and Internet cafes which have recognised the value of a good reputation to be higher than gaining from the immorality of child exploitation, and even the Royal ANZ Bank has come on board with a scheme to support this initiative (ChildSafe Cambodia 2008). Many parents of children at risk have recognised the long-term gains from sticking to a Mith Samlanh scheme such as home production and keeping the child in school to be higher than the gains from putting a child to work on the streets. The rate of defection among hotels, taxi riders and parents from the code of conduct in these schemes has been found to be low. Furthermore, where it was difficult to initially gain vocational students’ work placements because of the negative perception of street children within the local business community, this has changed as businesses now approach the project offering apprenticeships (Lyne 2008b, 42–3).

The limitations of social enterprises – what support do they need?
The limitations of schoolfriend etc acting alone are exemplified by the inherent difficulties of providing services in deprived communities. It is evidently difficult for many parents in deprived areas to pay even modest user fees for services meaning that excessive effort is frequently required in monitoring and chasing up late payment, which has led over time to a change in management culture and in the nature of central schoolfriend etc administration (UnLtd Ventures 2007, 3). There have also been certain difficulties in accessing the childcare element of the WFTC. Some elements of this are paid in arrears, and crucially, it is not accessible to parents who would like to undertake training for work as they are not paying income tax, illustrating in this instance that a benefit system which assumes parents to be consumers of a service has proven incompatible with the social inclusion of peripheral communities (Lyne 2008a, 25–6). Further problems have often emerged in deprived communities where insufficient school resources make it difficult to provide activities which sustain children’s interest which in turn undermines their sustained attendance. Also the specialist support needs that are more common in deprived communities sometimes necessitate the attendance of qualified social workers or community youth workers; this can actually drive up the cost of provision in comparison to more affluent locations (ibid, 24–6).

As with weak institutional capacities nationally in Cambodia, there are also certain weaknesses in capacities within Mith Samlanh; this is in part due to the policy of recruiting as a local NGO amongst Cambodian nationals who may be lacking certain professional skills. The organisation has also learned that with limited capacities it must be very clear on the services that can be provided to communities because raising unrealistic expectations among children and their families who engage with the organisation will ultimately undermine confidence in its work. This is particularly evident in providing advice and outreach work on health care where it is frequently a matter of assisting access to the ‘best available services’ from other providers, which (in the context of Cambodia) might not always be an appropriate service (Lyne 2008b, 45–6). Consistently with the experiences of schoolfriend etc, further limitations have become apparent in new project development. New projects take considerable time to set up, and in working among the ‘difficult to reach’, successes cannot often be demonstrated quickly, and
also in the short term a financially sustainable project for impoverished people is not a realistic aspiration. However, the expectation of sustainability in the short term by some donor and government agencies often makes it difficult to gain funding for new ideas which would have a high social return in the long term. As it stands, Mith Samlanh requires an annual budget of 1.8 million dollars to maintain the present level of service provision, and in 2006 the organisation was told it could either buy the complex leased to it or leave; consequentially, the organisation has run the risk of a 3.5 million dollar bank loan to acquire the complex outright (ibid, 46–7). The need to balance such financial considerations clearly highlights the risks Mith Samlanh runs when piloting new projects in complex and difficult environments, and raises the point about who should have a duty to bear these risks if the government and donor agencies are meant to be serious about tackling deprivation.

Governmental support
In November 2007, it hit the news headlines that 150 of schoolfriend etc’s out-of-hours clubs in the United Kingdom had been forced to close (BBC News 9 November 2007). Despite the government’s stated objectives of childcare provision through ESA, schoolfriend etc have found that forms of direct support have changed and made it difficult for the organisation to provide services in deprived communities. The pilot projects established in 2003 were initiated with New Opportunities Fund (NOF) grants, which were accessible because they were ring fenced for ‘out of hours childcare with integrated learning’, they were allocated purely on the basis of community deprivation and there was a realistic expectation of sustainability over a three year period. Funding arrangements changed in 2004 with the introduction of Sure Start, however the removal of NOF funding can arguably be viewed in relation to a wider governmental objective of reducing grants in order to coerce charitable or voluntary sector service providers into self sustaining ‘social enterprise’ activity. Start up grants are now subject to a ‘sustainability test’ which specifies self dependence within one year, and entail a ‘sufficiency test’ to establish whether an area has a sufficient level of existing childcare. The problem for schoolfriend etc is that communities most in need of childcare are those least likely to become quickly sustainable (Lyne 2008a, 24–5).

At a local level in certain circumstances, authorities have not been keen to work with schoolfriend etc. When Sure Start replaced NOF funding in 2004, many authorities began to focus on projects with high profiles such as new nursery places for pre-school children, reducing the funding that they will give to out-of-hours school clubs. In the face of difficulty in gaining funding, the organisation has in the past backed projects in deprived areas with its own money, on the principle that deprived communities should be entitled to the service and in the hope that they may become sustainable eventually. However, where these services ultimately failed the organisation has stood accused by some local authorities of ‘raising false expectations’ (ibid, 26–7).

Despite a general lack of governmental support, there have been certain exceptions, and a notable example has been the concession gained from local authorities in Bexley in London. In this instance, the schoolfriend etc Under Five’s Project has received subsidies to provide nursery places to unemployed parents for one year, on the condition that within the second semester of the year parents have gained access to training or part-time employment. This is a credible concession that targets the ‘hard to reach’, and on a visit to Doncaster, David Milliband (at that time the Minister for the Third Sector) advised schoolfriend etc that he would approach the local authority there about a similar scheme. However, no funding came from this engagement with the government, and in Doncaster, where there were at one time four clubs open and three more scheduled, the organisation is now down to just one club (Lyne 2008a, 31).
For Mith Samlanh in Cambodia, the government support is minimal, not simply because of capacity constraints but also because the governmental agenda has failed to make the material circumstances of vulnerable communities a direct priority. Ultimately, the main concern of the government appears to be with ‘face’ and legitimacy, and the organisation actually needs to be careful about manipulation by political figures seeking credibility. However, the careful consideration of these motivations often has lead to certain gains; for example, the government works with the organisation on a programme for ‘non-formal education’ and the reintegration of street children with the state school system, and the organisation now provides training to civil servants on matters of child welfare and development. The commitment to the 1989 UN Convention on the Rights of the Child is actually adopted within the Cambodian constitution; however, it is arguable that it is only because these forms of engagement are enacted with the state’s institutions by Mith Samlanh and certain other pressure groups that these commitments are actually put into practice. There also have been certain limited material concessions given by the Cambodian Government; for example, two plots of land have been allocated for the establishment of new centres; one is outside Phnom Penh in a poor quality area designated for the relocation of squatter settlements; however, the other concession (allocated to Friends-International’s ‘Kaliyan Mith’ project) in Siem Reap is significant as land values in this area are accelerating due to the tourism drawn to the nearby Angkor Temples. This might be viewed as a tenuous concession as the land remains the property of the province, but at a time when the sale of land with high tourist value to developers is becoming increasingly attractive to politicians, it is never the less a notable ‘win’ for the organisation (Lyne 2008b, 43–4).

Partnerships with other agencies

Previous discussion of social enterprise has illustrated that an organisation acting on its own is seldom enough to have a significant impact on social exclusion, and the premise of this article is that a political capabilities approach to civil society organisations provides a useful lens through which we can view the capabilities necessary to make claims on resources for poverty reduction. An essential point of analysis within the political capabilities approach is that alliances between civil society organisations which are based on overlapping interests can emerge as a result of its response to specific gains from government policy (Whitehead and Gray-Molina 2005, 36), and it is in this context that I have asked about partnerships with other agencies.

Schoolfriend etc has not made extensive links with other agencies; however, there is consideration being given to this, with other service providers such as ‘4 Kids’ and ‘Kids Clubs’ (which provide services for disabled children) providing an opportunity for collaborative work (Lyne 2008a, 32–3).

Mith Samlanh, on the other hand, has recognised a strong need to work with other organisations and employs dedicated researchers to investigate the practices of any organisations that they may wish to work with. The most high profile success has been in forging the Child Safe Network; however, the organisation participates in regular (quarterly) meetings with partner organisations such as Krousar Thmey, M’Lop Tapang, CCASVA and Goutte d’Éau to identify better practice, gaps in service provision and proposals for new projects. An initiative has also recently been launched in collaboration with these other service providers to research together the situation of street children and produce a common report called the ‘Cambodian Street Children Profile’ for 2007 (previous ‘Street Children Profiles’ had been produced by Mith Samlanh/Friends-International alone). This is the first time a comprehensive multi-agency approach has been adopted to give a clear picture of challenges and will also give a clearer focus of discussion with public bodies. A notable success in terms of pressing ahead with the social mission has also been Mith Samlanh’s membership in the CYTI Network, in which Friends-International
works with more than 20 other organisations worldwide aiming to reinforce working relationships, expand the rights-based ideology of services to children and also to move away from a model of charitable provision to sustainable development and social enterprise (Lyne 2008b, 47–8).

In summary of these case studies, both organisations have a clear focus on an extensive social mission and are entrepreneurial in the ways that they seek to achieve their goals. The activity of both organisations has proven to have highly significant direct and indirect benefits; however, as social enterprises they face certain threats to their business model which illustrate the high risks of service provision to the ‘hard to reach’ which somehow has to pay for itself. Evidence shows that UK Governmental support to social enterprises is not given freely as they are perceived to be businesses. In Cambodia, governmental support is not given freely to organisations such as NGOs (such as Mith Samlanh, because the conception of social enterprise is too new to be properly understood), as they are perceived as a means to achieve objectives without the significant input of the government’s money. However, the critical observation of this article is that the social mission of these organisations cannot be met without political support, which necessitates the capabilities of these organisations to make certain tactical gains.

Conclusion

This article builds on a previous literature review in which it was concluded that ‘It is neither obvious nor proven that in isolation social enterprise can live up to its promise of empowering communities’ (Toner, Lyne and Ryan 2008, 11), and the case studies presented in this article are consistent with this assertion. The US-based Seedco Policy Center (SPC) expresses that despite ‘the diversity of opinion on what constitutes a social enterprise’ the greatest enthusiasm has been reserved for ‘stand alone businesses’ and ‘non profit commercial ventures’ (SPC 2007, 4). This articulation of social enterprise rests comfortably with the ideal expressed by Dees (1998) of heroic entrepreneurs innovating business solutions to social need. It is apparent that both of the organisations studied in this article demonstrate entrepreneurial flare and capacities for problem solving; however, to meaningfully achieve their social aims, they cannot reside comfortably within this mainstreamed interpretation of social enterprise. Instead, consistently with the ideas expressed by Cornelius and others (2006, 7–11), to fulfill their social mission these two organisations need to adopt the approach of a ‘community mediating social enterprise’ which becomes able over time to assert a ‘capabilities informed social contract’ with political authorities in which obligations work both ways; the organisation will innovate solutions to social exclusion and promote certain obligations within deprived communities in response to the policy and financial obligations of political authorities.

It is expressed that childcare plays a vital role in child development, both short-term and long-term community opportunities, and even in recovery from a disaster such as that faced by the people of Cambodia (Scott 1998; Quinn 1999; McDowell 2005; Mahon 2002; Warner 2006; Warner and Liu 2006; Ellison 2007; Save the Children 2007; Vincent, Braun and Ball 2008), in other words in terms of social inclusion and poverty reduction childcare is an essential service. The SPC report (2007, 7) stresses that ‘more than half of all small business ventures fail...and nonprofits are no different – except that the implications of failure can be far greater.’ This report emphasises in the experience of a failing childcare social enterprise based in the United States called ‘Community Childcare Assistance’ (CCA) that it was ‘understood from the start, even if CCA failed as a sustainable business idea, it needed to nonetheless provide a service’ (ibid, 14).

It is pertinent to note that in the United Kingdom, SEL (2006, 9) underlines the important consideration of staffing issues for childcare social enterprises due to the low pay and part-time
hours which characterise this employment field. The Low Pay Commission (2008, 31–2) reports that in the ‘independent’ (non-public) childcare sector nearly two-thirds of respondents stated they had to raise pay in accordance with the up-rated minimum wage in 2006 and that the pay differential between experienced childcare professionals and the starting wage has fallen from 22 to 11% between 2002 and 2007. This observation can be viewed in the context of the UK New Labour Government’s post-industrial economic objectives, in which childcare, far from being the highly professionalised and essential service that is necessary for social inclusion, in itself actually becomes part of the deregulated (often part time and low wage) scheme through which the government is trying to promote ‘full employment’ (Mahon 2002, 355–6).

Mahon (ibid, 358–9) expresses in a review of childcare across Europe that the most egalitarian model of social inclusion is found in Scandinavia, where a professionalised system is backed most heavily by the states resources. This would seem to be the ideal that guides schoolfriend etc’s thinking in terms of meeting a need for something which should be viewed as a necessary public service in deprived communities. Mahon (ibid, 365) concludes that an egalitarian model of childcare might not be imminently achievable, but vitally it raises the ‘horizons of legitimate expectations’ in welfare policy. The fact that schoolfriend etc in the aftermath of service closures has stood accused of ‘illegitimately raising expectations’, illustrates just how different the UK model of social enterprise and childcare is from the childcare model practised in Scandinavia.

It must clearly be noted that where hopes are raised unrealistically, communities can become disillusioned and may lose confidence in their service provider, and in Cambodia, Mith Samlanh has to take this into consideration. The point here, however, is that Mith Samlanh has to take these practicalities into consideration in the context of a very low capacity for state intervention and social needs which verge on being catastrophic, but nevertheless the organisation remains committed to seeing the 1989 UN Convention on the Rights of the Child implemented in full and has managed to make certain gains from the Cambodian Government in this respect. Furthermore, in the absence of state funding, the organisation is still backed to a considerable degree by the finances of donors; this is consistent with the assertion of Rachel Mosher-Williams from the US Aspen Institute that ‘Most nonprofit social enterprises considered successful have philanthropic grants. It’s very unusual for social enterprises to be self-sustainable’ (SPC 2007, 5).

Problems related to child development and family welfare are closely interlinked with social policy and the social exclusion of deprived communities. Social policy decisions directly affect the levels of expectation that communities have for security and well-being; these community expectations and relationships have an impact on the life-world of local institutions and public engagement which in turn affects the welfare of families and childhood development (Bradshaw, Hoelscher and Richardson 2007, 136). This may appear to be an elaborate conception of child development and family welfare, but the argument of this article is that a broadened sense of responsibility which surpasses the social inclusion of individuals is necessary if many of the social problems resulting from external constraints to child development and family welfare (evident within the United Kingdom according to the UNICEF (2007) Innocenti Report) are to be addressed effectively.

This article builds on previous work (Toner, Lyne and Ryan 2008, 12) which expresses that a political capabilities approach is a useful lens through which to view the long-term development of capacities required by civil society organisations to leverage meaningful claims on resources. This recognises structural problems in the relationships between civil society and state institutions to be the most likely causes of community dysfunction. Crucially, the political capabilities approach transcends the liberal conception of social capital to emphasise how pro-poor policy should promote the capacities required by civil society organisations to leverage
representative claims on resources from authorities for deprived communities (Williams et al. 2003, 170–4; Williams 2004, 100; Whitehead and Gray-Molina 2005, 32–4). This approach is particularly concerned with an iterative process in which specific civil society alliances might gain pro-poor policy responses which in turn may lead to other civil society alliances being formulated (Whitehead and Gray-Molina 2005, 36).

Notably, Mith Samlanh began in Phnom Penh as a pilot project of Friends-International, and the organisation has recognised that it needs to work alongside compatible organisations within Cambodia to achieve its social aims. At a local level, these alliances have been encouraged as gains have been made from political society, and at a wider level, the Friends-International Alliance has since has grown into an organisation with projects in other countries which reflect the scale and pressure envisaged as necessary to assert the 1989 UN Convention on the Rights of the Child. Sébastien Marot stated in an interview that social entrepreneurship ‘is I think launched by an individual but can only become a success if it becomes a shared philosophy and a collective effort’ (Lyne 2008b, 48). This is consistent with the emphasis of Roger Spear (2006, 406–7), who expresses the importance of ‘circles of entrepreneurship’ that facilitate both the financial and social success of a social enterprise. These circles can be conceptualised as the form of ‘linking social capital’ which encompasses not only the creativity of other businesses or projects which link in with the social mission, but also the actions of political figures which respond to pressure from civil society organisations and designate resources through creative pro-poor policy formulation.

The ‘collective effort’ talked of by Sébastien Marot stands in contrast to the emphasis of social enterprises in the United Kingdom being businesses which ‘compete in the market like any other business’ (SEC 2003, 7). Seanor and Meaton (2007, 91) emphasise that the social movement paradigm of social enterprise which sits in opposition to the traditional market perspective is actually about much more than collective action; it is a movement to turn the social movement into a ‘socio-economic reality’ which adopts ‘a specific language and common identity’. The international CYTI Network, within which Friends-International works with organisations to move from charitable provision to sustainable development and social enterprise (Lyne 2008b), clearly fits with this specific expression of language and identity; it characterises social enterprise as a particular form of social movement which can ‘do capitalism differently’ and at the same time make tactical gains from policy makers by expanding the rights-based ideology of services to children.

Schoolfriend etc views the closure of any service as detrimental to its social mission; however, in the face of poor political support, the organisation’s aspirations are tempered by financial sustainability. Going forward, the organisation cannot run heavy risks with services which might become sustainable in the long term, and can now only foresee service delivery where an attendance of at least 16 children is guaranteed straight away. Recent research conducted by the National Centre for Social Research (NCSR) illustrates just how badly and radically the UK Government must rethink the strategy of childcare provision through ESA in deprived communities if it is to have an impact on social exclusion; the NCSR research finds that the use of ESA clubs has not changed since 2004, and while the take up of incentives such as tax credits has increased, the beneficiaries are disproportionately higher income families, and concludes that ‘the continuing concern is the concentration of “non-users” in the lowest income groups’ (DCSF 2008). Such a rethink of ESA may seem presently unlikely; indeed, the best incentive the government appears to have come up with is funding over the next three years ‘to support access to two hours a week of free extended activities for pupils eligible for Free School Meals’ (HM Treasury 2007). However, there can also be an expressed sense of optimism; schoolfriend etc went to the national UK media to draw attention to failures in the government policy in the same year that the 2007 UN Innocenti Report bought pressure on the government
to do more to tackle the social exclusion of children; the organisation may therefore have picked a good time to become part of a pressure group that could include certain partner agencies (such as ‘4 Kids’ and ‘Kids Clubs’) to assert a national childcare campaign.

It can be drawn from these studies that social enterprises working largely in isolation as competitive businesses are not likely to deliver childhood development goals that comprehensively tackle the complex and multiple aspects of social exclusion in deprived communities. In Cambodia, the acute needs of children in areas of health, education and security are beyond the scale of a business model, and innovative solutions require meaningful dialogue with political authorities. Where this poses great difficulty, the focus of the social enterprise often has to be a long-term public pressure induced by alliances with other organisations. The same issues of scale are evident in service provision to deprived communities in the United Kingdom; a social enterprise that is compelled to implement cost recovery in all circumstances will inevitably withdraw from service provision that poses a threat to its financial sustainability. This does not mean that income generation and efficiency should not be a high priority in service provision, but this is not a novel phenomenon; charities have been raising revenue through business activities since the nineteenth century. But ultimately, social enterprises that operate part of a social movement seeking not only to do capitalism differently within the market place but also to mediate the mutual obligations of citizens and political authorities are more likely to achieve the kind of results that tackle social exclusion.

Note
1. The CYTI website states that the word CYTI is not supposed to mean anything, it shows our focus on children and youth living in cities and the fact that CYTI members look at problems in a different way. . . If people want to find a meaning, then CYTI means “with Children and Youth, Transform and Innovate.”

References


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I. Lyne