

**Social Capital, Social Entrepreneurs and Safer  
Communities – Enabling Alberta’s  
Communities to Work out Lasting Solutions**

**2008**



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# Social Capital, Social Entrepreneurs and Safer Communities – Enabling Alberta’s Communities to Work out Lasting Solutions

## Executive Summary

The people of Alberta stand at the threshold of a unique opportunity to develop innovative approaches addressing criminal behaviour and activity. Two, and possibly three, of the current Government’s recently identified five priority “mandate” areas (<http://www.gov.ab.ca/home/272.cfm>) touch upon creating and sustaining healthy communities. There is a clear overlap between the achievement of these priorities with many of the 31 recommendations proposed by the Alberta Task Force on “Keeping Communities Safe” (November 2007 <http://www.justice.gov.ab.ca/initiatives/default.aspx?id=5328> ). Applying new ways of harnessing the intellectual, relational and financial resources (**social economy**) available in most communities presents meaningful and exciting opportunities to enhance traditional “community development through social development” (**CSDS**) strategies. This paper examines recent developments in our understanding of social capital, social capital markets and social enterprises. It then applies these learnings to local community needs and resources and demonstrates ways in which social entrepreneurial strategies result in safer communities. Finally, future actions steps are described and the role of government, the not - for - profit agencies and the private sector is discussed.

## Conceptual Background

The notion of the importance of the community (urban, rural, ethnic, linguistic, religious, marginalized, etc.) in shaping and influencing the quality of life for its members is beyond dispute. It lies at the basis of the rise of *civitas* and as such, the concept goes back millennia.

What is much more recent, however, is the language with which we think about and frame our understanding of what communities actually are, how they operate and how they can be motivated and supported to affect change where needed.

One of the principle ways through which to examine any human society is its *economy*. A standard understanding of “economy” encompasses all its activities related with the production, distribution, exchange, and consumption of goods and services. Clearly, all such activity involves human participation. Social scientists, however, introduce a further distinction when they refer to *social economy*. Although definitions for “social economy” can vary, for the purposes of this paper it will be taken to mean *all those activities that embrace a wide range of community, voluntary and not-for-profit interests*. In this way, the social economy component of society forms the third key sector of any society – the other two being the private and public (government) sectors (Wikipedia [http://en.wikipedia.org/wiki/Social\\_economy](http://en.wikipedia.org/wiki/Social_economy)). The Manchester Progressive Enterprise Network sees social economy as covering a range of “organizations” which are neither private nor public and which often rely on innovative partnerships and creative management techniques [http://www.mpen.org.uk/social\\_economy.html](http://www.mpen.org.uk/social_economy.html). A recent Government of Canada definition states that social economy “is a grass – roots entrepreneurial, not-for-profit sector, based on democratic values that seek to enhance the social, economic, and environmental conditions of communities, often with a focus on their disadvantaged members” (HRSDC 2004).

In many respects, “social economy” would seemingly refer to that segment of society traditionally associated with the non-profit, volunteer driven and locally implemented associations, agencies and societies that have dominated social action at the community level for decades (and some going back to the nineteenth century in Canada). Examples would include youth sport associations, community leagues, neighbourhood watches and youth development groups.

What has changed, however, is that today social economy is examined under a sharper and more focused lens. In fact, there is growing recognition that most if not all of those components in a social economy that traditionally were “unmonetized” can now be assigned monetary values. Recent developments in the whole area of *Social Return on Investment* (SROI) studies have enabled evaluators and researchers to provide a much truer analysis of the benefits of social actions hitherto viewed only through the more traditional “cost benefit” approach. The task of making these determinations is not a simple one and can become quite detailed in terms of identifying all the impacted areas of the social environment for a particular event, program or activity. Yet SROI does give real value to the contributions of many individuals - especially volunteers.

The definition of “social economy” found in Wikipedia ([http://en.wikipedia.org/wiki/Social\\_economy](http://en.wikipedia.org/wiki/Social_economy)) offers a refined understanding of the concept through identifying three sub-sectors. This paper will take these sub-sectors and slightly amend and paraphrase them so that:

a) The *community* sector - those associations active at the local level with a broad or general community mandate (e.g. neighbourhood watches, community leagues, sport associations, youth associations) and largely dependent on volunteers;

b) The *voluntary organization* sector (often within a National or International structure) with a specific mandate and focus and are usually volunteer driven and led (albeit often organized/supported by paid staff) (e.g. housing associations, service clubs, food banks, shelters, United Ways, charities, );

c) The *social enterprise* sector which are “businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners” (and see below) (e.g. Goodwill, bottle depots, co-operatives, credit unions).

Social economy therefore spans a wide range of activities and interests that impact at the community level. The various sectors of the social economy have arisen and developed usually as a result of a community need to find solutions to challenges and issues that have been met by neither the public nor private sectors.

It is clear from these definitions that the latter two sub-sectors reflect a strong underlying entrepreneurial current and that sound business principles are required in order for them to remain sustainable activities.

It is also true, however, that of these three sub - sectors of the social economy, only the first two have had much relevance to and for Canadian society over the past century or more. Unlike in many European countries, or even the USA, the social enterprise sector remains largely unknown or misunderstood by Canadians. This, therefore, presents a key area for the greatest potential for development and growth in the social economy in the years ahead.

## Social Capital

A second but closely related facet to a better understanding of social economy is represented in the concept of *social capital*. Although the idea of “social capital” has its roots in the early developments in economic sociology – including Weber and Smith – it really has only been since the twentieth century that the concept has been periodically re-introduced and then forgotten by writers (Sabatini 2006:4). One of its more recent appearances was in Robert Putnam’s popular book, **Bowling Alone: America’s Declining Social Capital** (1995).

Social capital is defined largely through its relational relevance. The World Bank defines it as referring to:

“the institutions, relationships and norms that shape the quality and quantity of a society’s social interactions. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. ***Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together***” (emphasis added)

(<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTTSOCIALCAPITAL/0,,contentMDK:20642703~menuPK:401023~pagePK:148956~piPK:216618~theSitePK:401015,00.html>)

The World Bank’s focus of course is on international development; yet the notion of the crucial importance of social capital as a “glue” is as relevant for an Albertan community as it is in the global arena.

The United Kingdom National Statistics group defines social capital as “the pattern and intensity of networks among people and the shared values which arise from those networks. Greater interaction between people generates a greater sense of community spirit”.

(<http://www.statistics.gov.uk/CCI/nugget.asp?ID=314>). This clearly emphasizes the importance of social networks and allows for a prediction of community success in making improvements based on the level of positive interactions that exist.

And finally, Putnam’s succinct definition of social capital “...as networks, norms and trust that enable participants to act together more effectively to pursue shared objectives” (Putnam 1995) again confirmed the pivotal role of communities as the arena within which social actions are carried out. Social capital is not “owned” by an individual or even a group of individuals; it is the property of the group or community. Even if the interactions of a few are responsible for many of the outcomes in a community, “the benefits cannot be restricted and hence are available to all members of a community indiscriminately” (Woolcock 2001, as quoted in <http://www.statistics.gov.uk/CCI/nugget.asp?ID=314>)

Social capital remains however a challenging concept to measure. The World Bank identifies five key dimensions by which social capital can be assessed. These include *Groups and Networks, Trust and Solidarity, Collective Action and Cooperation, Social Cohesion and Information and Communication*

(<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTTSOCIALCAPITAL/0,,contentMDK:20642703~menuPK:401023~pagePK:148956~piPK:216618~theSitePK:401015,00.html>)

All these dimensions are described through fairly intangible variables - *levels of trust, bonding, bridging or linking relations, socially good or bad (e.g. gangs) associations*, etc. – that make accurate, quantifiable and comparative measurements difficult to obtain. As a result, various authors focus on different aspects of social capital and use a particular set of measurements through which to judge the ability or potential for a specific community to effect positive change.

Putnam’s approach to the issue of social capital (albeit it has received its fair share of criticism – see for e.g. <http://www.statistics.gov.uk/CCI/nugget.asp?ID=314>; Sabatini 2006) was one that was easily readable by the

general public and he shrewdly correlated levels of social capital with issues of widespread public concern – crime, health care, education, family support, etc.

### Traditional Social Capital Markets

The Social Capital market encompasses all the financial resources available to the community for social projects and activities. The composition of that social capital market will vary from community to community, from region to region and from country to country.

In many respects, Canada's social capital market remains relatively underdeveloped in comparison to the UK, other parts of Europe and the USA. This, again, presents a significant opportunity for development and growth.

Canada boasts a long standing and proud history of building and protecting a social safety net for all its citizens. The various levels of governments provide social services that account for about two thirds (66%) of all the social service spending that occurs in the country; the remaining one third is provided through individual, corporate and foundation funding (SCP 2003:slide 11)

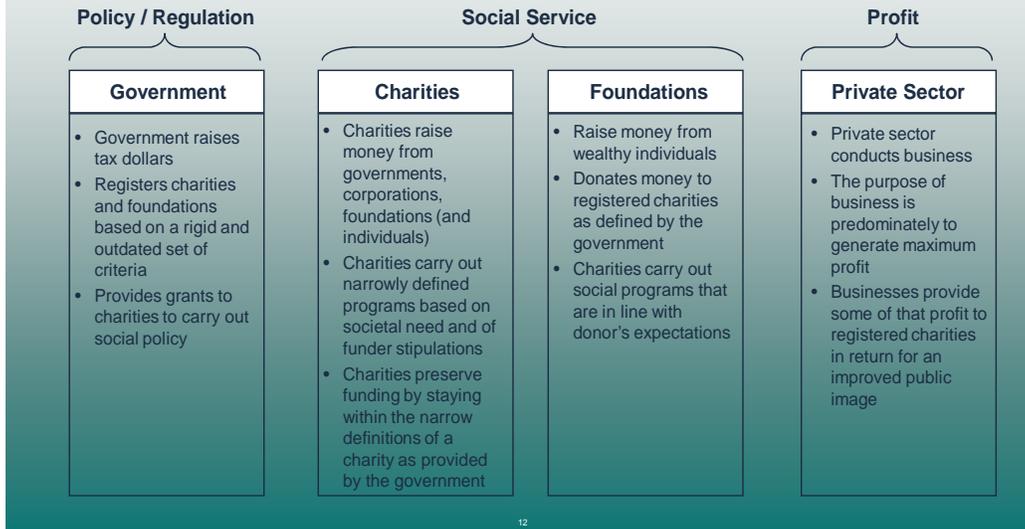
However, regardless of the *medium* through which the funding is provided, the most common current *vehicle* for funding in Canada remains the *grant*. The vast majority of not for profit agencies and organizations depend substantially upon annual grants that come from government departments or programs, from charity fundraising organizations (e.g. United Way) or from foundations (e.g. Community Foundations). Sometimes these grants are renewable annually (but rarely the case for funding from the Foundations) and almost without exception are NOT to be used for covering **operating/administrative** costs.

A second challenge for those individuals and organizations interested in developing or enhancing social initiatives is that the number of available *sources* for financial support in Canada remains quite small. As a result, "government cutbacks and economic downturns have a disproportionate impact on the social sector" and..."with such a small pool of funders, there will be limited variation in the risk/return profile of the initiatives that are funded" (SCP *ibid*).

Traditional financing for social initiatives in Canada can be represented in the following chart:

### Financing Social Initiatives: The Traditional View

*Historically the different sectors of the economy have been thought of as distinct and separate silos governed by with rigid conventions that limit interaction and forms of cooperation*



(from SCP 2003: slide 12 )

### New Thinking on the Social Capital Market and Social Enterprises

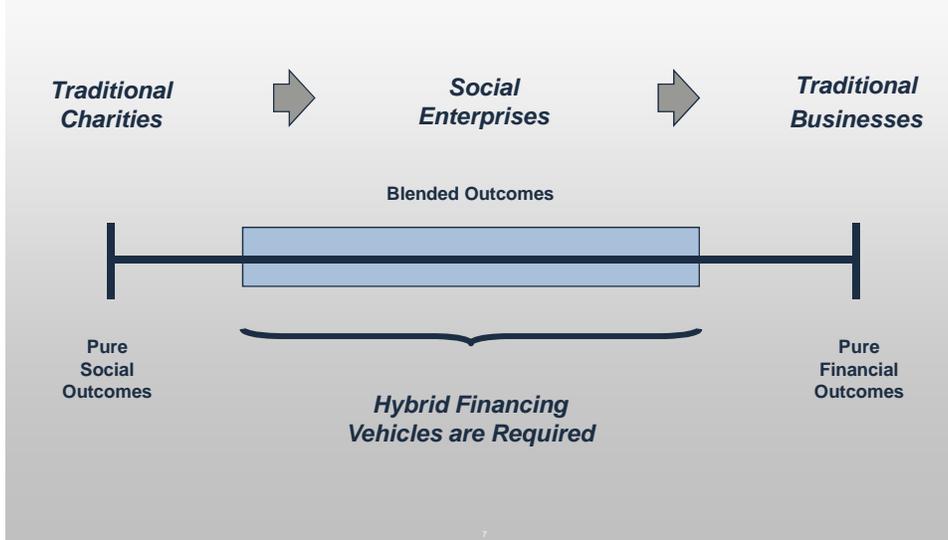
As is clear from the chart illustrated above, the traditional approach to funding social initiatives allowed little room for collaboration and cooperation between the four sectors and in fact, social agencies were often precluded from seeking complementary funding as one of the conditions of grant support (or were financially penalized for such funding that) they did receive.

**Social Capital Partners**, established in Canada in 2001

[http://www.socialcapitalpartners.ca/history\\_archives\\_concept.asp](http://www.socialcapitalpartners.ca/history_archives_concept.asp)), was conceptually based on the US based New Profit, INC, itself only fairly recently formed in 1998 (<http://www.newprofit.com/about.asp>). SCP promotes a new approach to the funding of social initiatives and offers an interesting perspective of the market spectrum. On a continuum from pure social returns at the one end to pure financial returns at the other, with government and charities/foundations focused on the social safety net and social needs aspects and private investment bent on wealth generation respectfully, SCP has advocated for innovative solutions that may exist between these seemingly disparate interests. They see the potential of the resultant “blended returns” as forming the basis for a new guiding framework for the social capital market in Canada in the following ways:

## Financing Social Change: A Social Capital Market

*In these cases we must set aside traditional lenses and create hybrid financing mechanisms . . .*

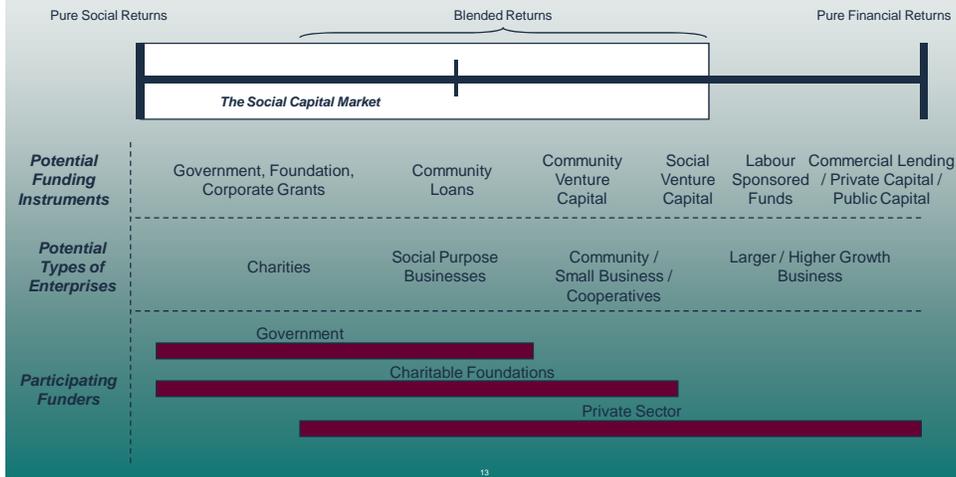


(from SCP 2005: Slide 7)

Social | CAPITAL  
PARTNERS

### The Social Capital Market: A New Guiding Framework

*A new approach to thinking about funding for social initiatives is to look at each of the sectors and the organizations within them as part of a market spectrum within which overlap and cooperation between the sectors is possible*



(from SCP 2003: Slide 13)

At the core of these “blended returns” is the final concept to be introduced in this paper. *Social Enterprise* is again a term that has come to mean a variety of things to different writers. Fundamentally however, it refers to a business that balances a double bottom line:

i) a financial bottom line that breaks even or makes a modest surplus, and entails a  
ii) business that sells goods or services;

AND

iii) a social bottom line that balances its financial mission with a clear social mission that  
iv) includes the creation of quality employment opportunities for the dis-advantaged or at risk populations, and that

v) these jobs assist employees towards personal and financial sustainability (paraphrased from SCP 2003, <http://www.socialcapitalpartners.ca/articles/Creating%20Risk%20Capital%20For%20Social%20Initiatives.ppt>).

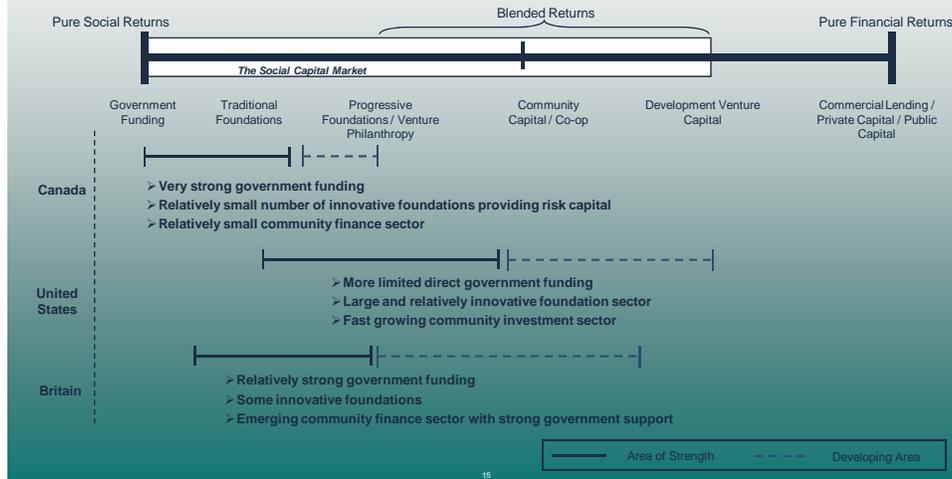
Social enterprises can have either a narrow focus – businesses created for employing vulnerable or at risk populations or for groups of individuals with employment barriers (psychological, intellectual, physical or substance issues), or a more encompassing one – businesses that create employment in depressed, identifiable geographical areas.

By their very nature, social enterprises often require capital with which to develop and implement their business plan. **And this is exactly the point at which the majority of creative ideas and innovative approaches never materialize – there is no source of capital available.** Funds are usually precluded from government programs and grants for ideas that fall outside the established guidelines and policies while at the same time the traditional financing sectors (banks and other lending institutions) are reluctant to extend credit to “new” and “risky” ventures with no or little collateral or financial history.

Hence the vital importance of the development in Canada of a broader and more dynamic social market – one that encourages the growth of *risk capital vehicles* to underwrite social initiatives. This risk capital can come either in the form of loan or equity financing and at the same time, would offer a wider range of benefits and alternative “value propositions” to the investors (see chart below from <http://www.socialcapitalpartners.ca/articles/Creating%20Risk%20Capital%20For%20Social%20Initiatives.ppt>). To date, Canada has done little to establish a friendly investor climate for the creation of such alternative vehicles and until it takes some major steps in that regards, it will continue to be significantly overshadowed by the UK and USA.

### Canada Relative to Other Markets: Social Capital Market

Currently, the Canadian environment does not encourage the creation of these risk capital vehicles and therefore Canada lags significantly behind the United States and other markets in the creation of new social capital financing



(from SCP 2003: Slide 15)

### Social Return on Investment

Just as entrepreneurs, financial institutions and investors include an examination of the return on investment in determining the worthiness of any financial undertaking, a similar expectation can (**and should**) now be expected for any social initiative. Data collecting and reporting on the social return on investment (SROI) of a social enterprise is a markedly more complex and detailed process than that for the traditional profit oriented endeavors. SROI not only includes the usual analysis of the cost benefit elements but also seeks to quantify the more intangible variables involved. Keeping a sex trade worker off the streets through providing shelter AND providing support to channel her life in new directions, for example, will demonstrate a positive return in a more stable and safer quality of life for the children and an economic contribution to society as a whole in addition to the obvious savings through fewer and costly interventions by the health and justice systems.

Social enterprise ventures have remained far too modest in their self evaluation as agents for positive change in the community and have historically undersold their real quantitative value in what they return to the community for what has been “invested” in them (funding, volunteer hours, in kind gifts, etc.). A growing body of research literature and studies are coming to the fore and bolstering and broadening our understanding of just how important social actions and enterprises are for community health and well being.

### Examples of Social Enterprises – in Alberta and Across Canada

Social enterprises are not unknown in Alberta and in fact, many are widely recognized by Albertans – Goodwill Centres, Bissell Centre Thrift Shops, Salvation Army Thrift Stores, to name just a few. All of them operate these small businesses as adjuncts to their core purposes – providing social services to the marginalized and poor. None of these enterprises are stand alone activities and are not intended to

produce a profit (although a break even outcome is usually sought). Financial support for these business enterprises is usually provided by the related charity or agency – both at the start up stage as well as through the operating period as required. The financial liability of the business lies entirely with the charity.

It is appropriate here to distinguish between two groups of “clients” when discussing whom a particular social enterprise targets – the “beneficiary” group and the “customer”. The former encompasses that group of individuals who benefit directly from the enterprise - they are trained and employed by the business activity. The customers are those who purchase a service or product that the enterprise offers or produces.

This distinction is important when considering the feasibility of a particular enterprise – establishing a lawn care enterprise in a low income neighbourhood, while easily able to employ people with needs, will not attract a ready market for its services.

Most of the business activities mentioned above use members of their customer population and will provide training and support to these employees as required.

In a very real sense, social enterprises are understood as basically socially oriented endeavors that allow for some income and training opportunities for employment challenged individuals. The product lines tend to be in commodities and services needed by, or associated with, their beneficiary group and often not of something sought after by the wider population.

Even bottle depots, probably representing the single biggest group of enterprises not affiliated with a charity organization, are often situated in depressed areas close to depressed and marginalized neighbourhoods, for both their beneficiary and customer markets.

An example of an Edmonton based social enterprise that serves a customer base quite removed from the beneficiary group is “Flavour Budzzz” – a catering enterprise employing individuals with chronic mental issues (<http://www.decsa.com/index.php?module=Pagesetter&func=viewpub&tid=5&pid=4>). This enterprise is administered by a local non-profit (Distinctive Employment Counseling Services of Alberta – DECSA) in partnership with the Capital Health Authority.

In only a very few cases across Canada have there been social enterprises initiated that have an equally strong focus on the financial balance sheet as on the social one. SCP has been involved in supporting a number of initiatives over the past 5 years, although not always with the same level of success ([http://www.socialcapitalpartners.ca/portfolio\\_portfolio.asp](http://www.socialcapitalpartners.ca/portfolio_portfolio.asp)). Successful projects include **TurnAround Couriers**, a Toronto – based bicycle courier service which employs at risk and homeless youth and **Fripe-Prix**, a chain of Montreal based thrift shops affiliated with Goodwill International that employs people with significant employment barriers.

Success in a franchise opportunity with a single **Active Green + Ross** operation in southern Ontario in 2006, has resulted in SCP changing its focus from single seed investment support to looking at franchise opportunities where the hiring plan criteria is to employ at least 50% of the employees through community employment agencies. Founder Bill Young stated publicly (Edmonton June 4, 2008) that SCP is now more interested in working with franchise operations where the number of people affected will be in the hundreds and where the potential of a successful and effective business is far greater than in individual, “one – off” business proposals. SCP is also now engaged in an HR component through the creation of customized employment programs and services directories for employers to ease their ability to hire new employees from community agencies. (See also Karim Harji, 2008, <http://www.carleton.ca/cstier/CSE%20Documents/activegreen-scp.pdf>).

Social enterprises have often been associated with affordable housing projects. The Inner City Renovation project (in Winnipeg) is one such example from SCP's portfolio, although it has struggled to remain profitable ([http://www.socialcapitalpartners.ca/articles/1\\_Alberta%20\(10-13-05v2\).ppt](http://www.socialcapitalpartners.ca/articles/1_Alberta%20(10-13-05v2).ppt) ). The newly created Social Enterprise Fund in Edmonton (see below) was established with affordable housing being a key element in its funding mandate.

A very real limitation on the initiation of profitable social enterprises stems from the still little or mis-understood role of the *social entrepreneur* in recognizing and developing the business opportunities available. Social entrepreneurs are interested in a financially successful business venture, at the same are aware of, and wish to act upon, social shortcomings in their own and larger communities.

And until recently, where social entrepreneurs existed, they found themselves with only a few avenues available to them with which to initiate social enterprises.

Social Capital Partners seeks to address this shortcoming, through its creation of Vartana ([http://www.socialcapitalpartners.ca/articles/1\\_Alberta%20\(10-13-05v2\).ppt](http://www.socialcapitalpartners.ca/articles/1_Alberta%20(10-13-05v2).ppt) ) ([http://www.socialcapitalpartners.ca/articles/1\\_Alberta\(10-13-05v2\).ppt](http://www.socialcapitalpartners.ca/articles/1_Alberta(10-13-05v2).ppt)). Their focus is on social enterprises that employ people from economically marginalized communities.

The recommendations of **The Mayor of Toronto's Homelessness Action Task Force** in 1999 resulted in the launching of the Toronto Enterprise Fund in 2000. Originally intended as a three year program, it is now extended through 2008. Funding is provided through a program of grants to social business enterprises that address issues of homelessness and unemployment and meet the Fund's expected social and business outcomes. Agencies can re-apply for successive years annually and if they meet the Funder's criteria they can expect further support, although they are encouraged to generate sufficient sales revenue in time to meet their own needs. Grants are for up to \$50,000 per occasion and up to six grants are issued annually (<http://www.torontoenterprisefund.ca/>).

The **Social Venture Partners** model that was created in Seattle, WA. in 1997 (<http://www.svpseattle.org/about/history>) spawned an international network of chapters in three countries. Social Venture Partners Calgary was formed in 2000 (<http://www.svpcalgary.org/default.aspx>). The SVP model, however, is more geared to providing funding to existent non-profit organizations in order to develop their capacity and sustainability and not to initiate social business ventures.

A more entrepreneurial development in Alberta is the recently established **Social Enterprise Fund** based in Edmonton. Itself a collaborative partnership between the City of Edmonton, The Edmonton

Community Foundation and the Alberta Government, this capitalized fund will reach 10.5 million dollars by 2012. The stated purpose of the SEF is to "provide needed financial and technical assistance to social enterprises and affordable housing projects. This new source of financing will enable the community to develop small businesses that have a significant social impact, create housing developments for low-income people and employ otherwise unemployed or underemployed individuals" (<http://www.edmonton.ca/OcctopusDocs/Public/Complete/Reports/Cs/CSAM/2007-04-02/2007CSS002%20Att-1.pdf>).

The SEF investment strategy for the coming five years combines market investments (38%), social enterprise investments (52%) and technical assistance grants (10%) in order to maintain the fund sustainability. At the end of five years, the SEF will have supported some 140 projects for a total of some

five million dollars. The fund will offer a variety of financial vehicles, including grants, mortgages and interim financing options (*Ibid*).

The Fund is open to any registered charity or non-profit organization, which must provide a guarantee that any profits will be re-invested back into either the enterprise or the related charity. While understandable from a traditional donor “grant” perspective, this criteria may be a barrier to encouraging social entrepreneurial individuals from initiating innovative enterprises they do not meet the regular financial guidelines.

### Social Entrepreneurs

It is self evident that those who are associated with social enterprises may be termed *social entrepreneurs*.

However, it is important to recognize that the characteristics of a social entrepreneur are somewhat different from that of his/her mainstream entrepreneur. The Schwab Foundation for Social Entrepreneurship attributes the following traits to a social entrepreneur:

- applies **practical, innovative and sustainable approaches** to the benefit of society in general, with an emphasis on those who are marginalized and poor.
- has a **unique** approach to economic and social problems, an approach that cuts across sectors and disciplines.
- is grounded in certain **values and processes** that are common to each social entrepreneur, independent of whether his/ her area of focus has been education, health, welfare reform, human rights, workers' rights, environment, economic development, agriculture, etc., or whether the organizations they set up are non-profit or for-profit entities.

It is this approach that sets the social entrepreneur apart from the rest of the crowd of well-meaning people and organizations who dedicate their lives to social improvement (paraphrased from <http://www.schwabfound.org/whatis.htm>)

In addition to these traits, social entrepreneurs demonstrate certain key characteristic that include:

- an unwavering belief in the innate capacity of all people to contribute meaningfully to economic and social development
- a driving passion to make that happen.
- a practical but innovative stance to a social problem, often using market principles and forces, coupled with dogged determination, that allows them to break away from constraints imposed by ideology or field of discipline, and pushes them to take risks that others wouldn't dare.
- a zeal to measure and monitor their impact. Entrepreneurs have high standards, particularly in relation to their own organization's efforts and in response to the communities with which they engage. Data, both quantitative and qualitative, are their key tools, guiding continuous feedback and improvement.
- a healthy impatience. Social entrepreneurs don't do well in bureaucracies. They cannot sit back and wait for change to happen – they are the change drivers (<http://www.schwabfound.org/whatis.htm>).

Martin and Osberg (2007), in a stimulating article on defining social entrepreneurship, emphasize the importance of placing an entrepreneur in a given moment of time and space. Entrepreneurs in general have the knack of seeing an opportunity embedded in a “balance feedback loop” situation, especially when that equilibrium is an unsatisfactory one for users and providers. In the parlance of systems theory, in the absence of alternative models (“paradigms”), any “system” can be made to work regardless of how

cumbersome, ineffective and frustrating it may be to keep it going. Only when an alternative “paradigm” is proposed, and it results in an almost immediate improvement of the overall system, will the momentum be strong enough to break out of the preceding equilibrium and to establish a new equilibrium. As the authors point out, Pierre Omidyar and Jeff Skoll didn’t create a bigger or better garage sale format, they re-thought how the exchange of common goods could be carried out – across the continents and instantaneously – and “invented” *e-Bay* (*Ibid:33*).

Three components are identified by Martin and Osberg as defining a social entrepreneur: 1) identifying a stable but unjust equilibrium that causes exclusion, marginalization or suffering by a segment of the population; 2) identifying an opportunity and developing a social value proposal, and; 3) forging a new, stable equilibrium that releases trapped potential or alleviates the targeted suffering (*Ibid:35*)

Social entrepreneurs are differentiated from *social service providers* (e.g. responding to AIDS orphans) and *social activists* (influencing others to take action) (*Ibid: 37*) in that they make the decision to initiate and carry through with an enterprise themselves AND the enterprise is of a significantly new format and approach.

How relevant are social entrepreneurs and social enterprises to addressing Alberta’s current priorities and needs in the area of crime reduction and healthy communities?

#### Applying New Strategies to Alberta’s Priorities

Alberta’s Crime Reduction and Safe Communities Task Force, chaired by MLA Heather Forsyth, devoted six months to traveling across the Province and listening to Albertans’ views on crime, the impact of crime and how to reduce it.

The resulting document, **Keeping Communities Safe – Report and Recommendations** (September 2007) identified five priority areas for action by the government, only two of which reflected actions best described as getting “tougher on criminals” (under *Laws and the Courts* and *Policing*). The other three priorities (*Drug and Alcohol Addictions, Families, Children and Youth* and *Community Action*) all confirmed the importance of addressing social issues and factors in building a safer society and demonstrated directly or indirectly the key role of the community in delivering services and programs to the public.

Sixteen of the thirty-one recommendations in the report fell under one of these three priority areas (with the final recommendation being a standalone point calling for the creation of what is now the *Safe Communities Secretariat*).

Although not made explicit in the Report, the level of success of many of the recommendations will depend on the vibrancy and dynamism of the local existing social capital. To this end, successful implementation of some of the recommendations would actually contribute to an improvement of the inherent social capital available in various communities.

The Government of Alberta has recently identified five priority areas for its Ministries to focus upon, namely:

- a) developing its energy resources in a sustainable way;
- b) increasing access to quality health care and improving health care service delivery;
- c) promoting strong and vibrant communities and reducing crime;

- d) building a skilled workforce to improve the long-run sustainability of the economy;
- e) providing the necessary infrastructure (roads, school, etc.) for a growing economy and population. (<http://www.gov.ab.ca/home/272.cfm> ).

These priority areas, as demonstrated through the associated “mandate letters” issued by the Premier, as well as the sixteen recommendations listed from the Safer Communities Task Force Report are substantive. They demonstrate clear consideration of many of the core issues identified by Albertans as being important and immediate.

It is noteworthy, however, that the *operational* approaches of both the Priorities and the Safer Communities Report reflect the traditional bureaucratic style of government. That is, the mandates and recommendations are phrased in terms of what can be done **for** or **to** the citizens of Alberta. There is no reference to what things could or can be done **by** individuals, groups of individuals or organizations/agencies.

At the same time, it is increasingly recognized that “In a world growing ever more complex and diverse, governments are turning to community-based processes and initiatives to address local problems with local solutions” (HRSDC 2004) (emphasis added).

In a lesson learned rather reluctantly and slowly on the global stage over more than 50 years of international development programs and initiatives, international agencies and western development agencies are now recognizing that the people best qualified to know what the local issues and challenges entail are, and how best to address them in a *sustainable* fashion, are those at the grass root community level, i.e. the people themselves (Easterly 2006).

In the light of these realities, how can our understanding of social enterprises and community economic development be applied to developing and implementing strategies and initiatives that promote safer and healthier communities? What new partnerships can be created, for what purpose and how will their effectiveness be measured?

### Challenges and Barriers AND Solutions

So what are the applications of social enterprises and social entrepreneurship to the realities of Albertan, and Canadian, communities today?

The development and success of social enterprise initiatives require specific determinations of 6 components:

Identifying the “need” – what current situation (“status quo”) are you trying to ameliorate?

Identifying the beneficiary – who are you trying to help through this enterprise?

Identifying the “driving force” – the social entrepreneur or the social agency to deliver the enterprise,

Identifying the “community” in which the enterprise will operate – neighbourhood, town/city, Province,

Identifying the customer – to whom are you targeting the social enterprise service or product?

Identifying the amount and the source of the “Capital” required.

As the Alberta Task Force discovered through its consultation across the province, there are numerous, and often inter-related, factors responsible for criminal behaviours and activities in the communities. Yet one could argue persuasively that three over-riding issues that underpin many social issues today are homelessness, lack of social support mechanisms and un(der)employment. In many respects, if these three

areas were to be satisfactorily addressed, crime statistics would look very different in most of our communities.

This is not to suggest that only the poor and most marginalized individuals are the ones who commit crimes. There are many examples of middle and upper class crimes, white collar crimes, sexual crimes and drug crimes that transcend income, education and social status parameters. But it is also clear that those with the greatest needs – shelter, food, safety – are also the most likely to lack a social network, have untreated mental health challenges, seek solace in excessive alcohol and drug use and have poor employable and social skills. This segment of the population is therefore the most prone to interaction with the law enforcement and justice systems - **as offenders and as victims.**

Recent evidence from a major research paper by Stats Canada examined neighbourhood characteristics and the distribution of crime in three select cities. The study identified three characteristics in Edmonton, for example, that contributed to the recorded variation by neighbourhoods in crime statistics: % of lone parent families, % of people with no high school diploma and the proportion of workers in the retail trade (as an indicator of commercial land use) (Savoie 2008:9). Lower income neighbourhoods also showed a greater propensity to criminal activity (although this was mitigated somewhat if there was a lower proportion of males under the age of 15). These characteristics were basically similar for the distribution of areas of higher crime in Halifax and Thunder Bay.

Four issues that require immediate attention in the building of safer communities are the availability of permanent housing, the stabilization of mental illness, the treatment of drug and alcohol addictions and employment. Getting people off the streets, out of shelters or away from abusive/violent environments and into their own permanent residences, have proven to be absolutely necessary as a first step in changing anti - social behaviours. Recent evaluations of the **Streets to Homes** program in Toronto have yielded some amazing positive results in a city where homelessness has been a huge challenge over the past decade (<http://www.naeh.org/content/article/detail/1966>; <http://wx.toronto.ca/inter/it/newsrel.nsf/7017df2f20edbe2885256619004e428e/a0ebbc5405641131852573cb0061496d?OpenDocument>).

One of the cornerstones of the success of Street for Homes program is the relationship that is formed with a number of landlords in the Toronto area. The program enters into agreements with landlords whereby the monthly rent owed by tenants is paid directly to the landlord. In this way, the landlord does not have to devote resources in chasing delinquent accounts or in following through with evictions. The close supportive relationship between the agency case workers and their clients also results in fewer behavioral problems or outcomes for landlords (such as less property damage).

This programme is seemingly unique in Canada, although other centres are taking a serious look at the model (e.g. Edmonton May 2008). It is clear however that what makes this programme successful is the commitment of continuous and regular support for the individual that is provided not only to find housing but also (and perhaps more importantly), for the twelve month period AFTERWARDS. This support is crucial in helping the recently housed person to adapt to a quite alien way of life and to deal with the various other issues that may prevent them from establishing and retaining a stable lifestyle.

Mental illness and intellectual limitations can result from genetic factors, pregnancy influences or post birth traumas or abuse. Individuals with these challenges require appropriate assessment, regular and sustainable care and attention, some for the duration of their lives, and opportunities for development and growth to become contributory member of society in nurturing environments.

The third key aspect towards creating safer communities is addressing the abuse of alcohol and drugs, and in particular, treating substance addictions. This element undoubtedly represents the greatest challenge because it requires a constant pool of financial and medical resources, long term commitments on the part of the client and the service providers, and time.

Since substance abuse and addictions do not result from a single factor, counteracting them must be approached from several avenues – awareness education, youth counseling, employment training, mentoring and ultimately, if everything has failed, treatment. Poor self esteem, despair, boredom, peer pressure, poverty, poor parenting, mental challenges and illness, physical ailments and pain, and addictive tendencies all can lead to the experimentation with a plethora of substances or activities, and then addiction.

But whether with respect to those individuals who have succumbed to addictive actions, many of the underlying drivers can be addressed through social actions and initiatives that diminish the attraction of, and propensity to engage in, self injurious behaviours.

Housing solutions for all in need require the availability of permanent affordable housing. How to deliver this housing in a sustainable and practical manner has always been the challenge. Affordable housing projects are not new concepts and many levels of government and community organizations have initiated such projects over the past decades in most Canadian cities. Many would even be considered “social enterprises” in that they targeted people in need and were usually operated by or through charities or non – profit organizations. Yet is there also a place for permanent affordable housing to be initiated by social entrepreneurs interested in delivering much needed housing but in new and innovative ways? And also for profit that can be returned to the project, its participants and/or to its developer?

The initial question to be addressed by the social entrepreneur concerns for whom the housing is intended. Homeless individuals who have lived on the streets for years? Individuals with children permanently seeking to escape abusive relationships? Individuals just released from incarceration and with no families to whom to return? Underemployed individuals not able to meet the minimum rental payments? Physically or mentally challenged individuals who require some level of regular and consistent supportive care?

Resolution of this question will determine which type of project or programme would be the most appropriate to initiate. In some instances, it may well be that a charitable / nonprofit organization is better positioned to undertake the housing project. But in other cases, the situation may be opportune for a social entrepreneur to develop an innovative approach to addressing the identified need.

For example, one of the “gaps” in our current process for transitioning individuals back into society is the indefinite period following completion of a sentence and time spent in half way houses or other controlled environments. The expectation that these people will have a stable environment to which to return after months or years in incarceration, are not realistic. Many will undoubtedly require further support and services as they continue their transitioning and adaptation to a settled existence (much as has been already indentified above for the homeless). The same might be said for those individuals who have been diverted from the penal system through the drug and (future) mental health courts.

Is it feasible to have projects that would provide permanent housing for such individuals with access to the services and supports they require *in the same location*? Furthermore, is it feasible to have a variety of social enterprises situated in that same locality (or adjacent to it) that would train individuals in different

skill sets, build self confidence and employability and offer products and services that may be required by residents and certainly by the community at large? These businesses would not be “keep people busy” type activities (as reflected in the traditional “sheltered workshops”), but mainstream type franchises or innovative manufacturers or services addressing environmental or other popular concerns and needs. And, of course, these enterprises would reinvest their profits into the enterprises and personnel involved, as well as into the overall project for future expansion and development.

Post - incarcerated individuals are only one segment of the population in need for permanent and safe housing. A recent article in the Edmonton Journal reported on a self - admitted 61 year old alcoholic male who was being evicted from his subsidized housing bachelor suite in which he had lived for 6 years because he was a difficult tenant (Edmonton Journal May 25, 2008). As the Executive Director for Capital Region Housing Corporation was quoted, “Where they end up and how they’re assisted after that, I am not entirely sure...We don’t have the mandate or resources to deal with high needs, troubled people. There are other agencies that do that”. Unfortunately, as the article makes clear, there are not really other agencies “that do that” – certainly not on a permanent basis and most temporary places are way over utilized as it is. Perhaps the most succinct comment quoted in the piece was by an unnamed resident of the subsidized complex who noted that “The very reasons he’s living there are the very reasons he’s being evicted”; because he is a difficult and troubled tenant.

Individuals like this require continuous and intense support and even though that level of support may diminish over time, some may need assistance for the duration of their lives. That may be the only way to prevent them from ending up on the streets.

### The Way Forward

The way forward is largely uncharted on the Canadian landscape. Social enterprises, as defined through the initiatives of social entrepreneurs, are relatively uncommon in this country as compared to the UK and USA. And social entrepreneurs are certainly very challenged in identifying and obtaining much needed capital in developing and implementing their business plans.

Yet it is quite clear that there are compelling reasons for new approaches to be proposed and supported if there is a true desire to build safer and healthier communities.

Permanent housing, treatment for mental illnesses and addictions, and employment are the three cornerstones of a productive and caring community. These needs have been identified through research and through consultations with the public. The challenge is to how best address these needs.

A realistic strategy, with a “made in Canada” flavor, for shifting the paradigm on community development would entail the establishment of a new partnership between government, charitable organizations, funders and social entrepreneurs. This partnership would underlie a cohesive and mutually supportive overall plan for improving conditions in a particular community or area. Each partner would have a specific and crucial role to play in the overall success of the plan and the extent of participation by each partner may also vary over time as conditions change (presumably) for the better.

Housing projects can be broken down into several stages of development – from the acquisition of land and construction through to their operation and maintenance. Governments and granting agencies can provide the funding required for the initial while charities and social entrepreneurs can run them. If a project targets a specific population (e.g. disabled, mentally challenged, released felons, homeless people or individuals with substance addictions) then there would also be additional government programs to provide

client specific support or care (AISH, Home Care, etc). Public funders (such as United Way) would be expected to support agencies that provide the case worker component needed to work with individuals as they transition back into the general community. These case files may be active for the duration of the life of the client, albeit with varying levels of intensity as the individual improves his or her general health and broadens his or her skill set.

Social entrepreneurs may seek to participate in a housing project under certain conditions. Perhaps the model may entail a situation where residents may all be able to pay an appropriate monthly rent to bring the mortgage to closure within a specified time frame. Another possible scenario might be the eventual buy out of the apartment by the resident.

The requirements (both medical and legal) of treating substance addictions or mental illnesses are such that various government departments and specialized agencies will inevitably need to be involved – and possibly for long and indefinite terms. It is challenging to envision how social entrepreneurship can make these needs into a social enterprise activity, but perhaps future creativity is possible.

The community is involved in the establishment of affordable permanent housing because it is important for individuals to reside in the neighbourhoods where they may still have some family members resident or where they have whatever social network they do enjoy. Just as communities blend together families of varying socio-economic backgrounds, so they should also facilitate the presence of affordable (and possibly specialized) housing facilities.

An integral part of addressing addiction factors is to provide opportunities for meaningful work that builds self confidence, teaches new skills and provides a critical source of income for rent, food and other of life's necessities. The same applies to individuals with other employment barriers and challenges. This is certainly an area where social entrepreneurs can be innovative in their approaches to developing opportunities for individuals to become engaged in the employment sector.

A crucial area in which the Canadian Government can contribute to a marked increase in social entrepreneurial initiatives concerns taxation legislation. For example, Canada can "introduce a tax credit system for investment in community enterprise" (Torjman and Young 2007:3) so that private dollars will gravitate to social purposes more readily and provide a much needed incentive for social entrepreneurs to take on the added financial risks associated with social enterprises.

And it is also here that there exists a close relationship between social entrepreneurship opportunities and the mandated priorities of the Alberta government.

ALL of the five priority areas to some degree entail the need for labour. Granted that some of the labour will be specialized and advanced (research and senior management level tasks) but most of it is not. Environmental and conservation activities, affordable housing for all types of marginalized populations, cultural enterprises, employment in energy and service related fields (especially relevant to the Alberta economy) and the vast opportunities in the public infrastructure domain all present unprecedented opportunities for social enterprises. Skills upgrading, training and high school education can all be offered as part of the preparation for permanent employment and represents a key area for government participation. The rest can be undertaken by social entrepreneurs and social agencies, in collaboration with financial lenders and social capital funds.

Social enterprises can be located within particular communities or they can be more centrally located, dependent on the nature and needs of the business. A successful business plan may project multiple site expansion or just an increase in the one location. The critical aspect is that the business is sustainable and that it continues to serve the needs of its target population.

There exists an extensive resource pool of labour in Alberta – First Nations and Metis people, immigrants and marginalized sectors – all of whom require assistance and support in overcoming barriers to adequate housing and employment. And that has historically been forthcoming – albeit with only very limited sustainable success. The paradigm shift being proposed here though is that individuals from these population groups be integrated into being part of the solution and not merely as the recipients of social welfare programs and funds. To prepare, train and support these individuals through social enterprise activities will not only enable them to become contributing members of society, but it will also achieve many of the government goals in building a healthier and prosperous Alberta.

### Conclusions

This paper has reviewed the current thinking about social enterprises and social entrepreneurship in Canada. It has also discussed the place of these approaches within the wider context of the community and social economy. And finally, it has suggested ways and areas in which these concepts can be applied to current public concerns over community safety and its desire to identify ways through which to reduce criminal behaviour.

Three key elements to the improvement of community health and productivity are to address the issues affecting inadequate housing, mental illness and addictions and unemployment. Meeting these challenges successfully will have a significant impact on the well being and quality of life of communities.

There is no single panacea for meeting these challenges and no single “format” through which solutions can be developed or implemented.

Any formula for success, however, has to recognize the importance and relevance of building on the “lived experiences” of the people that are the focus of the projects and programmes being developed. Far too often the tendency is to do things “for” and “to” people and rarely “with” them. Social entrepreneurs, AND governments, are well advised to harness the wisdom and experience from the clientele when new strategies are planned and implemented.

It is also clear that there remains a distinct and important role for governments and more traditional funding organizations to play in the integration of individuals into mainstream society. By the same measure, charities and non – profits offer services and programmes that are instrumental in providing a variety of challenged individuals with the necessary support and safety net to keep them from further harm or total abandonment.

Yet it is also increasingly self evident that if individuals are to become productive and self sufficient members of society, they also need opportunities for employment suited to their levels of abilities and competencies. And this represents the area where social enterprises may be of the greatest value to society.

Social enterprises require the creative and energetic participation of social entrepreneurs, educated and trained in sound business practices and with a passion for addressing social injustices and needs. Social

entrepreneurs can be attached to charities and non – profits or to a for-profit business corporation. What is crucial however is that they have the freedom and flexible to be creative and innovative in their thinking and that they be given the necessary tools to research, develop and implement effective and sustainable strategies.

Social entrepreneurial skills have to be instilled in those interested in becoming senior management leaders in nonprofit and charitable agencies. Universities and colleges are making strides in that direction; The Canadian Centre for Social Entrepreneurship (<http://www.business.ualberta.ca/CCSE/>) is housed within the University of Alberta’s School of Business and is therefore closely connected to those with business interests and inclinations.

Social enterprise funding, furthermore, should not be limited to charities and nonprofit agencies; funding needs to be open to any and all candidates who present sound business cases. Some enterprise funds are not restrictive; others are. The Social Enterprise Fund in Edmonton, for example, needs to remove that condition from its criteria.

The opportunities are many in Alberta and Canada for improving the lives of the marginalized and challenges. Canada has a proud social record upon which to build and social entrepreneurship can certainly advance that record in the decades to come.

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## **Appendix A**

### **Selected Recommendations from Keeping Communities Safe - 2007**

#### **Drug and alcohol addictions**

- 1. Significantly increase the number of treatment beds for alcoholism, drug addiction and a dual diagnosis of both mental illness and drug addiction**
- 2. Ensure that at-risk children, youth and young adults have access to full-time, longer-term, intense treatment for addictions and mental illnesses. This would include the expansion of the mandatory length of time children apprehended under the *Protection of Children Abusing Drugs Act* can be required to remain in treatment.**
- 3. Require tougher enforcement of the current laws and regulations under Alberta's *Gaming and Liquor Act***
- 4. Develop and implement a targeted social marketing campaign to counter excessive drinking and use of drugs**

#### **Families, children and youth**

- 13. Provide mandatory, early and ongoing education for children and youth to build their skills and reduce the risks of them getting involved in gangs, drugs, violence or other crime**
- 14. Ensure that schools have access to both a school resource officer and to adequate counseling services**
- 15. Expand provincial support for programs aimed at preventing domestic violence and providing support for families that are victims of domestic violence**
- 16. Implement targeted pilot projects to provide comprehensive community-based services to at-risk youth and their families**
- 17. Establish a Family Source within the provincial government to provide a central source for information, resources and community connections**

#### **Community action**

- 24. Encourage all municipalities to develop and implement a safe communities strategy**
- 25. Expand access to mental health services and treatment**
- 26. Provide three-year provincial funding for community-based social agencies with proven outcomes**
- 27. Adapt provincial funding formulas and criteria to reflect the impact and needs of "shadow" populations**
- 28. Expand the current tax deduction for charitable contributions to include time spent on volunteer activities**
- 29. Partner with Alberta's First Nations and the federal government to jointly develop pilot projects designed to build safer communities, reduce crime and address the needs of at-risk community members**
- 30. Fully implement the recommendations of Alberta's Commission on Learning regarding Aboriginal education and expand initiatives aimed at improving high school completion rates for Aboriginal students**
- 31. Establish a comprehensive, longer-term Alberta crime reduction and prevention strategy coordinated and supported by a dedicated responsibility centre within the provincial government**

