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Developing social enterprise in knowledge economies: The role of Community Interest Companies in community building and knowledge development

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Abstract

This paper looks at the relatively unexplored yet increasingly important role of Community Interest Companies (CIC's) in community building as well as providing an active platform for social enterprise. The main aim of the paper is to identify key components within the social enterprise framework that have been revitalised by the introduction of CIC's. The analysis will centre around three major themes, including an increased emphasis on financial viability in CIC's, a higher degree of autonomy for volunteers functioning under the CIC umbrella, providing leadership opportunities for those committed to communal development, and the role of CIC's in increasing social awareness and responsibility at the local level for the disabled community. In addition, the authors' also aim to explore how the inclusive nature of CIC's - in line with the Companies (Audit, Investigations and Community Enterprise) Act 2004 – has encouraged wider engagement of communities helping deal with the insular nature of counter-cultures within communities especially those concerning individuals with disabilities.

Keywords: *Community Interest Companies, Social Enterprise, Social Awareness*

Community Interest Companies and their Role in Shaping Knowledge Economies

In the UK, Community Interest Companies (CICS) are limited companies, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage. The social element of community interest companies revolves around a “giving it back” concept where a significant proportion of all profits generated are plugged back into the community. By fostering a charitable remit rather than acting as charities, CICS have revitalized the world of social enterprise. This has predominantly been through increasing the knowledge capacity and content of CICS based within communities. CICS differ from charities in the sense that they are meant to generate funds through economically significant activity that meets the needs of a specific clientele. CICS operate as businesses with profits and margins being a key driver to be able to support community development projects and awareness campaigns. As the global economy has evolved in recent years, social enterprise has become increasingly knowledge intensive.

A knowledge economy comprises of a global economic system driven by the demand for economically significant information, ideas and theories that are easily transferred through the efficient use of technology (Athar, 2011). Developed knowledge economies

arguably have stronger knowledge structures and networks (through interconnected academic institutions, research facilities, knowledge driven conglomerates etc.) allowing for faster and more efficient transfer of economically significant knowledge. Sheehan (1999) attributes the development of a global knowledge economy to an increased ability for developed knowledge economies to “deliver codified knowledge, assembled on a global basis if necessary, very quickly and very cheaply to the area that it is needed”.

Romer (2007) explains how “economic growth occurs whenever people take resources and rearrange them in ways that are more valuable”. Romer (2007) further goes on to explain how human history teaches us “that economic growth springs from better recipes, not just from more cooking”. CICS have been at the forefront in developing these *combinations of knowledge* allowing for more active growth of tacit intellectual capital within communities. CICS tend to comprise of and serve individuals who would otherwise struggle to make it into the inner circle of regional economic activity by providing them with jobs and support networks. CICS provide greater autonomy to stakeholders, as the main focus of their activity is community development rather than solely profit generation. However, greater autonomy is also provided to individuals in designing and developing pathways to fund community-building activity, as more creative and efficient CICS tend to be able to afford to introduce more community interventions. CICS in England such as Acute Need, DOTS Disability, Skillnet Group have successfully introduced commercial schemes including supporting individuals require complex care under the social model of care (which provides them with additional support to access and engage with their local communities through events and forums), skills training for those with learning disabilities and community cafe’s that are accessible and cater to the needs of families and local start-ups. The business models for CICS may not be significantly different from any other enterprise, however they benefit from flexibility of support through being able to customize support to meet needs, which is a greater challenge for businesses developed around products and services rather than clients.

Increasing Social Awareness at the Local Level for the Disabled Community

“We are tired of being statistics, cases, wonderfully courageous examples to the world, pitiable objects to stimulate funding”. (Hunt, 1966). The British higher education system has evolved over the past many years with participation from marginalized groups being at the forefront of numerous campaigns that took place during the period between 1980 and 1990. Brown and Simpson (2004, p. 2) explain how “British higher education has changed from an elite system in the 1980s to a mass system in the 1990s through to the present with mass changes in the composition of the student population”. This has also significantly influenced the very dynamics of knowledge economies, as we know them today. Marshall & Marshall (1879, p. 12) cite Mill (1848) stating that “the aim of all intellectual training for the mass of the people should be to cultivate common sense; to qualify them for forming a sound practical judgment of the circumstances by which they are surrounded. Whatever in the intellectual department can be superadded to this is chiefly ornamental; while this is the indispensable groundwork on which education must rest. An education directed to diffuse good sense among the people, with such knowledge as would qualify them to judge of the tendencies of their actions, would be

certain, even without any direct inculcation, to raise up a public opinion by which intemperance and improvidence would be held discreditable". Therefore at the very core of knowledge acquisition is the need for individuals to better understand their own ability to process information adding value through either application (utilizing it to facilitate other related activities) or interpretation (creating value through applying knowledge to generate outcomes for unrelated activities). This would apply to both disabled and able-bodied individuals, as even though their application and interpretation of knowledge may vary in terms of the nature of outcomes they are seeking to achieve, they would still be performing similar knowledge functions going through the education system. Brown and Simpson (2004) observe how even though patterns of participation in relation to social class, gender, ethnicity and geographical location have been widely documented, disability has rarely been the subject of meaningful scrutiny due the lack of availability of extensive statistical data. This in turn has made it a challenging issue to address with regards to policy development predominantly due to the varying nature of disabilities. A limited proportion of those eligible have benefited from access to disability support funding as a result of being put through unsupportive procedures that contradict the wisdom behind enhanced support provisions for disabled students. The national strategy for individuals with learning disabilities is both aspirational and inclusive stating, "all people with a learning disability are people first with the right to lead their lives like any others, with the same opportunities and responsibilities, and to be treated with the same dignity and respect" (Department of Health 2009). However, in order to facilitate the delivery of these aspirational objectives, a clearer sense of purpose with regards to putting in place delivery mechanisms that allow individuals with learning disabilities to utilize the support that is available is essential. There are numerous CICS who have succeeded in providing an intermediation function developing pathways that assist individuals with disabilities to access support to engage in academic courses and vocational qualifications. These include Dyslexia Pathways CIC, All Inclusive Disability Consultants CIC and Acute Need CIC who have all led the way for social inclusion for those within the disabled community looking to access support to enhance and develop their skillset. There continues to remain an urgent need for person centered planning rather than relying on generic mechanism for all types of learning disabilities. There is substantial disparity in how these individuals are treated i.e. only 15 % of adults with autism are in paid employment compared to 48% of people with general disabilities (Higgins, 2009).

In addition, it can also be argued that by moving away from the outdated definition of knowledge measured in terms of educational attainment, the wider knowledge economy is a more inclusive environment where there is a premium on skills that are economically significant. Machlup (1962, p.37) was the strongest proponent of the all inclusive character of knowledge noting how "when knowledge is produced in order that or in the expectation that, as a result, the productivity of resources – human, natural, or man-made - will increase in the foreseeable future, the production of knowledge can be regarded as an investment".

The Equality Act 2010 defines a person with a disability as someone who has a physical or mental impairment that has a substantial and long-term adverse effect on his or her ability to carry out normal day-to-day activities (Government Equalities Office, 2010). Research suggests that around three-quarters of disabled children also have Special

Education Needs (Porter et al., 2008), which in turn increases the need and amount of support required. Therefore a direct correlation exists between educational attainment and disability directly impacting the wider knowledge economy.

Throughout the 20th century, disability was a matter for the state with provisions forced upon those in need without trying to understand the extent and depth of an individual's disability. The solution it seemed was to utilize institutionalization as the preferred solution for a substantial period of time till the disability movement took force in the 1980s giving the disabled community a voice that they were never deemed to be entitled to. The Disability Discrimination Act being made law in 1995 placed the disabled community right at the center of equality legislation with equal civil rights prohibiting discrimination of disabled individuals in employment, education, mobility and provision of goods, services and facilities. Unfortunately, disabled individuals still find themselves in a disadvantaged situation where the education system fails to provide them with a level playing field. Therefore, there is still room to increase interventions from CICS to support work placements and pathway development with the assistance of statutory bodies.

Conclusion

CICS are fast becoming the main driver of social enterprise activity through actively engaging with societal issues that has traditionally been dealt with by charities who have been restrictive in their approach and pace of implementation. CICS encourage leadership and vision to bring about social change. Recent social enterprise activity taking place through CICS provides a basic framework that needs to be developed and supported to influence a greater segment of individuals in need of support. This objective requires the development of existing CICS networks that can benefit from economies of scale and scope.

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