

## **From community entrepreneurship to commercial endeavour: putting theory to work in a social enterprise setting**

K. Simpson

Unitec Institute of Technology, Private Bag 92-0025, 0025 Auckland, New Zealand  
ksimpson@unitec.ac.nz

### **Principal Topic**

This paper is submitted for consideration as a potential contributor to AGSE topic 11, social entrepreneurship. Working within a context of early growth stage community business, the paper is initially presented as an extension to an earlier work of the author's, in which a process of literature review and synthesis was used to determine a model of best practice development for social enterprise. From this perspective, therefore, the principal topic of the paper is best described as an identification and evaluation of the most effective approach to implementing social enterprise theory. However, as the methodology paragraphs below will indicate, the paper also describes the processes adopted, and the outcomes that resulted, when the resulting best practice model was presented to a broad spectrum panel of public, private and third sector stakeholders for endorsement and adoption as a viable and practical business model. From this alternative perspective, the paper can be viewed as an analysis of the systemic barriers that exist between academically rigorous theory construction and commercially viable practical application.

### **Methodology/Key Propositions**

This paper is the second of three publications that report on a process of business model construction and testing in relation to best-practice processes for the early stage development of community enterprise ventures. The research design is based on a four stage proposition that has functioned as a template for all stage one and stage two research activity, and that is similarly intended to offer equal utility as a blueprint for forthcoming stage three research. The principal components of that proposition are : - the viability of many community groups is seriously threatened by a progressive reduction in the availability of operational funding - as a result, these groups are increasingly required to self-fund at least part of their activities, and to demonstrate a level of management competency that will reassure current and future funding agencies that these activities are viable - in future, groups that can demonstrate a profile incorporating sound governance, competent management, and sustainable income generating capacity will receive preferential attention from traditional and contemporary funding agencies - commitment to a workable business model for community enterprise development is an integral element of any such profile The first paper in this series described a process by which world-wide best practice examples of community development were analysed to determine a set of inviolate 'principles of sound community enterprise development', and by which the resulting portfolio of principles was submitted for approval and endorsement to a representative panel of public, private and third sector representatives. After a significant period of discussion and negotiation, these principles were acknowledged and adopted by the stakeholder panel as an appropriate foundation for stage two research. In stage two, the agreed community enterprise principles were used to construct an idealised model of development that was theoretically appropriate for the third sector environment in New Zealand. The model includes provision for best practice rules of social enterprise governance, management, finance, and marketing, and augments these rules with suggested criteria for the assessment of any given enterprise's prospects of sustainable success. In short, the model is intended as an evaluation instrument that can be applied to any social enterprise agency that is seeking funding or investment for future development and growth, and can therefore be seen as a de facto policy instrument in respect of its ability to influence and determine strategic direction. The first part of this paper describes the process of model development. Stage three of the proposed research will identify and select an appropriate organisation to act as a pilot case study for the community development model that emerges from the current stage two project. In order to realise stage three ambitions, however, a significant quantum of research funding will be required to underwrite the pilot testing programme. This being the case,

it has been deemed essential to obtain endorsement and approval of the stage two model, prior to the selection of a pilot organisation, from those agencies that might reasonably be expected to have an interest in funding the social enterprise development process. The second part of this paper describes the processes by which this support and endorsement was sought.

### **Results and Implications**

There are no results to report at this stage. At the time of writing (23 June 2006), a provisional model of best practice social enterprise development has been developed, and is currently undergoing evaluation by local government staff with responsibility for community enterprise development. In New Zealand, public sector involvement in this policy sector has progressively migrated from central to local government, and the necessity to gain support and approval from that quarter is a politically unavoidable barrier to subsequent approval by any other relevant stakeholder. The stakeholder consultation process has been scheduled for the months of July and August 2006, and results of this process will therefore be available well before the full paper deadline for this conference.

### **Contact**

Ken Simpson. Unitec Institute of Technology, Private Bag 92-0025, 0025 Auckland, New Zealand.  
(T) 0064 9 849 4180, (F) 0064 9 815 4568, Email: [ksimpson@unitec.ac.nz](mailto:ksimpson@unitec.ac.nz)