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SOCIOLOGY | RESEARCH ARTICLE

Social enterprise in the UK homelessness sector: Lessons for Kazakhstan

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Abstract: Kazakhstan's homelessness social enterprise (SE) practitioners tend to argue that core to the SE concept is the idea that this is first and foremost a business whose income generation function enables it to sustain the viability of social projects. A range of important potential lessons for Kazakhstan emerged from work-based SEs in homelessness sector in the UK with respect to SEs' financial capacity: (a) ideally, a SE might make enough trading income to entirely sustain its own activities and cross-subsidise a charitable arm/organisation; (b) some SEs might make enough financial resources via trading income to entirely sustain their own activities, but only just enough to "break even" so there was no surplus "profit" to invest in charitable programmes; (c) SEs might make some trading income, but this was only enough to cover part of their operational costs, and so the SEs needed some subsidy to invest in social programmes (the cost transfer model); (d) some emerging SEs make no trading income (so required all costs to be met via cost transfer). This means that it is unrealistic to expect employment-based SEs at least to be able to reconcile commercial and social goals in any absolute sense (Teasdale, 2012a). Kazakh authorities should, therefore, avoid shifting the entire financial responsibility for the social support component of employment-based SEs in the homelessness field themselves.

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PUBLIC INTEREST STATEMENT

This paper explores on the ground reality of homelessness work-centred SEs in the UK. It reveals that the full reliance of SE homelessness projects on their earnings in the market may not be possible and central government of developing countries such as Kazakhstan may want to consider granting funding for both charities and SEs alike, at least to cover projects' social components, particularly given that the very low level of welfare benefits available to unemployed people in Kazakhstan places severe limits on this as a potential source of SE subsidy (that is vital in the UK context). This likely requirement for grant subsidy further reinforces the need to avoid contrasting the role of one particular type of civil society organisation with another with excessive policy expectations (Teasdale, 2012b).

1. Introduction

Homelessness, particularly amongst single people, has become highly prevalent in major cities in Kazakhstan in recent years, but there are no national strategies or programmes developed by the Kazakh Government to address the issue, albeit that the Government has increasingly been emphasising access to employment as one possible policy response (Gani, 2010). Dissatisfaction with the lack of effective government action in this area means that social enterprise (SE) models have been promoted by some not-for-profit organisations as a means of responding to the growing homelessness problem in Kazakhstan. But these debates regarding the potential utility of promoting employment and/or SE as solutions to homelessness have occurred in a parallel, and relatively unconnected, fashion.

In a very different context, the United Kingdom (UK) is considerably “further ahead” with regard to the development of SEs with an employment focus as a response to homelessness, in comparison to Kazakhstan. The UK has been committed to advancing social enterprise since the 1990s. Social enterprises, “which the government defines as “organizations which trade like mainstream businesses to build long-term sustainability, but which operate for a social purpose and use their profits for this end”, are key to the government’s goal of strengthening the non-profit sector (Lynch, cited in CIC, 2005, p. 1). In the early 2000s, the UK government established a Social Enterprise Unit with a view to institutionalising a support structures for social enterprise development and promote the examples of innovative efforts to help the country strengthen communities (Nicholls, 2010).

Wherein both the New Labour UK administrations 1997–2010 and Conservative-led Coalition Government (2010–2015) and recently elected Conservative administration have advocated the use of SE as a policy tool (Carmel & Harlock, 2008; Spear et al., 2009). “Thus, the Coalition Government broadly followed the New Labour policy agenda in supporting social enterprise ...” (Teasdale & Nicholls, 2015, p. 15).

This favourable political context over the past decade or longer in the UK has facilitated an increase in the number of SEs in the homelessness sector. Successive UK Governments have supported and encouraged SEs with a specific focus on employment which facilitates the integration of homeless people into vocational activities and the paid workforce (Teasdale, 2010a, 2012a). The “SPARK” programme is a pertinent example, given that it had an initial government investment of £2.94 m, in 2007, and was focused specifically on the “investing” of employment-based initiatives amongst homelessness SEs (SPARK, 2009).

Given the high levels of interest in the promotion of employment and/or SE within Kazakhstan, it is highly likely that lessons may be learned from the experience of UK practitioners where there is substantial experience in this field. This paper, therefore, seeks to identify how is the concept of social enterprise defined and operationalised in the UK homelessness sector in order to find out organisational level lessons for Kazakhstan arising from this UK study related to the definition and structure of SEs, as Kazakh practitioners’ current conceptualisation of a SE closely echoes that of the UK Government one. The research question was focussed solely on employment-focussed SEs in the homelessness field in the UK.

The paper begins by providing an overview of the various definitional debates on the key concept of SE and it then outlines the recent development of employment-focused SEs in the homelessness sector in the UK. This helps to develop the framework underpinning this research. The paper then provides fieldwork data analysis based on qualitative, case study-based research to interrogate the service providers’ perceptions of the key concept social enterprise to highlight organisational level lessons for Kazakhstan. The paper closes by offering potential learning points for Kazakh practitioners.

2. The definition of social enterprise

There is no universal agreement as to what the term SE means (Austin, Stevenson, & Wei-Skillern, 2006; Billis, 2010; Bornstein, 2001; Defourny & Nyssens, 2010; Harding, 2010; Kerlin, 2010; Koppell, 2001; Pearce, 2003; Short, Moss, & Lumpkin, 2010; Teasdale, 2010a; Thomasson, 2009; Vidal, 2005; Young, 2010). Yet, there are three “lenses” through which we can consider the definition of SE: first, the “official definition” and legal identification specifically in the UK context; second, broad ideological viewpoints such as the “social innovation school”, which puts forward the role of individual entrepreneurs’ as “innovators”, and the “social enterprise school”, which focuses more on the role of organisations; and third, what might be termed as “organisational impression management” (OIM). Each of these lenses is discussed in turn below.

2.1. The “official definition”

The UK New Labour Administration 1997–2010 defined SE as “... a business with primarily social objectives whose surpluses are principally reinvested for that purpose ..., rather than being driven by the need to maximise profit for shareholders and owners” (DTI, 2002, p. 8). This “official definition” was supported by a CIC law that represented an attempt to ideologically distinguish the role of SEs from charitable bodies (Social Enterprise Coalition, 2009; Teasdale, 2012b). CIC law introduced an “asset lock” which distinguishes SEs also from commercial entities. The asset lock is a general term used to cover all the provisions designed “to ensure that the assets of the CIC are used for the benefit of the community” (CIC Law, 2006, p. 2). The main principle of asset lock is that it prohibits CICs from distributing their assets (or profits) to their members and if a SE went bankrupt the assets would be used for the benefit of the local community (Malik, 2008; Snaithe, 2007).

However, aside from CICs, there are several other legal forms that a SE can take:

- Charities.
- Industrial and Provident Societies.
- Company Limited by Guarantee (CLG).
- Company limited by Shares (CLS) (Malik, 2008).

2.2. Ideological viewpoints: “social innovation school” and “social enterprise school”

The section above focussed on the official and legal definition of SE in the UK context. We now turn to broad theoretical discussions of the concept, specifically the “social innovation school” and “SE school” which underpin wider ideological interpretations and competing political discourses (Teasdale, 2012b).

The “social innovation school” focuses on individual social entrepreneurs as “innovators”, leaders and “change-makers” in their field (Drayton, 2002; Johnson, 2000; Mair & Marti, 2006; Sharir & Lerner, 2006; Stevens, Moray, & Fassin, 2009). For Dees (1998), a social entrepreneur is similar to a traditional entrepreneur and usually takes advantage of opportunities and mobilises resources in order to do so. This definition is predominantly a management-centred interpretation of social entrepreneurs. In other words, in this conception of SEs, they are entrepreneur citizens who may set up, run and manage an enterprise and do not necessarily come from a disadvantaged social group (Johnson, 2000; Johnsen, 2012). However, Seanor, Bull, and Ridley-Duff (2007) criticise such an approach, for taking an individualistic and “elitist” approach (Bull, 2008; Pearce, 2003; Ridley-Duff, Bull, & Seanor, 2008). It is also notable that within the “social innovation school”, research is mostly “limited to ‘good practices’ and success stories of social entrepreneurs as ‘change makers’ ...” (Stevens et al., 2009, p. 4), with “failures” receiving little analytical attention (Amin, Cameron, & Hudson, 2002; Scott & Teasdale, 2012).

The organisational focus of the “social enterprise school” stands in contrast to the individualistic orientation of the social innovation school, but has itself contrasting roots in the USA on the one hand, and in continental Europe on the other (Amin et al., 2002; Defourny & Nyssens, 2010; Stevens

et al., 2009; Young, 2010). As Bacq and Janssen (2011 cited in Stevens et al., 2009, p. 5) note “the assumptions and historical development of the USA and European schools on SEs are inherently different, based on different conceptions of capitalism and the role of government”. The USA approach pays particular attention to the business aspect of SEs (Bull, 2008; Ridley-Duff et al., 2008; Stevens et al., 2009). Such organisations are broadly classified as “SEs with a business orientation” (Teasdale, 2010b).

Some writers note that the American social enterprise school dates back to a period of government financing shortages in the 1980s (Dees, 1998; Kerlin, 2006; Mort, Weerawardena, & Carnegie, 2003; Stevens et al., 2009). Within this school of thought, trading income is identified as a key criterion of a SE (Smallbone & Lyon, 2005; Social Enterprise Coalition, 2009). For instance, some researchers assert that SEs differ from charities in that at least 50% of their total income should come from trading activities (Social Enterprise Coalition, 2009; Social Enterprise Mark, 2010). The underpinning idea is that SEs are to be financially independent from grant allocation and income. From this perspective, the DTI’s (2002) finance generation dimension of the “official definition” partly resembles the USA “social enterprise standpoint” (Stevens et al., 2009; Teasdale, 2012a).

The USA “social enterprise school” and DTI (2002) business-focussed approach, however, are generalised interpretations of the SE term and fail to explain the implementation of such SE models in specific social policy fields. Significantly, Teasdale (2012a) casts doubt on the commercial capacity of SEs to generate surpluses, giving the example of work-based SEs in the homelessness sector in the UK. He challenges both the official definition of the DTI (2002) and the USA-influenced notion of SE advocating the accumulation of financial resources via power in the marketplace and the achievement of social goals through sustainable profits. For Teasdale (2012a), SEs’ income streams are, in fact, hybrid in nature in that they apply a “cost-transfer” policy accumulating income from different sources, such as private donations and charity support, and to a certain extent trading services and products in the market, but also including state benefits in their business models. He notes that some SEs’ “...drew upon housing benefit [of homeless people working there] to supplement trading income” (Teasdale, 2012a, p. 522).

In contrast to the US social enterprise school, the European social enterprise school has a more participatory and collective governance orientation and less of a business emphasis (Defourny & Nyssens, 2010; SENSOT, 2010; Teasdale, 2010b), and its emergence is traced back to de-industrialisation and a sharp rise in unemployment in the 1980s across Europe (Kerlin, 2006). This school of thought is linked to those SEs with a more “social orientation” (Teasdale, 2010b, 2012b). The European perspective on SE is their being associated with organisations with “the explicit aim of benefitting the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits” (Stevens et al., 2009, p. 6 and also see Nyssens, 2006; Ridley-Duff et al., 2008; Ridley-Duff & Bull, 2011).

This European view of SE also contrasts sharply with the “social innovation school”, as it conceptualises a SE also as a “bottom up” initiative and these principles are rooted in the parameters of SE such as a community led initiative, ownership and governance (Stevens et al., 2009; also see Nyssens, 2006). However, for Ridley-Duff and Bull (2011) such a participatory-led collaborative governance term is naïve, and in practice SE is not mostly based on user-led and community ownership. This is perhaps true, yet user-led SE examples can be found in the context of the UK where a bottom-up, user-led homelessness SE incubator was set up, albeit with the support of “parent” charity agency (McKenna, 2011).

2.3. Organisational impression management

However, what all of the above debates overlook is the possibility of rhetorical self-identification of SEs, a move which can be described as OIM (Teasdale, 2010c). OIM is a deliberately developed strategy which is used to create a certain organisational image and perception amongst an external audience in order to accumulate resources from a wider range of stakeholders than would otherwise

be the case (Bolino et al., 2008 cited in Teasdale, 2010c). Teasdale (2010c) notes that “... organisations positioning themselves as SEs may have access to a wider range of funders than other third sector organisations”. The OIM process is suggested, however, as a two-way process of negotiation where external resource holders are not passive recipients, but rather are also active negotiators in which both sides attempt to make sure that their interests do not contradict each other. Teasdale (2010b) notes that a SE:

... is not necessarily deceiving the resource holders in utilising OIM. Instead, those aspects of the organisation or group it is perceived that the audience would be sympathetic to are accentuated, and those aspects perceived as unfavourable are omitted.

Thus, SE can also be an opportunity to “publicly rebrand” where organisations “play out” or “play down” certain historical characteristics depending on their audience (Johnsen, 2012).

3. Summary of definitional debates on social enterprise

There are various definitional debates on what SE means as a term. Interestingly, the UK government’s “official definition” comprises some elements of two different ideological interpretations within the “social enterprise school”, specifically the points related to an income generation emphasis, which are akin to the US approach, and imposing a limit on shareholders, which is allied with the European perspective. Yet, the successive government policy papers predominantly reflect the achievement of social goals through business discourse which neglects the hybrid nature of SE income streams. Furthermore, the vaguely defined DTI’s (2002) SE term allows many organisations to identify themselves as a SE (Teasdale, 2010c, 2012b).

However, it should be noted that irrespective of the terminology, school, or organisational and legal form, or self-identified approach, what all forms have in common is that they focus explicitly on creating social value (Stevens et al., 2009). Peattie and Morley (2008) note that there are at least two minimum criteria that identify a SE, which are: its trading activities, to a certain degree; and its focus on creating social benefits in society.

4. Social enterprise models in practice

Unlike the debates summarised in the section above, Alter’s (2007) and Teasdale’s (2010a) descriptions of specific SE models focus on how different types of SE are applied in practice. Alter (2007) identifies three types of SE in general: first, embedded SEs (embedded SEs); second, integrated SEs (integrated SEs); and third, external SE (external SEs).

In *embedded* SEs social programmes and economic activities are combined. The enterprise activities are “embedded” within the organisation’s operations and social programmes are the central purpose of the business. “The ‘target groups’ are integral to the model as direct beneficiaries of social services”, who, for instance, works as employees of the project (Alter, 2007, p. 26).

In *integrated* SEs, the social programme intersects with economic activities, often sharing costs and assets. The integrated SEs may be structured as an enterprise project within the not-for-profit or as a separate entity.

In *external* SEs, social programmes are separated from economic activities. External SEs are usually created by parent not-for-profits to accumulate funds and re-invest it into their social services and/or operating costs (Alter, 2007).

The current study, following from the research aim of this study, concentrates on *embedded* and *integrated* forms of SE in the homelessness field. As Alter (2007) noted above, despite some structural differences, these two models similarly aim to recruit disadvantaged people into their projects to enable them to be beneficiaries of their own labour. For this reason, these embedded and integrated SE types may have major significance in empowering their target beneficiaries.

In contrast, the *external* SE type is less relevant in the context of this study because, as noted above, firstly, it operates as an entirely commercial entity and, secondly, social programmes are separated from economic activities, and usually disadvantaged people are not employed in the project, instead it is mostly run by staff recruited from the mainstream labour market.

However, Alter (2007) does not address the specific development of SE types in the homelessness field, there has been rapid expansion in SEs in the homelessness sector in recent years reported by other writers (McKenna, 2011; Teasdale, 2010a, 2012a), and discussed in more detail in the section below.

5. Social enterprise in the homelessness field in the UK

The “SPARK” programme, established with an initial government investment of £2.94 m, in 2007, was presented as a social investment programme to support the development of SE organisations operating in the homelessness sector providing investment. It was based on the assumption that an enterprise approach was a sustainable tool to tackle the homelessness issue. It was managed by the TREES Group on behalf of the Department for Communities and Local Government for the period 2008–2011 with business consultancy support from the corporate world such as BT and Price Waterhouse Coopers (SPARK, 2009).

There are no published statistical data on the prevalence of homelessness-focused SEs in the UK. However, some scholars refer to data compiled by the Ethical Enterprise and Employment Network at Crisis in England (McKenna, 2011) and Social Firms UK. Tracey, Phillips, and Jarvis (2011, p. 68) note that “... a senior consultant providing advice to SEs that employ homeless people estimated that of the 800 non-profit organisations that support homeless people, around 80 percent use SE to a greater or lesser extent to achieve their objectives”. McKenna (2011) suggests, based on the Crisis database, that many SEs in the homelessness field are concentrated in London (35%). Earlier Alter’s (2007) general typology of SEs was outlined. Teasdale (2010a) furthers understanding of SE by contributing to the subject specifically in the classification of homelessness SE models. Teasdale’s (2010a) outlines six models of SE within the field of homelessness, as described in Table 1.

As Table 1 indicates, Model 1 is a type of SE which carries out an enterprise activity in order to earn income and to cover programmatic expenses. Model 2, as Teasdale (2010a) notes, is when contracted service providers are mainly focused on the provision of housing advice and temporary

Table 1. Models of social enterprise in the field of homelessness

Model	Description	Example
(1) Revenue generator/mission	SE as an income stream for third sector organisations	Salvation Army War Cry
(2) Contracted service provider	Homelessness related organisations delivering government contracts	Shelter
(3) Accommodation providers	Hostel and supported accommodation providers offering places to homeless people	St Mungo’s
(4) Community participation based	Hostel and supported accommodation providers offering places to homeless people	Emmaus
(5) Employment provider	SEs whose primary aim is to allow homeless people to earn an income	Big Issue
(6) Training and work experience	SEs providing homeless people with qualifications/(voluntary??) work experience	Crisis Skylight Cafes
(7) Hybrid	SEs combining two or more of the above models	Big Life Company, Shelter

Source: Teasdale (2010a, p. 29).

accommodation. Model 3, hostel and supported accommodation providers offering places to homeless people are typical to the homeless sector. Model 4 provides community-based supported accommodation living environment, and is distinguished from Model 3 in the sense that it provides a sheltered job and communal work “production” environment (Emmaus, 2001).

Models 5 and 6 are types of employment-focused SEs, with Model 5 relating to recruitment to paid work and Model 6 to the provision of skills enhancement and acquiring unpaid work experience voluntarily (Teasdale, 2012a). Thus, these models aim to facilitate the work integration of homeless people through gaining income, job skills and experience. Model 7 is a hybrid model which might involve more than two characteristics of any of the models indicated in Table 1. Generally, hybrid organisations, which comprise characteristics of different sectors and operate at the crossroads of non-profit, profit and state spaces (Bacq, Hartog, & Hoogendoorn, 2013; Billis, 2010; Teasdale, 2012a), accordingly provide the opportunity to utilise incomes from different sources (Campi, Defourny, & Gregoire, 2006 cited in Teasdale, 2012a).

Following from this, Teasdale (2012a, p. 530) has extended the study of SE models from a resource allocation perspective, wherein he challenges Alter’s (2007) embedded SE type. Teasdale (2012a) argues that embedded SEs “... should be conceptualised as hybrid organisations”. He then continues that:

... this is because they are able to blend the legitimacy of third sector organisations with the legitimacy of private firms through balancing institutional logics of both. While these additional resources might be ‘free’ to the social enterprise, they involve redistribution from the state, individual, private firms, and existing charities. (Teasdale, 2012a, p. 531)

Successive UK Governments have promoted SEs such as The Big Issue and Aspire as two “flagship” “innovative” mechanism to address unemployment amongst homeless people and to tackle homelessness in general. The Big Issue was set up in 1991 in London to help the homeless to earn an income by retailing The Big Issue magazine on the streets. The idea originated from a similar Street News publication in New York, USA, where a vendor selling this paper who was homeless could keep half of the cover price for every sold copy (Teasdale, 2010a). The Big Issue is based on the idea that homeless people can increase their self-esteem by earning money (Torck, 2001; Trotter, 2001). Four separate divisions of The Big Issue edition were established in the UK with policies and methods that diverged in some respects (Fitzpatrick & Kennedy, 2000). For example, the Big Issue in the North merged with Diverse Resources to create the Big Life Company, “... one of the UK’s largest SEs with businesses in areas including childcare, healthcare, buildings maintenance and employment training” (Teasdale, 2010a, p. 7). Teasdale (2010a, p. 28) notes:

A subsidiary charity has been set up to attract charitable funding to help meet the social needs of clients. Thus the Big Life Company has been able to create an integrated pathway towards employment for homeless people. This hybrid model also involves hybrid resource mixes, relying to differing extents on volunteers, trading in the market, state contracts, grants and charitable donations.

At the moment, the Big Issue is not only operating successfully in the UK, but its model has also been replicated by SEs in some other countries.

Aspire was one of the first SEs in the UK which applied business franchising to expand its entrepreneurship model. (Tracey & Jarvis, 2007; Tracey et al., 2011). It was established in 2001 with an investors’ commitment of £400,000 to support the funding of franchising projects. A new company (Aspire Group) was set up for investment transactions.

Aspire franchises were established in London, Birmingham, Sheffield, Brighton, Cambridge, Manchester, Blackpool, Oxford, and Southampton. Tracey and Jarvis (2007, p. 621) note that

... the idea of tackling homelessness through social enterprise also captured the imagination of government, with the “Homelessness Czar” (appointed by Tony Blair to tackle homelessness in Britain) taking a strong interest in the business [Aspire], and promoting it across the United Kingdom.

Within two and a half years of its establishment in 2001, Aspire employed more than 150 homeless people. However, Aspire, in contrast to the Big Issue, experienced financial difficulties and ceased its activities in 2004 as a result of bankruptcy:

After just a few months, it became clear that there were serious problems with the Aspire business model. Most significantly, the relatively narrow product range appeared to have limited appeal to customers, and sales were considerably below projections. Morale also suffered as the system involved franchise managers supervising employees between 9 a.m. and 5 p.m., and delivering goods in the evening, often until 10 p.m. Moreover, the difficulties of managing and supporting the employees, many of whom were battling addiction, placed severe strain on the franchisees. (Tracey & Jarvis, 2007, p. 628)

There are also the well-established Emmaus Communities which is another work-based SE in the homelessness field (Teasdale, 2010a). The concept comes from France and was brought to the UK by a Cambridge businessman in 1990 who had experience of living and working in a French Community as a student. Emmaus Communities’ homeless residents are called “Companions” (it originally meant: “one who eats bread with another” Emmaus, 2001, p. 1) There are usually between 15 and 30 companions in a community. All companions are expected to work mainly refurbishing and reselling second-hand furniture and electrical goods (Clarke, 2010; Fitzpatrick et al, 2000). The staff working in Emmaus suggested that a SE may need “... understanding of people, awareness of drug and alcohol issues, working with individuals with mental health problems ...” (Lovatt et al., 2007, p. 37). For some SE practitioners in the homelessness field “...the supportive working or training environment is more important than any specific qualifications or skills learned” (Teasdale, 2012a, p. 522). Unlike Aspire, Emmaus Communities did not experience failure in maintaining its operation. This was related to the fact that its income streams come from individual donations and public funding, as well as of trading its product on the market (Lovatt et al., 2007).

From this perspective, it is interesting to review the operation of employment-based SEs in the homelessness field in the UK, which aim to facilitate the work integration of homeless people through the provision of training, work experience and paid work. We turn to this issue in the next section.

6. How is social enterprise defined and operationalised?

This section explores the on the ground reality of SE in the UK and presents the research findings from the UK fieldwork relating to service providers’ and homeless people conceptualisation and operationalisation of key concept social enterprise. In doing so, a qualitative methodology was employed in the study, and interviews were conducted with 22 key informant stakeholders from social enterprises across the UK within 16 selected organisations operating within the UK homelessness sector. All selected organisations met the following criteria: recruiting homeless people into paid work; training and the provision of unpaid work experience with emphasis on one of these or other aspects. Snowball sampling captured a variety of geographical locations within the UK in order to ensure SEs operating in diverse contexts, geographically located in seven different cities in the UK within two jurisdictions—Scotland and England and a diverse labour market and homelessness contexts.

6.1. “Official definition”

As noted in section above, the DTI suggested its definition of a SE which can be paraphrased thus: a business with a social mission whose overall aim is to re-invest earned profit back into social objectives (DTI, 2002). This was reflected in some on-the-ground views. For instance, an officer from a SE in Scotland noted that a SE is intended to “... to serve a social purpose and to be self-financing”.

Similarly, senior staff of a SE in North England noted that SE “... works to recycle money which has the potential to benefit the implementation of social purposes”. The senior manager of a SE in Scotland explained: “... I think it’s a business that exists for a social purpose”. Project staff of a SE in London suggested that: “... it trades for a social purpose, it aims to be profitable. And ... may not distribute its profits to individuals ... you know, for private gain”.

However, in a number of cases participants suggested that the DTI definition was ambiguous and/or weak. According to a senior manager of a SE in London: “... the Government’s taken up the idea of social enterprise quite genuinely in the U.K., although it has no idea what it is”. As discussed earlier, Teasdale (2012a) casts doubt on the purely commercial capacity of work-based SEs in the homelessness sector in the UK to generate surplus and challenges the DTI (2002) definition. Generally, the interviewees confirmed Teasdale’s (2012a) point. One participant from a SE from London noted that an SE’s “surplus generation is not accumulated only by profit-seeking behaviour similar to that of commercial companies” and explained that SEs in the homelessness sector also generate income from grant funding, donations and charity funding. In this sense, SEs might employ a cost-transfer strategy from more than one source (Teasdale, 2012a). A SE staff member from the North of England emphasised that their organisation also accumulates “... surpluses through contracts ...” as well as “...attempting to work in a very business-like way”. The senior manager from the SE in the North of England stressed:

I don’t think I mean, clearly there are social enterprises that are 100% supported by income generation but with the complex needs of our clients and the funding environment that’s out there, it’s unrealistic to have that view and what you need to do is try try to find a balance between the amount of fund raising, the amount of grant that you can identify to support it and the amount of income generation you can achieve as well. So it’s finding a balance.

The next point worth noting is, as discussed in the literature review, in 2005 the UK government, while developing its landmark changes within the SE landscape, also introduced the SE CIC law, the underlying idea of which was to differentiate it in an ideological sense from traditional voluntary organisations (Malik, 2008; Nicholls, 2006; Social Enterprise Coalition, 2009; Teasdale, 2012b). This was partly confirmed during interviews with key informants. Some SEs with a business emphasis implied that the CIC law enabled them to operate more like the businesses rather than charitable bodies. One participant, a senior manager from the North England, made it very clear that he conceptualised SE through the lens of CIC status. This interviewee pointed out that CIC status enables the sidestepping of many charitable law restrictions and also noted that “CIC allows private ownership of the company”. The interviewee from the North of England explained that his organisation had a CIC status, but it was also a company limited by shares in which each of the Board members has a share:

... it’s set up essentially as a commercial company but with the CIC status and that it’s owned by the founders and the Board members all have a share.

Then the interviewee continued by pointing out that: “... you know, the investors in essence, not all of the investors but the majority of the investors, actually control the business”. A dividend cap which limits the material interests of capital investors (Malik, 2008) is still in place, yet as a staff member of a SE with a business focus he noted that: “... the employees can take money out as wages”. This example suggests that some Board members who are also SE employees could get round restrictions on dividends to a certain extent by taking them as wages instead.

However, it was also reported in the literature that the central quality and main difference between a SE with CIC and a commercial company is its “asset lock” (Malik, 2008). As noted earlier, the asset lock is a general term used to cover all the provisions designed “to ensure that the assets of the CIC are used for the benefit of the community” (CIC Law, 2006). The main principle of asset lock is that it legally prohibits CICs from distributing their assets (or profits) to their members and if a SE

went bankrupt, the assets would be used for the benefit of the local community (Malik, 2008). However, this fieldwork partly challenges the feasibility of this. A project staff member from a SE with a legal CIC status pointed out that:

... theoretically, there is asset lock although if you look at our balance sheet we don't actually own any assets. All our buildings are leased and increasingly our equipment's leased as well. So the amount of capital actually tied up in the business is quite small, so the asset lock doesn't really affect us but it is there, theoretically.

The fieldwork suggested that in some SEs with a business focus, although a *de jure* "asset lock" can be in place as one of the criteria of SEs, the *de facto* leasing system "allows" SEs to make it less workable. As a consequence, a legally registered CIC SE with a business emphasis owned predominantly by private founders may operate much like a commercial business because it uses a leasing scheme to avoid being subject to an asset lock. Such circumstances might "push" those CIC SEs which use a leasing system for organisations' owned equity closer to commercial firms.

6.2. Social enterprise: "the business emphasis"

While the consideration of an "official definition" was the starting point for the author's investigations, significantly, the research suggested that some SEs, if they were established by the predominantly private capital of the founder, then a business emphasis prevailed in the project and it operated more like a commercial enterprise. Three of the SEs the author had contact with fell into the category of business-oriented SEs. For instance, senior project staff of a SE with a business orientation articulated this understanding of what SE is "a social enterprise is a business, a proper money-making business or breaking even, a business that operates in the business world in the normal manner". In a similar vein, a member of project staff from London hoped that their organisation aims "... to be profitable. You've got to have the focus on making money and then doing the social objectives". The senior manager of yet another SE emphasised that their SE seeks to make a profit and it differs from traditional charities in that the project aims towards capital growth. For this reason the profits go back into the business and as the interviewee provided an analogy from the commercial sector "... we expand like any other business. Morrison's, The Body Shop, MacDonald's, that's the way we see ourselves ..."

A project staff member from North England, likewise, stressed "... you've got to have the focus on making money and then doing the charitable objectives". The senior manager of another SE added that the project operates in a manner so that "... the more successful we are at the catering side the more opportunity we can do for the training ...". This views echo the USA approach of the "social enterprise school" identified in the literature, in which the application of business ethos (Teasdale, 2010b), practices and efficiency is the main quality of SE (Dees, 2007; Defourny & Nyssens, 2010; Kerlin, 2006; Mair & Martí, 2006; Stevens et al., 2009; Young, 2010).

Many interviewees tried to explain why they adopted a business-orientation. There is broadly a similar vision to explain the rationale behind moving towards income-generating projects. As discussed earlier, the literature suggested that because of government financing shortages and funding cuts, not-for-profit organisations are forced to seek alternative resources (Dees, 1998; Mort et al., 2003; Kerlin, 2006; Teasdale, 2010c; 2012a). It is conceived, according to one SE senior project manager, as an attempt to be resilient "against the current period of funding cuts" and seek an additional source of income in the wider market.

Respondents provided further clarification on this subject. SE senior staff noted that a business emphasis "... attracts more people to the Board of the organisation ..." which helps to obtain more flexible risk-taking business-investment decisions and avoid "... bureaucratic requirements". The main underpinning idea behind the operationalisation of the SE in such a manner was that it provides "financial independence", thus the sustainability of the project. This interviewee's point reflects to a certain extent the USA social enterprise school which advocates SEs with a business

emphasis and surplus generation via power of marketplace (Dees, 1998). This also partly mirrors the DTI term of SE which proposes that SE is to be financially independent from grants (DTI, 2002; Smallbone & Lyon, 2005; Social Enterprise Coalition, 2009; Social Enterprise Mark, 2010).

Linked with this, one officer of a SE in North England believed that employment-based SEs' financial independence allowed for the staff members to concentrate on working intensively, and in a personalised way, with their services, whilst large scale grant-funded charitable organisations often have to show quantitative targets in their reports (Aiken & Bode, 2009) as: "... large organisations and contracted organisations are audited but they are audited on paperwork, not people". The interviewee then provided an example:

a specific contract could be 'You need to get 100 people out of 200 people back to work' and all you would see was 100 outcomes. 100 letters of employment but actually what difference has it made to those people's lives. That's ... you can't ... you know, that's invaluable. But a lot of government-funded training schemes don't look at the bigger picture with people which I think is ... Which is why we're very different, again.

Within this "business orientated" camp, however, there is a sub-theme to note. Some interviewees, who proposed the conceptualisation of SE primarily from an economic point of view, explicitly articulated the challenges that one might encounter in making this vision a reality, i.e. in generating income by selling a product on the commercial market. For one project staff member of SE, SEs are "... businesses analogous to any other business and therefore they face the same market risks as other businesses". For this interviewee "... they have customers to serve ... and like most businesses, raising finance to build the business is probably the biggest hurdle". It should be noted that competing with commercial companies and maintaining a high enough quality of product when the project employs disadvantaged people were listed as major challenges. As one staff member of a SE from North England, who was responsible for the organisation's commercial interests, explained:

... you want to do nice things for homeless people, but actually one has got to run a business. You've got to think through what your market is. You've got to think through what the competition is; you've got to have a proper business plan and be able to run it as an economic entity ...

Similarly project staff in another SE with a business orientation stated that:

... actually the social benefit is probably only half of what we do. You know, part of what we do. It's a much more professional business, based around a very professional business model, trading in a sector which is not a traditional social care thing at all. You know, catering is nothing to do with most of the social enterprises that are set up. And the social benefit is achieved in other ways while trading through that business.

In other words, SEs with a business emphasis argue that SEs realise their financial sustainability through a business-oriented model which is, then, reinvested back in the social programme. However, the reality in terms of the limited "profitability" of even business-orientated SEs could belie these ambitions. In practice, as Teasdale, Alcock, and Smith (2012, p. 531) noted earlier, work-focused SEs in the homelessness sector "blend the legitimacy of third sector organisations with the legitimacy of private firms through balancing the institutional logics of both" and mainly generate income from various sources. The senior staff member from the SE in the North England believed that "... undoubtedly the main criterion of social enterprise is its financial viability", yet the income stream could be sourced "variously and from different sectors". Additionally, one should note how SEs transfer the costs from state resources. For Teasdale et al. (2012), if some SEs focusing on the employment approach in the homelessness sector:

... had paid homeless people at the minimum wage, the housing benefit they received would have been reduced, so withdrawing a key financial element of their business plan. At the same time, the SE would have increased the costs necessary to sustain themselves.

This present study confirmed this point. For instance, SEs with business emphasis organised training courses and the provision of a work experience in such a way as to avoid jeopardising the state benefits of their homeless service users. For example, in one case the service provider explained that the course was: "... four weeks in length, three days a week, fifteen hours a week, so in total sixty hours of learning ...". They went on to clarify that: "... you're only allowed to do 15 h of training a week and still claim benefits. If you do anything more they take your benefits off you".

Generally, all four case study employment-focused SEs used a cost transfer strategy from state resources, including SEs with a business emphasis (there was not enough detailed information on the other key informant SEs).

6.3. Social enterprise: "the social emphasis"

In contrast to those SEs discussed above, the SEs that evolved from existing charities, emphasised social aims and remained more akin to traditional charitable or voluntary organisations. Ten of the SEs the author had contact with fell into the category of social-focussed SEs. For example, staff members in one SE with a social focus maintained that a SE operates in the business world in a manner that has "... an eye on improving the situation of homeless individuals who noted that we do take people's values to work, from previous lives, into consideration." Another SE project manager from London perceived that a SE's central quality in the homelessness context is to create an innovative element in businesses "... tailored to people at all different stages of social vulnerability and development". This is, largely, consistent with the European term "SE" which primarily focuses on a social emphasis (Teasdale, 2010b).

However, these interviewees, in contrast to the existing literature, specifically referred to a project's origin as one of the defining features of SEs. All of the SEs with a social focus had originally started off as charities. One SE senior staff member stressed that an enterprise can be conceptualised as a social business if it evolved from charitable "origins", going on to say that:

... the danger is you have some unscrupulous businessmen who see it as a social enterprise but actually it has no social arch, no social gain or no social benefit ... for me, it does have to have some sort of social aspect, some charitable aspects ...

The project staff of SEs with social focus, which initially originated from charity social programmes, said that "we want them to carry on with the work done by the parent charity and a social enterprise was the natural way of doing that". Additionally, the project officer of another SE noted that in fact a SE is "a self-sustaining charity".

Interviewees stressed that SEs, including those registered as CIC, had evolved from charities. The senior project manager of one SE from London, established as CIC, explained the link between the charity and the SE thus:

... the parent charity provided financial support to purchase all necessary tools, workstands, office furniture and a computer. An empty space in the building is provided for free.

As earlier noted, the DTI's (2002) "official definition" suggests that SEs are set up to generate income to be reinvested in the pursuit of social objectives, but in practice some of the SE cases involved in this study are supported by charitable agencies and subsidies that in fact go in the opposite direction: here it is the charity that supports the SE (see also Teasdale, 2012a). A senior staff member in a SE with a social focus maintained that SE is:

... a generic term for businesses for the good of the people that are involved ... they're charitable in some senses. I mean, we are pumping money into them from fund-raising.

Thus, this means that the historical origins of SE can be in charities, and SEs can receive charitable support, sometimes only on a transitory basis, in the hope that they will become profitable eventually.

In contrast to the SEs discussed above, there was a subset of the “social emphasis” group, charitable agencies which attempted to re-brand themselves with a SE image which was advantageous for a certain reason. As noted in earlier, Teasdale (2010c) describes this as the “organisational impression management” (OIM) approach. OIM is a deliberately developed strategy which is used to create a certain organisational image and perception amongst an external audience in order to accumulate resources from different stakeholders (Bolino et al., 2008 cited in Teasdale, 2010c). In other words, these organisations use the IOM approach to rhetorically self-identify themselves as SEs “to access a wider range of funders than other third sector organisations” (Teasdale, 2010c, p. 287). For Johnsen (2012) this is a “public rebranding” where organisations “play out” or “play down” certain historical characteristics depending on their audience. There were three SE representatives who identified their projects from an IOM perspective (Teasdale, 2010c).

For instance, a project staff member in one SE believed that SE is part of a charity project and that “... the social enterprise aspect is purely the financial running of the programme” and they also referred to the present economic climate:

... it is necessary when you go to the funder to show that you are doing something to help raise money yourself, and if you were not operating as a social enterprise which runs your charitable business but actually makes a profit from it, then they would not look favourably upon your application.

In line with this, a senior project staff member of a SE noted “Saying we’re a social enterprise gets people interested and partly at the moment that’s for the purely administrative reason; in terms of a lot of bidding for funding ...”. Similarly, an interviewee from a SE in London also pointed out in this regard: “to tick ‘social enterprise’ on a funding bid is a positive, it’s generally seen as a positive. So we get lots of approaches”.

Another participant from the north of England suggested that an element of OIM might also be directed to wider market “players” in order to be “taken seriously” for business deals with suppliers, by tenderers and customers:

So being a social enterprise Sometimes I play on the fact that we’re involved heavily with the parent charity and that we are a charity, social enterprisey, type thing. Other times I don’t say that. Some people are though, “Oh, charity? Social enterprise? Brilliant!” And other people go, “Homeless people? On my premises? No thank you.” So there’s a, there’s a judgement ... It’s a bit naughty. Sometimes I play on it, sometimes I don’t but on the whole having your own identity as this social enterprise, this business, allows you to be taken seriously by people who you’re trying to work with, by suppliers, by tenderers, you know, people who are offering work out, people you’re trying to get work from, people ... you know, those kinds of bits and pieces, treated sort of with respect and allows you to operate in a business world.

The point regarding being “taken seriously” was also expressed during the course of interview with a senior staff member of a SE in Scotland who noted that:

I think that us being a social enterprise and a business allows us to operate in the real world. It is as a business in a proper manner and therefore you’re automatically sort of taken more seriously, treated with a bit more respect. If you go in as a charity everyone’s like, “You’re not business. You’re not professional ...

Thus, OIM can sometimes be used by organisations to “legitimise” their services in the market. As discussed above, the OIM process, however, is described as a two-way process of negotiation where

external resource holders are not passive recipients and the commissioners also prefer to be positioned as active “collaborators” with SEs, preferably with more successful ones (Teasdale, 2010c).

However, “managing” organisational identity and the fact there are various conceptualisations of SE can partly be explained by the deliberately loosely-defined term provided by the DTI definition (Teasdale, 2012b). The project staff of a SE in the North England commented that: “... all of those different roles are banded together as “social enterprise” because I think they’re actually probably four or five different things”.

7. Summary of the definition and operationalisation of social enterprise

In summary, the fieldwork has shown that the conceptualisation and operationalisation of the concept of social enterprise “on the ground” in the homelessness field is more complex than the DTI “official” definition implies. Most fundamentally that some SEs, if they were established mainly using the private capital of the founder, then business emphasis tended to prevail in the project and it operated more like a commercial enterprise. On the other hand, some SEs evolved from charities, emphasised their social aims and were more akin to traditional voluntary organisations.

In terms of the case study, SE organisations looked at in depth in the second stage of the fieldwork, one could be classified as “business orientated” and the other three had a “social emphasis”. For now, one point worth noting is that, interestingly, these SEs with a business and social emphasis may similarly take a CIC legal form. This partly challenges the UK New Labour government’s (1997–2010) attempt to ideologically differentiate SEs from traditional organisations through the introduction of CIC law. Furthermore, a SE with a business emphasis owned predominantly by private founders may operate much like a commercial business because it uses a leasing scheme to avoid being subject to asset lock. Even though a dividend cap of CIC which limits the material interests of capital investors is still in place, the employees can take money out as wages. Such circumstances might “push” those CIC SEs with a business focus closer to commercial companies.

There were SEs which identified their projects as having neither a business nor social focus but rather from the “OIM aspect” which prioritised the ‘impact’ of external factors, namely the promotion of the SE concept by successive governments and consequently by a range of funding commissioners. In these cases, the concept of SE was something which was more linked to external communication with funders and partners rather than with a particular approach to the services provided to homeless people. The research suggested that an element of OIM might also be directed to wider market “players” in order to “legitimise” some commercial deals with suppliers, tenderers and customers.

As noted earlier, the DTI definition suggests that SEs are set up to generate income to be principally reinvested in the pursuit of social objectives, but in practice many SEs did not earn surplus through trading but rather used a cost-transfer strategy from various sources, including state resources via the benefits system for disadvantaged people (see also Teasdale, 2012a). In other words, there are several points to note with respect to SEs’ financial capacity: (a) ideally, a SE might make enough trading income to entirely sustain its own activities and cross-subsidise a charitable arm/organisation; (b) some SEs might make enough financial resources via trading income to entirely sustain their own activities, but only just enough to “break even” so there was no surplus “profit” to invest in charitable programmes; (c) SEs might make some trading income, but this was only enough to cover part of their operational costs, and so the SEs needed some subsidy to invest in social programmes (the cost transfer model); (d) Some emerging SEs make no trading income (so required all costs to be met via cost transfer). The majority of SEs in this study, involving SEs with both business and social orientations, was in (c) whilst one SE with a social focus was in (d).

Thus, these SEs are in fact quite hybrid in financial nature. Furthermore, the research suggested that, in contrast to the DTI (2002) concept of a SE, the charitable arm of organisations quite often

cross-subsidised the SEs involved in the study. Importantly, these points confirm the findings of previous research on this subject in the literature (again see Teasdale, 2012a).

Finally, it should be noted that the service providers' conceptualisation of their SEs also showed that Alter's (2006) embedded vs. integrated SE typologies described earlier, turned out to be not as significant as it was assumed. Rather, in practice the key division amongst employment-focused SE in the homelessness field in the UK was revealed to be between those who understood SE predominantly from a business point of view vs. those who viewed it mainly from a social perspective. Similarly, the "social innovation school" identified earlier in the literature which focuses on individual leaders as "innovators", did not have any purchase amongst SE in the homelessness field.

8. Social enterprises in the homelessness field in Kazakhstan

In Kazakhstan there are no relevant national strategies or programmes developed by central government. However, there is state funding made available for city administrations to establish Homeless People Centres which provide short-term accommodation and other basic services. Particularly interesting in the context of this study, is that Kazakh policy-makers have increasingly been emphasising access to employment as one of the policy responses to urban homelessness in Kazakhstan, with some local authorities even promoting attempts to "force" homeless people into voluntary jobs. At the same time, but in parallel, social enterprise has been initiated by bottom up non-for-profit organisations as one response to homelessness in Kazakhstan. Social enterprises operating in the homelessness field have argued that the generation of income through a business-oriented model is a viable approach to address this issue.

There are no official statistics or data published on the number of homelessness organisations in Kazakhstan. The author of this research worked in Kazakhstan's not-for-profit sector for three years and can verify the shortage of specialist homelessness projects. However, there are various health, drug and alcohol rehabilitation centres dealing with vulnerable people in their projects, many of whom may be homeless, without stating a clear mission targeted at addressing homelessness.

There are two main SEs in the homelessness field in Kazakhstan. These are social enterprises based in Almaty city, called "Baspana" (Shelter) and "Moldir" (Transparent). The main objective of these social enterprises is to bring financial services to poor homeless people. Social enterprise Baspana was set up in 2006 by its parent non-governmental organisation, and provides training on self-employment for homeless people (Micro Finance, 2007). As noted by a senior manager in Baspana, this decision was based on maintaining the financial sustainability of the organisation. Malikov (2012), the founder of Baspana, argues that: "... our approach is a social enterprise one and this is very different from previous traditional models in the non-governmental sector. This is a path which developed countries NGOs use to sustain projects". Kazakh homelessness Baspana officers visited to The Big Issue office in Glasgow in early stage of its development in 2002. The main purpose of the visit was to explore the social enterprise approach of The Big Issue in Scotland and to ascertain whether the idea of the homeless people work integration social enterprise could be implemented in Kazakhstan. However, as notes, Project manager of homelessness social enterprise Baspana, there was recognition that within this exchange visit it would not be possible to study in depth the idea of social enterprise sustainability and assess how it worked in practice. Moreover, during the meeting with The Big Issue some questions were left unanswered.

Whilst social enterprise "Moldir" renders micro-crediting service in its activity and it is used to develop lending mechanisms that do not depend on the collateral, credit history, and loan guarantees that the formal banking sector requires. By forming small groups whose members are jointly liable for each individual's loan, the micro-credit policy creates a form of social collateral to substitute for material assets (Moldir, 2010). Moldir evolved from its parent (non-commercial) homelessness organisation in 2003. It aims to increase employment and entrepreneurship amongst low-income, unemployed people, including homeless people, by providing them with access to microcredit services. Moldir's social and micro-crediting projects co-exist and continue to offer credit to homeless

self-help groups to enable them to maintain the social entrepreneur support model (Moldir, 2010). However, since the economic recession started in 2008, Moldir has attempted to broaden its focus to the wider population but, unlike Baspana, continues to work with the homeless population too. Moldir has no funding or contracts from government, something which poses financial challenges for the organisation, and also the motivation to focus on its enterprise function.

Whilst Kovtunova, a Project Manager of Kazakhstan's Association for Civil Society Development, pointed out the significance of the development in particular employment-focussed SEs in homelessness field:

Work-based social enterprises in homelessness field as well as in any other fields is a trend widely developed in many countries across the world, this is a chance for homeless people to access a job. In fact it is also an 'innovative' organisational strategy for financial sustainability via trading services or any type of product in the market. I know homelessness organisations such as Baspana quite well, however Kazakh social enterprises should be very proactive to develop this route. (Counterpart International, 2008, p. 23)

Likewise, the project manager of employment-focussed SE in the homelessness sector in Kazakhstan believed that SE was a major element of financial independence from grant funding: "SE provides an approach to establish 'independent' budget from grant funding" (Moldir, 2010, p. 12).

This perception of SEs as "very different" from charitable organisations—and capable of providing cross-subsidy to the social activities of charities—was of course discussed in the UK context in earlier sections. These recent developments in Kazakhstan suggest that there is much to be gained from exploring whether lessons might be learned from the relatively well-established employment-based SEs in the UK in terms of their financial capacity and organisational level lessons for Kazakhstan arising from this UK study.

9. Concluding remarks

The purpose of this study was to identify how is the concept of social enterprise defined and operationalised in the UK homelessness sector in order to find out organisational level lessons for Kazakhstan arising from this UK study related to the definition and structure of SEs.

Kazakhstan's homelessness SE practitioners tend to argue that core to the SE concept is the idea that this is first and foremost a business whose income generation function enables it to sustain the viability of social projects, and that this makes SE a fundamentally different model from that of traditional voluntary organisations.

In contrast, the current research suggested that that there were quite distinct roots of understanding the term SE in the UK homelessness sector, with the key division identified between those SEs with a "business" emphasis and those with a more "social" emphasis. This distinction in emphasis in turn tended to arise from the origin of the SE. As noted earlier, if the founder of the SE had a professional business background, and he/she had invested a significant amount of his/her own private capital into the project, these SEs tended to have an ethos similar to that of a private company. Other SEs has, on the other hand, evolved from charitable organisations and tended to place overriding emphasis on the social component of their work, with an ethos very similar to that of a traditional voluntary organisation. Yet, both of these types of organisations call themselves SEs and claim to promote social values.

From this one can note that Kazakh conceptualisations of SE tend to be akin to those British ones which place a heavy emphasis on a business ethos. Therein lies important lessons for Kazakh civil society organisations as they develop the SE model in this field.

Also striking in the UK was the realisation that there were SEs in the homelessness field which identified with neither a business nor a social focus, but rather from an “presentational” perspective found the SE “label” expedient in fitting with government commissioning and other agendas. In these cases, the concept of SE was something which was more linked to external communication with funders and partners rather than with a particular approach to the services provided to homeless people. This also might be an important lesson for Kazakh policy-makers in that caution may be required about the emphasis to be placed on SEs in supporting civil society interventions on social issues, as this may disadvantage some traditional charitable organisations which could then simply re-label themselves as SEs for tactical reasons.

There may also be a general lesson to be drawn from consideration of the gap between the “official definition” of SE in the UK and the reality of their operation as revealed in this research (at least as regards those operating in the homelessness fields). As research suggested, the British government assumes that SEs aim to generate an income to be reinvested in the pursuit of social objectives (DTI, 2002). However, in practice many SEs in the homelessness field had evolved from existing charities (Teasdale, 2012a). This illustrates the interconnectedness of SE and charity models, and suggests that SE practitioners and other interested parties should avoid ideologically contrasting SEs with traditional charities.

Moreover, the income sources of the UK SE in the homelessness field are diverse and they often use a “cost-transfer” strategy to subsidise their “enterprise” elements, with this subsidy being sourced from a combination of government grants, charitable reserves, and also, very often, the state benefits received by their “workers” (who are generally unpaid volunteers) (Teasdale, 2012a). This means that, in reality, the subsidy sometimes flows in precisely the opposite direction from that envisaged in the official definition of SE—i.e. the charitable arm of the organisation may well be subsidising the “enterprise” element. It also means that SEs do not (at least in the short-term) free their service users from “welfare dependency”, but rather such continued reliance on state-funded benefits is an integral part of their business model.

While this “cross-transfer” strategy helps to mitigate tension between the income-generating and social objectives of SEs—i.e. by taking the “pressure off” in terms of competing on equal terms with truly commercial organisations—it clearly raises some important issues with respect to the gap between rhetoric and reality in the operation of UK SEs. It certainly suggests that Kazakh policy-makers should be realistic in terms of the likely market competitiveness of SEs (if unsubsidised). The full reliance of SE projects on their earnings in the market may therefore not be possible and central government may want to consider granting funding for both charities and SEs alike, at least to cover projects’ social components, particularly given that the very low level of welfare benefits available to unemployed people in Kazakhstan places severe limits on this as a potential source of SE subsidy (that is vital in the UK context).

This suggests that, Kazakh practitioners may be naïve as to expect that earning surpluses by trading services and other products in a competitive market is a panacea in increasing the financial sustainability of homelessness service provider organisations. In other words, it is unrealistic to expect employment-based SEs at least to be able to reconcile commercial and social goals in any absolute sense (Teasdale, 2012a). Kazakh authorities should therefore avoid shifting the entire financial responsibility for the social support component of employment-based SEs in the homelessness field themselves.

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