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# Social Enterprise Applications in an Urban Facilities Management Setting: Initial Findings

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## Abstract

Public facilities operations in local authorities are facing increased costs each year. The need to move away from the traditional service provider approach is seen as a way of reducing running costs in facilities operations. This brings a new notion of developing a sustainable design for maintaining the public facilities for the benefit of the community. Use of urban facilities management (urban FM) as a mechanism for developing a sustainable design for managing public facilities operations could be a way of achieving this in order to make a difference. The underlying philosophy of urban FM is highlighted in the study conducted by the Public Management Foundation UK (PMF), which describes the use of “social enterprise” as an approach to seek a new organisational form. In this context, the study on which this paper is based, explored relationships between urban FM and social enterprise principles within multiple diverse organisations in order to gain further explanations towards developing acceptable criteria for the suggested new model. Furthermore, with the generalisation of the suggested criteria, this paper looks into the applications of this new model in Malaysia within local government settings. In this context, this paper is an attempt to elaborate on the initial findings that emerged from the pilot interviews.

**Keywords:** public facilities, social enterprise, urban FM, pilot interviews, conceptual framework

# 1. Introduction

## 1.1 Background to the research

It was discovered from the literature, that the theme of urban FM is an emerging concept in finding new and innovative ways to manage public facilities and community assets (Roberts, 2004; Nutt, 2004). Therefore, this study proposes using urban FM as a mechanism for developing a sustainable design for managing public facilities operations, through the approach of developing a new service delivery model that meets the needs of social enterprise. The underlying philosophy of urban FM is highlighted in the study conducted by the PMF (Steele et al., 2003) which describes the use of social enterprise as an approach in which new models of delivering public services are sought. The UK government has highlighted the role of social enterprise as a model for maximising the public good through business solutions, as outlined in the Department of Trade & Industry report '*Social Enterprise: A strategy for success*' (DTI, 2002), published in July 2002.

Accordingly, this study explores the urban FM concept by gaining an understanding of the underlying philosophy of urban FM and this will be based on the premise of the use of social enterprise as a stepping stone in the process of finding a new model for managing public facilities operations, as was suggested in the PMF study (Steel et al., 2003). It could be argued that in seeking a new organisational form which suits an urban FM setting, social enterprise seems to offer this new kind of service delivery model. This direction could be used to provide a flexible 'platform' in which agencies and the private sector can come together in a new and innovative setting for the benefit of the community (urban FM)-(Roberts, 2004). For this reason the link between urban FM and social enterprise needs to be further elaborated in order to have a strong basis for developing this new service delivery model. Hence, urban FM and social enterprise will act as the main concepts identified for this study.

## 2. Key issues identified from the literature

### 2.1 Relationship between urban FM and social enterprise

Robert (2004) identifies urban FM as, "*a logical extension of the need to reinvest in community facilities and systems, and provide a flexible 'platform', in which agencies and private sector can come together in a new and innovative setting for the benefit of the community*". As discussed in the above section, many authors (K. Alexander, 2006; Kasim and Hudson, 2006; Nutt, 2004) have agreed with this initial idea of urban FM. These dimensions have given a new idea for this study in the seeking of new ways of delivering public services. There is for example, the suggestion of urban FM as a possible new service delivery model for managing public facilities operations for urban sustainability. Urban sustainability is needed to ensure that future urban development can be retained regardless of the limited quantities of natural

resources. It is the process and development of a sustainable design that could help to retain what is left for future generations. Roberts (2004) also provides some examples that lead to a platform in which agencies and the private sector can come together in new and innovative settings. However, there is no specific guideline on how this platform could work. This platform could be used as a new way of delivering public services, instead of having either the public or private sector as the sole service provider. The need to move away from the traditional service provider's approach is seen as a way of reducing running costs in facilities operations. This could bring about a new notion for developing a sustainable design to maintain public facilities for the benefit of the community. By considering sustainable factors in seeking new ways of delivering public services, therefore, this study is using urban FM as a mechanism for developing a sustainable design to manage community facilities operations.

As the underlying philosophy of urban FM, social enterprise is part of the focus of the exploration, through examining the variety of the service delivery model within its principles. In addition, Alexander (2006) has further explored Robert's idea of urban FM and suggested that the social enterprise organisational form could be used in FM as a 'New Economics'. The information provided by the PMF study (Steele et al., 2003) sought the views of a wide range of senior public service managers about some of the challenges facing the best value agenda of the UK's government. Initially, areas of concern were identified as listed below:

- difficulties in creating partnerships between community service organisations;
- access to capital;
- the need for greater organisational autonomy;
- difficulties in balancing accountability to both service users and the public through the democratic process; and
- lack of capacity to attract high calibre managers.

Potentially, according to Robert (2004), urban FM provides solutions to a number of these problems through the creation of "arms length" organisations with greater autonomy and access to capital. Amongst the advantages would be:

- the introduction of the techniques of business management, in particular efficiency improvement to public services;
- the introduction of market mechanisms and competition into public life; and
- a greater level of service and customer orientation within public services.

Therefore, at the early stage of the literature review, an attempt has been made to identify the links between the concepts of urban FM and social enterprise. The first stage is to try to look at the differences in the definitions, principles and approaches of each concept. Table 1 below, outlines these differences.

*Table 1: Contrasts between the concepts of Urban FM and Social Enterprise*

*Source: (Pearce, 2003; Roberts, 2004; Steele; Tetlow and Graham, 2003; Thompson and Doherty, 2006)*

<i>Context</i>	<i>Urban FM</i>	<i>Social Enterprise (SE)</i>
<i>Term Definition</i>	<i>Provide a platform for agencies and private sector to work together in an innovative setting to reinvest in community facilities and systems for the benefit of the community</i>	<i>The generic term for all trading enterprises which have a social purpose, a non-profit aim and a democratic, accountable and common-ownership structure</i>
<i>Characteristics/ Principles</i>	<i>Introduce business management techniques, in particular efficiency improvements to public services; Introduce market mechanisms and competition into public life; and Introduce a greater degree of service and customer orientation within public services.</i>	<i>Having a social purpose or purposes; Achieving the social purposes by, at least in part, engaging in trade in the market place; No distribution of private profits; Holding assets and wealth in trust for the benefit of the community; Democratic structure; and being independent organisations accountable to defined constituencies and to the wider community.</i>
<i>Similarity</i>	<i>Local development and regeneration; Working for the state; Managing community assets and public facilities for the benefit of the community; Market-driven business</i>	<i>Local development and regeneration; Working for the state; Providing services to the community for the benefit of the community; Market-driven business</i>
<i>Approach by</i>	<i>The introduction of business management techniques, in particular efficiency improvements to public services; Introduction of market mechanisms and competition into public life; A greater degree of service and customer orientation within public services</i>	<i>Having a social purpose; Engaging in trade in the market place; No distribution of private profits; Holding assets and wealth in trust for the benefit of the community; Having a democratic structure; Being independent organisations, accountable to defined constituencies and to the wider community</i>

Although there are differences between these two main concepts, their similarities could be used as a basis for developing a list of suggested criteria for a new service delivery model for managing community facilities operations.

### **3. Initial criteria for the new service delivery model**

Within this context, this study will look into the suggested criteria, which will be discussed in this section. The suggested criteria are identified based on the similarities within and also between, the main concepts. These will act as the initial criteria, developed from the literature

review by looking at other settings and other countries in accordance with the underlying philosophy of urban FM and social enterprise principles. Later, these criteria will be expanded by looking at current international practice. By obtaining an understanding of social enterprise principles, the newly created service delivery model will be capable of operating without relying on government funding, and would be both sustainable and at the same time capable of creating a profit. This profit or surplus would then be put back into the company in order to make it self-sufficient. This is a fair assumption to make of the arrangements, as social enterprise is seen as a new form of company that is working towards a social mission. Having a variety of companies as social enterprises might enable interested bodies to choose the most suitable type of company relating to their mission and objectives. This will in particular not restrict them to having to choose a company with a charitable status would therefore be limited in its profit-making but could expand choices by having a variety of profit-making companies that comply with social enterprise principles in an urban FM setting.

Furthermore, drawing on the inter-relationships between the concepts, Table 2 below outlines the initial list of suggested criteria or enablers to be dealt with, within the context of the study.

*Table 2: The initial list of suggested criteria for the new model that will be developed*

*Source: (Pearce, 2003, Ridley-Duff, 2008, Alexander, 2009, ICA, 1995)*

<i>Suggested criteria</i>	<i>Description</i>
<i>Having a social purpose</i>	<i>Holding social objectives lying somewhere within the business objectives</i>
<i>Market-driven business</i>	<i>This can range from non-profit (charitable status) companies to profit-making companies. By having social enterprise principles, they can partly promote the social economy by making a profit.</i>
<i>Independent and accountable</i>	<i>Being independent organisations accountable to a defined constituency and to the wider community</i>
<i>Initiated by the government</i>	<i>The organisation need to be initiated by the government in order to gain funding before it can operated independently</i>
<i>Co-operative values and principles</i>	<i>At the outset, taking a co-operatives approach seems to be one that is easy to adapt into the foundation of a new organisation/enterprise.  (This includes voluntary and open membership, democratic member control, members' economic participation, autonomy and independence, education, training and information, co-operation among co-operatives, concern for the community)</i>
<i>Managing community assets for the benefit of the community</i>	<i>This tends towards a social mission (it seems to be more social than economic) by delivering services for the benefit of the community in response to local needs.</i>
<i>Community facilities as a resource</i>	<i>Facilities used as community resources to be managed and taken care of</i>
<i>Sense of ownership</i>	<i>The involvement of the organisation will later verified as their ownership of the facilities as a way of recognising</i>

	<i>their contribution</i>
<i>Community empowerment</i>	<i>The giving of confidence, skills, and power to communities to shape and influence what public bodies do for or with them</i>
<i>Community engagement</i>	<i>The process whereby public bodies reach out to communities to create empowerment opportunities</i>
<i>Create local employment</i>	<i>If communities are given the opportunities and are trusted to set up their own enterprises to manage the community facilities, this will create job opportunities for the local people.</i>

The following section will discuss the issues related to the pilot study and the initial findings.

## 4. Pilot Interviews

### 4.1 Expert opinion

A series of expert interviews were carried out by the researcher to:

- gather views in relation to the link between social enterprise principles and the urban FM concept;
- critically review the initial list of suggested criteria for a new service delivery model that will be developed (issues and enablers for the new model, identifying stakeholders); and
- identify any other areas which could be investigated and addressed when developing the study.

Accordingly, three expert interviews were carried out to identify the stakeholder and the critical issues which need to be investigated in this study. All three respondents are members of academia who are from backgrounds relating to social objectives, community participation, organisation and general management. Furthermore, the conceptual framework developed through the literature review was refined based on the findings from the expert interviews.

### 4.2 Findings from the pilot interviews

The importance of identifying the right stakeholder to manage public facilities operations was highlighted by the respondents. This will help to further explore and identify the criteria for the new service delivery model. As public facilities are currently provided by the government and

used by local people, the community and local government could be appropriate stakeholders in the phenomena being investigated. Moreover, as we are looking at the context of the community within councils of local government, the study needs to clarify the terms used for the study, by clarifying the differences between 'public' and 'community' facilities.

As derived from the discussion of the research background (Section 1.1), urban FM in the context of this study could be suggested as having a new service delivery model for managing public facilities operations to achieve urban sustainability. Therefore, it is essential to make a clear distinction between the terms 'public' and 'community' facilities, and whether either is better suited to reflect the context of this study. The definitions of these two terms need to be clarified. According to the Oxford Dictionary, the definition of 'public' refers to *'having to do with the people as a whole, also known as ordinary people in general'*. On the other hand, 'community' means *'a group of people living together in one place or having the same religion, race, etc.'*. Facility is defined as a building, service, or piece of equipment provided for a particular purpose, or a natural ability to do something well and easily. However, (Brackertz and Kenley, 2002) indicates that 'community facilities' focus on service-oriented objectives and principles of universality and equity that underpin public provision, rather than ownership status. While McShane (2006) on the other hand suggests the topography of community facilities in Australia are based on religious, philanthropic, trade union, sporting and civic organisations which played a significant role in the provision of social infrastructure such as community halls, libraries and recreational assets, as well as in the management of local environmental features. Derived from the above discussion, 'community facilities' seems to be a more appropriate terms than 'public facilities', as this study is focused on facilities that are used by local people, which is the 'community'. Therefore derived from the pilot interview findings, the identification of stakeholders involved in community facilities operations towards the new model that is sought would come from two target groups in local councils. Although they are within the same local council, these two target groups are distinct; the first group represents a public sector that is currently running the community facilities operations and holds the ownership of the assets; the second group represents the community, as the council members are chosen by the community to take care of their interests and should know what the community needs. This research will only try to focus on decision maker level/top management in order to gain an insight or understanding of the new model that will be developed.

Furthermore, the researcher needs to map out the requirement of the project based on the literature review findings compared against the stakeholder requirements. Later, those requirements will be matched in order to seek the enabler for a new service delivery model for Malaysian applications in managing community facilities operations.

The following figure maps out the project requirements that need to be met and the enablers for the new service delivery model that could then be developed.



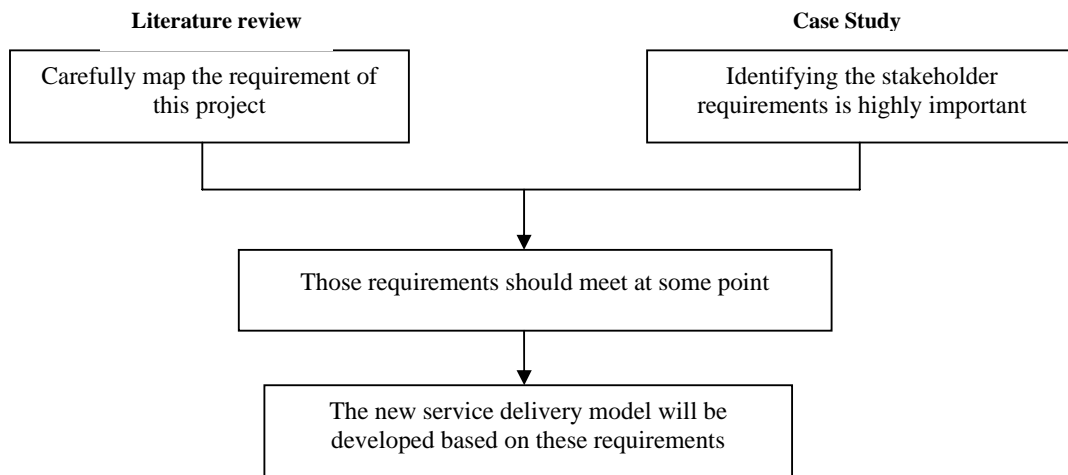


Figure 1: Identifying enablers for a new service delivery model

## 5. Conceptual framework

### 5.1 The development

A conceptual framework must be able to explain, either graphically or in narrative form, the main things to be studied – the key focus, constructs or variables – and the presumed relationships among them (Miles and Huberman, 1994). It is a major part of the research process which must be fulfilled before entering the next stages of the study, which are: the research approach and the research techniques to be used for collecting and analysing the data. Conceptual frameworks act as maps that give coherence to empirical inquiry and take different forms depending upon the research question or problem (Kaplan, 1964). In brief, the conceptual framework plays a major role in the research process, as it helps to clarify the main ideas by giving the right routes to take in order to develop the study. The main concepts extracted from the literature review were used to develop an initial conceptual framework. This was done by focusing on the subject area through the identification of the scope or boundary of the study. Subsequently, from the discussion in the literature review section, the constituent parts of a conceptual framework were taken to be the main concepts, the relationship between those concepts and the presence of a boundary within which the concepts and their inter-relationships could be applied. In other words, the conceptual framework comprised three main components, as follows:

- the main concepts;
- their inter relationships and;

- the boundary

Figure 2 below shows an example of a procedure that could be adopted when developing the conceptual framework.

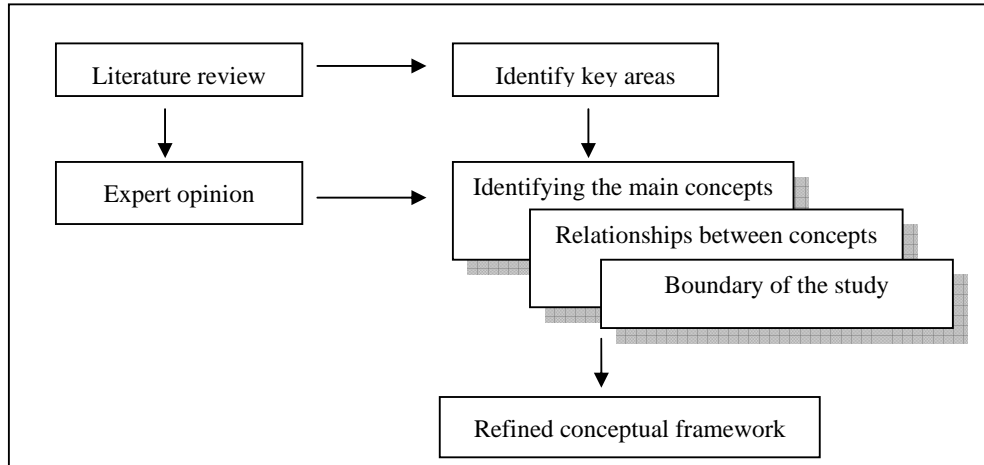


Figure 2: Development of the conceptual framework

## 5.2 The conceptual framework after the pilot study

This study aims to develop a new service delivery model that meets the needs of social enterprise principles in an urban FM setting in order to manage community facilities operations within the Malaysian context. The primary objective is to understand the applicability and characteristics of social enterprise principles for a new service delivery model in the urban FM setting by learning lessons from other countries and in different setting as well as exploring related theories. Later, this objective will be further developed to test the applicability of such a model in the Malaysian setting through using it as an enabler in managing community facilities operations.

Accordingly, the conceptual framework developed through the literature review was refined by using expert opinions on the issue being studied, in order to understand the relationships between the main concepts and to identify the boundary of the study, as well as to acknowledge the importance of identifying the stakeholders involved in community facilities operations. Moreover this helped in refining the unit of analysis to be undertaken in the case study. In this context, the refinement of the conceptual framework depicted in Figure 3 shows how the research problem is embedded within the scope of the study.

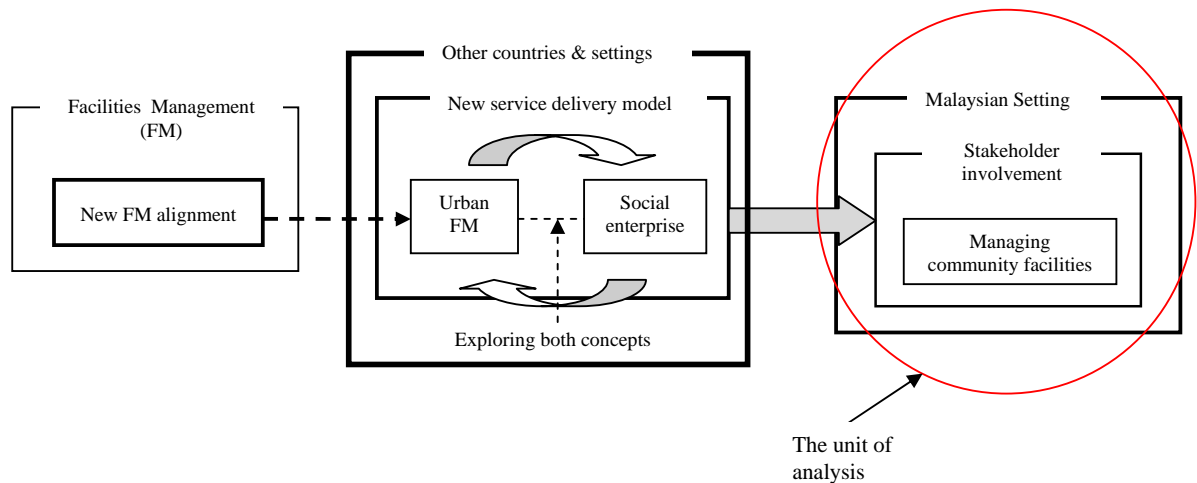


Figure 3: Conceptual framework of the research

At this stage, the conceptual framework will help the researcher to stay on the right track and also guide the progression to the next level of research. It is very likely that the conceptual framework will be changed as the research progresses until the aims are achieved.

## 6. Conclusion and the way forward

As was revealed in the findings of the literature review and pilot study, the inter-relationships between the principles of urban FM and social enterprise have led to the identification so far of the following:

- a list of the suggested criteria that could be used as an initial basis for this new service delivery model, which need to be further explored and explained in order to gain better understanding of its application;
- the initial findings highlighted the social objective/social mission as an important aspect of this new service delivery model and of having either public agencies or the private sector involved;
- pilot interviews have helped the researcher to identify the stakeholders of this issue, as well as turning the focus of the research towards community involvement for the case study data collection
- the understanding that this new service delivery model could potentially fall under four different types of social enterprise, as established by Ridley-Duff (2008).

It could be suggested that this new organisational form is a social enterprise form developed specifically to suit the urban FM setting which focuses on community involvement. As this study will attempt to taken the approach of developing a new service delivery model that meets the needs of social enterprise principles in an urban FM setting for managing community

facilities operations within the Malaysian context, the study will therefore seek a robust finding to come up with a list of enablers for a new service delivery model with the chosen type of social enterprise form. The exploration and explanation towards finding such a model to help better manage the community facilities could later be achieved by using the benefit realisation framework as a contribution to the knowledge used in this context of study.

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