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Abstract: This project examines social enterprise provision of training and employment for homeless people in a three country analysis. It seeks to understand how devolving state responsibilities for the provision of welfare services has contributed to the rise of social enterprises as third sector actors in the welfare space and what consequences this has for further devolution of government responsibilities towards citizens. It considers if social enterprises can provide long-term sustainable employment for the homeless and it aims to determine if social enterprises can deliver better social justice outcomes than governments. Three social enterprises offering training and employment to the homeless in Britain, the Czech Republic and Spain to conduct walking tours of London, Prague and Barcelona were evaluated via interviews, observation and an analysis of mission statements. The geopolitical location of these three European social enterprises is of significance because each state, at various times in their histories, has had very different ideological understandings of the role of the state in providing welfare. The study found that while there was coherence between mission statements and social justice objectives only two of the social enterprises had an impact on delivering sustainable employment for homeless people. This paper discusses the findings of this research, considers the place of social enterprises within the context of the devolving welfare state, and posits the need for further research into social enterprises as an alternative to state-provided welfare.

Key words: Welfare state, social enterprises, social justice
Introduction

The broad aim of this research was to contextualise the devolving welfare state as a factor in the rise of social enterprises in the niche market of homeless tourism. Homeless tourism, sometimes referred to as ‘slum tourism’ or ‘poverty tourism’ involves homeless people being trained to conduct tours that guide paying tourists through an alternative side of the cities in which they lived as homeless people. ‘Rough Edges’, an Australian homeless tourism program, takes tourists on urban walks to show a “different perspective” of the city through the eyes of a homeless person (Rough Edges 2016). This social enterprise driven approach appears innovative in providing training and employment for homeless people.

Research suggests that social enterprises may be more flexible than governments in addressing very specific social issues, in this case, generating employment for homeless people (Barraket 2009). Dees and Anderson (2006) assert that social problems often include economic problems and if these are not also addressed then philanthropic responses alone are nothing less than a band-aid masking the problem. The specific objective of this research is therefore to determine the strengths or weaknesses of social enterprises that adopt innovative employment opportunities for the homeless and to determine if niche programs are sustainable. If this is the case, does this posit that social enterprises are better placed than governments to redress social inequality and deliver social justice? Conversely, are these types of social enterprise programs contributing to further devolution of state responsibilities for providing equitable welfare and at best are social enterprises only providing short-term triage for homelessness that is not sustainable?

The conceptual framework of this research is therefore: to understand the role of the devolving welfare state in the emergence of social enterprises; to evaluate the short-term and long-term sustainability of niche social enterprises to deliver training and employment to the homeless; and to establish if discourses of social justice contained in mission statements matched the social enterprise outcomes. To achieve this, three social enterprise homeless tours operating in the European Union were examined via interviews, observational research, and a critical analysis of organisational mission statements.

Methodology

The first method used in the research was to undertake an observational tour with the selected social enterprise in each country. This approach was chosen to gain access to information given publicly during the tour and to gain an understanding of the impact of this type of employment on the tour guide. Observation and notetaking also gave a context to what was unique about the tour from a participant’s perspective. The tour guide and all participants of the tour were informed that I was participating as a researcher.
Secondly, qualitative semi-structured interviews with social enterprise managers were conducted to explore how they perceived what impact the welfare state had on their evolution and programs. This was considered necessary to provide a historical and political context. Thirdly, the social enterprise goals and mission statements were gathered to isolate their specific objectives. The aim of this comparison was to identify and analyse themes across sets of data. Ethics approval [ECN-15-280] was obtained from Southern Cross University to conduct the interviews and accordingly consent forms, participant information forms and questions were generated. The interview used open-ended questions to enable the interviewer to explore unanticipated themes by the researcher.

The Welfare State

The context for this research is the apparent decline of the welfare state in the European Union and elsewhere. It is considered that with a decline in state-provided welfare services, alternative models for the provision of training and employment are emerging to redress chronic issues such as homelessness. In this three country study, a political and historical understanding of how each state understands the role of the state in providing welfare begins this analysis. Esping-Andersen (1990) puts forward that there are ‘three worlds of welfare capitalism’ – Social Democratic/Nordic, Conservative/Corporatist and Anglo-Saxon/Liberal. Britain and Spain have had long histories of strong welfare states within a liberal-capital model of state welfare. Conversely, the Czech Republic was formerly a communist state that has now embraced a mixed welfare market model. The historical and political context of a state arguably contributes to how social enterprises emerge, how they intersect with government, and determines what legitimacy they have in society and in social policy making contexts (Dart 2004; Taylor & Warburton 2003; Teasdale 2009).

The term ‘Welfare State’ refers to organised interventions by the state aimed to guarantee a minimum level of services to its citizens through a system of social protection (Universitat de Lleida 2014). The existence of a ‘welfare state’ according to Jamrozik (2009, p.3) therefore creates:

…an expectation that the state will provide measures designed to ensure standards of living for a country’s population…[by] delivering adequate minimum conditions for those who, for whatever reason, were unable to provide such conditions by themselves and needed assistance from society…

A study by Esping-Anderson in 1990 (see Figure 1) identified and then linked the ideologies and archetypes of 18 different countries to the outcomes of benefits, entitlements, decommodification, public-private mix, and social stratification (Esping-Anderson 1990).
This is a highly relevant notion when comparing the political ideologies of the British, Czech and Spanish governments in regard to their welfare delivery. The map below (Figure 2) provides a visual representation of Europe’s welfare states. The fall of the Communist bloc in 1989 has created a new type of welfare state in Central and Eastern Europe, which are still being defined (Universitat de Lleida 2014).

The debated models are the former USSR, where welfare spending is described as similar to the conservative model; the Post-Communist Europe model, which is described as more egalitarian (this includes the Czech Republic); and undefined models that reflect difficult social situations (Universitat de Lleida 2014).

One unique aspect of each model is their social spending. Overall the average for the Organisation for Economic Co-operation countries (OECD) is 21.6 per cent. Figure 3 reflects how social benefits can be influenced by the different political ideologies of the welfare state. While there are also other influences on how a welfare state operates such
as economics, politics, demography, history, culture or geography, the focus of this project is the influence of political ideology. This focus aims to discover how ideologies may impact how a social enterprise may evolve within their Welfare State regime.

![Figure 3: Comparison of social payments (source: OECD 2014)](image)

Defourny (2014, p. 6) states that most researchers would share the view that Western European countries are moving from a “welfare state” to a new “welfare mix”, where new bases are to be found for the sharing of responsibility among public authorities, private for-profit providers and third sector organisations.

**British Welfare State**

Reforms to the UK welfare state began after a report from the Commission on Social Justice in 1994 that argued “Britain needs to change if it is to find its place in a changing world” (Taylor-Goody 2005, p. 2). Under the Esping-Andersen’s welfare model (1990) liberal welfare states were beginning to be viewed as “poor relations” with the market-orientated approach being seen as necessary in a globalised world (Taylor-Gooby, Larsen & Kananen 2004, p. 574). The welfare state conflicted with “productive growth-enhancing economy” and was now being seen as a burden (Taylor-Gooby, Larsen & Kananen 2004, p. 575).

More recently the Conservative British Prime Minister David Cameron has espoused a vision of a ‘big society’ with increased levels of “personal, professional, civic and corporate responsibility” where “people come together to solve problems and improve life for themselves and their communities” (Mohan 2013, p. 6). Mohan (2013, p. 5) questions how well equipped the communities were to respond to the challenge of the ‘big society’. According to Larsen and Kananen (2004, p. 573), the UK now has the most liberal market-orientated welfare system in the European Union with a clear “incompatibility between welfare and market objectives: secure, adequate incomes for all…”
Czech Welfare State

According to Myant and Drahokoupil (2014, p. 3), from the starting point the Czech Republic social protection system was a socialist system dominated by the State. The State provided pensions, universal health, supported women in family care and regarded employment as a basic social right with most services being linked to the workplace (Myant & Drahokoupil 2014, p. 3). Consequently, unemployment protection was considered unnecessary with low pensions acting as an incentive for people to work longer (Myant & Drahokoupil 2014, p. 4).

The evolving welfare state was influenced by a repressive, centralised system past that had produced a failed economic system (Myant & Drahokoupil 2014, p. 8). According to Saxonberg and Sirovátka (2009, p. 186) this reliance on the past has created a hybrid welfare system that is driven by political rhetoric with little opposition from a compliant public. The main intention of new policy approaches was to disempower and divide the losers into categories with selective benefits based on the neo-liberal principal of ‘targeted’ funding (Vanhuysse 2006 cited in Saxonberg and Sirovátka 2009, p. 187).

Spanish Welfare State

Spain’s welfare state is relatively new with changes towards full democracy occurring in the mid-1970s following the end of the General Franco’s dictatorship. Spain became strongly decentralised splitting into 17 autonomous areas (Guillen 2010, p. 183). The Spanish welfare state has often been referred to as a type of fourth welfare regime: the Latin-Mediterranean (Noguera 2000, p. 6). This model is:

…fragmented of benefits and programs, low means-tested protection and low contributory benefits, low expenditure and low levels of redistribution, high degree of familiarism, and importance of other welfare providers like the Catholic Church or the family.

According to Noguera (2000, p. 7), Franco avoided designing a welfare system or structured tax system. In the late 1970s and 1980s European-type welfare benefits such as pensions, unemployment, health and education were introduced. These benefits have remained underdeveloped as high fiscal fraud and opposition to increasing taxes have limited its growth (Noguera 2000, p. 7). Currently the 17 regions spend 60 per cent of their budget on health, social care and education, although the central state still controls income-maintenance (Guillen 2010, p. 183).

Social Enterprises and Welfare Hybridity

According to Defourny and Nyssens (2008, p. 202) the construct of social enterprise emerged in mainland Europe and in the United States in the early 1990s. Defining what
a social enterprise is, and what it does, is a matter of ongoing academic debate. Teadsdale (2009, p. 5) contends the different definitions can be attributed to the national context in which the social enterprise operates. One common definition of a social enterprise has been “…a means by which people come together and use market based ventures to achieve agreed social ends, with a focus on community” (The Centre for Corporate Public Affairs 2008, p. 66). Teadsdale (2009, p. 2) argues that the debate surrounding a definition of what a social enterprise is has settled on “…social enterprise as an organisation that trades in the market place in order to fulfil social goals.” According to Dees (1998) there are varied motives and approaches taken by the key stakeholders when starting a social enterprise. These are illustrated in the social enterprise spectrum in Figure 4.

**Figure 4: Social enterprise spectrum**

Pestoff (2014, p. 1413) questions how a third sector organisation can “combine the role of being an advocate for change with that of a service provider…” as “…the growth of one means a decline in the other…”. Haugh (2005, p. 1) also notes that the increasing attention has been aimed mainly at the policy level where it has been assumed that social enterprises have the potential to “contribute to social, economic and environmental regeneration.” There has been little evidence to support these claims (Barraket et al. 2010; Haugh 2005).

Recent research by Kerlin (2013) has attempted to understand how historical institutionalism and specific socioeconomic conditions can cause variations in how social enterprises emerge (Kerlin 2013, p. 85). Figure 5 illustrates how culture, type of welfare state, economic development and the model of civil society can impact how a social enterprise emerges.
While it is highly relevant to consider how the social enterprise spectrum and macro-institutional processes can influence the emergence of a social enterprise. Dees (1998, p. 45 cited in Dees & Anderson 2006) states there are five other factors that explain the hybridity of social enterprises and how they have adapted to connect with social welfare:

1. Adopting a mission to create and sustain social value (not just private value)
2. Recognising and relentlessly pursuing new opportunities to serve that mission
3. Engaging in a process of continuous innovation, adaption, and learning
4. Acting boldly without being limited by resources currently in hand, and
5. Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created

Defourny (2014, p. 6) notes this adaption has implications for recipients of social services arguing “some regard associations and other third sector entities as made-to-measure partners for new transfers of responsibility and parallel reductions in public costs”, while “…others, on the contrary, fear that the third sector might become an instrument for privatisation policies, leading to social deregulation and the gradual unravelling of acquired social rights” (Defourny 2014, p. 6).

Findings

United Kingdom: Unseen Tours

In a paper entitled “Social Enterprise: A Strategy for Success” (2002), the Secretary of State for Trade and Industry put forward a definition which served as the basis for the
Blair Government approach to fostering social enterprises. It states (Hewitt 2001 cited in Defourny 2014, p. 12),

…a social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

Social enterprises, in the British context, are viewed as a re-branding strategy to encourage a neo-liberal, corporate business approach driven by third sector organisations (Defourny 2014, p. 12). This led to the appointment of a Minister of the Third Sector that now incorporates all non-government organisations (Defourny 2014, p. 13). This policy shift resulted in the contracting out of existing state welfare services in a “realigned welfare state” (Aiken 2006, p. 260). Welfare delivery in Britain has become increasingly marketised as the third sector and is now the primary provider for many government welfare programmes (Aiken 2006, p. 261). These policy reforms were core components of the governments ‘Big Society’ agenda that was aimed at “empowering communities”, “opening up public services” and “promoting social action” (Office for Civil Society 2010). Tied to the new policies as part of empowering communities were new reporting requirements for all spending over 500 pounds (Office for Civil Society 2010, p. 6).

Unseen Tours is based in London, UK. The website mission statement for Unseen Tours states: “We don’t believe in the limitations of labels and negative stereotypes.” A semi-structured interview was conducted with the co-founder of Unseen Tours. During the interview the co-founder stated that they wanted to “…change people’s perceptions of what it means to be homeless…” and that “We wanted to highlight the fact that people who are homeless are just like anyone else, I think that it’s easy for people to forget that.” Further, Unseen Tours believes “the way we see ourselves is we are a community of people.”

In the selection of guides to conduct the tours, the guide “self-selected” if they considered themselves reliable, able to communicate and able to physically and mentally conduct the tours. Unseen Tours accepted a person’s status as homeless if they had been seen three times on the street by a community outreach worker, had lived six months in the borough sleeping ‘rough’ and had a personal connection to the area. Further they were considered to have no fixed address and no bank account. They were accessed as having a hierarchy of needs according to assessments such as health, drug and alcohol problems. Some of these issues present barriers to homeless people seeking traditional government assistance. ‘Henry’, for example, having no health problems but homeless, struggled to access government assistance. In another case a girl who came to London then had the only option of sleeping ‘rough’ for six months before becoming eligible for government assistance. For Unseen Tours, the government was viewed as no longer providing a safety net for homeless people. Unseen Tours return 60 per cent of the tour profits to their homeless guides in the provision of phone credit (a phone if needed) and bus tickets.

The Shoreditch Art Tour consisted of three people on the day. The guide Henry was articulate and very knowledgeable about the area and constantly checked that everyone was happy, comfortable and enjoying his tour. Henry appeared very relaxed answering questions about the organisation and conveying his personal story to the group. The tour
lasted approximately two hours and consisted of a comprehensive walking tour to view ‘street art’ and gain a background into the history and artists living in the area.

‘Henry’ (source: Unseen Tours 2015)

The mission statement of Unseen Tours, “We don’t believe in the limitations of labels and negative stereotypes”, is supported by the interview statements made by the co-founder and resonated in information and the experience of the tour with Henry.

Czech: Pragulic

Historically the wealthy in the Czech Republic have played a significant role in philanthropy. This became more important in the 1970s under an authoritarian government because no public organisations were permitted to operate (Dohnalova, Hegnerova & Slechtova, 2015). The “Velvet Revolution” and the collapse of the Communist Party triggered the renewal of public organisations (Dohnalova, Hegnerova & Slechtova, 2015). The Czech Republic now has approximately 100 social enterprises predominantly employing people with disabilities (Benini 2013). Social enterprises don’t exist in any specific legal form and don’t receive any tax advantages (Benini 2013). The main problem with creating social enterprises in the Czech Republic is the initial ‘start-up’ funds are hard to access as social enterprises are considered to be a risky investment for conventional finance (Benini 2013).

In the mission statement provided by the co-founders of Pragulic, Ondřej Klügl and Tereza Jurečková, the organisation is considered as “a social enterprise that challenges
the stereotypes associated with homelessness by enabling people to experience the world from a homeless perspective” (Pragulic 2015). How Pragulic undertake this challenge is illustrated in Figure 6.

![Figure 6: Pragulic: About the project (source: Pragulic 2015)](image)

The guides at Pragulic are paid 350 krona per tour and this was considered a stable income. In return the guides needed to respect the tour company, turn up on time and host the tours. Approximately half the tour guides also received welfare, however for the others the issue was a lack of a permanent address. The future of the social enterprise, according to the owner-operators, depended on expansion of the Prague model to other cities. When asked about long-term job security for the guides, the owners were unable to say that this was true, except that most of the guides were now trained by several social enterprises and could possibly find alternative employment.
Karim conducted the Prague Underworld Tour that I undertook. Karim had lived on the streets of Prague for 16 years. He stated to the group that he currently worked for several social enterprises including being a part-time actor. He now lives with his partner in an apartment in Prague. Karim’s chances of getting off the streets appeared to be slim, as he stated you “play by the rules” or the Mafia killed you. Prague was a harsh place for homeless people with the winter being very cold. When he did find accommodation he had to leave very early each morning. Karim eventually developed a serious health condition. One of Karim’s roles as a guide was to demonstrate to people that the homeless were very often intelligent people who simply needed help. Over the course of the tour Karim would stop and quiz the group about places and people in Prague and when the young students were unable to answer he gave a devilish smile and we moved on. This tour group consisted predominantly of young university students who stated they went on the tour because they wanted to learn more about homelessness.

**Spain: Hidden City Tours**

This social enterprise was founded by a UK citizen who recruited guides from social services, soup kitchens and homeless charities. There are four to five guides that are coached before they are able to conduct tours. As there are over 3,000 homeless in Barcelona alone, strict filters are applied to applicants for employment. Guides need to be fluent in English, German or French, be well presented, free of alcohol and drug additions. On the Hidden Tours website they state: “We believe that a social enterprise must be sustainable, economically viable and above all profitable. Otherwise we would become just another burden on society!” On the Facebook page they state: “I don’t agree that the money orientated business and the social business are mutually exclusive!!”

![Figure 8: Homeless people in downtown Barcelona (source: Maarten Renes 2016)](image-url)
As no tour was available in Barcelona and the manager was unavailable for an interview, a new approach was taken with a self-tour of the geographical area indicated by the social enterprise’s website. The meeting point, Liceo Theatre on La Rambla, is one of the most famous streets of Barcelona. The number of tourists provide a constant source of money from begging. The southern end of La Rambla is also known as a ‘red light district’ in the evening. In Spain homeless people are permitted to beg at churches and outside the Basilica de Santa Maria and the Cathedral of Barcelona, numerous homeless people were observed begging at these locations. Several surrounding parks provided sheltered areas for sleeping. Observations, examination of the social mission, website posts and videos indicate these tours are quite popular and well-known in Spain.

Discussion

Transcripts of interviews were analysed using the Nvivo program to identify themes. Each social enterprise responds to the social problem of homelessness by operating a niche tour guided by a homeless person. Their positioning on the social welfare spectrum could be attributed to the themes or sub-themes of income, wages, and long-term goals.

The United Kingdom’s Unseen Tours aims, mission statement and interview appeared to ‘match’ what was said in the interview and what was delivered in the observed tour undertaken. Overall, the organisation had a high degree of transparency and was regarded as on the ‘charitable’ end of the social spectrum scale. The predominant themes from the interview transcript were change, community, knowledge with less dominant themes being perceptions, barriers and tours. The inclusion of the guides in decision-making also demonstrated the mission statement was not merely rhetoric and that the social justice aims of the organisation were matched by their activities. Also, as the majority of the profits are kept by the homeless tour guides and evidences indicate, the motives and goals are to remain small and focused on the delivery of help, placing Unseen Tours closer to the charity end of the social enterprise spectrum.

In comparing the data regarding The Czech Republic’s Pragulic, three key themes emerged. The first was social change and this also had a sub-theme that connected to educating the public and changing their perceptions about homeless people. This was also evidenced in the tour where Karim would quiz the participants to display his knowledge. Several participants were visibly impressed indicating their renewed impression of homeless people, one stating “Karim you should be the university student not me.” The second was working with the guides in an equitable way. The third theme related to balancing growth with sustainability with the managers stating that they would like to replicate their business model in other cities but were cautious.

The mission statement of Pragulic, “a social enterprise that challenges the stereotypes associated with homelessness by enabling people to experience the world from a homeless perspective”, was supported by the themes from the interview with the owners. While educating was not a dominant theme it was denoted in sub-themes such as change, intelligence and respect. There was a reliance on the ‘success’ of the tours to sustain the organisation and to work towards a goal of replication and expansion. The social
enterprise was considered an ‘alternative’ to living on the street but it didn’t promise a long-term solution or appear sustainable. When asked what would happen to the guides if the social enterprise ended, the owners replied, “Well, we guess they would just have to find something else, a lot of them work for other social enterprises.”

Overall the analysis of the interview, resultant themes and review of the Pragulic mission statements placed this social enterprise more towards the middle of the social enterprise spectrum. With limited access to Spain’s Hidden Tours, analysis was left to mission statements with a focus on the organisation’s aim of generating income and support for the homeless. This evidence placed this social enterprise closer towards the business end of the social welfare spectrum. The research undertaken in Barcelona was not as rigorous as the other cities due to the unavailability of the social enterprise owner or a tour. Therefore, there is potential for bias in the selection of representative statements and consequent themes.

Conclusion

The primary research conducted for this project found that Britain’s Unseen Tours could be described as a social enterprise operating to sustain a charity, evidenced by returning 60 per cent of income and other benefits to the homeless guide. Pragulic could be viewed as operating for income and to achieve a social goal through statements regarding a ‘fair’ wage and a mission to ‘expand’ to other cities. Spain’s Hidden City Tours had a more predominant theme of income with the Facebook statement by the founder “I don’t agree that the money orientated business and the social business are mutually exclusive!!” Further analysis of Spain’s Hidden City Tours is required.

While critics responding to social enterprises providing social services describe this policy approach as a ‘band-aid’ solution, another perspective stated by Unseen Tours was “anything helps.” This project has identified the need for further research to investigate the idea of corporate responsibility, whereby corporations develop a more formal relationship that financially supports social enterprises. The three social enterprises cannot guarantee long-term outcomes for vulnerable people and only a few homeless people can be reached due to the niche nature of the social enterprises.

Furthermore, this project identified common themes to change people’s perceptions, educate people about the plight of the homeless, and provide an opportunity for homeless people that appears more achievable. If the welfare state continues to devolve its social and welfare services, as evidence suggests it is, then vulnerable populations will need more formal long-term policies to address their complex needs. Social enterprises may offer this solution, however data to date suggests more research is needed into the regulation and funding of social enterprises and the need for mechanisms to ensure such programs don’t triage the problem of homelessness. Lastly, processes are required to ensure homeless people aren’t exploited and that their social rights are protected.
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