



Provided by the author(s) and University of Galway in accordance with publisher policies. Please cite the published version when available.

Title	New fields of employment: problems and possibilities in local and community economic development
Author(s)	Keane, Michael J.
Publication Date	1997-09
Publication Information	Keane, M. J. (1997). "New fields of employment: problems and possibilities in local and community economic development" (Working Paper No. 018) Department of Economics, National University of Ireland, Galway.
Publisher	National University of Ireland, Galway
Item record	<a href="http://hdl.handle.net/10379/1427">http://hdl.handle.net/10379/1427</a>

Downloaded 2024-05-08T22:54:15Z

Some rights reserved. For more information, please see the item record link above.





# New Fields of Employment: Problems and Possibilities in Local and Community Economic Development

Michael J. Keane<sup>1,2</sup>

Working Paper No. 18 September 1997

Department of Economics  
National University of Ireland, Galway

<http://www.ucg.ie/ecn/>

<sup>1</sup>Department of Economics, National University of Ireland, Galway. email:  
michael.keane@ucg.ie

<sup>2</sup>Research for this paper was supported by a grant from the West Region Authority and the European Commission as part of the Pilot Measure for the Benefit of the Long Term Unemployed 1995 General Budget Item B2-605.

## **Abstract**

There has been a renewal of interest in the possibilities for new local employment in the social economy and this may be a suitable area where community initiative and effort can be concentrated. The literature suggests that many of the tasks typically undertaken under the banner of community economic initiative can be very often misspecified and, as a consequence, the results can be somewhat unsatisfactory. This paper argues that it is preferable that community effort should be concentrated on those parts of the economy where it can have a legitimate role to play and where the activities in question connect directly with community and local betterment. Some case studies of experimental projects are used to discuss how employment possibilities might arise out of needs in the service sector and the informal economy.

**Keywords:** Social economy, community initiatives, employment and the long-term unemployed

**JEL Classification:** O17

# 1 Introduction

The scope for and the limits to community initiatives within the context of a wider local economic development strategy continues to be a critical issue. The tendency has been to favour, and assess, these initiatives with performance measures that are based on metrics that reflect the standard rules of the market place. In the absence of alternative, and, perhaps, more appropriate, accounting frameworks, the arguments about commercial viability, about having to depend on continuous public sector subsidies, and about the quality and sustainability of the jobs created don't go away (Keane and O'Cinnéide 1986, McArthur 1993, Hayton *et al.* 1993, ADM 1996). This has created a serious bias against efforts at community economic development and it has forced many community initiatives to undertake economic tasks that they are not equipped for.

Recently, there has been a renewal of interest in the possibilities for new employment in the social economy. Some of the impetus for this new perspective can be found in the European Commission's *White Paper on Growth, Competitiveness and Employment* (European Commission 1993), and in a subsequent internal Commission document *Local Development and Employment Initiatives* (European Commission 1995). These documents describe new fields or sources of employment existing in the area between the public and the private sector—what they call the social economy. This social economy is seen as developing by encouraging local demand (transforming latent needs into an explicit demand) and supply (innovating the supply side) and thereby creating a set of possibilities located between supply fully protected by public sector subsidies and totally competitive supply. A purpose of this paper is to show that the type of directions being identified by the Commission, while they may not be terribly new or innovative, are appropriate directions where community initiative and effort can be concentrated. The difficulties and problems that have been experienced in community enterprise and business are largely the result of communities being misguided into doing things that they were quite unsuited to do, perhaps because of their own pressing agenda and needs or because of the agendas and conditions imposed by the different funding programmes that they were offered. The lessons from different enterprise failures support this conclusion and while it is useful to try and derive lessons from these failures, (McArthur 1993), it is, perhaps, more productive to concentrate more on searching from first principles for some useful guidelines as to what the various types of local initiatives can and should be doing from the outset. Without such guidelines, there is a danger that expectations will be unmet, resources wasted, and, most importantly, damage done in terms of the undermining of local confidence and initiative (Keane 1990). This paper looks for such guidelines from the perspective of possible market failures. This framework was one originally proposed by Michaelson (1979), and it offers

pic /  
w.l.w.

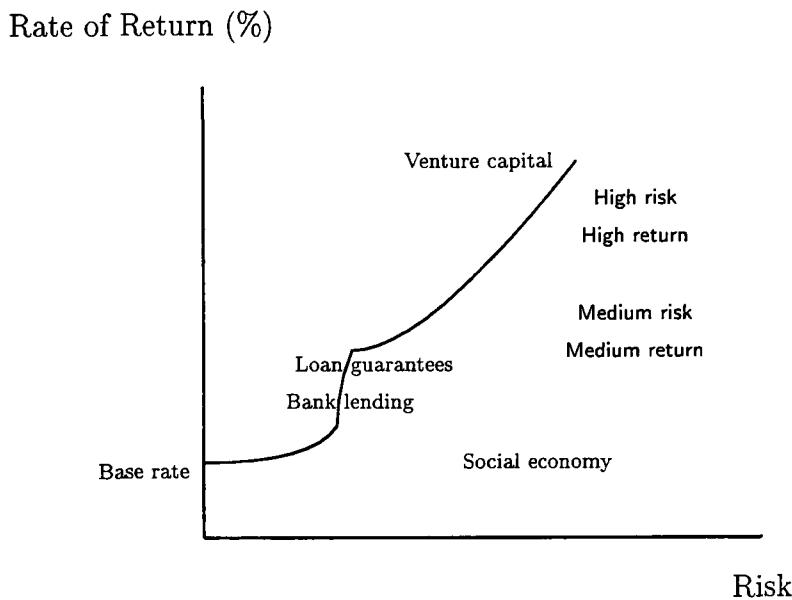


Figure 1: Concepts of Market Viability (after Stares 1983)

some fairly clear guidelines for the appropriate areas and types of action that communities can be directly, and indirectly, involved with. The following section looks at some concepts of viability. The concept of an economic continuum is suggested and an argument about market failures is used to define a set of roles and actions for community economic initiatives within such a continuum. Then, referring to some recent Irish literature, the paper notes how some of these notions have begun to appear in policy and in local practice. The next section of the paper describes some local experiments in relation to new sources of employment. In the final section some of the lessons from these experiments, for both local development practice, the community's role, and policy, are outlined.

## 2 New sources of employment

How can new sources of employment be simply and operationally defined and distinguished from a new 'classical' job? A classical job would be a job created by a private company, by a branch plant of a multi-national or some other type of commercial entity. One way of examining these questions is suggested by the model presented in Figure 1. It starts from the conventional or 'classical market logic' or measure of enterprise performance or sustainability—profitability or rate of return on capital employed. Figure 1 illustrates that for a given level of risk there is a rate of return that the enterprise must produce if it is to be able to

attract capital through the normal financial markets. Enterprises that are capable of meeting this level of return over a period are considered to be commercially viable. There are some useful points of reference that can be shown with the aid of Figure 1.

- The heavy black line indicates the return that investors will require to compensate them for different levels of risk. Typically, commercial banks will meet the needs of enterprises to the left of the line up to a certain level of risk above which it will only be possible to obtain bank funds with the assistance of some guarantees. For very risky proposals finance may be available from venture capital funds so long as there is the prospect of a very high rate of return.
- Projects to the right of the heavy line offer too low a rate of return, or an insignificant one to compensate for the risks, even though they may have significant social benefits in creating new jobs, socially useful services, etc. This zone, for example, may be densely populated, at least in the initial phase, by experiments in the social economy.
- Enterprises that can, at least, cover all their costs, except paying a commercial return on their capital, will be economically sustainable, if they can find sources of start-up capital and other assistance at zero or low cost. This is likely to be common in the social economy area and a number of scenarios are possible. This notion of economic sustainability might, in the first instance, be interpreted as the minimum concept of viability to be achieved within the existing mixed economy of work, welfare and training. The next question is how is it possible to move beyond this point. Thus, one might see a continuum of possible developments whereby, subject to new arrangements and relationships between, for example, welfare systems or public administrations, enterprises could progress from the social economy, or the not-for-profits end of the spectrum, towards the market end i.e. approaching and, hopefully, crossing the black line in Figure 1. This kind of “positioning” is very relevant to the explorations for a community opportunity in the new fields of employment.

The notion of a ‘community business continuum’ is also used by Pearce (1993). This is a continuum of trading which, in his definition, ranges from voluntary enterprises (defined by Pearce as projects which provide a local service and are run in a business-like fashion but which uses for the most part volunteer labour) to social enterprises (defined as a business providing a social or commercial service which requires some special ongoing contract arrangement or subsidy, usually from the public sector, or from within the community enterprise group, or in the

form of some unpaid labour input) to community businesses (defined by Pearce as a business which should become viable and sustainable without any ongoing external assistance, beyond that which is generally available as part of small business support schemes). Pearce (1993 p. 38) describes how “Movement along the continuum will, and should happen, but it is important not to set up as a community business something that can never be more than a voluntary enterprise. For example, most thrift shops and community cafes are likely to be voluntary enterprises but some may become a social enterprise and, in exceptional circumstances, a community business. Some projects like these and others like community launderettes may operate in different ways at different times: sometimes paying staff, sometimes dependent on volunteers, sometimes breaking even, sometimes not. It is important to be realistic about the potential of a project when planning it and target aspirations accordingly.” Thus, this continuum must be dynamic and permit shifts along it by projects and people in both directions at different times. In development terms the capacity to learn in one category and move on to another is a vital part of the process. In economic terms, according to Pearce (1993: 39), all types of ‘business’ along the continuum are trading organisations and make an important and valuable contribution to the community economy.

The framework of market failures is a useful one that can help to define various roles and actions across this continuum of possibilities. Market driven events determine local economic outcomes, they create local economic problems and they define development opportunities. The objective in a local development policy response is to try and shape or influence these market forces in the interests of the local community. Indeed the very *raison d'être* of a development policy is the argument that, in some sense, market determined outcomes are wrong when judged against certain criteria, or that outcomes can be improved on so as to further local opportunity and wellbeing. Instances where market rules are considered to be inadequate, or where the market fails to follow its own rules, are, therefore, potential arenas where new institutions, such as community-based structures, may be used to improve on outcomes in the local economy. One particular type of market failure is where the possible development opportunity is there but it is most suitable to develop this opportunity through some community or participative form of organisation rather than through a private initiative. This may be because of certain obstacles which can only be negotiated and overcome through some innovative institutional design e.g. some form of public-private partnership, or community-private partnership, or other suitable mechanisms. In addition, the returns from the project could be greater if, without incurring additional costs, it were undertaken by a community and participative form of organisation than if it were left in private hands. This kind of argument is most relevant in identifying experimental roles and pilot arrangements within the type of continuum being suggested here.

### **3 Recognition of the continuum in local development policy: Irish evidence**

The report of the European Commission's expert group (European Commission 1995: 21) calls for experimentation with a new form of entrepreneurship in the social economy. "The social entrepreneurs will often be responsible for the experimental phase. Being principally geared to the need for social integration and the reconstitution of social links, this new type of entrepreneur normally places his or her project in the context of the voluntary associations and 'third sector' organisations rather than in small or medium-sized enterprises (SMEs). Although such entrepreneurs accept the risk of creating new activities by concentrating more on the services thus rendered and on the effects on jobs for certain population groups, they nonetheless need a particular form of legal and financial back-up from the authorities and other local players at the start-up stage". The report signals the development of the social economy as a significant departure from what it calls the 'classical' or the 'rising tide will lift all boats' approach which depends on the activities and the opportunities that are identified and acted on by private enterprise. These latter activities are, of course, all, by definition, lying on or to the left of the black line in Figure 1. The development of the social economy is an active enterprise and job creation policy specifically focused on the right hand side of the same line. But, ideally it is a policy design that accommodates and builds on the possibilities that are offered through the notion of the continuum.

It is important to place community economic development efforts within this framework of the business or development continuum. Particularly encouraging in this respect, and in the Irish context, are the comments of Cullen (1995: 113) on the idea of a progression from 'not-for-profit' to 'for profit' businesses:

In disadvantaged areas the development of not-for-profit community businesses or co-operatives can play an important role in local regeneration, by generating employment and meeting social needs for goods and services not being provided at local level by the public or private sector. There is a need for greater clarity around the approach to developing community businesses. There is a misapprehension among some local groups that the strong emphasis which CEBs<sup>1</sup> are required to place on commercial viability could result in a dismissive attitude towards community enterprises having their origin in

<sup>1</sup>County Enterprise Boards (CEBs). These boards were established in each county in Ireland in 1993 in order to develop proactive strategies to tap the employment opportunities of their localities, to provide a new source of support for local enterprise initiatives and to act as a catalyst where no enterprise group is currently active.

the social economy. Proposals to enable community enterprises to develop and grow, including where appropriate, to make the transition to 'for-profit' enterprises, can be modelled on 'good practice' examples from the PESP<sup>2</sup> initiative, NOW and Horizon programmes and brought into the mainstream by the CEBs. Local groups involved in developing such proposals should lobby their CEBs to ensure that there is explicit support for such ventures in the Enterprise Plans being prepared by the CEBs. Under the terms of the Local Development Operational Programme, CEBs are required to consult with area partnership companies in devising their Plans. Moreover, the agreement of local groups assisted by ADM<sup>3</sup> to implement a local development plan must be obtained before a CEB may approve project support in respect of any activity located in such areas. This process of consultation should provide an opportunity to explore how different parties interpret the criterion of commercial viability, and to consider how economic sustainability can be incorporated as an underlying objective and critical success factor even in projects which were initially conceived in response to local social needs or as part of a wider community development strategy.

This lengthy extract from Cullen (1995) is included because it succinctly captures the kind of ideal policy atmosphere and outlook within Ireland wherein community enterprises might successfully operate and survive. How much of this ideal atmosphere actually exists is a critical question. A useful way to examine the options and limitations of the current environment more closely is to look at some examples of community experiments in service provision. Two case studies are discussed here, both are in rural settings, which makes for an interesting contrast to the urban examples which tend to dominate the literature. One of the case studies involves the provision of a local transport service and the other is about the provision of home services.

---

<sup>2</sup>PESP initiative. This experimental programme was agreed between the government and the social partners as part of the national Programme for Economic and Social Progress (PESP) in 1991. The pilot programme established twelve Area Based Partnership Companies, which had responsibility for co-ordinating the development efforts of the designated areas. The Partnership Companies comprised of local voluntary organisations, the social partners, i.e. trade unions, farmer organisations etc., and statutory bodies representing local government and service providers.

<sup>3</sup>Area Development Management Ltd (ADM) is the intermediary company established by the Irish Government in agreement with the European Commission to support local social and economic development. It was established in 1992 and managed the first Global Grant for local development under the Community Support Framework 1989–1992. It is currently responsible for the management of the programme entitled Integrated Development of Designated Disadvantaged and Other Areas, which is a sub-programme of the Operational Programme: Local Urban and Rural Development funded under the Community Support Framework 1993–1999.

## **4 Two case studies**

**1. North West Connemara Community Transport.** FORUM, North West Connemara Rural Project, was set up as a Model Action project under the Third EU Anti Poverty programme which ran from early 1990 until June 1994. The FORUM project is currently funded mainly by the Department of Social Welfare under the Community Development Programme and also receives funding from a number of other statutory partners. FORUM aims to develop locally-based activities which will improve the lives of people in North West Connemara, particularly those who are most disadvantaged. This is achieved through the FORUM structure which is based on partnership which includes statutory, voluntary and community representation. FORUM works with the following groups older people, women, enterprise, youth and education, community groups.

In 1991, the FORUM Baseline Study was published which highlighted the difficulties experienced by many groups in availing of services due to lack of access to transport. In Autumn 1991, FORUM organised three seminars on transport in North West Connemara. As a result, two local private transport operators started bus services to Galway and Westport. The Galway service currently operates seven days per week and services the smaller villages and the Westport service operates during the summer season. Both services link in with the ferry service to Inishboffin. The island of Inishboffin purchased a community vehicle/ambulance which is run by the local Order of Malta branch and is used to take older people to the shop and post office.

A transport working group was set up and worked with a transport consultant to develop a proposal for an integrated transport scheme which was submitted to the Departments of Social Welfare, Environment, Health, and Tourism, Transport and Communications. In April 1994, the Department of Social Welfare granted £30,000 to FORUM to look at new ways of providing transport for young people, older people, disabled people and women in the home. This case study looks at some of the lessons from this pilot scheme, in relation to, in particular, viability and employment opportunities.

The actions which were selected for implementation were a combination of financial supports and new services. A pilot community car scheme was initiated in two areas. In each area the organisation was as follows: Users call the local organiser to make a booking, giving at least 24 hours notice. Bookings are taken between the hours of 9 am and 12 noon. Drivers are paid directly at 20p a mile by the passenger for miles travelled and receive 50p per mile for all miles travelled. Drivers are reimbursed by FORUM according to this payment schedule. When more than one passenger is travelling at the same time the 20p rate is shared

Table 1: Some features of the local transport scheme

FORUM  
 Local organiser  
 Voluntary Drivers  
 (car, full comprehensive insurance, licence)

Registered users, type and number of users:

	Area A	Area B
Women in the home	8	7
Young people	7	21
Disabled people	2	0
Elderly	11	20
Other	3	5

between them. The nature of the scheme is described in Table 1. The scheme operated for a period of sixteen weeks with four voluntary drivers in area B and two in area A. Features of the operation over this sixteen week period are shown in Table 2. The full cost of the car schemes was £4,744.66 (Mileage payments + Admin. cost + Fares collected = £4,744.66). The fares collected (£1,156.1) contributed 24% of the full costs.

Experience from rural car schemes in the UK has indicated that limiting the amount of empty mileage is crucial to keeping a hold on costs. There, the experience has indicated empty mileage to be around one third of total mileage. This figure was achieved in scheme A, but in scheme B the figure was 42.5% and had been rising steadily as the scheme progressed, even though the number of drivers had increased, and their location had become more dispersed throughout their operating area. The larger, and less compact, area served by scheme B helps to partly explain the difference. Potentially, as more people use car schemes and, as the potential for sharing trips becomes a reality, there should be a reduction in empty mileage.

One issue which came out of the monitoring and evaluation of the pilot scheme was the use made of the scheme by Free Travel Passholders. People over 65 years are entitled to free travel on all public transport systems. The Department of Social Welfare administer this scheme and they were approached to allow the pilot car schemes to claim reimbursement for travel by eligible passholders. The response was that as the Department was already funding the pilot actions, this issue was already covered by the grant. It is estimated that the travel by

Table 2: Operations of the community car scheme

	Scheme A	Scheme B	Total
No. of passenger miles	2,145	3,592	5,737
Total no. of miles	3,231	6,243	9,474
% of empty miles	33.6%	42.5%	39.4%
Fares collected	£435.00	£721.10	£1,156.10
Mileage payments	£1,183.85	£2,336.80	£3,520.65
Admin. costs	£11.33	£56.58	£67.91
Total payments	£1,195.18	£2,393.39	£3,588.56

*Source:* North West Connemara  
Community Transport Study  
Final Report, April 1995.

passholders could be valued at about one-third of the total cost of the car schemes. In February 1995 the Department of Social Welfare decided not to support the car scheme beyond the initial pilot phase.

**2. Tulsk Parish Services.** Tulsk Parish Services (TPS) was established in April 1994 following a comprehensive economic and social audit of the area which identified a wide-ranging need for additional transport and social care service. This need stemmed from the fact that the population profile contained an unusually high number of aged persons living alone in remote and isolated locations.

This voluntary Social Care group took responsibility for the social inclusion submission of an Area Action Plan submitted to Area Development Management Ltd. (ADM) for funding under the Global Grant. (The Global Grant involves combining monies from the ERDF and the ESF to support an integrated package of measures aimed at local economic and social development. In order to develop the organisational and operational details of the grant a company, Area Development Management (ADM), was formed by the government in 1992 as the intermediary body responsible for the initiative). Through the Global Grant, TPS put in place a range of subsidised services for elderly people in the area. These services included transport and services in the home e.g. meals-on-wheels, homecare, home nursing and hairdressing.

*Transport.* Because of the inflexibility, or lack of public transport in this rural and remote area, and the resultant isolation felt by many old people, TPS devised and implemented a local transport system. By securing a special package with

their insurance company, TPS were able to use two private cars to provide local public transport. Two local people operated the service which was offered to users at a subsidised rate. By 1995, due to the lack of funding, the subsidy was withdrawn and the service ceased. The cost of providing the service and the resulting inability of the elderly users to accept the offer, without the subsidy, was pin-pointed as the sole reason for the failure of the scheme.

*Services in the home.* At present there are fifteen part-time home helps working for TPS. All of these are women, three are trained nurses and all, as mothers of families, have a concern and interest in caring. The service is operated on an agency basis, with the clients ordering home help through a voluntary agency and paying for the service. The services offered are varied and are tailored to suit the client i.e. they range from instrumental household tasks to personal care.

Similar to the transport model, these services were also subsidised during the first year of delivery. Information on the service was disseminated through the local public health nurse and other informal channels. However, when global grant funding expired at the end of 1995 and TPS was forced to remove the subsidy and charge a market price of £3.50 per hour, demand did not fall dramatically. The home helps earn, on average, £50 per week. This service is supported by a huge voluntary effort involved in organisation and co-ordination.

TPS have combined in an informal way with the Western Health Board, the public authority responsible for the administration of the health services in the region. The Western Health Board will subsidise the cost of TSP's services in the home if the client's income is below a certain threshold level. This threshold is assessed by officers from the Health Board. This subsidy of £1 (1.2 ECU), which is given to the client by the Western Health Board, provides a link between the Board and the client but there is no formal link between TPS and the public authority. Consequently there is no mechanism whereby TPS can discuss policy or budgetary issues relating to their services with the Health Board.

TPS has also initiated the establishment of Tulsk Voluntary Housing Group. This group has recently been successful in securing an allocation of £294,000 capital assistance for the construction of ten dwellings in the village. Some of these units will be used to house elderly people who previously lived in outlying rural areas. In 1984 the national government introduced a capital assistance scheme, operated through the local authorities, to encourage social housing organisations. The Housing Act of 1992 provides capital assistance for the development of social housing for the elderly, with a ceiling of £27,000 for a one or two-person dwelling unit. This funding is repaid to the local authority by the national government through the Department of the Environment. In effect these 'loans' are not repayable by the organisation concerned as long as the accommodation pro-

Table 3: Indicative costs and income of a social housing project

Estimated Total Cost of the Project	£250,000
Maximum Government Assistance (8 units @ £25,000 per unit)	£200,000
Contribution Required Locally	£50,000
Income	
(6 single person units @ £10 per week)	£90 per week
(2 units for couples @ £15 per week)	£360 per month

vided continues to be used by the category of persons for whom it was originally approved (disadvantaged people, low income elderly, the homeless, the handicapped). The current approach of the Department of the Environment to this type of housing is to require a high level of 'local' contribution (at a minimum, 10% of the cost of the project) so as to ensure that the local organisation makes a strong effort to secure charitable funding, lands or suitable buildings, or loans.

Some indicative costs (drawn from another local community) of a social housing project are shown in Table 3. The figures are based on the estimated costs of a proposed eight-unit scheme and on current rental charges on such units. The weekly income has to be sufficient to meet the payments on any mortgage or loans that might be needed to make up the local contribution and to meet caretaking and maintenance costs.

## 5 Discussion

The two case studies highlight a number of interesting features. Both projects are located in rural areas where there is a low density of population, a high percentage of elderly people, and a dissatisfaction with an inadequate and receding level of both public and private services. Neither of the projects had set out with commercial or market criteria in mind. Yet, if services are to yield efficient outcomes and if costs are to be recovered, reasonably accurate and reliable estimates of demand are crucial. Demand is, of course, dependent on both the willingness and the ability of consumers to pay for the services. In each project, despite the presence of a price, the services are not commercial; in the case of the transport service public funding is needed, in the case of the services in the

home project a substantial voluntary effort is required. However, in both cases it was felt that careful planning and management practices could reduce this dependence on funding and voluntary time. It was also felt that complementary and partnership arrangements with government departments and public agencies could help to overcome financial gaps. Unfortunately, the experiences across the two case studies with respect to working with the state and public agencies was a poor one. In the second project, apart from the initial global grant, there are no contacts whatsoever. In the community transport project enormous energy was expended in negotiating with government departments and other state organisations. There is little encouraging evidence of a mechanism whereby the public agencies funding and delivering services and local organisations can work together on different issues e.g. on issues of provision and production of services, on ways of agreeing on and achieving concepts of viability etc. For the community transport project, for example, it was necessary to have contact with the Ministry for Social Welfare (responsible for welfare issues), with the Ministry for Transport, Energy and Communications (responsible for public transport licensing), with the Ministry for the Environment (responsible for taxi, hackney and public service vehicle licensing) and with the chairman of the Inter-Departmental Transport Accessibility Committee. This administrative bureaucracy creates too many bottlenecks and makes it difficult for local initiatives to succeed.

Findings ways of structuring complementarity between organisations that service larger communities of interest and local organisations is critical if opportunities are to be developed. Several large comparative studies of local organisations have found that complementary relationships between authorities representing both small and large communities are important to the successful operation of the smaller units (Leonard and Marshall, 1982; Uphoff and Esman, 1974). Furthermore, there can be clear incentives to develop these complementarities.

The area of services in the home to the elderly, is a case in point. Current demographic trends tell us that the elderly in Ireland number 395,000. Of this total, 78% are classified as fully independent—308,100 people who have adequate income, their own home, health and social independence, and family support. It is a widely held view that elderly people should remain in their own homes and communities for as long as possible. “Priority in the next four years will be given to strengthening the role of the general practitioner, the public health nurse, the home help and other primary care professionals in supporting older people and their carers who live at home. The target will be that no less than 90% of those over 75 years continue to live at home” (Department of Health, 1994, p.34). At present 67,150, or 17% of persons over the age of 65 years, are cared for in the community, either formally by organised services, or informally by family or neighbours, possibly supported by organised services. The elderly in residential care are 5% of the over 65 years group. These are people who have

become dependent through disability or illness and who do not have an extended family or adequate resources for self-care, or intermediate 'local' facilities which might be alternatives to the long-stay nursing home. It is true, as a general rule, that community day and night services fall short of providing round the clock care. An interesting point, in this regard, is that such provision was available through the services described in the case study reported here.

There has been a significant increase in the numbers of private nursing home beds in recent years. This has come about for a number of reasons; the lack of increased provision by the State, even though demographic changes show an increasing elderly population, the break-up of the extended family, emigration from rural areas, more women in the workforce, and a lack of employment for nurses within the state sector. The Health (Nursing Homes) Act 1990 brought private nursing homes more directly into the package of services provided to the elderly under the state financed programmes of community care. Thus, in addition to the need to develop complementarities with public agencies, there is an opportunity to involve private nursing homes with local organisations in some form of contractual relationship. The possible outputs from this relationship include direct employment opportunities, the provision of training locally and overall potential cost savings through the opportunity to optimise on, and choose from, a menu of care that is appropriate to the needs of the elderly person and that is available locally.

The two case studies suggest that various voluntary and neighbourhood services can have the features that make it possible to think in terms of an approach and a progression along a performance continuum that is market oriented. The area of care for the elderly, housing and transport are services that were, and perhaps still are, supplied informally by family and neighbours but they can also be organised by local voluntary development groups who are making a concerted and direct effort to help people in their areas. The needs being met have arisen because of changing socio-economic circumstances and because of demographic patterns. A sustained response to these needs can be one that is organised and administered along market lines by local groups in conjunction with the local authorities and public agencies.

There are several sensitive issues involved with the provision of services, particularly personal services, where quality will be important. In the case of services in the home for the elderly, old people can be distrustful or may not want to pay for a service that might have been provided for free by a family member. Confidence has to be developed in the service. The quality of these services is largely dependent on the dispositions and actions of people, those who are involved directly in delivering the services but also those who are, perhaps, indirectly involved in supporting local organisations. This point has implications for who might be

suitable for ‘employment’ in these new sectors. The case studies suggest that there are opportunities for older, long-term, unemployed persons. The barriers to participation are lower than in the conventional labour market—initial skill requirements are low, skills can be provided through short periods of initial training supplemented by ongoing on-the-job training and the training period doesn’t have to be a long one. These are positive features in terms of employment issues, problems of the long-term unemployed, and local economic development objectives

There are also certain activities that elderly people find it very difficult to pay for, e.g. a couple of hours chatting to somebody, this, as was pointed out during the fieldwork for this paper, is one of the biggest areas of need amongst the elderly living alone in rural areas. A big obstacle here is how to assess some willingness to pay for this service because what the market will bear has obvious implications for the viability of the initiative. There is the argument that if these services are only offered to those who could pay a commercial price then fewer old people in an area could avail of the service. These issues are currently being explored in a demonstration project with the group in the second of the case studies. This project is being funded by the European Commission and focuses on questions of long-term demand, the role of partnerships, and quality standards.

## 6 Analysis and Conclusions

Pearce (1993) reminds us that community development, which begins by addressing the wide range of problems and issues facing any community, will eventually find itself addressing the issue of unemployment and the need to sustain and regenerate the local economy. The primacy of economic development is reflected in the strategy frameworks of the Irish Combat Poverty Agency which recognise that “serious underdevelopment (of the selected area) is the result of a number of economic, social and political processes over a period of years. While these are all interrelated, a central concern for development purposes is with building a local economic base. Widespread impoverishment is related most directly to the failure to create substantial local employment” (Combat Poverty Agency 1989: 5). The argument in this paper is that the tasks undertaken under the banner of community economic initiative can be very often misspecified and, as a consequence, the results will always be unsatisfactory. It is preferable that community effort should be concentrated on those parts of the economy where it can have a legitimate role to play and where the activities in question connect directly with community and local betterment. This type of engagement is more consistent with what is commonly meant by development “the enhancement of the capacity to act and to innovate” (Beauragard, 1993: 271).

The two case studies are examples of experimental projects, see Rondinelli (1993). Experimental projects are generally small-scale, highly exploratory, risk ventures that do not always provide immediate economic returns or yield quick and useful results. In situations where both problems and objectives are clearly perceived, experimental projects can be used to discover and break bottlenecks or to overcome deficiencies. Working like this makes it possible to demonstrate to local constituencies and the national polity the circumstances under which certain projects can work and others cannot. This helps to avoid the kind of reckoning that often abruptly descends on, and jeopardises, community projects (OECD 1996). Thinking in terms of market failures is a constructive way of avoiding the conclusion that the community's role in economic activity will always be marginal or second class. It allows us to reappraise how resources are best deployed at a local level and the institutions who have the responsibility to produce different goods and services. Our public systems should be open to new organisational approaches which can demonstrate their effectiveness and efficiency. A minimum test might be where a local organisation requires public support which is less than the net tax income generated through its expenditures and any savings in social welfare arising from its operation. In addition, there is the important moral principle that services provided by a local or community organisation, because it is a local delivery system, will be more concerned about quality than private, or remoter forms of delivery mechanisms. Indeed, the evidence from the case studies suggest, particularly in the services in the home case, that quality will be a critical dimension if the projects are to be commercially successful. Fundamentally, there is the question of each community's welfare and the issue of how the resources that are available to a community can be best utilised is one that the community itself is entitled to examine.

There are a number of outstanding themes in this paper that warrant further research. In a sense, the present paper does not really get much further than demonstrating that the type of community projects in question are not conventionally commercial. Nonetheless, projects can be placed within the useful framework of a business continuum and this can help to clarify possibilities and outcomes. There is a broader literature that might be interesting to look at in this context—a literature that takes what can be loosely defined as a 'future of work' perspective. This would include material that deals with the new technology/mass unemployment discussions of the 1980s and the more recent contributions of authors like Handy (1994) on the future of work. Such writing argues that there is a range of activities that cannot be justified on current commercial criteria but are nevertheless needed and that there are people who are willing to provide them. The crucial issues that need to be considered here are: what forms of funding, assessment and evaluation and accounting systems are appropriate to deal with these contradictions?

Another issue, which is touched on in the paper, but, again, is not fully developed, would be to consider the nature of work and employment within such community enterprises and the consequences for other forms of employment, particularly within the public sector. This investigation might also consider the effect on the quality and level of social provision that results from providing community services in this way. The present discussion has said very little about the quality of employment offered, nor whether the experience provided, say, to the long-term unemployed, is a stepping stone towards 'better' employment for those concerned.

Finally, the paper suggests that the quality of service will be better if it is community located and provided, but this conclusion is not really demonstrated and the costs for those who might provide the service is not considered. Neither is there very much discussion about the relationship between community provisions of service and those provided by the public sector. The implication is that these services are a supplement to inadequate public services rather than a replacement, but the borderline between what should 'reasonably' be provided by the public sector and what is 'extra', which could be community provided, and what this mix of provision means for public sector employment and quality, are important research questions.

## References

- Area Development Management Ltd.**, *Community Business in Ireland: its Status and Potential*, Dublin: Area Development Management Ltd., 1996.
- Beauregard, R. A.**, "Constituting Economic Development: a Theoretical Perspective," in R. D. Bingham and R. Mier, eds., *Theories of Local Economic Development*, California: Sage, 1993, pp. 267-283.
- Combat Poverty Agency**, *A Framework for Community Participation in Integrated Development*, Dublin: Combat Poverty Agency, 1989.
- Cullen, P.**, "The Role of Country Enterprise Boards in Socio-economic Development," in "Partnership in Action: the Role of Community Development and Partnership in Ireland," Galway: Community Workers' Co-operative, 1996, pp. 105-116.
- Department of Health**, *Shaping a Healthier Future*, Dublin: Stationery Office, 1994.
- European Commission**, *White Paper on Growth, Competitiveness and Employment*, Luxembourg: Office for Official Publications of the European Union, 1993.
- , *Local Development and Employment Initiatives*, Luxembourg: Office for Official Publications of the European Union, 1995.
- Handy, C.**, *The Empty Raincoat: Making Sense of the Future*, London: Hutchinson, 1994.
- Hayton, K., J. Turok, and J. Gray**, *Community Business in Scotland: a Final Report submitted to Scottish Local Authorities and Scottish Enterprise National*, Glasgow: Centre for Planning, University of Strathclyde, 1993.
- Keane, M. J. and M. S. Ó Cinnéide**, "Promoting Economic Development Amongst Rural Communities," *Journal of Rural Studies*, 1986, 2, 281-289.
- Leonard, D. K. and D. R. Marshall**, eds, *Institutions of Rural Development for the Poor: Decentralisation and Organisational Linkages*, Berkeley, California: Institute for International Studies, 1982.
- McArthur, A. A.**, "An Exploration of Community Business Failure," *Policy and Politics*, 1993, 21 (3), 219-230.
- Michaelson, S.**, "Community-based Development in Urban Areas," in B. Chinitz, ed., *Central City Economic Development*, New York: Abt., 1979.

**OECD**, *Local Partnerships and Social Innovation*, Paris: Professor C. Sabel, the LEED programme and OECD, 1996.

**Pearce, J.**, *At the Heart of the Community Economy*, London: Calouste Gulbenkian Foundation, 1993.

**Rondinelli, D. A.**, *Development Projects as Policy Experiments*, London: Routledge, 1993.

**Stares, R.**, "Local Employment Initiatives," in L. Bekemans, ed., *Theory and Practice in Local Employment Initiatives*, European Centre for Work and Society, the Netherlands: Vangorum-Assen, 1983, pp. 9-22.

**Taylor Lightfoot Transport Consultants**, *North West Connemara Community Transport Study Final Report*, Letterfrack, Connemara: Forum, 1995.

**Uphoff, N. T. and M. J. Esman**, "Local Organisations for Rural Development: Analysis of Asian Experience," Series on Rural Local Government, No. 19. Ithaca, New York: Centre for International Studies, Rural Development Committee. 1974.