

Social Enterprise As Building Back Better: A Review of Community Contribution Companies

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Summary

As calls to 'build back better' begin to formalize, social enterprise as an alternative economic model has drawn increasing attention. In British Columbia, specific models have yet to be identified by the province and municipalities towards "(Re)imagining Economic Recovery" under the indiscriminate category of social enterprise or community economic development broadly. We know relatively little regarding specific social enterprise models in British Columbia and what their track records are to-date.

This report focuses on the Community Contribution Company (CCC) - a legal structure intended for the use of social enterprises introduced to British Columbia in 2013. This legislation was explicitly modelled after the UK's Community Interest Companies (CICs, often pronounced 'kicks'), which were touted as a world-first hybrid business structure. Hybrid refers to a blend between for profit and despite the long-standing existence of cooperatives. This past June, yet another hybrid was introduced to Canada via British Columbia - Benefit Corporations. Thus it is time that we consider the role of CCCs and what impact they have had.

All CCCs incorporated to date were inventoried and categorized. Mixed methods of analysis were used to contextualize the inventory's findings, including key informant interviews, document analysis and event observation. This study draws on two areas of literature - the study of social enterprises (also called alternative or hybrid enterprises) and the study of policy transfers. The case of CCCs is an opportunity to study how well one particular social enterprise policy has been transferred from one setting to the next.

In total, 92 CCCs have ever been incorporated. Of those, 61 remain active as of October 2020. An average of 11 CCCs are incorporated per year. Only six of the 48 with a web presence were owned by a self-described IBPoC individual. Only two CCCs were explicitly owned and affiliated with existing nonprofit organizations. CCCs are typified by being very small. The average employment per CCC is estimated between 1-3 full-time equivalent (FTE) jobs. This estimates that CCCs have created at most 33 FTE jobs per year in British Columbia. The majority of CCCs have been registered in the lower mainland (67), mostly concentrated in the City of Vancouver (44).

The unique contribution of this organizational model in BC's context is that it allows shares to be issued while maintaining an asset lock. Tensions identified by this report regarding its low level of uptake include: the CCC's comparative disadvantage, a lack of regulation, a lack of governmental support and an unsupportive political context. The current trends do not bode well for the prospect of using CCCs to 'build back better' at a meaningful scale. However this research also revealed two areas of potential that have not been previously considered - CCCs as a vehicle for self-employment and as a vehicle for protecting community-owned assets.

Given the low number of CCCs and the lack of structural programming, it remains unclear whether this model is useful. Especially in comparison with other existing structural options. In this moment of 'build back better', we need Canada's considerable social innovation sector to focus on enterprises governed by the principles of economic solidarity rather than unproven new hybrids.

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Introduction

Cities are considering how to answer the challenge of economic recovery. The emergent slogan 'build back better' calls planners and community organizers to identify what tools are at our disposal to ensure an equitable and sustainable economic recovery. In June of 2020, mid-pandemic, Exchange InnerCity and Buy Social Canada, two major social enterprise organizations, advocated for the City of Vancouver to adopt community economic development via supporting social enterprises as a core set of practices to deliver 'city-wide COVID-19 recovery' (Masongsong, 2020). Four out of five of their recommendations were centred on supporting social enterprise programs and policies. In response, the City of Vancouver's Social Policy and Projects team hosted 'Vancouver's Social Enterprise Sector Recovery' a consultation program that amplified the concerns of a network of social enterprises centred in the Downtown Eastside (DTES) (Ali, 2021).

Due to increasing mainstream awareness of our overlapping crises, we have a new surge of interest in alternative economic models as a pathway towards just economic recovery ([BC Cooperatives Association, 2020](#); [Vancouver Just Recovery Coalition, 2020](#)). Amongst alternative economic models, some attention has been paid to social enterprise. Social enterprise as a term and field is still emergent and only a few decades old in the Anglo-American context (Spicer et al., 2016). Specific models have yet to be identified by the province and municipalities towards (Re)imagining Economic Recovery ([Canadian Federation of Independent Business, 2002](#)) under the indiscriminate category of social enterprise or community economic development.

This report focuses on the Community Contribution Company (CCC, sometimes referred to as C3s) - a legal structure introduced to British Columbia in 2013. This came after several years of advocacy and policy development between BC's social enterprise sector and provincial policy officials (BC Centre for Social Enterprise, n.d.; Liao, 2013). Within two years, 35 new CCCs were incorporated either as new entities or as conversions from other legal structures such as non-profit organizations (Horel, 2016).

This legislation was explicitly modelled after the UK's Community Interest Companies (CICs, often pronounced 'kicks'), which were touted as a world-first hybrid business structure despite the long-standing existence of cooperatives (Bouw, 2013). In 2019-2020 alone, 5,106 CICs were incorporated, seeing a new surge of community entrepreneurship despite the pandemic. Since 2005, 22,996 have been created. They have a dedicated regulator in the Companies House, and are often described as easy and fast to set up.

After 8 years, how effective has the CCC been? What does this imply for its potential as a tool to 'build back better' both at the municipal level and provincial level? In this report, I review the policy and evaluate its impact thus far. The following sections are organized as follows: first, I will provide some background information regarding the policy; second, I situate this research within two existing literatures; third, I outline the methods used. The findings are then presented in two sections - an overview of the CCC inventory, and the challenges that were found. We conclude with a discussion of these findings and some recommendations.

Background Information

What is a CCC?

The CCCs are shaped almost identically to the UK's CICs. They are governed by the BC Corporations Act and Regulations. Three essential features make their 'hybrid' status between a nonprofit or a for-profit business:

One - It has to serve a 'community purpose'. Unlike the UK's CICs, this does not need to be approved by regulators before incorporation. CCCs are also supposed to publish an annual report for accountability towards this purpose. The definition includes that this purpose needs to be broader than the interests of people involved with the CCC.

Two - There is a regulated 40% profit cap. In other words, 60% of profits must be transferred towards a community benefit.

Three - They are subject to an asset lock upon dissolution. This means that property that a CCC owns cannot be sold to a private entity. These assets must be transferred to a nonprofit or charity when it is terminated.

The features of a CCC are summarized in the following table by Professor Carol Liao. Professor Liao is a scholar of nonprofit and corporate legislation, and member of the CCC advisory council.

Table 1: Features of the BC Community Contribution Company by Prof. Carol Liao (2017)

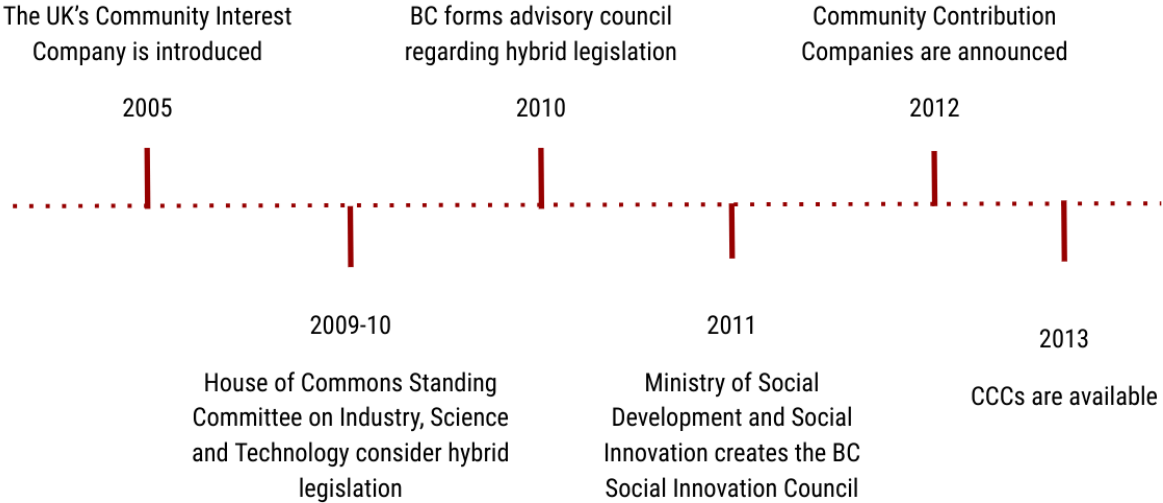
Name	Must have in its name either "Community Contribution Company" or the abbreviation "CCC."
Community purpose	Required to have a community purpose that is beneficial to either the society at large or a segment of the society that is broader than those persons who are related to the C3. Purpose must be set out in its Articles, and its Notice of Articles must contain a specific statement making it clear that it is a C3, and outlining the asset lock and dividend cap restrictions.
Board of directors	A minimum of three (3) directors are required. Directors are required to act with a view to the community purposes of the company as set out in its Articles.
Asset lock	Restricted from transferring its assets for anything less than fair market value, unless the transfer furthers its community purposes, is to a qualified donee as defined in the ITA, or is to a community service cooperative as defined in the bc Cooperative Associations Act. Transfer of assets to a person that is related to the company is also prohibited. In essence, the idea is that the assets cannot go to an organization that is not otherwise subject to limitations on how its assets may be transferred.
Dividend cap	The maximum annual dividend is currently set at 40% of the profit of the organization according to GAAP principles (plus any portion of the unpaid dividend amount for any previous year). This restriction does not apply to shareholders that

	are registered charities and other qualified donees as defined in the ita. There is no cap on bonds (differing from the UK CIC).
Reporting requirements	Required to annually publish a Community Contribution Report detailing certain activities including (1) the total amount of dividends declared on all classes of shares; (2) the identity of shareholders receiving dividends; and (3) remunerations exceeding \$75,000.
Tax status	No additional tax benefits. Not exempt from income tax and cannot issue income tax receipts for gifts or donations to the C3.
Dissolution	60% of its assets on dissolution must go to another entity under a similar asset lock, such as another C3, or a qualified donee as defined in the ita, or a community service cooperative as defined in the bc Cooperative Associations Act.

Table 2: Anglo-American hybrid legal structures (Carol Liao, 2013)



Chart 1: Timeline of CCC Policy Introduction



How were CCCs created?

In this section, I will report what is known regarding the creation and history of the CCC policy. The CCC was explicitly and wholly modelled after the UK's CIC policy (Bouw, 2012; Lee, 2016; Liao, 2013). CICs were introduced in 2005. Within seven years more than 7000 CICs had been incorporated. The UK policy teams shared that the rate of uptake was double that of what they had projected (Lloyd, S., 2010). The high level of uptake of this wholly new hybrid corporate structure drew attention from social enterprise and nonprofit policy advocates around the world. As of February 2021, 22,996 CICs are active throughout the UK (Office of the Regulator of Community Interest Companies, 2021).

The policy history of CCCs specifically is quite short and spans only 3 years from inception to introduction. Canada first considered hybrid corporate structures at the federal level as early as 2010. After some federal consultations, eventually, each province continued to explore their own corporations' acts to discern whether a policy transfer of the CIC program would be applied locally. Ultimately most other provinces dismissed the exploration and adopted a wait-and-see approach. The Ontario Nonprofit Network expressed towards the Ontario provincial government that: "ONN does not believe that hybrid legislation will significantly address the challenges faced by social enterprise, promote social innovation or attract significant capital investment for social good... the hybrid models, as currently constituted, do not seem to meet the needs of any of the key stakeholders: social entrepreneurs, communities, investors or governments." (ONN, 2015)

British Columbia continued their consultation and appointed an advisory council to shape the CCC legislation's ultimate form. Nova Scotia followed with its own Community Interest Company shortly after (Liao, 2013). The CCCs were being shaped as the United States was launching their adaptation of the CICs - the low-profit limited liability company, L3Cs. Liao (2013) notes that there is a wide variety of hybrid forms across the Anglo-American context (see Table 2).

This was precipitated by a larger set of initiatives named the 'Social Economy Suite' under the federal Martin Liberal party government. This program created \$132 million in funding between the Canadian Community Economic Development Network (CCEDNet) and Quebec's Chantier de l'économie sociale to direct the creation of social enterprise research and policy programmes across Canada. After every province completed the research stage of their respective social economy sector surveys, only Quebec was able to secure broader programming funding. This nationwide programme came to an abrupt halt when the Harper Conservative party administration came into power.

In British Columbia, the provincial Liberal government also was no longer as willing to entertain the Social Enterprise Policy Advisory Council recommendations once the federal funding was discontinued. With their remaining mandate, this Council advised the provincial government to introduce CCCs as part of their 'Action Plan Recommendations to Maximize Social Innovation in British Columbia' (2012). This plan included a dedicated agency to promote, support and regulate CCCs, much like the UK's Regulator of CICs Office. The outgoing provincial Liberal government

announced the legislative amendments to create CCCs in 2013, and the remaining programming was never implemented by the incoming BC NDP government.

One of the only popular news articles that covered the introduction of CCCs in 2012 featured quotes from credit union investors and social finance investors who claimed that their membership/customer base was requesting for greater investments into the increasingly popular idea of social enterprises. Government documents regarding the benefit of introducing CCCs emphasized investments in social enterprise would lead to spurring job creation, and creating economic wealth for BC. They made general statements about British Columbia becoming known as a social enterprise hub, and that increasingly investors are eager to fund businesses with a social purpose.

We know very little about what has happened since then. No government reporting or summary documents are available regarding the CCCs. At the outset, legal scholars have critiqued the CCCs to be “vague, voluntary and void” (Lee, 2016). Only one study (Horel, 2015; Horel and McKague, 2016) has

attempted to understand the CCC program’s progress and uptake. This study inventoried all 35 C3s that had been incorporated as of November 2015 and surveyed 14 of them.

This past June, yet another hybrid was introduced to Canada via British Columbia - Benefit Corporations. Liao categorized Benefit Corporations from the United States as an “American solution to an American problem” (2013). British Columbia has introduced the greatest variety of hybrid legislation in Canada. The three recent hybrid structures available include the Community Service Cooperative (introduced in 2007), Community Contribution Company (2012) and the Benefit Corporation (2020). Each of these amending some element of either the provincial Corporations Act or Cooperatives Act rather than evolving out of the Societies Act which governs nonprofits. She emphasized that rather than continue importing new hybrid legislation without pause, the social enterprise community should instead reconsider how to strengthen and broaden awareness of existing hybrids such as cooperatives which are ‘one of the oldest corporate structures in the world’ (2013). Thus it is time that we consider the role of CCCs and what impact they have had.

Literature Review

There are two broad areas of literature that we can draw from to better understand CCCs and their journey from the United Kingdom, to British Columbia. One is the literature studying social enterprises (also called alternative or hybrid enterprises). Another is the literature regarding policy transfer.

Social / Hybrid / Alternative Enterprises

Scholars across disciplines have studied them and we know that these alternative enterprises exist

and are a field in and of themselves (Spicer et al., 2019). Some have been deemed to be inherently bad and some seem to deliver more transformative outcomes (Spicer & Casper-Futterman, 2020).

The definition of what constitutes SEE continues to evolve, however the core tenets are that it is not a purely investor-owned company, not the government and not a charity. Social enterprise is broadly accepted as simply any business that seeks a social purpose beyond profit generation (also referred to as ‘blended returns’). Liao (2013)

observed that in the UK social enterprise is commonly defined as outside of nonprofits, whereas in Canada, SEE has been quite explicitly linked to nonprofit programming and ownership. SEE seems to encompass all the entities and activities in between and outside of those areas. Within Anglo-American contexts, as legal forms, they are quite new and have been criticized. (Lee, 2015; Spicer et al., 2019)

Generally, the field is still not well understood. There are many existing critiques. Some have critiques when these structures are unregulated (Fischer et al., 2015). There are critiques that these entities are inherently unable to do what they think and say they mean to do in regards to their social mission (Spicer & Lee-Chuvala, 2021). Others have observed that the use of the term social enterprise is not typically inclusive or relevant to IBPoC social economies (Hossein, 2017, 2020). However, what this literature also demonstrates, is that they matter at multiple scales in policy and planning. Therefore their presence needs to be included within our planning considerations.

We do know policy matters in enabling these structures (Spicer, 2021). While some types of SEE, such as employee-owned businesses and worker cooperatives, are more useful for bringing about transformative outcomes - all SEE requires inclusion within policy and planning to be effective towards what they are intended for.

Policy Transfer

In reviewing what we know about how these policies travel - we can draw on the literature regarding policy transfer. We know that policy is transferred in particular and differing ways. They can be transferred well, poorly or not at all (Dolowitz & Marsh, 2000). They are transferred more between settings that have established ties, such as through colonial history, with institutions like the commonwealth. We also know that depending on how well they are transferred, we can typically expect more or less successful outcomes (Minkman et al., 2018).

In this context, the case of CCCs is an opportunity to study how well one particular social enterprise policy has been transferred from one setting to the next.

Method and Approach

The literature and policy background point us to ask several interrelated questions - was this policy transferred well? Is the policy appropriate for BC's context? How effective has the CCC policy been so far? Is this a tool to help us 'build back better'? These questions inform the methods that we can use to analyze the CCC policy.

First, I analyzed the features of a CCC in the context of other available incorporation structures in British Columbia, this was done to better understand how

the CCC fits within the current landscape of incorporation options. Then I created an inventory of all CCCs incorporated to date. This formed the basis of this report. As there are no publicly available CCCs listings, I replicated the process that Horel (2016) undertook based on instructions from the BC Centre for Social Enterprise. This involves using both the BC Names Registry's name search tool and the federal Canada Business Registry name search tool. I catalogued all the results by

their registered name, year of incorporation, registered location, status (active, in poor standing, inactive) provided.

A content analysis was conducted for every CCC's online collateral (e.g. websites, annual reports, social media), where available. Each CCC was categorized by their stated social purpose, type of business/service, whether they self-described as IBPoC ownership, and whether they were affiliated with or owned by a specific nonprofit/charity. I also logged instances where their collateral included information regarding the CCC structure.

Key informants were identified through the inventory and initial findings from the document analysis. Background interviews with nine regional organizations were conducted. These included social enterprise developers/advisors (N=6), of which some were CCC operators themselves (N=3), and academics (N=2) that have studied or advised the CCCs policy development within BC's social enterprise context. Informants were asked to identify other organizations who were knowledgeable of CCCs in British Columbia or individuals who advise on incorporation models for social enterprises broadly.

Interviewees that were CCC operators themselves were asked why they chose the structure over others and what improvements they desired for the CCC structure. Interviewees involved in the social enterprise policy advocacy that precipitated the introduction of CCCs were additionally asked to

identify and rank the reasons for which CCCs were created. They were then asked to evaluate whether the CCC program had achieved those purposes and if there was a structure they preferred as an alternative for social enterprises.

A document analysis of both the CCC policy and the CIC policy was conducted. This included public documents relating to CCCs and social enterprise more broadly from government and government agencies. This also included training manuals and event recordings about CCCs and social enterprise in British Columbia's third sector organizations and advocacy groups. As the UK's CIC programme became more pronounced as a recurring theme in the materials and interviews, I began to gather documents relating to the rationale and impact of the CICs as well. Some popular media coverage where relevant also illuminated parts of the CCC origin story.

I attended several events regarding the UK's CIC program to further understand the rationale and support around that program, which is so often cited as the inspiration for the CCCs. I also attended several panels regarding the role of social enterprise within the context of economic recovery that were hosted virtually by organizations based in British Columbia to better understand the discourse amongst the field's practitioners.

All of the above methods influenced each other and helped contextualize the impact of CCCs beyond their sheer numbers.

Findings

The findings from this research are reported here in two sections. Part A is an analysis of the CCC in BC's legislative landscape and an overview of the

inventory including an estimate of total employment by CCCs. Part B is a summary of all the tensions

identified through a thematic analysis of the interviews and content analysis.

Part A: Overview of CCCs & Inventory Results

Locating the CCC within BC’s context

CCCs are but one of many legal structures that a social enterprise, or indeed any enterprise, may take in British Columbia. Enterprises across all available legal structures claim to be social enterprises. Just as many enterprises may operate in a manner that could be called social enterprise without claiming to be a social enterprise.

The results of analyzing the CCC’s features compared to other structures in BC are illustrated by Chart 1. The chart situates CCC in the landscape of British Columbia’s incorporation forms based on three distinguishing features: whether it is able to issue shares, whether it has an asset lock, and whether it is tax-exempt. As it was designed, the unique contribution of this organizational model is

that it allows shares to be issued while maintaining an asset lock. The other hybrid forms - community service cooperatives, cooperatives and benefit corporations do not share this attribute. The innovation of the hybrid legislation is that it opens a new avenue for investments in ‘social purpose organizations’ under asset lock. The hypothetically increased access to capital is precisely what it is designed to do.

Total Incorporations and Geographical Distribution

In total, 92 CCCs have ever been incorporated. Of those, 61 remain active as of October 2020. The majority of CCCs have been registered in the lower mainland (67), mostly concentrated in the City of Vancouver (44), with the other major concentration in the City of Victoria (10). After normalizing by the total registered CCCs by census metropolitan area (CMA) or census agglomeration (CA), there are very few total-to-date and active CCCs incorporated (see Charts 2 and 3).

Chart 1: CCCs compared to other forms of incorporation in British Columbia

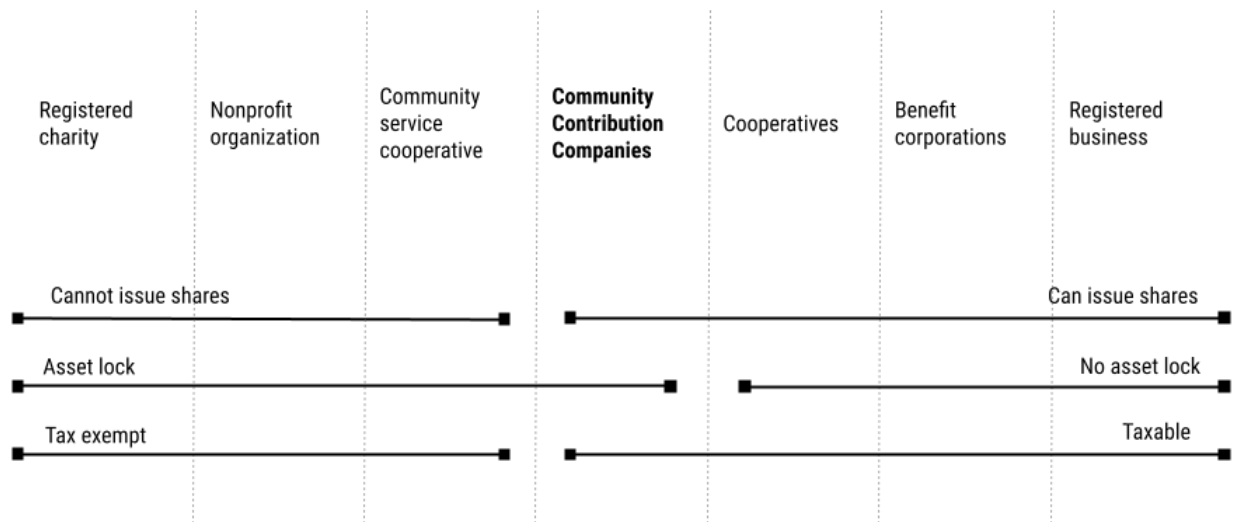


Chart 2: Active CCCs per Census Metropolitan Area or Census Agglomeration

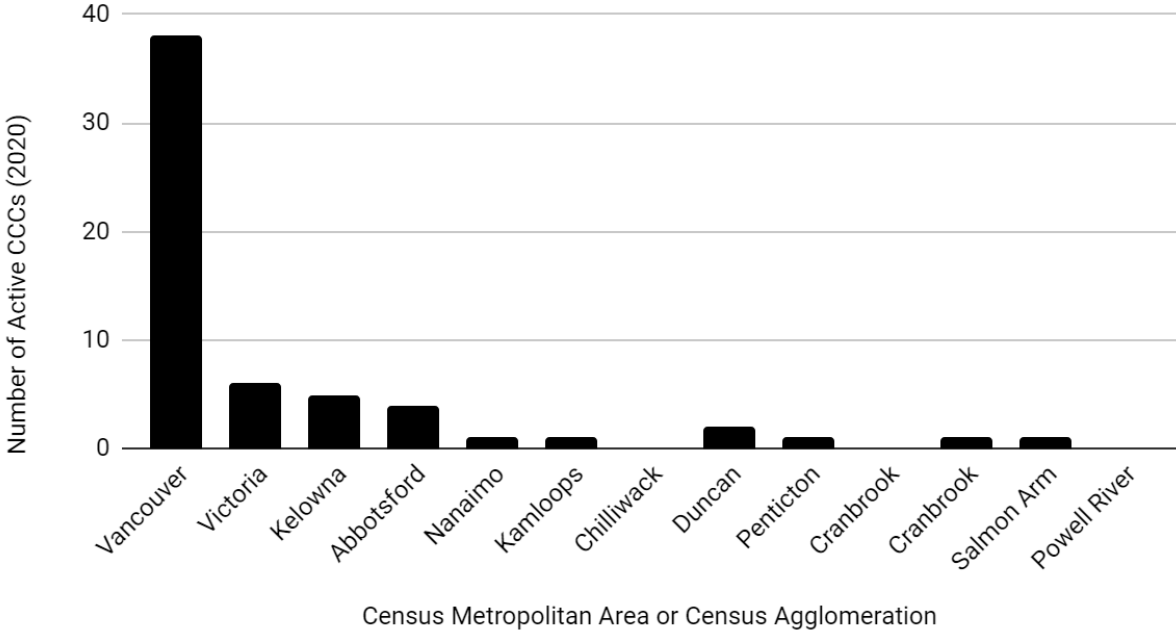


Chart 3: Total CCCs Incorporated to Date per Census Metropolitan Area or Census Agglomeration

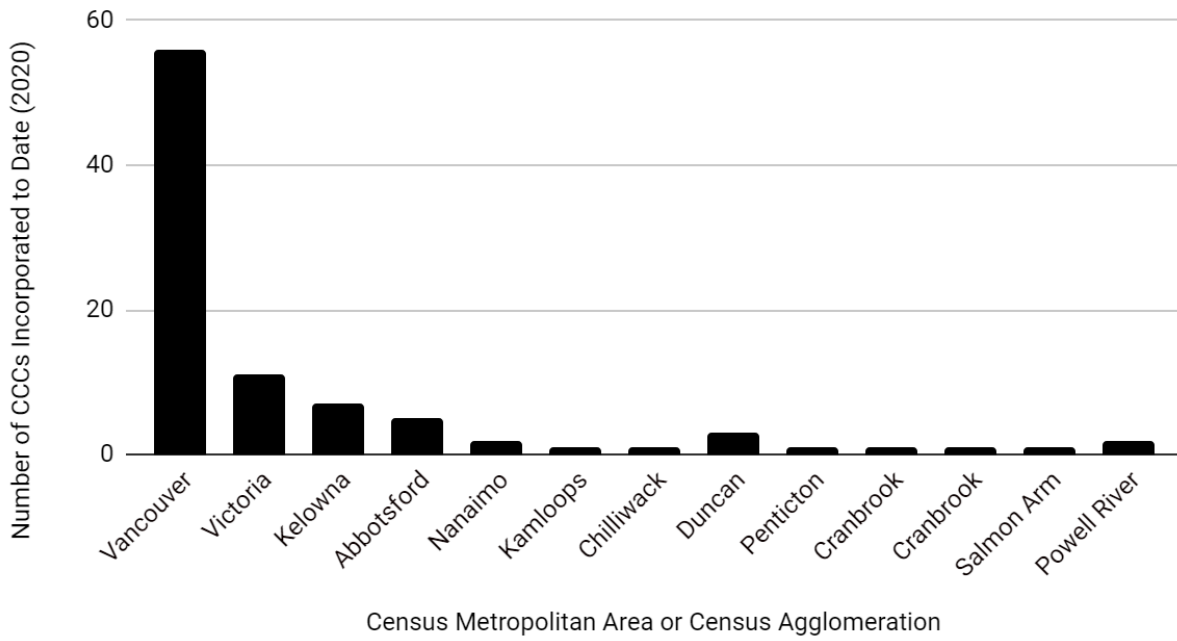
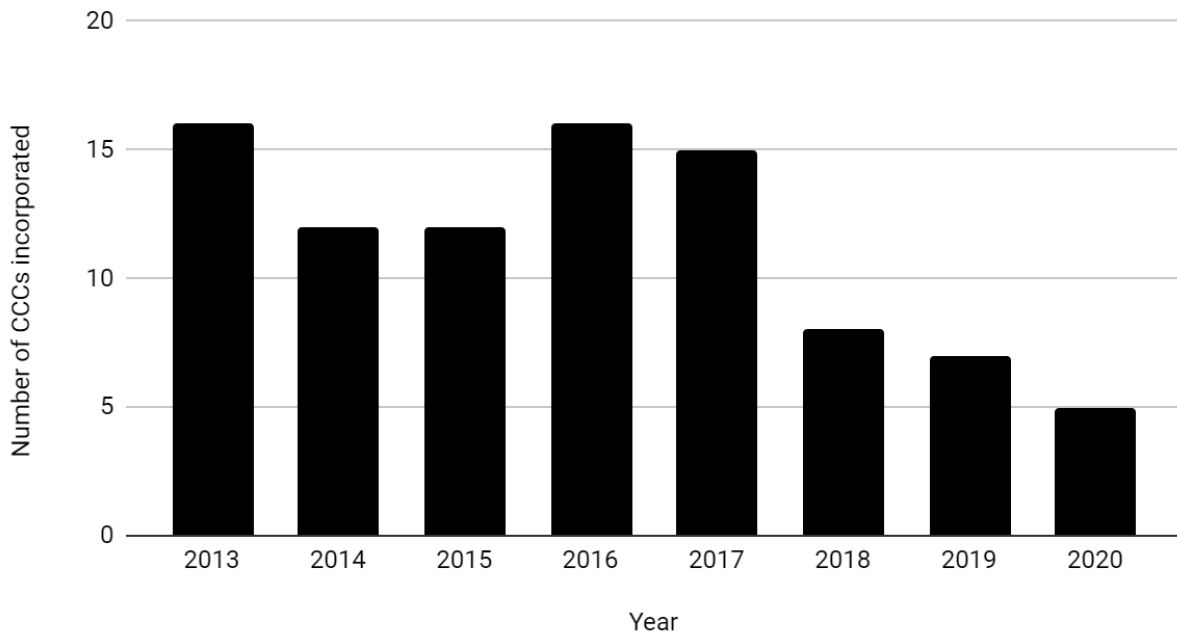


Chart 4: CCCs Incorporated per Year



The amount of incorporations per year has been declining and has never surpassed 15 incorporations in any year. In terms of a net total, this means that an average of 5 CCCs are incorporated per year. This stands in sharp relief to the CICs which experienced a sharp increase in the total CICs incorporated across the UK program during the pandemic.

Once disaggregated, the inventory reveals that 13 CCCs are arguably one endeavour named Anhart Community Housing. 5 firms form the umbrella structure of its actual operational assets - Anhart Homes CCC, Anhart Housing Solutions CCC, Anhart Construction CCC, Rebuild Construction CCC and Anhart Tenant Services CCC. These are in addition to a registered charity and a nonprofit organization - Anhart Community Housing Society. As this is a major outlier in our inventory, we set these aside for now. In total 17 CCCs can be linked to either Anhart Community Housing or its founder Gordon Keith Wiebe. Another four CCCs seem to be owned by David LePage.

Estimated Employment

Public information is very limited, making the total employment of CCCs to be very difficult to estimate. The following estimations regarding employment and activity are based on a mix of social media content analysis and interviews.

Among the active CCCs, only 48 were found to have an online presence and even fewer had an active website. The lack of a website suggested that the typical CCC is very small in scale. Only six of the 48 with a web presence were owned by a self-described IBPoC individual. Only two CCCs were explicitly owned and affiliated with existing nonprofit organizations - PHS Community Services Society and Anhart Community Housing. Seven CCCs to-date were converted from a previous structure. Most converted when the CCCs were first

introduced in 2013, only one incorporated after this, in 2018.

CCCs are typified by being very small. The largest CCC appears to be Urban Matters CCC - an urban planning, policy evaluation and engagement consultancy. Their website suggests that they employ a total of 11 individuals however it is unclear if all of those roles are full-time. One interviewee indicated that they had not heard of a CCC comprising more than 8 full-time employees. CCCs are also typically formalized self-employment vehicles. More than a third (26) of them operate in this fashion. The CCCs that displayed multiple employees / affiliated individuals do not typically seem to be providing full-time employment to all of them. It was common to see LinkedIn descriptions of self-employment, part-time or voluntary engagement with the CCCs that listed individuals on their websites.

Based on this, the average employment per CCC is estimated between 1-3 full-time equivalent (FTE) jobs. This suggests that across the total active CCCs, there would be between 62-186 FTE jobs at the time of the inventory. This also means that the total employment in the entire CCC history is estimated to be under 276 FTE jobs. This estimates that CCCs have created at most 15 FTE jobs per year in British Columbia.

More information regarding their employment totals may be available from the BC Registrar. However, I have not been able to obtain this information before the time of writing.

Part B: Identified Tensions

The results from the inventory show us that since their introduction, a low number of CCCs have been incorporated. The current trends do not bode well for the prospect of using CCCs to 'build back better' at a meaningful scale. This section of findings

describes the tensions that have been identified with its uptake and use.

Comparative (Dis)advantage

There is disagreement regarding whether or not there was a sufficient gap in the existing incorporation options for the purposes of social enterprise. One interviewee who advises alternative businesses and nonprofits said that they actively dissuade entrepreneurs and community groups from using the CCC form. The reason being that they see very little comparative benefits for new enterprises from other forms. The same interviewee, a social enterprise advisor, also noted that they perceived CCCs as not any easier, cheaper or faster to incorporate compared to other options.

On the other hand, other interviewees were adamant that a gap does exist in the landscape of existing structures. They especially perceive the existing charities structure as extremely restrictive for market-facing, operating revenue-generating activities. For them, they see the clear role for CCCs to help simplify transfers of money between charities and nonprofits, and their entrepreneurial activities. They emphasized that this gap needs to be addressed through a model such as the CCCs, or a substantial update to the existing charities and nonprofit societies regulations. Their perception of why such a major gap has not led to greater uptake of the CCCs is because the CCCs are largely unknown in social enterprise or what they call the 'enterprising nonprofits' community of practice.

Access to capital

There is debate over whether the ability to issue shares was needed to facilitate greater investments into the nonprofit and charitable sector. Interviewees expressed that they had not heard of any CCC actually facilitating an equity-based investment in order to grow. Corroborating the findings from McKague and Horel's article that

CCCs have failed to facilitate greater access to impact investments. Interviewees indicate that tax exemption and the ability to issue tax receipts remain a more effective incentive for accessing capital than the ability to issue shares.

Lack of regulation

There is presently no active regulation to support compliance and oversight of CCCs. A social enterprise developer expressed that they had never heard of any CCC transferring their profits towards a community benefit. Another social enterprise advisor expressed that CCC owners could simply set up their own charities and transfer profits to their own entities. None of the CCC operators interviewed have ever asked the CRA for a ruling on this matter and indicated that they had no confidence they could get any support on this matter from the provincial government. It is unclear whether they have gone to these lengths simply to resolve the issue of the mandated 60% profit transfers. One CCC developer expressed confidence that should an audit ever come to pass, that they could simply plead that there was a lack of clarity and support within the provincial legislation.

There is no guarantee that the CCCs are providing the social benefit they are designed for. Very few annual reports could be found on the websites that were available, and some of the reports gathered did not disclose the mandatory elements such as profit reporting, remuneration details. Interviewees that were CCC critics indicated that this lack of public accountability was the primary reason they had low levels of confidence in the utility of CCCs as a structure. In interviews, CCC operators revealed that there has been no guidance regarding how, where, and when they should be publishing this annual report. All of them said that no one had ever requested a copy of their annual report, whether a member of the public or a government entity. At least two CCC operators who were filing

their annual reports and making them publicly available seem to be doing so out of an abundance of compliance, and were able to navigate how to do so by relying on their prior experiences working in the nonprofit sector.

Lack of governmental support

There is no technical support, marketing or development assistance for CCCs provided by the provincial government. In other words, there is no wraparound programming. All interviewees emphasized that this was a major challenge. Interviewees familiar with the CCC's policy origins were adamant that this was the reason the CCCs have not achieved the level of impact that they should. They recounted the CCC programs implementation versus the design that was promised and described by the Advisory Council. There is a perception that the CCC program was 'delivered and then abandoned'.

They also made comparisons to the UK's CIC Regulator Office's high profile role. The perception that the CCC program was comparatively unsupported was inextricably linked to their assessment of what the real needs of local social enterprise development are. It was difficult to obtain an independent and localized assessment of which types of programming they would prioritize in order to achieve the social outcomes they desired from the existing CCC program.

These issues are also tied to a lack of awareness of the CCC structure. This was described both within the social enterprise community and a finding from the inventory. Many CCCs opted to provide their own explanation of what a CCC is as part of their marketing collateral. Some made comparisons if not false equivalences to the BCorp certification program. Some also simply provided links to one another's explanations. None of them referenced any official documents or governmental information sources.

The interviewees who were familiar with the CCCs, expressed that 92 is a surprising amount of CCCs that have incorporated given that there is barely any information available about them and no public bodies dedicated to their development. Respondents generally found it difficult to benchmark this level of incorporation/turnover and evaluate its significance.

Political context for social enterprise legislation

All interviewees recounted the political context that social enterprise legislation was created in. Multiple interviewees provided commentary that described social enterprise as an apolitical policy issue. While others insisted that social enterprise within the Canadian context is very strongly associated with the federal Liberal Party.

Based on the discussions from the CIC events I attended, participant commentary described social enterprise as explicitly third way, or centrist as a policy because it lacks definition. Such that it receives support from both conservative and progressive political factions. They observed that this led to the CIC programme's ability to continue receiving support despite the change of powers from its champions in the Labour Party, to the current Conservative Party government's support.

Currently, the BC New Democratic Party is in power but we have yet to see any investments in the same type of programmatic support for social enterprises, and by extension CCC development. One interviewee identified that no level of government in BC has backed a social enterprise investment fund, and gave the City of Edmonton's partnership with the Edmonton Foundation as an example of how local government needs to demonstrate leadership in order for private investment actors to understand new models, and catalyze further uptake.

Exclusive Network Nodes

Where there are no structural supports, there are individuals and organizations who seem to be providing assistance and CCC information, Gordon Wiebe of Anhart being the most prolific example in our inventory. The case of Anhart demonstrates that it is possible to facilitate the development of more uptake, given some knowledge around the option of pursuing hybrid legislation. Most notably the BC Centre for Social Enterprise, which hosted multiple workshops prior to its launch and continues to be one of the only public sources of information regarding the CCC. The private consulting practices of David LePage, which include Accelerating Social Impact CCC and Social Enterprise Institute CCC also have provided business support. Just over a third of the active CCCs created have existing network ties to two

independent CCC advocates/developers in Vancouver. 10 individuals in BC's SEE ecosystem turned down an interview because they were not familiar with CCCs and/or referred me to one of four experts who seemed to form the nuclear network nodes of the CCC program.

Multiple interviewees indicated that the main driver of the CCCs introduction was the one individual - David LePage who continues to carry great policy influence in BC's social enterprise field. One researcher noted that LePage's enthusiasm for the policy transfer was not necessarily rooted in a local need or extensive consultation with a diverse and representative group of social enterprises. Another interviewee described the small but influential policy advisory group as an exclusive "in-crowd" perceiving themselves as part of the "outcrowd" (Interview, 2021)

Discussion & Conclusion

The CCCs have seen very limited uptake. The number of incorporations are small even when considering BC's relatively small population compared to the United Kingdom. CCCs were predicted to be attractive to individuals who wanted to build a social project without a collective base which cooperatives require. The main institutional adopters were predicted to be nonprofits who were seeking impact investment and private financing for their community projects (Liao, 2013). As the inventory indicates, the former has turned out to be somewhat true, and the latter has failed to materialize.

Generally both scholars and practitioners agree that the CCCs have not meaningfully facilitated its chief promise, which is greater private investments for social purpose projects. The other promise, which

was to enable greater flexibility for enterprising nonprofits and charities, has also largely been unfulfilled as very few existing nonprofits or charities have opted to create a CCC arm. In evaluating its impact, the findings suggest that the CCC as a structure cannot inherently accomplish these goals without appropriate support and development.

The case of transferring CICs into CCCs seems to be a case of 'opportunistic' policy transfer. This type of transfer is described as solely initiated by the adopting actor. We know this to be the case with CCCs. The CIC regulator of the UK did not tour their program in Canada. Canadian social innovation leadership both at the national level and provincial level, lobbied for hybrid legislation to be considered in the Canadian context. While this

report is able to account for how the CCCs were created, it remains unclear as to exactly why. Some that were involved in the creation felt that there was a very strong rationale, but they were seldomly independent of the promise of the CICs. Others who were observing its development, felt that there was no reason except that it was occurring in other jurisdictions and there was a fear of missing out on Canada's part. It is also unclear between the two core rationales discussed in the tensions (access to capital, flexibility for nonprofits), which was the priority issue in need of CCCs as a solution.

The findings suggest that British Columbia observed the shape of the CIC program but did not understand the context of some CIC features in the UK. There is little evidence that the policy advocates for the CCC program had adequately considered Canada's local legislative needs. According to nonprofit policy advocates who have studied Canada's hybrid legislation. The UK doesn't have the type of nonprofit legislation that Canada has, they also have more restrictive charities legislation than the Canadian policy context. Dismissing the CIC as a British solution to a British problem not present in Canada's needed improvements for nonprofit legislation. In a similar vein, legal experts have also observed that we are advocating for American BCorp legislation in Canada when our existing common law corporations already provide all the features of a benefit corporation by definition.

The disconnect between the emergent social enterprise community and the cooperative structure is observed by several scholars (Liao, 2017; J. S. Spicer, 2020). For social entrepreneurs, community economic development practitioners and planners, the fact that a readily available hybrid structure with well established efficacy is present in our ecosystem should draw our immediate focus. Cooperatives are also shown to have a significantly lower churn rate than that of for-profit business

structures, especially in times of economic crises (Birhcall and Ketilson, 2009). In Quebec, a 2008 study reported that 62 percent of cooperatives were still operating after their first five years of operation, compared with 35 percent for other forms of new business.

CCCs have not been effective in relation to its original purposes. However our findings revealed specific areas of application for them in the shifting economy. The high proportion of self-employment in CCCs seem worthy of further investigation. Especially as the shifts towards precarious, gig-based freelance work continue. As well, after past economic downturns, we know that self-employment has significant uptake.

What our findings also suggest, is that the term 'social' does not inherently equal 'equitable' or 'transformative'. All these existing studies on CCCs implicitly ask whether they are able to successfully 'grow the social enterprise sector'. But that question is predicated on the assumption that social enterprise and entrepreneurship (SEE) is worth championing as a tool for social change. This case does not provide evidence that SEE broadly is a successful mechanism to deliver equitable planning outcomes and answer our complex social problems.

If social enterprise funding and programs at all levels of government are indiscriminate across a wide range of structures, then it will lead to incredibly imprecise outcomes. The example of CCCs also makes clear that policy greatly affects the degree of uptake by private actors, citizens and community organizations. Without any programming, dominant power systems will simply continue replicating themselves, and those that were able to navigate such a lack of support and still somehow set up a CCC are disproportionately of already privileged social ranks. The CCC program's uptake so far suggests that there is an

equity issue regarding its access. If the goal is to enable further development of alternative enterprises, then planners must pay close attention to ensure that these models are made accessible to diverse and representative citizens.

In comparing the problems that CCCs and CICs are meant to address, I found one important disparity. In the telling of his invention, the CIC's creator - Stephen Lloyd revealed that he drew inspiration from the need to protect community or publically owned assets from privatization (Lloyd, n.d.):

With building societies, selfless generations of people put money back into a pool for the overall benefit of the community, and then one generation cashed in on that, basically getting rich on the forbearance of previous generations. The CIC legislation and architecture is designed to prevent such privatization.
-p.42

The asset lock remains promising as a unique legislative tool for social enterprise and community owned assets. In light of the recent and high profile privatization of BC's Mountain Equipment Cooperative (MEC), the social enterprise sector should pay close attention to how to protect its current assets. This is key to ensure that these assets continue to benefit future generations, and

prevent one generation from obtaining windfall profits. Community land trust organizers in particular may find hybrid structures useful in this regard. It is worth further exploration especially given that CCCs also allow for equity investments.

This pandemic makes clear that planners should be thinking critically about organizational governance. This can seem like an invisible, and therefore inconsequentially granular level of policy for planners. However we have seen that governance and ownership, in the case of long term care homes, has led to life and death consequences for those who are most vulnerable in our society. For profit facilities have had substantially more COVID-19 outbreaks and deaths than other forms of governance.

To conclude - there is insufficient evidence for 'social enterprise' to be supported indiscriminately as a reliable mechanism for building back better. Given the low number of CCCs and the lack of structural programming, it remains unclear whether this model is useful. Especially in comparison with other existing structural options. In this moment of build back better, we need Canada's considerable social innovation sector to focus on specific types of social enterprises governed by the principles of economic solidarity rather than unproven new hybrids.

Recommendations

This report has uncovered great limitations in the policy adoption of CCCs. It has also revealed some of its unexplored potential as a unique offering in the BC incorporation landscape. The CCC has had very marginal impacts to date.

However my research suggests that this is not a result of its inherent features, but rather a lack of support and regulation. This in itself indicates that the creation of CCCs was a result of a poor and inappropriate policy transfer process.

The following recommendations draw from the discussion and findings above. They are organized by the actors they are directed towards. Some recommendations are conditional upon future evidence concluding whether they are beneficial and impactful for BC's context.

Province: Provide active regulation and support for existing CCCs to ensure compliance.

Province: Pause further adoption of hybrid legislation until we understand their impacts more broadly.

Province: Improve [existing legislation for investment cooperatives](#), nonprofits and charities to pursue revenue generating activities and access to capital.

Province: Explore legislation to protect community-owned assets under cooperative structures from further privatization. Precedent for this exists in other jurisdictions.

Province and Municipalities: Expand promotion and funding for proven hybrid models such as the cooperative. Partnerships such as the City of Surrey's support for Solid State Industries should be further explored.

Province and Municipalities: Create a social enterprise fund to lead the investments into nonprofit owned or community owned enterprises.

Social Enterprise Developers: Complete a racial equity audit of the sector and develop sector wide supports to diversify social enterprise leadership.

Low-income and racialized Social Entrepreneurs: Create self-organized associations to create a space of collectivity and to advocate for greater equity in business and social enterprise community policy. Selectively engage the mainstream social enterprise system with caution.

Researchers and planners: Further study existing social enterprise, especially cooperatives and their impact within the BC and Canadian context.

To discern whether hybrid legislation will be useful, we need to understand it more broadly - including the community service cooperative, existing cooperative legislation and the new benefit corporation. In general, we need to better understand the differences between each structure and which amongst the new hybrids inherently lead to more equitable outcomes, if any.

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