

**Community Economic Development (CED) and Social Enterprise in a Western Canadian**

**City: A Case Study of Inner City Renovations (ICR) in Winnipeg's North End**

by

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## ABSTRACT

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*How are Community Economic Development (CED) principles helping to improve the economic sustainability of Winnipeg's North End?* This core question guides my research. The main objective is to study how CED principles have been incorporated in a program, to examine how they have been implemented, and how the program contributed to neighbourhood economic stability.

In Winnipeg's North End, residents have experienced poor quality housing, low educational attainment, high unemployment rates and visible poverty. This has contributed to the deterioration of the neighbourhood. To help revitalize these neighbourhoods, local organizations are using CED principles in their programs; they focus on addressing the physical, social and economic gaps, and the challenges many residents face. Inner-City Renovations is one social enterprise applying CED principles to improve the economic stability by utilizing the available local resources. This paper aims to identify how CED principles are contributing to the economic sustainability of Winnipeg's North End.

*Keywords: Community Economic Development (CED) initiatives; Social Enterprise; Economic sustainability; Inner-City Renovations (ICR); Winnipeg's North End; Neighbourhood Revitalization*

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## **LIST OF ACRONYMS**

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**ACU:** ASSINIBOINE CREDIT UNION

**CD:** COMMUNITY DEVELOPMENT

**CED:** COMMUNITY ECONOMIC DEVELOPMENT

**CEDA:** COMMUNITY EDUCATION DEVELOPMENT ASSOCIATION

**COS:** COMMUNITY OWNERSHIP SOLUTIONS

**ICR:** INNER CITY RENOVATIONS

**LEED:** LEADERSHIP in ENERGY and ENVIRONMENT DESIGN

**MNHWP:** MANITOBA NEW HOME WARRANTY PROGRAM

**NEHP:** NORTH END HOUSING PROJECT

**SCP:** SOCIAL CAPITAL PARTNERS

**SE:** SOCIAL ECONOMY/SOCIAL ENTERPRISE

**SNA:** SPENCE NEIGHBOURHOOD ASSOCIATION

**SOAR:** STRENGTHS, OPPORTUNITIES, ASPIRATIONS, and RESULTS

**SROI:** SOCIAL RETURN ON INVESTMENT

**WBDC:** WEST BROADWAY DEVELOPMENT CORPORATION

**WHRC:** WINNIPEG HOUSING and REHABILITATION CORPORATION

## 1.0 INTRODUCTION

---

*The only way we can promote inclusive and more sustainable growth is by working with our local communities.*

Attributed to **Angel Gurria**, (Secretary-General of the Organization for Economic Co-operation and Development).  
(The Canadian CED Network. Retrieved from: [https://ccednet-rcdec.ca/en/what\\_is\\_ced](https://ccednet-rcdec.ca/en/what_is_ced))

The city is often viewed as a “growth machine” (Logan & Molotch, 2010 [1987]). In order to be considered successful, cities are expected to grow. This unidirectional growth or expansion of cities has led, however, to the phenomenon of urban decline. In an era of neo-liberalism, drastic inequalities in incomes and livelihoods persist at all scales which, according to authors like Kate Derickson and Vinay Gidwani (2012) are caused by unfair political and economic practices. This social inequality, in turn, defines the geographies of spaces that eventually bring about extreme societal changes (Braun, B., Derickson, K., Gidwani, V., Grace, K. & Saldanha, A., 2012).

Urban researchers identify the geographical dynamics of capitalism (see for example Kathryn Grace and Arun Saldanha, 2012) as shaping and molding social systems. However, capitalism’s impacts within a city may be uneven due to multi-layered social dynamics of political-economic, cultural and biophysical processes. For Braun (2012) it is essential to investigate the trends of spatial processes in shifting, place, spaces, scales and connectivity within urban structures (Braun, B., Derickson, K., Gidwani, V., Grace, K. & Saldanha, A., 2012).

Urban decline is a phenomenon that goes beyond geographical inequality and includes socio-economic factors that result in localized growth and decline. According to Peck (2015),

spatial exploitative relations between the core and the fringe of a city dramatically influence the mechanism of a society, by creating a spatial and socio-economic “dis/connection” (p. 2).

As Avdikos (2007) notes, the concept of capitalism is explained by Harvey’s (2010) [1973] *Social Justice and the City*, which discusses how capitalism corrupts society, by destroying physical spaces in order to reclaim their reproduction (Avdikos 2007, p. 14). This illustrates the issue of power relations and the associated dilemma of whether spatial structure shapes and controls the human activity, or human processes and practices define the space and time.

This highlights the relationship between urban decline and the geography of capitalism and its effects on society. It provides a better understanding of the urban economic shortcomings that produce uneven development or vice versa.

Similarly, Winnipeg has experienced inner-city decline that has led to increasing socio-economic gaps between the North End and other neighbourhoods of the city (Statistic Canada, 2006).

### ***1.1 Background & Winnipeg’s North End Context and Decline***

Winnipeg has always been a city of contrasts, with some remarkable highs and lows. Throughout the twentieth and twenty-first centuries, Silver (2008) notes that the city experienced “railways and industrial advancements, significant local cultural achievements and a constant presence of deep-rooted poverty” (Silver, 2008, p. 2). This persistent poverty has gradually defined the present socio-economic, spatial and demographic setting of the North End.

Located north of Downtown, the North End is bordered by the Canadian Pacific Railway yard on its south, Caruthers and Matheson Avenues on the north. McPhillips Street lies to its west

and the Red River flows at its east (NECRC, 2015). Poverty in Winnipeg is highly concentrated in the North End, and the causes of this concentration are varied. During the early twentieth century, Eastern European immigrants came in large numbers to work in the rail yards and other booming industries, settling in North End neighbourhoods. This rapid influx of migrant workers created a housing scarcity that led to other social issues, including poverty and discrimination (Silver, 2008). In the late twentieth and early twenty-first centuries, the phenomenon of suburbanization exacerbated the North End's decline as businesses followed more affluent communities out of the inner city leaving it degraded and "undesirable." Such urban occurrences in Winnipeg's history influenced the character of poverty over time, for the worse.

Now, Silver (2008) observes that poverty in Winnipeg's North End prevails in the form of "deeply-rooted racism, stigmatization, stereotyping and social exclusion of lower income people, and dearth of housing that leads to high rates of poor health, lower rates of education attainment, higher unemployment rates and increased rates of various street crimes" (p. 1). The complexity of the issues makes them difficult to address. Most of the help and support that comes from governments (mainly Provincial) is in the form of funding. Financial aid can definitely improve Winnipeg's urban fabric, but money alone does not promise to fulfill community needs and build a sustainable society (Zurba, 2014). Poverty in the North End is a sensitive issue with multi-dimensional aspects that need to be tackled at the community level to bring about actual change.

To alleviate the effects of urban decline in the North End, Winnipeg has attempted various methods of neighbourhood revitalization. A major issue faced by the City in implementing revitalization strategies has been the general lack of financial resources. Due to the limited amount of resources and limited Provincial funds available, the building and rehabilitation of social housing has become the favoured initiative for inner-city revitalization in

Winnipeg (Skelton, Selig & Deane, 2006). This has not only helped in development and renovation of social housing, but is also generating income in the community by providing employment opportunities for local residents. This revitalization approach taken by the City and the Province tried to address simultaneously the social and economic concerns of North End neighbourhood residents. The housing stock in Winnipeg's core neighbourhoods has experienced intense decline. About 20% of the houses in the underprivileged areas of Winnipeg needed major repair, which in total is 9% of the city (Loxley, 2014). Moreover, around 55% of the population in those neighbourhoods spends more than 30% of its gross income on housing, bringing these houses under the rubric of "core housing need" – a designation that includes areas where housing standards fall below any one of the factors of *adequacy, affordability and suitability*<sup>1</sup> (CMHC, 2014). The flight to the suburbs has created a spiral of decline in downtown areas. This has resulted in ageing housing stocks leading to falling property values, poor maintenance and further deterioration. Such decline could possibly spread, affecting other houses, stores, and make businesses move out; ultimately causing loss of social capital (Loxley, 2014).

The employment rate in Winnipeg's North End has been recorded as the lowest in the past few decades. According to Statistics Canada (2006), more than half of the North End population do not have a high school degree. About 79% of residents are previously unemployed, and 47% of residents are on social assistance. Moreover, around 58% of them have been convicted of a crime, which adds to the social issues (Loxley, 2014).

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<sup>1</sup>**Adequate** housing are reported by their residents as not requiring any major repairs; **Affordable** dwellings costs less than 30% of total before-tax household income; **Suitable** housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements (CMHC, 2014).

## ***1.2 Problem Statement & Research Questions***

Community Economic Development (CED) is an approach that aims to improve the economic stability of inner cities by utilizing available local resources. This study provides a platform to explore how and to what degree a CED initiative is playing important roles in making Winnipeg's North End neighbourhoods more resilient. The analysis focuses on the economic aspects of community development and how they can play a role in healing a degraded city core and address poor infrastructure, building services and quality of life. The prime purpose of a CED program is to "identify the existing areas of economic strength and build upon them, in order to seek opportunities for the export of local products and further to lure producers from elsewhere to relocate in Winnipeg's core neighbourhoods" (Leo & Anderson, 2006, p. 186).

Once the socio-economic needs of a community are identified, the next crucial role of this approach to development is to encourage community members to engage in the process of producing locally relevant development initiatives (Stephens, 2006). This approach helps build urban models that are "tailored to the unique traits of each community" (Reimer & Leeson-Klym, 2015).

In this study, I first undertook a literature review that examines various concepts of CED, and the range of functions it can play in neighbourhood revitalization. Second, I conducted a case study of Inner City Renovations (ICR), a social enterprise engaged in CED in North End of Winnipeg, Manitoba. This included interviews with representatives of the organization to comprehend their goals, the operational challenges they have faced, and the successes they have experienced. I then analyzed the data gathered, seeking to illustrate the strengths and potential of such for-profit social enterprise that uses commercial strategies to maximize social well-being, while making fiscal profits.

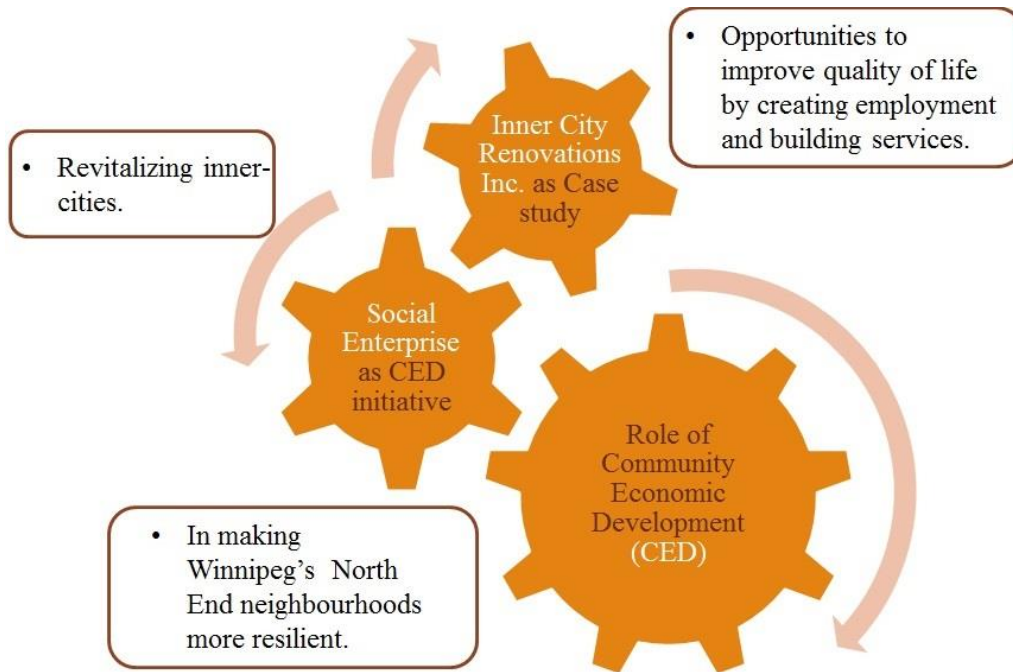


Figure 1: Problem Statement. (Diagram: Sajwan, 2017).

### ***Research Questions***

The following questions govern this research:

1. *What are the underlying values and goals of the case study CED initiative in revitalizing inner-city neighbourhoods? Have they evolved over time? If so, how and why?*
2. *What are the challenges faced during the implementation of the case study CED initiative, and what strategies were followed to address those challenges?*
3. *How does the sponsoring organization understand success, and has there been any change in its understanding over time? How has it contributed to the economic stability and sustainability of North End communities?*

### ***1.3 Purpose & Scope of Study***

In an attempt to complete this research in a timely manner and as efficiently as possible, the scale of the research has been focused only on one kind of CED initiative in the form of a social enterprise. A single case study allowed me to explore the selected organization thoroughly. The identified relevant subjects or concepts are tried to be covered effectively.

Since my research was case study specific, instead of studying various reasons for the occurrence of urban degradation in Winnipeg, the analysis was concentrated on the role and influence played by Inner-City Renovation Inc. as a social enterprise in improving socio-economic conditions of Winnipeg's North End communities. However, it is crucial to discuss the relevant urban theories to understand the principles and objectives of a CED organization. The urban theories that are discussed include those related to: the concept of urban resilience, neighbourhood revitalization process, concepts of Community Development (CD) and Community Economic Development (CED), Neechi principles guiding CED, and social enterprise as an inner-city revitalization tool.

Understanding these urban theories and analysing their execution through ICR may help in promoting such social enterprises in Winnipeg. Performing a case study of a specific social enterprise as a CED initiative helped comprehend the implementation and operational process involved. This research also examines the socio-economic impact of a social enterprise and the ways the enterprise has helped in revitalizing the North End communities of Winnipeg.

The reason why this particular case study was picked to examine is that ICR was the first social enterprise in Winnipeg's North End based in the construction sector that generated social economy while improving social housing. Another reason is the company's longevity of 15

years, a duration that allowed the research to explore the strengths, opportunities, aspirations, and results (positives/negatives) of ICR extensively.

#### ***1.4 Significance of Study***

This thesis seeks to explore an alternative method of urban revitalization in the form of a CED social enterprise initiative, in order to understand the distinct perspectives on the economics of community development and the importance of building capacity. Since, CED organizations are generated as self-sustaining enterprises with minimal government support, this study may have the potential to influence social policies that can support the development of CED programs, as well as promote neighbourhood revitalization in Winnipeg's North End.

Through a qualitative case study of ICR, the strengths, opportunities, aspirations, and results (SOAR) of this unique CED initiative were explored, that provided an insight into the specific needs and requirements of the lower-income residents of Winnipeg's North End. As Mcleod (presented by Loxley, 2014) defined it, "CED is a cooperative attempt by people to take control of the socio-economic destiny of the community and to respond to local needs as the community members perceive them". The lessons learned from this research provide potential implications for other CED start-ups about how they can encourage their communities to identify their own potential and make use of the available resources. This thesis is significant, as the findings from the analysis of this one case study may lead towards building stronger economies in depressed urban communities, by generating ideas for self-sustaining employment.

### *1.5 Assumptions and Limitations*

The first assumption is that the social enterprise would not stand a chance to survive in the mainstream capitalist market, since it is a contemporary urban approach. Another assumption of my research is that the traditional businesses are type-cast solely as profit-oriented. It is also assumed that people are hesitant to invest in a deteriorating neighbourhood. One of the most significant assumptions about CED initiative is that they all are carried out by a non-profit organization, and is either funded by government agencies or by charities.

This research is mainly a qualitative study that presents the reasoning of discussed urban theories through practical examples, without following any specific structure. There have been empirical studies supporting the theory that CED practices prevent economic leakages, and produce economic linkages.

Although, this research emphasizes the economic aspect of community development, but longitudinal study involving quantitative analysis of a company's economic contributions over the span of years was beyond the scope of this thesis. There also exist certain CED-based legislation and policies in Manitoba, this research however will not discuss the complexities of such legislation.

Finally, I would like to state that my intention as a researcher in this study is not to criticize or promote ICR as a social enterprise, but simply present both positive and negative social outcomes of the company. This may help in concluding the research with a semi-open ended conversation, yielding opportunities for other researchers to continue future studies in the field of Community Economic Development.

## ***1.6 Ethics***

The thesis does feature a few ethical concerns; the selected CED organization, Inner City Renovations (ICR), was contacted to seek consent for their participation in the case study. A series of semi-structured interviews with members of the organization aided in understanding the socio-economic dynamics of North End neighbourhoods and how this social enterprise endeavours to work with the community to overcome the needs its members identified. The purpose and objective(s) of this research was explained to the participants prior to the interview, clarifying all the potential benefits of this study, including ways in which inner-city communities can improve their socio-economic status.

For this project, I interviewed five participants who were involved in the functioning of ICR at different time intervals. To minimize the potential risks, the participants were provided with the opportunity to review their interview transcript, to make sure it is appropriate for public domain. In addition to this, their names and job title were kept anonymous. After completing a year from final submission of this thesis, the collected study material including any identifying information, audio tapings and interview transcripts will be destroyed.

These interviews have a potential to promote Community Economic Development (CED) as an alternative approach towards revitalizing inner cities. This can also influence future researchers to understand the importance of capacity building in order to achieve sustainable urban growth.

## 2.0 LITERATURE REVIEW

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### 2.1 *Introduction*

A thorough literature review forms the foundation for any research. In order to conduct useful and substantial research, evaluating the previous works of researchers and scholars provides background knowledge and inspiration. A literature review should be more than a summary, it should adopt a more critical appraisal, identifying not only lessons that have been learned and accomplished in the field of study, but also gaps in the research (Boote & Beile, 2005).

As this study encompasses a wide range of concerns regarding inner-city degradation, the literature review is divided into sections that establish a strong foundation for the relevant concepts and theories. First, it discusses the concept of *urban resilience* that helps in setting a base for relative urban phenomena. Secondly, the *neighbourhood revitalization* concepts are discussed explicitly. Thirdly, CED's principles are discussed along with its functions and structures, and its roles in affecting people and the economy, particularly in the inner city. This section also includes a brief discussion about the Neechi Principles. The next section studies the concepts of *social enterprise* to help frame the study.

### 2.2 *Concept of Urban Resilience*

Economic structural change is inevitable in any city. Some cities are able to adapt to development with minimal damage of urban fabric, while areas of others decline during the processes of transformation. The concept of *urban resilience* addresses the differences in how cities and neighbourhood's response to urban change. *Resilience* is generally defined as "the stability of a system against interference" (Lang, 2011, p. 10) [2010]. It is also considered as the process of understanding, managing and governing complex urban structure (Walker, Anderies, Kinzig & Ryan, 2006). It takes into account the physical, socio-economic, cultural and

ecological dimensions of a city. According to Wenban-Smith et al (2011), CED theories can be applied to strengthen urban resilience as a response to the uncertainties formed by contemporary urban crisis, such as economic recession, public expenditure crisis, or depletion of natural resources.

As Shaw (2012) notes, in planning practice the focus should be on building capacity to adjust to the new changes as a proactive approach to the crisis, instead of bouncing back to the original state. This will help create better urban structure that is sustainable in the current environment (Davoudi, S., Shaw, K., Haider, L. J., Quinlan, A.E., Peterson, G.P., Wilkinson, C., Fünfgeld, H., McEvoy, D., & Porter, L., 2012). In this way, the development cycle is kept in motion with minimal damage to the society.

The theoretical framework for sustainable development identifies several distinct concepts that includes- “the concept of ethical paradox, the concept of natural capital stock, the concept of equity, the concept of eco-form, the concept of integrative management, the concept of utopianism, and the concept of political global agenda” (Jabareen, 2008). All the recognized sustainable concepts can exist independently in the market, and at the same time, they can be inter-dependent on each other.

According to Lorr (as cited by Zheng, Shen and Wang, 2014), urban sustainability can be approached in three different contexts, namely, “the inter-generational and intra-generational equity and justice perspective, the comprehensive environmental, economical, equitable change perspective, and the free-market greening perspective” (Zheng et al, p. 3). Most of the urban renewal initiatives are based on three common urban dimensions, social, economic and environmental. These approaches may work, but to make any urban renewal process more case-

appropriate, the fourth urban dimension of ‘culture’ should be incorporated. It is observed that being case-sensitive in any urban process can bring heightened positive outcomes.

As Gunderson (2002) notes, the concept of urban resilience is explained by Holling, which describes urban resilience as the capacity of an urban system to tackle external changes/forces while maintaining its structure, functionality and identity, thus adapting and minimizing urban vulnerability (Gunderson & Holling, 2002).

Chelleri (2012) explains the evolution of urban systems in a *Renewal Adaptive Cycle Model*, according to which urban systems experience four phases of *growth, conservation, collapse, and reorganization*. In the first stage of growth (also known as the exploitation phase), connectedness within the city increases while resilience is depleted. The next stage of conservation (or the steady state phase) has a low state of resilience with a high level of connectedness. The collapse or release phase reverses the process, while connectedness decreases the urban resilience increases. Lastly, in the reorganization phase, the urban system reacts, rearranges itself according to the changing pattern, and reaches a point of high resilience along with high connectedness within the city (p. 293).

The concept of urban resilience clearly identifies and addresses various active variables that define the functionality of urban systems. These variables are social dynamics, built environment, governance networks, and metabolic flows. *Social dynamics* consisting of demographics, human capital, and inequity; *built environment* of ecosystem services in urban landscapes; *governance networks* of institutional structures and organizations; and *metabolic flows* including production, supply and consumption chains, all combines together to form a framework of urban resilience (Chelleri, 2012, p. 300).

Urban theorists have scrutinized the phenomenon of urban resilience using two different *thresholds* and *adaptations*; the thresholds approach recognizes renewal, transformation and reorganization, whereas the adaptation method supports the urban properties of recovering, maintaining and bouncing back (Chelleri, 2012, p. 292).

The concept of resilience has contributed to planning theory, in which it “facilitates the understanding of the co-evolution of socio-economic and ecological systems,” and “helps in highlighting adaptive capacity of social-ecological systems” (Eraydin & Tasan-Kok, 2013 [2012], p. 6).

Tyler and Moench (2012) argue that urban resilience allows for a planning practice that is *flexible* in nature and promotes spatial and functional *diversity* within inner cities. The properties of *redundancy* and *modularity* help in sparing capacity to accommodate any increasing market pressures. Resilient urban areas prepare themselves for a *safe failure* with an ability to absorb any kind of sudden urban shocks. This further provides the city with a timeframe to retaliate more effectively (p. 313).

Jha, Miner and Stanton-Geddes (2013) explains how risk-based land used planning, when combined with *socio-economic* and *ecosystem management* can promote resilience in urban areas. They think it can also help in reducing the cost of urban infrastructure projects, as it emphasizes urban upgradation (p. 4).

Building resilient cities depends on investment decisions that allow spending on activities required for creating alternate planning solutions. This will be helpful in minimizing drastic urban declines in future by letting the cities grow organically. Risks and uncertainties are inevitable in any urban system; and so to lessen the impact of such risks, there is a need to

formulate flexible strategies that include cost-effective measures (Jha, Miner & Stanton-Geddes, 2013, p. 3).

Any decision on prioritizing resilience efforts will depend on a market analysis, where the current risks are studied extensively along with estimating the related future risks. This does not eliminate the future risks entirely as they are assumed risks. Therefore, it is always advisable to do disaster planning in case of emergency. Urban disaster resilience requires a strong financial support in an attempt to protect individuals or communities, private or public sectors against any possible negative impacts of urban disasters (Jha, Miner & Stanton-Geddes, 2013, p. 5).

Urban theorists have suggested some recommendations for planners to respond effectively to urban disasters. According to Jha, Miner and Stanton-Geddes (2013), these include:

investing in sustainable risk information and analytical tools, integrating risk assessment and cost-benefit analysis within a dynamic decision-making process, consolidating resilience into everyday urban development through certain urban policy amendments, identifying consistent quantitative tools that can evaluate public investments and help in making sound budgetary decisions (p. 5).

Additional tools required are “risk-based land-use planning, risk assessment, urban upgrading, community and stakeholder participation, disaster management systems, risk financing and transfer approaches” (p. 6).

The scale of a city contributes to the degree of complexity in an urban network, encompassing the dynamic interrelationships of socio-economic, cultural, political, and environmental dimensions. The larger the city, the more complex the urban fabric will be. This makes it crucial to study urban growth patterns, so that the future risks can be estimated reasonably (Deppisch & Schaerffer, 2010).

Policy related to *urban hazard mitigation* works directly towards creating resilient cities by following proactive approaches rather than simply reacting to situations as they arise. The goal is to reduce immediate chaos or permanent harm that may be caused by any kind of urban disaster. Urban resilience is considered to be highly significant especially in the present times, where the vulnerability of technological and social systems cannot be trusted and predicted entirely (Godschalk, 2003).

The precedents of hazard mitigation practices studied in the past projects show some standard characteristics, such as “monitoring vulnerability reduction, building distributed hazard mitigation capability, developing board hazard mitigation commitment, operating networked communications, adopting recognized equity standards, assisting vulnerable neighbourhoods and populations, and mitigating business interruption impacts” (Godschalk, 2003, p. 140-41).

Harold Foster, an urban theorist (as cited by Godschalk, 2003) has explained the principles of urban resilience. According to Foster, urban resilience can be classified into several categories, including “general systems, physical, operational, timing, social, economic, and environmental.” For Foster,

- general systems are independent, diverse, and renewable that can be achieved through interconnections;
- physical systems are not site-specific and are more dispersed;
- operating systems are autonomous and reversible in nature and their timing provides short-term solutions that respond to immediate issues;
- resilient social systems act like a multi-purpose reservoir;
- economic systems provide a wide range of financial support; and,

- with extensive resource base, resilient environmental systems minimize any adverse impacts (see Godschalk 2003, p. 139)

This multi-dimensional concept of urban resilience helps in setting a strong foundation for urban revitalization process.

### ***2.3 Neighbourhood Revitalization***

Neighbourhood revitalization involves comprehensive approaches towards enhancing the quality of life for local inhabitants. It is defined by Zielenbach (2000) as the collaboration of local individuals, organizations and institutions with the physical, economic and social forces to create greater impact on community (p. 15). For Newberg (2002), it involves strategic processes of transforming distressed neighbourhoods into vibrant places for people to invest their time, money and energy. Neighbourhood revitalization can include identifying the target area, seeking stakeholder input, conducting an inventory of existing conditions, developing a neighbourhood vision, identifying target markets, determining the range of services to be provided, preparing a land use site plan, budget and fundraising plan, acquisition plan, and establishing an implementation team (p. 9).

Neighbourhood revitalization initiatives are designed to be interdisciplinary, coordinated, location-based, data and result-driven, and flexible enough to adapt to the ever-changing urban systems (The White House Neighbourhood Revitalization Initiative, 2007), thus helping in promoting sustainable urban growth. This type of community-based initiative is considered by Leviten-Reid (2006) to be a small-scale revitalization approach with an attempt for a long-term urban solution. The two chief aspects of these asset-based, resident-led neighbourhood

revitalization processes are capacity building of individuals, families, and neighbourhoods, and enhancing the government's responsiveness to neighbourhood issues (p. 1).

However, the process of neighbourhood revitalization must be performed carefully because there are chances that it may lead to the phenomenon of *gentrification*<sup>2</sup>. This may undermine the actual purpose of neighbourhood revitalization to benefit the locals by improving their socio-economic conditions. For this reason, London and Palen (1984) stress that neighbourhood revitalization process should be more focused towards *social mobility*, rather than *spatial mobility* (p. 8). Several urban sociologists have studied inner cities in the past and have coined the related issues as a part of "invasion-succession cycle." They identify two kinds of invasions, one that "results in change in land use and the other that results in change in population composition" (p. 9). The major concern out of these two types of invasion is the "group displacement" that may occur as a negative outcome of neighbourhood revitalization process.

To address this issue of inner-city degradation process of neighbourhood revitalization need to move beyond a narrow focus on physical redevelopment. Improvement in the socio-economic conditions of local residents is required in order to achieve more stable inner cities. During the 1990s, the concept of "new urbanism" became prominent in considerations about neighbourhood revitalization. It stressed urban form and built infrastructure, but paid little attention to social mix – the result was an increase in socio-economic gaps within urban areas. Therefore, urban policies related to *social mix* will be beneficial in order to make urban revitalization processes more effective. This approach will have higher possibility of improving

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<sup>2</sup>Gentrification is defined as "the restoration of degraded urban areas (mostly inner-cities) by the middle class that usually results in the displacement of low-income residents" (Retrieved from: <https://www.vocabulary.com/dictionary/gentrification>).

social equity leading to *socially just* communities (August, 2008, p. 91). Based on the principles of “diversity, mixed-uses, socio-economic and environmental sustainability”, the concept of social mix in urban policy becomes an integral part of a new conventional planning practice (August, 2008, p. 96).

In an attempt to explore effective alternate ways to encourage neighbourhood revitalization, local United Ways in collaboration with federal partners established the Pan-Canadian Action for Neighbourhood Change. The goal of this comprehensive community initiative is to improve the quality of life in low-income neighbourhoods across Canada (The Canadian CED Network, 2007).

Sherry Torjman (2007) has extensively explained how neighbourhood revitalization promotes the concept of urban resilience by following four domains of action. The process of neighbourhood revitalization creates a cluster of activity or an area of *shared space* involving the domains of “sustenance, adaptation, engagement and opportunities” that helps in building strong and healthy communities. This ultimately is supposed to enhance the socio-economic prosperity of inner cities (Torjman, 2007, p. 1).

The sustenance cluster serves the physical and emotional well-being of a neighbourhood. Therefore, affordable housing falls under this category, as housing stability helps improve the equilibrium of physical and emotional health. The *adaptation* cluster on the other hand deals with basic coping skills and capabilities related to problem solving, literacy proficiency and empathy. The active participation within communities is dealt under *engagement* cluster, which goes beyond adjusting to socio-economic pressures. The social footprint of a community that includes “cultural expression, and involvement in public disclosures, volunteering and

recreation, or even community decision-making process” plays a significant role in the overall neighbourhood revitalization process. The resilience domain of *opportunity* is related to the idea of direct investment in the work-related skills, where offering training could cater the needs and demands of the labour market. This domain works directly towards achieving economic sustainability within a neighbourhood, where voluntary organizations, educational institutions, the private sector, and governments collaborate in order to create employment for low-income people (Torjman, 2007, p. 2, 3).

For Torjman (2007), the reality of political cycles presents a challenge for efforts intended to bring about comprehensive change within communities, because maintaining long-term planning and intervention is less effective. Identifying the immediate urban problems and then focusing on tackling them through short-term but well-thought community-based solution could be a more successful approach towards neighbourhood revitalization (p. 5):

The first important step in any neighbourhood revitalization effort is to set up a local process that enables a community or neighbourhood to make decisions on its own behalf – to determine the nature of its issues, preferred strategies, unique strengths and clear challenges. This approach is often referred to as a local governance process (Torjman, 2007, p. 5).

For Torjman, the role of local governments is pivotal in the implementation of various strategies of neighbourhood revitalization, by channeling resources along with required financing. The key elements of local governance consist of “fostering inclusion and diversity”, “understanding the complexities,” and, accordingly, “moving from problems to assets” (p. 7-11).

Winnipeg’s inner city has been actively involved in the process of urban revitalization since 1995 when the Winnipeg Development Agreement (WDA) was established. Considering the Aboriginal conditions and market needs, the City of Winnipeg had set its urban-renewal

priorities straight by including “employment equity, heritage buildings, neighbourhood investments, and riverbank development”, as its focal points during this urban revitalization phase. The City, the Province and the Federal government came together as funding partners and each contributed approximately \$25 million a year towards “urban safety, neighbourhood infrastructure and housing, labour force training and housing, Aboriginal Centre, information technology, and tourism/heritage” (Freiler, 2004, p. 29).

CED researchers have been studying Winnipeg’s affordable housing market and have suggested certain policy recommendations that can help in filling the urban gap caused by economic disparities within the city. Such studies can be useful in terms of exploring diverse market patterns that are suitable for developing social housing in Manitoba.

These recommendations are stated as follows (Skelton, Selig & Deane, 2006, p. 23):

- *Training in CED should be provided for government officials and community workers in social housing. Greater awareness of CED is a pre-condition for broader, more effective adoption of its principles.*
- *CED should become a guiding principle in housing initiatives, so that purchasing and hiring decisions may be made based on their impact on neighbourhood economies, and not simply in terms of initial costs.*
- *In the next round of social housing expenditures, funding should be specifically earmarked for tracking financial flows with the goal of measuring the multiplier effect.*
- *Social inclusion must be enhanced through provision for rental in addition to owner-occupation. Co-operative, non-profit, condominium and other tenure categories should also be supported.*
- *Owner-occupation strategies must be implemented in ways that do not enhance inequalities by affording privileges to owners.*
- *Social cohesion must be addressed through means other than owner-occupation. Social infrastructures where people can form bonds directly, rather than through the housing market, are essential.*
- *Social policy at all levels should be made tenure neutral.*

Lewis (2007) observed that a strong community leadership and capacity, and sufficient resources in the form of capital are crucial elements in achieving effective revitalization. To make this a reality, there is a need to encourage and create a market environment that supports successful existence of *Social Economy*. Social Economy based enterprises work beyond financial profit and emphasizes on serving the community and its members. It is supposed to be autonomous of the state that promotes democratic decision-making process with active participation of locals. Community involvement helps in building a sense of empowerment, individual and collective responsibility within local communities. During the distribution of revenue and surplus, priority is given to people and work over capital (p. 7). A better way of dealing with the urban revitalization process is to break down the entire urban system into two separate sub-systems of *town planning* and *social*. Zheng, Shen and Wang (2014) note that Ristea et al (2010) explored these two sub-systems as “material elements of a city that form the territorial structure and inhabitants as beneficiaries of the whole system” (p. 7).

#### **2.4 Community Development (CD) and Community Economic Development (CED)**

*Community development* (CD) can be seen as pre-requisite for *community economic development* (CED). According to Griffiths (1974), Community development is used “to promote, sustain, support and maintain community action, [to go] forward towards defined goals, with purposeful activity aimed at real achievement” (p. 85). For Lotz (1977), it offers a way of involving people in the life of their community. Community development, Loxley (2014) argues, suggests conscious interventions by people to meet their own needs and shape their own lives in directions they feel are desirable, while embracing their own social and cultural well-being.

Wilma Mankillar, the former Chief of Cherokee Nation explained the essence of community development as “creating a healthy community where people are not just out for

themselves, and they are not just working on their individual pursuits, but where they understand their responsibility and relationship to other people” (cited by Loxley, 2014). CD is a comprehensive process to manage change that involves citizens creating a shared vision for the future. Citizen participation, both in purpose and function, distinguishes community development from other types of interventions. A process cannot be designated as CD, however, unless people are convinced to help themselves and the community development decision-making process is open to all the stakeholders. Practising CD can begin the healing of divided communities by promoting participatory democracy as a model for decision-making. The broad representation and increased breadth of perspective and understanding are conducive to effective community development (Loxley, 2014).

In the capitalist system, what is produced, where, how and by whom are all functions of what is profitable. This system may be very productive, innovative and produce great wealth, but it also produces inequalities and poverty. Its tendency to discard communities, once their profitability declines, creates negative impacts on society. Besides promoting uneven development, this system produces competition for locations and jobs, unemployment, structural discrimination, neglected neighbourhoods (morphology of under-development) and abandoned towns and villages (Duncan & Goodwin, 1988).

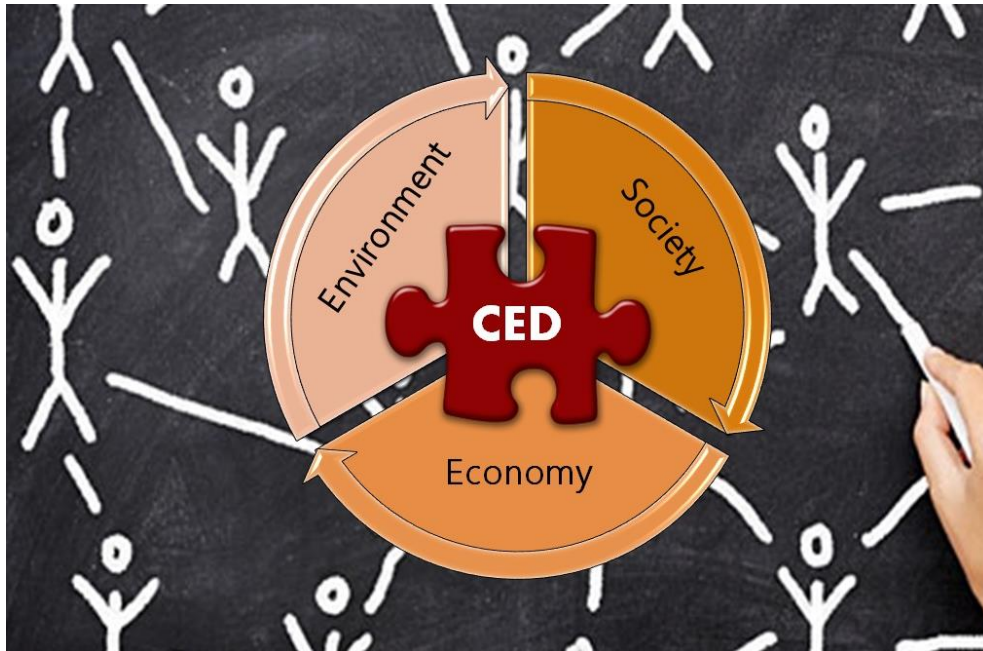


Figure 2: Bridging the Gap through CED. (Diagram: Sajwan, 2017).

For Loxley (2014), *community economic development (CED)* primarily focuses on economic improvements in the lives of the community members. Often, CED is very similar to community development, stressing the *process* rather than possible content. CED cannot accomplish much, however, if there is not a CD foundation in place. People living in poverty in disadvantaged communities may not be able to embrace CED without the support of CD initiatives because of its one-dimensional approach. Loxley et al. (2007) notes, CED described by McLeod (1984) as “a co-operative attempt by people to take control of the socio-economic destiny of the people, to respond to local needs as the community members perceive them” (p. 8). CED may include a variety of initiatives, such as job training programs, micro-credit projects or asset matching, housing programs, alternative budget development, community development corporations, leadership training, business development, and co-ops and credit unions. As Loxley (2003) notes, CED initiatives attempt to fill gaps in the dominant system to give local people opportunities for education and jobs, or to transform the system into a new one based on CED

principles. This strategic thrust is usually explicit, and is often the outcome of planning processes. However, it can also be implicit or random in situations, where communities have very little input into major decisions affecting them (Loxley, 2014).

Previous CED precedent studies have suggested the development of successful initiatives that has the potential to create quality jobs along with opportunities for advancement. Loewen and Silver identifies a “hierarchy of employment interventions” (Loewen & Silver, 2007, p. 115, 116):

<b>Comprehensive, Networked and Interventionist Approaches:</b>
<ul style="list-style-type: none"> <li>• <i>Sectoral Approaches: Target a high potential industry and intervene in its practices to benefit disadvantaged job seekers.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Customized Training: Short-term, intensive training for specific jobs in a given industry, designed in collaboration with employers.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Bridge Programs: Training for disadvantaged adults to enter advanced technology trades.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Apprenticeship Programs.</i></li> </ul>
<b>Traditional Community Development Approach:</b>
<ul style="list-style-type: none"> <li>• <i>Delivering a comprehensive array of needed resources to disadvantaged people.</i></li> </ul>
<b>Stand-Alone Programs-</b>
<ul style="list-style-type: none"> <li>• <i>Technical (Hard skills) Training programs: Technical skill training at a college or vocational school.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Basic Education programs: Teaching math, writing and reading.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Soft skills Training (Job readiness): Teaching job seekers to adapt to the norms of the workplace looking at punctuality, proper dress, appropriate language, etc.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Support Services: Offered by service agencies, job seekers receive supports to help them overcome their barriers to employment (e.g., drug, alcohol, abuse counselling, financial assistance for housing, health care, etc.).</i></li> </ul>

<ul style="list-style-type: none"> <li>• <i>Job search Activities: Resume writing, interview skills, help with job search, work experience placements.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Post-employment counselling or Mentoring.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Motivation and Advocacy programs: Campaigns to introduce job seekers to opportunities and motivate them to find work.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Job placement Activities: Job developers match job seekers with employment.</i></li> </ul>
<p><b>Best Practices:</b></p>
<ul style="list-style-type: none"> <li>• <i>Focus on high quality jobs- Jobs alone will not help disadvantaged people out of poverty. They must offer benefits, opportunities for advancement and good wages.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Engage the Employer- Involve employers from beginning to end in designing the initiative. They can identify jobs, identify desired skills, and help design training curriculum.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Build Networks and Create Collaborations- No group can do work force development alone. Neighbourhood community-based organizations, community colleges and vocational institutions, government, unions, and especially employers needs to collaborate to get people into jobs. A labour market intermediary works to bring these diverse stakeholders together.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Offer comprehensive training with supports- Besides technical training and basic education, the best initiatives provide a range of support services such as child care, financial assistance, and drug abuse counselling, to help clients overcome their barriers to employment.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Create training environments that stimulate the real work place.</i></li> </ul>
<p><b>Provide Post-Employment Support:</b></p>
<ul style="list-style-type: none"> <li>• <i>In order to increase job retention, successful initiatives provide supports, mentoring and follow-up counselling after a client is already working.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Promote “cultural competence” for both employers and job seekers.</i></li> </ul>
<ul style="list-style-type: none"> <li>• <i>Alter the structure of the labour market- Promote changes in the local employment system that will benefit disadvantaged job seekers.</i></li> </ul>

Table 1: A Hierarchy of Employment Interventions. From: Loewen & Silver, 2007, p. 115, 116.

After observing several CED related urban policies, Bradford (2005) identified that there are four chief elements of the place-based framework- “utilizing local knowledge, establishing the right policy mix, governing through collaboration, and reorganizing local governments” (p. 5-14).

Bradford (2005) found that local knowledge includes three interconnected aspects that may guide urban policy-making. First, the knowledge of communities comes from the local residents themselves based on their lived experiences within their community. Second, knowledge about communities will include statistical data collected at the local scale that may help in analysing market trends within the city. Last, knowledge for changing communities generates theoretical models that may help in comprehending potential outcomes of reform strategies (p. 5, 6).

Finding the right policy mix that addresses the key aspects of social well-being and liveable human settlements involves economic innovation, social inclusion, environmental sustainability, citizenship rights, and sense of belonging. Besides creating better government policy, this helps in building community capacity that eventually leads to self-reliant and self-sufficient communities. These place-based approaches promote the place and highlight it as a knowledge centre (Bradford, 2005, p. 7, 8).

Governing through collaboration can work by generating horizontal and vertical networks. In an attempt to regulate policy directions and implement them, a collective capacity within the state, civil society, the economy, and different levels of government must be obtained. These partnerships mostly survive at small-scales and therefore being at local level, the interconnected elements of cultural, institutional and political dimensions affect the long-term success of a community (Bradford, 2005, p. 10, 11).

Finally, reorganizing local government is the major concern while following place-based approach. To satisfy the distinctive local needs and capacities, an *urban lens* is required to adjust the municipal financial support accordingly. Thus, justifying place-based policy-making approaches at local levels and small-scale communities. To make every small contribution count, appropriate recognition of the local authorities is necessary, along with sufficient institutional capacity (Bradford, 2005, p. 13, 14).

While, economic development based on capital investments and tax incentives aspires long-term stability, it often ends up in temporary growth because most of the economy-oriented developments are one-dimensional. Community economic development, on the other hand, follows a holistic approach by focusing on community needs that helps in achieving sustainable economic growth and healthy communities (CCEDNET, 2015).

Community economic development works on asset-based approach that utilizes methods to identify and enhance the existing strengths and opportunities of a local community. It is aligned with the principles of ‘participatory approaches development’ where active participation and community empowerment are encouraged.

Mathie and Cunningham (2002) found that the strategy involved in creating sustainable economic development depends on the economic linkages between micro-level actors of community and macro-level actors of public and private sectors. This allows for more *involved communities* with equal access to public goods and services, thus strengthening civil society. Accountability of the local government also gets ensured along the process (p. 2). Attempting to achieve socio-economic justice within our society, they argue, causes challenges in the process of “fostering an endogenous process, fostering inclusive participation, fostering community leadership, selecting enabling environments, and handling the fluidity of associations” (p. 5).

As discussed by Haughton (1999), some of the core activities that occur in community economic development includes “property development, small and medium-sized enterprise support, place marketing, labour market interventions” (p. 12). The peripheral activities involved in local economic development are such as “sectoral initiatives and technology transfer, support from growth firms and declining firms, targeted interventions for groups with clear social needs, public-private community partnerships for growth coalitions and urban regimes, selective investment of enterprise boards and pension funds. It also includes localising the formal economy through supplier networks or trade directories, support for local environment, welfare to work and intermediate labour markets, regulatory breaks of tax holidays, local investment mandates and planning relaxation” (p. 12).

Community economic development can be executed by following a vast range of approaches. Some of the dominant approaches to local economic development consist of *priorities, social inclusion, ecological integrity, community development, time scales, geographical scales, economic inclusion, strategy, dominant principles*. All of these approaches, however, should be explored in accordance with their associated key assumptions (Haughton, 1999, p. 13).

A strategic CED approach at local community level focuses economic development on building relationships, partnerships and networks. It emphasizes on realizing the strategic importance of collective small-scale and maximizes local power. CED aspires to create a shared long-term local economic environment that follows socio-economic objectives by involving public, private and voluntary sectors. There is a need to identify local enthusiasts who are committed to local economy and social inclusion, and share good market intelligence along with locally based business sense. Then, bring them together by giving them a significant role in

economic decision-making. CED tries to create and strengthen organizations that have the potential to develop ‘supply and demand chains’ and ‘horizontal social capital’ by identifying priorities that treat economy as a balanced ecosystem of different sectors. In order to be locally responsive in nature, CED utilizes planning, regeneration, funding and support services. This helps in seeking decentralized and locally responsive finance that is easily accessible by local and small businesses. Specific conditions needed for inward investment should be identified to achieve long-term local benefits. Limited budgets can be balanced by forming close ties between economic development and public procurement. Since CED is still a blooming concept, it becomes crucial to document its associated socio-economic benefit by exploring ways of measuring and evidencing market successes (Leach, 2013, p. 930).

A set of responsibilities are required on the local economic developer’s part to achieve all the intended CED goals. The first step is to establish specific initiatives that can help in ‘improving attitudes and creating optimism’ within the community. The second priority should be on providing education and vocational training efforts to the local residents. Among various other responsibilities, one of the important roles of local economic developers is to create awareness about CED by building a platform that promotes open communication between educators, social advocates, existing local businesses, financiers, community volunteers, and development service providers (Radloff, 2006). This will help in making the transformative process easier by educating the targeted community about their strengths and available possibilities for them to prosper and for their community to develop. Once the community’s confidence is gained, they will show their willingness and commitment towards making any CED initiative a success.

Building a strong knowledge base for the targeted community will require additional motivating factors for increased co-operation within the community. One way of gaining community support is by explaining them the linkages between economic and community development. In addition, proposing this idea of CED initiatives to the targeted community should be laid as a *helping hand* to prosper from within, rather than a welfare support. This will help the degraded community to regain their self-respect and realize their role as a responsible citizen in contributing towards economy.

Key policy areas within these economic strategies may include: ownership of capital and natural resources; control over economic decision making; direction of investment and the choice of products and markets; the scale and technology of production and market size; and participation of people in various economic activities. Most of the CED based strategies stress investing in human capital and quality of life, rather than personal wealth, which leads to following Neechi principles.

#### ***2.4.1 Neechi Principles guiding CED***

Neechi comes from an Ojibway word, which means a *friend*. The Manitoba Provincial Government as its CED framework, which follows a holistic development strategy that promotes community ownership and control, adopted the Neechi principles. It is grounded in grass-roots community activism, with a lesser role for political organization in economic development (MacKinnon, 2006). According to the Winnipeg's Native Family Economic Development, 1993 (as cited by Loxley, 1994), Neechi principles supports the production and use of locally produced goods and services, local re-investment of profits, long-term employment of local residents, local skills development, local decision-making, promotion of public health,

improvement of physical environment, promotion of neighbourhood dignity and stability, and mutual funding support among the organizations adhering to these principles (Loxley, 1994, p. 37).

The intention is to work towards generating long-term employment opportunities for local residents, which could improve individual and community self-esteem. This will not only promote self-sufficiency, but also reduce dependence on external help in the form of welfare and food banks. Local ownership and decision-making will provide community members with the power to have control over their local assets. Economic linkages can be built within the community with the use of locally produced goods. This may further result in economic diversity and balance. Reinvestment of profits from local businesses back into the communities is crucial for maintaining local economic stability, and strengthening community self-reliance. In an attempt to achieve sustainable community development, it is essential to provide education to the community members and create vocational training opportunities that are relevant, affordable and easily accessible. This will encourage community members to live and work in their own community, resulting in neighborhood stability and community cohesion (Sheldrick, 2007, p. 26-27).

The goals and objectives of Neechi that guide CED principles include:

- Building greater community capacity;
- Nurturing individual and community pride;
- Self-reliance and leadership;
- Enhancing knowledge and skills;
- Developing businesses that are responsive to social, economic and environmental needs;
- Fostering balanced equitable and sustainable economic development. (Sheldrick, 2007, p. 25).

These goals of Neechi are based on community development values, according to which, all people have basic dignity with the right to make decisions on issues that affect their well-

being. Practicing these principles helps to minimize feelings of helplessness, after years of community neglect (Loxley, 2014). The needs and desires of communities differ from each other. It does not matter where the community is on the spectrum of success; what matters is how engaged citizens are in the decision-making process. This can help in revitalizing declining neighbourhoods and sustain long-term community sustainability and success.

### ***2.5 Integrating Social Enterprise in neighbourhood revitalization***

Social enterprise is one type of activity taken on by community-based organizations (for-profit or non-profit) that uses commercial strategies to maximize social well-being, while making fiscal profits. These efforts stress democratic control of capital and social principles. According to Jenny Kain (2012), Director of Social Development, City of Edmonton, building *social*, *human* and *financial* capital are the three major criteria involved in the process of social development, addressing the social, environmental and economic aspects of growth together. She also emphasises that these factors are the three key supporting pillars of urban revitalization processes.

Social enterprise can help revitalize low-income neighbourhoods by providing opportunities for the communities more self-dependent and economically stable. In one type of social enterprise, various community development groups with similar interests come together to start-up businesses that generate profits to support the organization, while also providing jobs for local residents (The Canadian CED Network, 2011).

The concept of social enterprise is unlike other traditional non-profit organizations. As noted by Defourny and Nyssens (2006), while maintaining their social objective, social enterprise focuses on a continuous activity of producing and selling their services. The constant “production of goods and provision of services” defines the purpose of any social enterprise.

Other attributes include high degree of autonomy, where the founders of a social enterprise take complete charge of managing and governing the company without depending on any other public authorities; and a significant level of economic risk, which is presumed but depends on how much efforts are being put by the members and workers of the company (p. 5).

However, what sets social enterprise apart from any other enterprise, is the social dimension at the foundation of its existence. Social enterprise's key goal, that of benefiting the community, comes with an intension to encourage and develop "a sense of social responsibility at local level" (Defourny & Nyssens, 2006, p. 6). It is an initiative established by a group of like-minded citizens, who are aware of the community needs and are prepared to work consciously towards achieving them. One of the crucial aspects of operating social enterprise is that the capital ownership of various stakeholders involved does not decide on the decision-making power. It is always a collective process with equal decision-making rights. Along with different stakeholders, the participatory nature of social enterprise allows for the representation and participation of users in the functioning of the company. The concept of profit distribution within social enterprise is limited and is conducted in a very controlled manner, so that the "profit-maximizing behaviour" can be avoided all together (Defourny & Nyssens, 2006, p. 6).

Social enterprise follows the approach of balanced practice with equal attention being paid on social welfare and economic development. As explained by Defourny & Nyssens (2006), depending on these two sectors, the "motivation, mission, and money" involved in the social enterprise is distributed wisely. The strategy used in social enterprise is considered as a "financing mechanism", where the programs are adaptive in nature and are designed to meet all the identified social needs while being viable commercially/economically. Prior to designing community-based programs under any social enterprise, it becomes essential to explore all the

internal factors- “core competencies, risks, weaknesses, and needs of targeted people/community; as well as the potential external market forces including “legal and regulatory environments, market demands, and access to capital” (p. 10, 11).

After realizing social needs, organizational capabilities and accommodating market realities, Kim Alter (2007) argues that the general “operational model” of a social enterprise should be able to serve global application. Although, social enterprise works on community-based needs/demands, and the approach may differ from community to community and even more from country to country, but it can still have a basic guideline that works universally. For Kim, any social enterprise should focus on revitalizing inner cities by creating a market environment that promotes social justice in urban development. She observed that there has been a huge market for social enterprise in recent times; however, the pool of “self-identified” social enterprise is still limited and fragmented. This could be a result of restricted awareness in the field of social enterprise and its significance in community development. To overcome this hindrance, it is importance for socially sensible people to keep collaborating and generating “Program Related Investments” (through charities or available government grants) to fund social enterprise endeavors. This will help in highlighting all the thriving social enterprises that can eventually become the exemplars of “good practices”. In this way, everyone will have a stronger education base to learn more about social enterprise and make it more acceptable in the current capitalism market (p. 10).

Researchers have been exploring the concept of social enterprise for a while now, and have realized that social enterprise is a form of “hybrid organization” including the features of both co-operatives and non-profit organizations. The degree of socio-economic activities within a social enterprise is based on “motives, accountability, and the use of income”. The identified

outcome has been developed in a series of “hybrid spectrum” that explains the phenomenon of social enterprise more explicitly. The produced hybrid spectrum is as follows (Alter, 2007, p. 14):

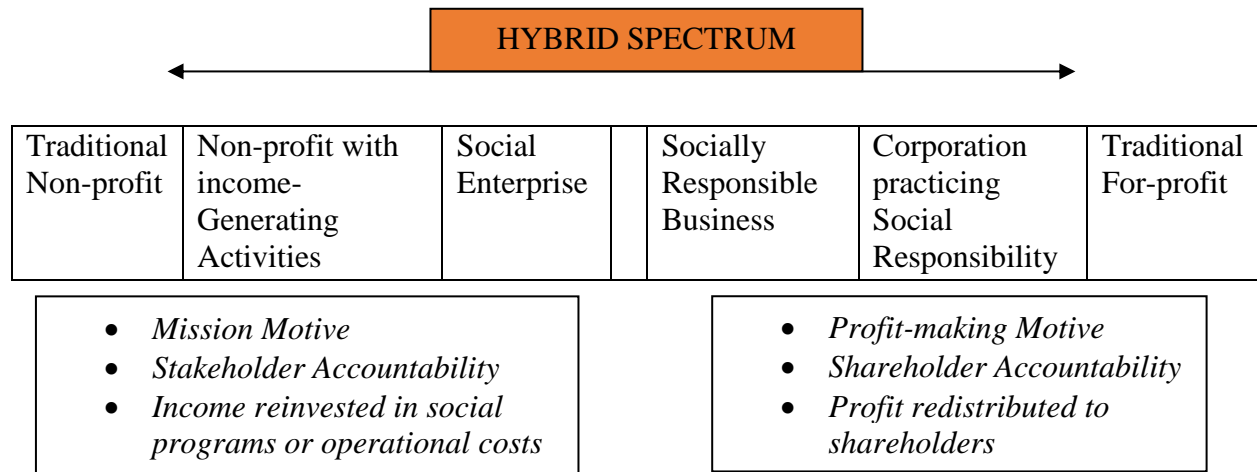


Figure 3: Hybrid Spectrum. Retrieved from: Alter, 2007, p. 14.

The hybrid spectrum has been divided into two sections based on “purpose” of profit and non-profit intentions. Social enterprise, therefore attempts to achieve a state of “socio-economic sustainability equilibrium” to create a just society. This “dual value creation” of socio-economic sustainability supports the concept of “New Economy” that is created by social enterprise. The recognized state of “sustainability equilibrium” is as follows (Alter, 2007, p. 15):

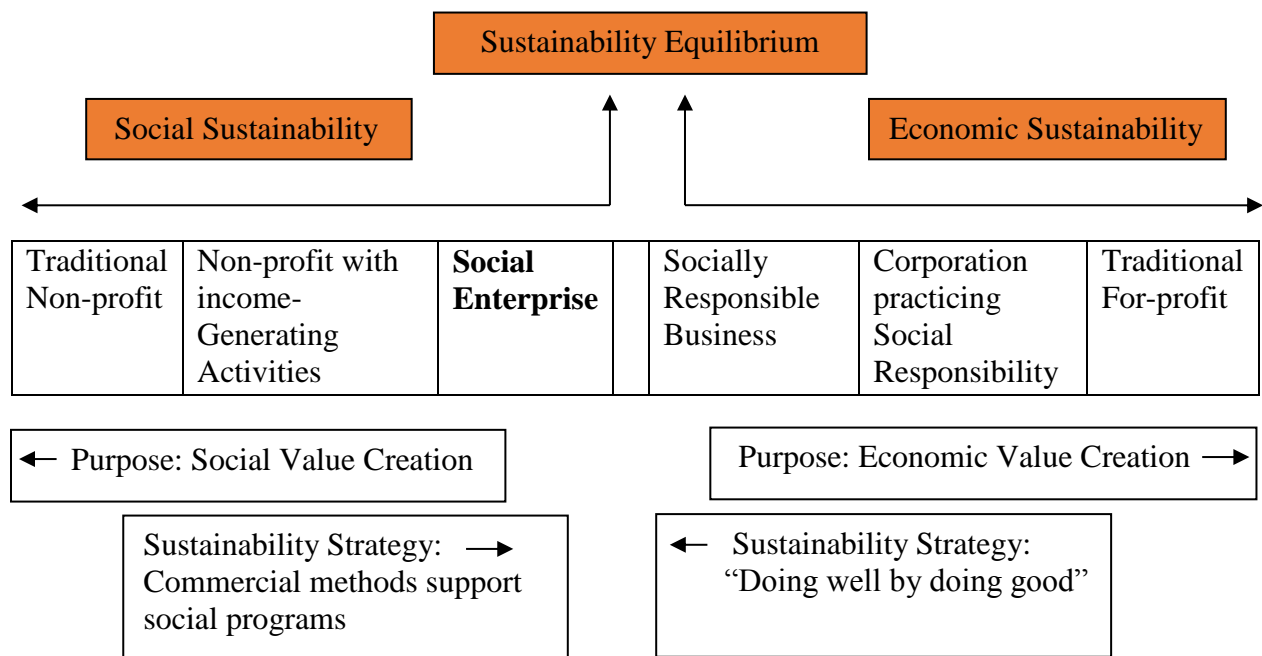


Figure 4: Sustainability Equilibrium. Retrieved from: Alter, 2007, p. 15.

Two factors affecting the success and growth of any social enterprise are scope and scale. These are often neglected in the design of initiatives (The Canadian CED Network, 2011). Prior to the start-up of any social business, there has to be an in-depth research, study and analysis of the prevailing market ventures around the targeted low-income neighbourhood. This procedure is necessary, because in the world of highly competitive markets, social enterprise needs to be adjusted in such a way that it does not clash with the existing markets. If this is not done, the social enterprise may fail (The Canadian CED Network, 2011).

The difference between a social enterprise and any conventional business is that businesses, in general, only deal with two dimensions, the social and the economic. On the other hand, social enterprise functions on four wheels of social, financial, environmental and cultural dynamics. In times of economic uncertainty, there has to be some alternative business model

sustainable enough to run the economy of a country. Still, the concept of social enterprise is often undervalued and ignored. The reason behind it is a lack of knowledge and awareness about the prospects and scope of social enterprise (O'Connor, Elson, Hall & Reimer, 2012). Hence, in order to bridge this gap, there is an urgent need to measure the size, scope and scale of the social enterprise. According to the research undertaken by the members of Canadian CED Network, the benefits of doing so are three-fold. Firstly, it validates the strength of this sector and thus encourages private, public and the government to appreciate and invest in social enterprise. Secondly, it helps in spreading comprehensive knowledge about the necessity of this sector. Lastly, it encourages the public to engage in social enterprise and contribute in building their own economy (O'Connor, Elson, Hall & Reimer, 2012). To generate significant difference, it is important to make the public and decision-makers, in particular, understand how a small-scale community enterprise can affect the large-scale provincial or even national economy.

Certain urban conditions may influence the emergence and longevity of Social enterprises. Socio-economic stress remains the basic cause for the need of community-based enterprises in inner cities. Previous activities of incremental learning could lead towards social enterprise creation. In case of no access to capital markets, dependency on social capital increases to fulfil substantive everyday needs. The community size with sufficient resources would have a significant influence on the survival of social enterprises (Peredo & Chrisman, 2006).

The fundamental characteristics that make any enterprise a social enterprise are built on the conditions that influence the rise of community-based enterprises. If an enterprise is motivated by the available community skills, a multiplicity of goals and dependant on community participation, then it is considered a social enterprise with multiple socio-economic

goals. However, successful establishment of a community-based enterprise is dependent on collective governance structures and democratic management structures (Peredo & Chrisman, 2006). The two prominent challenges identified by Peredo and Chrisman (2006) that most of the social enterprise faces during their tenure are: “maintaining a balance between individual and collective needs and among the economic, social, environmental and cultural goals” and coping with changes to the external environment as a consequence of economic and cultural globalization” (p. 36).

These social enterprises can survive beyond challenges and market pressures only when the targeted communities realize their abilities “to diversify its economic activity away from land-based resources” (Peredo & Chrisman, 2006).

The concept of Community-Based or Social Enterprise represents an alternative and promising model for socio-economic development in impoverished communities. It is an unconventional form of entrepreneurship that is based on collective and individual interests, where communal values and the notion of the common good are the essential elements in venture creation. These characteristics make it a culturally appropriate response to the prevailing urban problems (Peredo & Chrisman, 2006, p. 37).

Deakin (2009) suggests that social enterprise can be perceived as a “democratic renewal” process, where it becomes “a way for cities to gain civic authority” that could help in tackling the urban issues of area-based deprivation or uneven development in a more pro-active manner (p. 99). Cities are organic in nature as they keep growing, decaying and re-growing with their own pace. Instead of trying to control this process, Deakin advises the planning of flexible cities that can withstand the transitional phases without much disturbance to people.

Social inclusion and economic re-integration motivates the emergence of community-oriented enterprises. Another characteristic of a social enterprise that set it apart from other

mainstream businesses is the fact that it is based on the notion of *developing together*, with an intention to equally benefit every individual from any sector.

### ***2.5.1 Social Enterprises generating Social Economy***

Economic growth does not always imply community development. Therefore, strong policies are needed to support social enterprises that integrate the two and focus on community economic development (Thompson & Emmanuel, 2012). As per Braudel's "architecture of society" (as cited by Haughton, 1999), there are different economic levels, such as: the *world economy* that deals with large enterprises, financial institutions, the state, addressing global markets; the *local market economy* dealing with many self-employed and small firms and addressing local needs; and finally, the *subsistence economy* that deals with non-market and informal activities and addressing survival economy (Haughton, 1999, p. 9). Social enterprises are completely based on the concept of utilizing local resources to revitalize local economy. It helps inner cities to develop at their neighbourhood level, independent of the mainstream capitalist market. It is perceived that social enterprises face tough competition from the private sectors, which is mostly true, but the real intention is to co-exist within an urban realm and try benefitting everyone from any socio-economic status.

The concepts and frameworks of Social Economy (SE) helps in addressing increased inequality of social, health, economic and ecological conditions. It is considered a growing global movement that attempts to provide alternative solutions to the perceived failure of neo-liberal dominated globalisation (Tremblay, 2009, p. 10). Social Economy (SE) enables various communities in building their capacity to improve self-resilience. This further helps the communities in identifying their assets to seize available market opportunities (Tremblay, 2009, p. 13).

The success of social enterprises depends upon multiple factors, including social capital available, local resources combined with local expertise, institutional resources, and community needs at that time. Incorporated in the BC Social Enterprise Summit Framework, Sousa and LePage in 2009 developed a tool that can measure different dimensions of support that “encourages awareness and demonstrates values, promotes enterprise skills, provides access to capital, and analyzes market opportunities” (Thompson & Emmanuel, 2012, p. 38).

Social enterprise is sometimes, misunderstood as a non-profit organization trying to stimulate economic growth at local level. However, the concept of social enterprise emerged as a for-profit social business. The difference between non-profit and social enterprise lies in their financing methods. Traditionally, non-profit organizations are financed through government grants or charity and donations. On the other hand, social enterprise depends more on private sector strategies that works through revenue generation. Social enterprise still needs initial “start-up investment” from either government grants or charities, but once the enterprise is established, it runs based on social revenues. According to Pearson and Lawrence (as cited by Thompson and Emmanuel 2012), social enterprise falls somewhere in-between economic return and social return on the socio-economic spectrum (Thompson & Emmanuel, 2012, p. 97). The fundamental vision behind generating social economy is to find a balance between social and economic goals. This requires a policy, providing support to the development of new financial tools and strategies that are adaptive to the existing financial conditions.

With few but successful paragons of social enterprise in Canada, financiers from all around the country have grown their interest in learning more about social economy and further educate themselves by studying national and international exemplars of an effective social economy model. This open-minded and comprehensive approach towards an alternate socio-

economic prototype helps in achieving greater impact on our society by implying and restructuring those successful models as per specific community needs.

According to Wuttunee, Chicilo, Rothney & Gray (as cited by Thompson & Emmanuel, 2012), one of the leading provincial funders of social enterprise in Manitoba is the Jubilee Fund. This fund is based on 'Equity Investment Framework' that includes a provision for flow-through equity donations (Thompson & Emmanuel, 2012, p. 102).

The Manitoba CED Tax Credit Program was established in 2004 by the provincial government that intends to finance social enterprises by "encouraging individual investments in local community-based enterprises" (Chernoff, 2008, p. 53). The program had set certain criterion that needs to be fulfilled in order to become an eligible social enterprise for receiving financial support. "Social enterprise should not have gross assets in excess of \$25 million, should not have net assets in excess of \$10 million, it must employ no more than 200 employees, at least 25% of the organization's total wages must be paid to Manitobans, at least 25% of the employees must reside in Manitoba, must receive a sponsorship or endorsement from a local community development organization" (Chernoff, 2008, p. 55).

Moreover under the CED Tax Credit Act, social enterprise should not engage in any of the following businesses in order to be designated as eligible: "deriving income from property other than commercial property owned by a community development corporation, management, administrative or financial services, farming, fishing, forestry, hunting, or resource exploration, performing arts, sports, amusement, gaming, and recreational activities, seasonal enterprises such as recreational parks or camps, hunting or fishing lodges or golf courses, etc." (Community Enterprise Development (CED) Tax Credit Regulation, Government of Manitoba, 2004). Besides

these eligibility criteria, social enterprise should be based on a business plan that allows the enterprise to be open to technical assistance, and financial product offerings.

There are certain additional factors that need to be examined, prior to creating a business plan for a social enterprise (SE). First, which SE sector should be built, depending on the needs of a community have to be decided on before exploring suitable business models. This eliminates the wastage of time and energy caused by the mismatching of SE sectors and the intended business model. Larger fund will be required to make that “self-sustaining model” of a social enterprise feasible. It is crucial to evaluate the demand for expansion funding vs. start-up funding (Chernoff, 2008, p. 86). Investment incentives and return to investors are also considered important in order to run such business models successfully. Under the CED Tax Credit Act, “Manitobans investing in a social enterprise will receive a 30% personal income tax credit which offsets Manitoba income tax payable”. The maximum eligible annual investment is \$30,000 (\$9,000 in tax credits). In addition, according to the Government of Manitoba, “investors are limited to purchasing no more than 10% of a single share issue” (Chernoff, 2008, p. 56).

Comprehensive economic development plans need to be shared with the community that constitute of “fostering new activities that have the potential to benefit the community, nurturing the existing activities, flexibility to adapt as per shifting economic conditions and opportunities, proposing community potential to the most appropriate market, maintaining a multi-purpose approach throughout” (Newman, Lyon & Philp, 1986, p. 8).

The business plan should be well developed after studying the market thoroughly. The asset-based approach sounds promising, but it requires an extensive study of community’s strengths and weaknesses. This includes “access to major factors of production-land, labour, finance capital, and physical goods; favourable market conditions, adequate infrastructure,

appropriate development tools, human capacity; and a long term commitment in the form of sustainable CED vision, planning and policy” (Newman, Lyon & Philp, 1986, p. 9).

The different styles of community economic planning discussed by Bergman, Redburn & Buss (as cited by Newman, Lyon & Philp, 1986) can depend on two conditions of local economy. On one hand, there is *growing economy*- “net inflow of corporate investment capital; and new plants and plant expansions”. On the other hand, there exist *declining economy*- “net outflows of corporate investment capital; employment cut-backs and plant shutdowns”. (Newman, Lyon & Philp, 1986, p. 14)

The corporate responsiveness to a growing economy condition can include corporate recruitment planning, where the “principle planning style involves industrial or corporate recruitment” (p. 14). The corporate responsiveness to a declining economy condition requires corporate impact planning. The principle planning style includes “providing program funds to alleviate some episodic economic impact” (p. 14). However, the local responsiveness to a growing economy condition needs economic strategy planning with “long-range strategic planning that have the potential of developing a local economy which is less susceptible to external disinvestment”. The local responsiveness to a declining economy condition comprises of economic contingency planning, where the principle planning style projects developing contingency plans for specific industry sectors and workers. The intension is to “develop a long-term planning and implementation capacity into the structure of local government” (Newman, Lyon & Philp, 1986, p. 14).

## **2.6**    *Summary*

The above-discussed concepts of urban resilience, neighbourhood revitalization, and social enterprise can function under CED principles. The overall goal is to realize the potential of resources available locally and build upon them. This may not only reverse the impact of neighbourhood deterioration, but also help in sustainable growth. CED focuses on community participation in the process of community improvement. The purpose of studying these urban concepts is to better comprehend the various roles of CED programs that have been engaged in revitalizing distressed neighbourhoods. Realizing the importance and need of such alternative methods of neighbourhood revitalization, this research addresses the mechanism of one specific CED initiative and examines the viability of its approach and the lessons it has to offer others.

### 3.0 RESEARCH METHODS AND ANALYSIS

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#### 3.1 Introduction

The following chapter provides a synopsis of research methods I used to develop the analysis of this thesis. This project is based on a qualitative case study methodology. According to Neuman (as cited by Kohlbacher, 2006), qualitative approach emphasizes the significance that social context plays in creating our understanding of the world (Kohlbacher, 2006). A qualitative case study methodology helps in studying complex phenomena within the contexts (Baxter & Jack, 2008). This research depends mainly on narratives and interpretative argument. Focusing on a single case study, instead of multiple case studies helped in conducting comprehensive research that allowed better understanding of how a social enterprise can work as CED initiative. This also helped to manage the scale of the project and explore the case extensively.

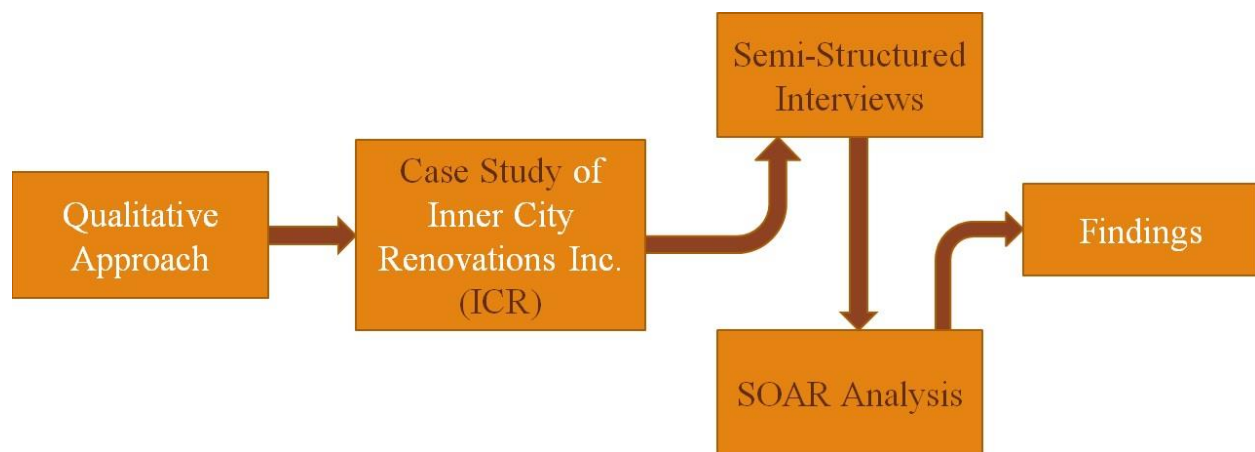


Figure 5: Research Methodology. (Diagram: Sajwan, 2017).

#### 3.2 Case Study Research

As outlined by Bromley (cited by Zucker, 2009), a case study “is a systematic inquiry of any particular event or initiative that can help explain the occurrence of interest” (p. 1). Case study research partially depends upon the research questions. As Yin (2009) argues, “the more research questions seek to explain some present circumstances of *why* and *how* some social phenomenon

works, the more case study approach is relevant” (p. 28). So, questions such as: *how* these CED programs influence the physical and social wellbeing of the neighbourhood or *why* is it necessary to promote and practice CED validate the usage of case study method.

Case study data can be collected from six sources: documentation, archival records, interviews, direct observations, participant observation and physical artifacts (Yin, 2009). Understanding the mechanism of the selected case, including attempts to investigate major rival hypotheses, helped generate a sensible conclusion. While undertaking case studies, researchers must make sure that the displayed evidence is sufficient, that alternate perspectives are considered, and the case study is complete and composed in an engaging manner (Yin, 2009).

### **3.3 *Semi-Structured Interviews***

To gather significant data that answers the research questions, semi-structured interviews with open-ended questions were conducted with the selected CED organization, along with relevant documents to provide a larger context for this research.

Interviewing representatives from the selected CED organization of ICR helped gain insight into how this program was operated and the challenges it faced both at the implementation and in-progress stages. It also provided an opportunity to understand the specific needs of the community and the financial implications associated with addressing those identified needs. The aim was to comprehend the overall scenario and learn the potential of a CED initiative, such as ICR, in improving the North End’s current state of poverty and inner city degradation. Exploring how CED, in the form of social enterprise, contributes in attaining economic stability and sustainability aided the study to reach a valid conclusion.

Semi-structured interviews with open-ended questions were appropriate for this research as they allowed gathering qualitative data in a controlled and organized manner, while accommodating receipt of any extra important information the interviewee thinks valuable for the case analysis. This interview technique encourages the required conversational flexibility beneficial for exploring personal views of the interviewee (Teijlingen, 2014, p. 20). The formation of interview questions was guided by the research questions, in order to remain focused throughout the interview and fulfil research goals. However, the basic outline of the interview questionnaire addressed the neighbourhood's history, the role of ICR as a social enterprise, challenges faced, achieved successes and the advice for future aspirants, who want to work in this direction.

### **3.4 RESEARCH ANALYSIS**

#### **3.4.1 Introduction**

Instead of focusing directly on data, starting with questions and identifying the evidence that addresses them helped focus the analysis. Based on the weight of the evidence, tentative conclusions were drawn to further help in building the analysis (Yin, 2009). The data collected through a case study was organized based on literature review. This helped in keeping track of raw data and avoided missing important information. Identifying the links between potential data and establishing logic of the case were the next step in the analytical process.

Since this research is case-oriented, Yin (2009) provides a useful framework of five analytic techniques of *pattern matching*, *explanation building*, *time-series analysis*, *logic model*, or *cross-case synthesis* that can be utilized to construct a strong case for qualitative analysis. From these, the following techniques, including *explanation building*, *time-series analysis*, or

*logic model* can be applied in this research. The interview responses from the case study participants were transcribed using ExpressScribe and then uploaded into AtlasTI for content analysis. *Coding* is another common method of analysis strategy, where the qualitative data is organized and coded numerically for the purpose of intensive scrutiny (Caracelli & Greene, 1993, p. 202). These steps helped in synthesizing the data and guided in interpreting, comprehending, and presenting the impact of CED in urban revitalization processes.

The overall research approach was a qualitative case study of a specific Community Economic Development initiative, namely Inner City Renovations (ICR), a social enterprise in Winnipeg's North End. This helped in developing a **SOAR** (Strengths Opportunities Aspirations and Results) analysis, to understand the functioning of community-based organization.

### **3.4.2 SOAR Analysis**

Based on the Appreciative Inquiry (AI) concept developed in 1980s by David Cooperrider along with his colleagues at Case Western Reserve University, SOAR analysis creates a platform for community-based initiatives to highlight their positive core (Stavros & Hinrichs, 2011). This research analysis technique was used to explore the functioning of the selected case study and its constructive attempts, as an alternative solution for revitalizing degraded inner cities.

SOAR offers a strength-based analysis tool that provides a strong framework focusing on the positive aspects of a system. It highlights all the “good deeds” of an organization, including their goals, successes, challenges faced and ways to overcome them. This type of research analysis allows researchers to comprehend the dynamics of community-based organization, in terms of their relationship-building strategies among people, functions and locations involved (Stavros & Hinrichs, 2011, p. 6). The attempts of a social enterprise CED initiative to make a

difference at the local level are emphasized by SOAR analysis, and such analysis helps promote the unique contributions of such community-based organizations.

*Strengths*, as understood in SOAR, addresses the values and principles of the selected CED organizations, their greatest assets, and the ways in which these resources are being utilized locally. *Opportunities* deal with ideas beyond threats, asking how identified opportunities lead to potential solutions by building collaboration between community members with shared interests. *Aspirations* are the driving forces of analysis, where strengths and opportunities are combined in practice to strive for the desired goals and visions. What is the purpose of CED programs and what differences they can make within the community? Finally, *Results* highlights the outcomes of a CED initiative. This section of the analysis encouraged the practice of CED principles in revitalizing and strengthening poor communities locally from within (Stavros & Hinrichs, 2011).

The importance of SOAR analysis in my research is to establish a study base, exploring long-term objectives of community services that create and maintain urban sustainability. This strategic assessment helps in identifying the “Unique Value Offering (UVO) of an organization through appreciative ways of knowing and learning about its core capabilities” (Cooperrider & Kelley, 2003, p. 6). The SOAR analysis tool utilizes the proactive tactic of finding solutions to an issue by focusing on the available resources as a strength and building upon them— very similar to the CED principles themselves.

## 4.0 CASE STUDY

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### 4.1 *Introduction*

Like many North American cities, Winnipeg has experienced inner-city decline, leading to an urban system of ever-increasing socio-economic gaps between the North End and other neighbourhoods of the city (Statistic Canada, 2006). This study seeks to illustrate how a CED initiative implemented in an adversely affected neighbourhood of Winnipeg is influencing these communities. This research focuses on one CED initiative in the North End, in an attempt to understand the lessons that can be learned from its implementation.

The CED organization used as a case study for this research is Inner-City Renovation Inc. (ICR). ICR is a social enterprise that operated in the North End from 2002 to 2017. It provided building renovation services to enhance physical conditions in the neighbourhood, while also attempting to improve its social and economic value. Social enterprise is about the democratic control of capital and social principles. Most of ICR's staff were local residents, creating vocational opportunities within the community, in the hope of bringing more economic stability to the North End's low-income neighbourhoods.

This case study of Inner City Renovation Inc. offers an opportunity to explore social enterprises, by examining the challenges faced in its implementation over the course of its 15 years of operation. It may also be a good example of how small-scale redevelopment/renovation projects can contribute to the revival of the economic and social structure of an impoverished area by promoting a sustainable culture of employee engagement and employee ownership (Inner City Development Inc., 2012).

#### **4.2 Inner City Renovation Inc. (ICR)**

Inner City Renovation Inc. (ICR) offers a paradigm of a CED initiative revitalizing low-income neighbourhoods. ICR was a for-profit social enterprise founded in 2002 by a community development corporation, Community Ownership Solutions (COS). The construction company offered renovation services in both residential and commercial sectors to help increase property values. By 2008, ICR had become an entirely self-sustaining company; it completed approximately 30 projects in Winnipeg by 2011 (Inner City Development Inc., 2012). Its chief goal was to create quality full-time job opportunities for the low-income residents of the inner city, providing them with above average incomes and benefits, prospects of better skill training options and certification for the workers, thus, offering possibilities for career advancement (Inner City Development Inc., 2012).

As a social enterprise, ICR followed the basic principles of CED by managing both social and business outcomes with the help of available resources. In this case, local people were considered as one of the crucial resources within the community that could be utilized to build and strengthen the economy of the neighbourhood. Hence, two-thirds of the workers in ICR were local Indigenous residents, of which more than half did not have elementary school education, 79% had been unemployed previously, and about 58% had been convicted of a range of crimes (Donkervoort, 2013). This case demonstrates how a social enterprise can contribute to the transformation of society by creating meaningful employment within the community and generating income to help alleviate poverty and other related social issues.

Inner-City Renovations was a for-profit social enterprise that was started as a CED initiative in an attempt to help revitalize North End communities of Winnipeg. The company served as a general contractor in the housing and commercial renovation/construction sector. The

business lasted for 15 long years, from 2002 to 2017, providing its renovation services mostly in North End communities, but also elsewhere in Winnipeg. ICR was committed to the following objectives:

- *Providing quality full-time employment to inner city low-income residents*
- *Providing better-than-average sector wages and benefits*
- *Providing education and training, leading to skills and certification for its employees*
- *Providing opportunities for advancement and career laddering*
- *Providing participatory management culture*
- *Creating a culture of employee engagement and employee ownership* (Inner City Development Inc., 2012).

Most of the above goals were achieved by the company and were evident within the first few years of its establishment; the one exception was that of ICR becoming an employee-owned construction company. Despite the fact that the company recently shut down, it cannot be considered as a failure because ICR had positive impact on the lives of the targeted demographics of North End communities within its tenure. It served its purpose. However, due to certain inevitable market changes over the period of 15 years, the company found it difficult to attain profitable contracts it needed to sustain itself. It must be brought to attention that this did not adversely affect the employees, as by now they were trained with specific skill sets in construction, becoming eligible prospective employees for other construction companies.

The purpose of a for-profit social enterprise is to benefit the targeted demographic of the low-income communities by providing them with opportunities and resources that have the potential to make them self-sufficient. ICR's construction or renovation services improved physical conditions in the North End neighbourhoods, while the related training options offered to its employees helped them to learn a skill-set that could be used beyond ICR. The entire approach of ICR was based on the concept of urban resilience, where the local resources – local

residents in this case – were utilized to build a social economy that is more sustainable in the uncertainty of the capitalist system.

ICR, in its 15 years of service, assisted several different clients including:

The University of Winnipeg	Assiniboine Credit Union	Adult Education Centres (AEC) Inc.
Addictions Foundation of Manitoba	Andrews Street Family Centre	North End Community Renewal Corp.
Alpha House	North End Housing Project	Centre for Indigenous Environmental Resources
North End Women’s Resource Centre	Elizabeth Fry Society of Manitoba	Fort Rouge United Church
Oyate Tipi	Graffiti Art Programming Inc.	Pregnancy & Family Support Services
Housing Opportunities Partnership (HOP)	Project Neecheewam Inc.	Indian Family Centre
Daniel McIntyre community centre	SEED Winnipeg Inc.	King’s Head Pub
The Manitoba Housing Authority	MacDonald Youth Services	Urban Circle Training Centre
Manitoba Eco-Network	Winnipeg Housing and Rehab Corp.	Manitoba Lotteries Corporation
Winnipeg Regional Health Authority	Women’s Health Centre	Bridgman Collaborative Architects

Table 2: List of clients served by ICR. Retrieved from: Inner City Development Inc., 2012.

The range of construction assistance offered by ICR consisted of:

- *quality renovation skills and services,*
- *renovation advice and resources,*
- *new construction capacity,*
- *environmentally sensitive services (recycling),*
- *professional project management (Inner City Development Inc., 2012).*

ICR was originally owned by Community Ownership Solutions (COS), a registered non-profit corporation and charity in Manitoba. COS was later joined by five other non-profit community development corporations including Social Capital Partners (SCP), North End Housing Project (NEHP), Spence Neighbourhood Association (SNA), West Broadway

Development Corporation (WBDC), and Winnipeg Housing and Rehabilitation Corporation (WHRC). In the year 2002, while establishing ICR, the joint venture partners were committed to CED principles and created a business plan based on it (Donkervoort, 2013, p. 119):

- *Hiring the existing renovation workforce previously employed by Community Education Development Association (CEDA) as a part of its training program.*
- *Recruiting workers primarily but not exclusively from the three neighbourhoods represented by the community based joint venture partners.*
- *Hiring at least 25% of its workforce from carpentry/construction training program graduates.*
- *Hiring the majority of its workforce from low-income inner city residents.*
- *Creating a balance between skilled, semi-skilled and unskilled workers.*
- *Providing opportunity to its workers to gain skills and access to apprenticeship certification programs.*
- *Providing employee ownership and participatory management training to all employees of the enterprise.*
- *Creating employee ownership in the new enterprise once it is stable having completed two successive profitable years.*
- *Sourcing and flowing through skills training funds as required.*
- *Creating a board of directors with representatives from the joint venture partners as well as outside directors with skills related to the construction sector.*
- *Creating board seats for staff representatives.*

This business plan worked as a foundation of the company and helped ICR get established in the social enterprise market. The company sustained itself (as long as it lasted) by altering this business plan according to the new changes in the market.

#### ***4.2.1 Background and History:***

Inner City Renovation (ICR) is a Winnipeg-based social enterprise in the construction sector. Established in 2002, ICR started providing renovation services mainly to inner-city neighbourhoods. Besides improving the physical outlook of North End, these renovation services helped several non-profit organizations in building affordable and safe housing for low-income families of North End communities. ICR office was initially opened under the Social Enterprise Centre at Winnipeg's 765 Main Street, which eventually was moved to 539 Jarvis Avenue because of business expansion. In less than a decade, ICR completed approximately 125 projects that earned \$10 million of social return by the year 2010 (Donkervoort, 2013, p. 2).



Figure 6: Location of Inner City Renovation Inc. in context to the adjacent North End neighbourhoods. Retrieved from: 2016 Google Earth.

The Crocus Investment Fund, created by the Manitoba Federation of Labour in 1999 was entirely sponsored by True Capital Fund in Manitoba with an intension to alleviate poverty in the inner city of Winnipeg (Donkervoort, 2013, p. 2). Interview Participant 5 believed that the venture capital being invested was generating jobs but those jobs were rarely available to people in low-income communities who experienced barriers in employment. Mostly, venture capital was targeting investments in establishing companies or in IT start-ups.

ICR's goals were job creation, employee-ownership, and local participation. In order to realise these goals, it required a more consciously pro-active approach. It was not possible through a normal process of venture capital. The Crocus Investment Fund provided opportunities to explore options for alternative enterprise development structures- to create an enterprise development corporation that could marshal resources and then use them as grand signal of

equity for social enterprise or co-operatives. After considerable research, people were brought in from all over North America in a conference that helped in brainstorming ideas that lead to the formation of Community Ownership Solutions (COS). COS was a non-profit charitable organization that focuses on social enterprise development. Generating quality jobs became the guiding principle of creating COS and it got the authority through its organizing documents from the Canada Revenue Agency to be able to provide funds directly to social enterprises and co-operatives as principle equity. Interview Participant 5 believed that COS is the only organization in Canada that has that capacity. Eventually, COS tried developing its abilities to use it for other enterprises that were created by others, but needed a conduit for money from philanthropic organizations that could be used for employee or management training. The actual intention was to inject money into strengthening the balance sheet and provide some equity to perform related activities, which is highly difficult otherwise within the charitable context. COS, therefore utilized its capacity by conducting feasibility study and as an outcome, the first for-profit social enterprise, Inner City Renovation (ICR) was created in Winnipeg (Interview Participant 5).

“The enterprise creation strategy was pursued so that COS would be able to create quality jobs without having to persuade existing business owners to change their hiring policies and management styles” (Donkervoort, 2013, p. 3).

Before deciding that ICR would be its social enterprise initiative, COS conducted market research and feasibility studies for 2 years and explored possibilities in several sectors. After understanding the prevailing market conditions and realizing the needs of the targeted demographic, COS identified the social issues of deteriorating houses and the lack of adequate social housing in Winnipeg’s inner city. These social issues were considered to be contributing to crime, gang activities and other unsafe situations. Although ICR was then aligned with the

construction industry, its objectives were to address both the issues of unemployment and dearth of affordable housing faced by the North End communities (Donkervoort, 2013, p. 3).

The next steps were to draft a business plan for ICR that addressed both of its objectives, and to raise capital for the start-up. Marty Donkervoort, who was a Board member for the first four years and then a general manager of Inner City Renovation till 2010, produced a business plan and submitted the draft in a business plan competition sponsored by Social Capital Partners (SCP is a charity organization that develops new approaches to address Canada's employment challenges) in Toronto (Donkervoort, 2013, p. 4). ICR was eligible to enter, as it was a competition for social enterprises tackling unemployment issues in the low-income communities. The winning business plan was to be awarded with \$15,000 in cash and up to a million dollars in financial, technical, and management support offered by SCP. There were hundreds of plan submitted from all across Canada. Surviving the tough competition, ICR won.

In addition to this, COS invested the money as well. Combining the financial contributions from both SCP and COS, Inner City Renovation was able to raise a total of \$215,000 start-up capital, along with all the technical and management support services required to establish any new enterprise. In 2002, four other interested inner city development corporations came on board as ICR's shareholders, namely: North End Housing Project (NEHP), Winnipeg Housing and Rehabilitation Corporation (WHRC), Spence Neighbourhood Association (SNA), and West Broadway Development Corporation (WBDC) (Donkervoort, 2013, p. 4).



Figure 7: First ICR Staff in 2002. Retrieved from: Donkervoort, 2013, p. 30.

Like any other enterprise, ICR faced the initial growing challenges, especially between 2004 and 2005. Besides encountering financial losses and project margins that were unable to cover ICR's overhead costs, the company struggled with the increased cases of thefts and vandalism at jobsites.

The years 2006-2008 marked a transition period for ICR. The evolution started in 2005 with the change in the company's legal name from Inner City Renovation Inc. (ICR) to Inner City Development Inc. (ICD). This was done to incorporate two new social enterprise start-ups of Inner City Janitorial (ICJ) and Inner City Property Management (ICPM) within ICR (Donkervoort, 2013, p. 8-10).

It was during this period when ICR earned R2000 certification, which is an energy efficient standard regulated by the Province. In addition, the company joined the Manitoba New Home Warranty Program (MNHWP) in 2008. The two qualifications allowed ICR to join the City's infill housing program. Once these requirements were met, ICR was able to enter the new building construction market where the company handled new housing projects (Donkervoort, 2013, p. 11, 12). Subsequently, ICR started gaining the much needed attention from various

other organizations and agencies that could help strengthen ICR's position in the social enterprise sector.

#### **4.2.2 ICR Projects**

The feasibility study conducted prior to establishing ICR helped the company to identify the need to repair dilapidated houses in the North End neighbourhoods. This study proved useful, as it would eventually fulfil the dearth of affordable and adequate housing in the North End community (Donkervoort, 2013, p. 58). However, with an attempt to increase the company's profitability, ICR transitioned from renovating social housing to constructing some new commercial or institutional buildings. The wide range of contracts that ICR had worked on are as follows-

In the social housing sector, ICR collaborated with four local non-profit community organizations, North End Housing Project, Spence Neighbourhood Association, West Broadway Community Development Corporation, and Winnipeg Housing and Rehabilitation Corporation. Under this partnership, ICR renovated over a hundred houses for these neighbourhoods. Most of the housing renovations occurred on "streets adjacent to Selkirk Avenue, between McGregor Avenue and Main Street" (Donkervoort, 2013, p. 59).



Figure 8a: ICR's renovation work at Spence neighbourhood.  
Retrieved from: Donkervoort, 2013, p. 5.

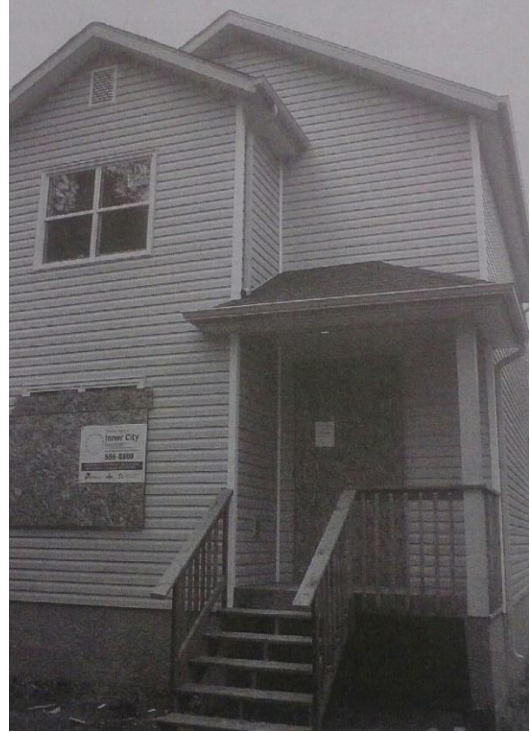


Figure 8b: ICR's infill housing project.  
Retrieved from Donkervoort, 2013, p. 11.

Besides being a major contractor on the Urban Circle Training Centre project in 2003, ICR performed several renovations on Selkirk Avenue. These projects included “renovation of the Up Shoppe, which is a retail store that builds employment skills in local women. The building also accommodated women’s shelter units above the store. The entire building was sponsored by the North End Women’s Centre” (Donkervoort, 2013, p. 61).



Figure 9: Completed structure of Urban Circle Training Centre at Selkirk Avenue.

Retrieved from: <https://www.google.ca/search?q=urban+circle+training+centre&source=lnms&tbn=isch&sa=X>

ICR did work on projects beyond non-profit organizations that included “being a framing contractor for new Assiniboine Credit Union (ACU) branch on north Main Street in 2007, followed up by its second branch for ACU on Pembina Highway in South Winnipeg, which was also a Leadership in Energy and Environmental Design (LEED) certified project” (Donkervoort, 2013, p. 63).



Figure 10a: Assiniboine Credit Union Rivergrove Branch under construction.

Retrieved from:

<https://www.google.ca/search?q=Assiniboine+credit+union+rivergrove+branch&source=lnm1600&bih=791#tbm=isch&q=Assiniboine+credit+union+building+under+construction+rivergrove+branch>



Figure 10b: Completed structure of Assiniboine Credit Union Rivergrove Branch.

Retrieved from:

<https://www.google.ca/search?q=Assiniboine+credit+union+rivergrove+branch&source=lnms&tbi=h=791#tbm=isch&q=Assiniboine+credit+union+building+exterior+rivergrove+branch>

In addition to this, the architectural firm Bridgman Collaborative Architecture approached ICR in 2008 “to both renovate and build a new addition onto the boarded-up Dominion Bank Building at Main Street and Higgins Avenue” (Donkervoort, 2013, p. 62).



Figure 11a: Dominion Bank Building before the addition of Bridgman Collaborative Architecture. Retrieved from: <http://westenddumplings.blogspot.ca/2008/06/winnipegs-main-street-redevelopment.html>



Figure 11b: Dominion Bank Building after the addition of Bridgman Collaborative Architecture. Retrieved from: [https://www.google.ca/search?noj=1&biw=1600&bih=791&q=bridgman+collaborative&oq=bridgman&gs\\_l=serp.1](https://www.google.ca/search?noj=1&biw=1600&bih=791&q=bridgman+collaborative&oq=bridgman&gs_l=serp.1)

### ***4.2.3 Contributions to North End Economy***

Inner City Renovations was established as a poverty-alleviation strategy in the North End of Winnipeg. It was a community economic tool; keeping money in the community. The local residents worked in their community; they earned and spent their money in the local community. The longevity of ICR is a mark of its success. Most businesses/start-ups do not last more than a couple of years, but ICR lasted for 15 years. ICR evaluated the social return on investment every year, which was documented positive within the first decade. This is not easy to achieve as the social return on investment (SROI) quantify the inputs and outputs into numbers and there are many assumptions involved; for instance:

What is the impact on the criminal justice system by taking people out of a prison? Since it costs approximately \$100,000 a year to keep a person in prison the government can not only save this cost but also receive income from taxes generated from the now-working former liability (inmate) that has become a constructive member of the society (Interview Participant 1).

The company was focused in improving local lives and communities by addressing different aspects of capital, such as economic capital, human capital, and social capital (Loxley, 2014). Economic capital that includes social surplus and accumulation was the direct outcome of this social enterprise as a construction company. ICR had paid approximately \$3 million in wages during a time of a decade, providing full-time employment with 40-hour work week year around. Human capital on the other hand, involved technical assistance and training of labour force, and developing management skills, all within the company structure.

The purpose of this construction-based social enterprise was to create employment that had training associated with it, thus creating employment mobility. It was employment-creation beyond dead-end jobs, and allowing people to gain a skill set, potentially with a certification

leading to apprenticeship trainings. ICR always had 30-40 employees, full-time year around. This is not easy in Winnipeg to employ in the construction sector and employ people full-time year around because construction tends to be hard especially with the weather in Winnipeg, so it became crucial for the company to create a work-plan that encompasses the weather conditions. While economic capital and human capital were the two perceived aspects of ICR, social capital was the ultimate outcome that the company aimed at. Social capital is the network of social connections that has the ability to reproduce social relations and enhance the individual economic capital (Bourdieu, 2011). It focused on creating a work culture of mutual trust, corporation, problem solving, and information sharing through technical guidance. The key and noticeable feature of social capital is that it only gets exhausted when not used. The following ICR's year-end report of Social Return on Investment (SROI) explains the co-relation between financial outcomes and the company's social return on investment.

**Financial outcome/Social return:**

<i>Financial Performance:</i>	
<i>Total Sales Revenue</i>	<i>\$1,509,963</i>
<i>Total Grants and Subsidies</i>	<i>\$56,910</i>
<i>Total Sales Revenue and Grants</i>	<i>\$1,566,873</i>
<i>Total Operating Profit (Loss)</i>	<i>\$108,026</i>
<i>Additional Social Support Infrastructure</i>	<i>\$6,700</i>
<i>Total Investment for Year Seven</i>	<i>\$63,610</i>
<i>Total Investment Required to Date</i>	<i>\$1,339,135</i>

<i>Social Return On Investment (SROI):</i>	
<i>Average Change in Societal Contribution (Target Employee)</i>	\$6,381
<i>Average Number of Target Employees</i>	12
<i>Number of Target Employees in Sample Group</i>	12
<i>Current Year Cost Savings to Society</i>	\$76,567
<i>Cumulative Cost Savings (to 2008)</i>	\$664,567
<i>Total Cost Savings to Date</i>	\$741,136
<i>Cumulative SROI</i>	55%

Table 3: SROI Report Card: Year End 2009. Retrieved from: Donkervoort, 2013, p. 129.

***Business Overview*** (Donkervoort, 2013, p. 129):

- *Revenues were increased by 9.8%*
- *Profit has contributed to reducing the accumulated deficit*
- *Completed more than 255 projects since the start*
- *Generated more than \$9.3 million in earned revenue since the start*
- *Paid out nearly \$4 million in wages and benefits to its employees*

This business overview clearly demonstrates contributions of ICR in improving North End Economy.

***4.2.4 Impact on Community Improvement***

There is a need to improve housing, particularly low-cost social housing in North End communities. While creating employment for marginalized people, ICR also was involved in cost-effective ways to improve social housing and boarded-up dilapidated housing in the North End. Getting rid of boarded-up housing and boarded-up commercial properties created a sense of safety. People are now walking on the streets, with their eyes on the streets. As Interview Participant 3 describes it:

At one point in 2006, I went along Selkirk Avenue and asked the business people of what they thought about the improvement in housing and the neighbourhood. In addition, most of them expressed how important it was to see a housing improvement. Therefore, when one house was improved by ICR, the other neighbours would improve the conditions of their homes in a best way possible. Moreover, that is how the change in attitude would spread and help in redefining the physical image of the North End neighbourhoods. Therefore, it had a very definite social benefit that affected the community (Interview Participant 3).

It was the right time with the right place to get involved with this kind of construction/renovation Company (Interview Participant 1). Along with longevity of the company, the phenomenon of replication had occurred based on ICR's success and its impact on the local neighbourhoods. Several successful social enterprises, particularly in the construction industry in Winnipeg were established after ICR, including Building Urban Industries for Local Development (BUILD; a non-profit organization) and Manitoba Green Retrofit (MGR; for-profit organization) (Interview Participant 1). This is one of the positive outcome of ICR as a CED initiative.

About 60% of employees in ICR were aboriginal and 40% were non-aboriginal, creating a sense of familiarity, trust, co-operation, and mutual respect within and between these two communities. This was one of the prominent social impacts on the North End (Interview Participant 1). ICR was also supportive of getting anybody into the Province's apprentice program, giving them an opportunity to prove themselves. The company was chosen by Apprenticeship Manitoba as the 2008 "Employer of the Year" because of the ratio of apprentices to its total employee base.

Since, ICR emphasized employment creation for people of marginalized communities of North End, particularly people on social assistance who have a hard time getting employment because of past employment constraints that were the resulting of drug addiction, domestic issues, or gang affiliation. It also collaborated with Larry Morrissette, an Indigenous elder and social worker, to provide moral social support to the employees that help the community to grow. The police have also been observed to be supportive of such social enterprises, because they have had positive impacts on their resources (Interview Participant 1).

The company also had lot of social activities, so it was not just employment with work and income; ICR became the part of employees' social networks. This helped in building better relationship between the social enterprise and its workers. Quoting Interview Participant 1:

We did family picnics, family retreats on weekends, we had form our baseball team, we would go for hockey games and baseball games, once a month we did go to play pool; so there was this whole social aspect associated with the work. It was more to life than work by getting training, employment, social support, all under one roof of ICR.



Figure 12: ICR Staff Get-Together organized annually. Retrieved from: Donkervoort, 2013, p. 28.

Some of ICR employees had previously lost their children to Child and Family Services, because they were not able to look after them properly. However, when they were working at ICR, they were able to get their children back from care and look after them themselves. This had a huge social impact on North End communities. By working, both for themselves and for their children and for all the others who are watching their transformation, one can only begin to estimate the importance of dignity and respect that the employees have gained from working at ICR. In this way, the social enterprise had benefited the North End community beyond creating employment, paying off local residents, and developing skills that are transferable (Interview Participant 1).

Especially in construction industry, where not only the workers are earning better wages and benefits but they can show people: 'this is what I did, or we built this'. There is an immense amount of prestige in being able to show off the results of your work. This was huge (Interview Participant 1).

ICR being a for-profit social enterprise had a specific aspect to it. Most of the social enterprises in Canada, or in general, are not for-profit, but ICR chose to be a for-profit business for two reasons. Firstly, it encouraged an attitude that this is not just a kind of a handout project; the company is going to survive or go down based on everybody's efforts. Secondly, it was one of the company's goal that eventually ICR would be an employee-owned company, rather than a community based and owned company; and having an employee-ownership is only possible in a for-profit business (Interview Participant 1).

These sustainable livelihoods outcomes outlined by Donkervoort (2013) clearly demonstrate positive social impacts of ICR on community improvement:

- *Four target employees were registered in the Apprenticeship Carpentry training program*
- *Two employees enrolled in project management course*

- *ICR continues to provide a social calendar of events in order to encourage social connections for staff and their families, for example: recreational events, family parties, and Christmas party*
- *Employees have indicated that they feel they are getting along better with others as a result of their employment with ICR (p. 129).*

#### **4.2.5 Challenges Encountered**

Establishing any business comes with its challenges. But those that are social enterprises in the world of capitalism face additional barriers from the very start. Besides the basic implementation and operational hurdles, one of the biggest challenges encountered by ICR was finding a suitable manager with technical competence in terms of construction, business management skills, and most importantly being a cordial person with the kind of people that were being hired, and their ability to then lead them. Interview Participant 2 recognizes that relationship building is pivotal in social enterprise and also is a challenge in the construction world (Interview Participant 2, 2017). Working with people who have no history of employment and then training them was another challenge identified by Interview Participant 3. Some of the employees had come from generations of dependence on social assistance. Teaching them the work culture was a difficult task. It was important for ICR to provide a good healthy learning environment for the workers by teaching them better work ethics and construction skills, so there was the constant challenge of being able to provide that quality training (Interview Participant 3. Additionally, Interview Participant 1 identified training related issues and explains:

Training was a challenge. Initially the company started with the ratio of 1:6 or 1:7; one trainer and 6 or 7 trainees; very unrealistic, but what did we know? Very quickly, we had to change it to 1:3, and even 1:3 was pushing the limit. In electrical and plumbing apprenticeships, the ratio is 1:1. In carpentry, 1:2 or 1:3 is allowed and manageable (Interview Participant 1).

One of the other issues identified by Interview Participant 4 throughout the ICR tenure was the lack of strong auditing and documentation of the work done or keeping standardized paper trail. This could be the outcome of some transitional changes such as under-invested management and administrative staff. Basing a social enterprise on a construction industry requires proper accountability of profit or loss. Lack of understanding the complexities of contracts resulted in poor checks and balances for construction. In addition to this, there was lack of efficiency at the administrative level despite of having all the required resources (such as different updated versions of software), as the staff was ignorant of how to install and use it (Interview Participant 4).

Money-market-management was the regular issue faced by this social enterprise. At certain times, there was a lack of market interest, enough equity or experts to manage the company (Interview Participant 5). There was a constant challenge raising the capital needed to cover the social deficit. ICR was well aware of its capabilities of producing work and doing the renovation work but the company also knew the fact that it's always going to be about 15 or 20% more expensive than the private sector, so covering this gap was difficult in the midst of intense market competition. As Interview Participant 3 remembers:

During the first decade, the company was able to bring in a lot of donor money; about 200,000\$ a year, and that paid for the social deficit. However, in the next 5 years, ICR made a decision of trying to be less dependent on donors and charity money. I still think that was a right ideological decision but I think it meant that we cut our self-short on money. In the last 5 years, that is when the company went into severe debt, as it could never generate the profit that was needed (Interview Participant 3).

On one hand, the property values of North End neighbourhood have been increased because of the services provided by ICR, but it is important to realize the fact that the property values have also increased for the entire city over the years, because of the immigration and other reasons. Therefore, if the property value goes up, it means that the ownership is then not available for low-income people. Thus, counteracting the prime purpose of supporting low-income people (Interview Participant 3).

ICR was also unable to demonstrate the value of social enterprise to the government or to the community. This probably was not the failure of ICR and certainly not a failure of the workers, but more on the part of board and other people promoting social enterprise (Interview Participant 3).

#### ***4.3 Summary***

Community Development defines its community as that within the geographic boundaries that it is serving. ICR had the opportunity to work in a range of communities within those boundaries, but focused its efforts on the lower income population. This CED initiative had resulted in creating a productive cycle within the local communities by generating jobs that had positive impact for people with low incomes, and their work improved the quality of life in those communities (Interview Participant 5).

Beyond job creation, ICR provided housing retrofits for infill housing sites that were supported by Manitoba Housing. The company tried to create a supportive environment for people, and this led to the long-term success of the company. However, in terms of business, Interview Participant 5 noted that it was extremely important to find a market niche that allows the company to build a good base in that business:

Building intermediate relations could be highly beneficial in the success of any social enterprise. The company possibly can intermediate through the United Way or the Business Council or through the Chamber of Commerce to create a social enterprise that can link to other similar businesses that could support these social enterprises.

Besides acknowledging the company's contributions and achievements, identifying all kinds of challenges and addressing them consciously helped ICR attain its long-term success.

## 5.0 DATA ANALYSIS

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### 5.1 *Case Study SOAR Analysis*

Applying SOAR approach to this research has helped highlight the possibilities of social enterprise. Being action oriented, this approach has emphasized the strengths, opportunities, innovations and breakthroughs of a CED organization. Overall attention was paid to the planning and implementation of the ICR social enterprise. To conclude the case study, the outcomes of ICR were analyzed to examine positive and negative results.

Key distinction of the SOAR is to identify and expand existing strengths and opportunities rather than drill down on problems and weaknesses. Research has shown that building on people's strengths can produce greater results than spending time correcting their weaknesses (Stavros & Hinriches, 2009, p. 12).

This does not mean that the SOAR approach ignores the weaknesses of an organization completely, rather it helps the social enterprise to identify the gaps and build upon them. SOAR analysis has benefited the research by better understanding of how ICR works. This helps start a conversation about the scope and significance of social enterprise in the present market scenario. In the mainstream competitive construction industry, it becomes more difficult for a construction-based social enterprise to survive. The research analysis of ICR has focused on its strengths, opportunities, aspirations, and results in a way that shares and creates knowledge base for establishing sustainable social enterprise.

## SOAR: Strengths of ICR

Inner City Renovations is a community economic tool that creates quality jobs for people of marginalized community of the North End. The company's mandate included the potential for training, as the targeted demographics was having a hard time getting employment because of past problems, such as drugs, domestic issues or gang associations. These jobs empowered people with a skill set that is transferable. The type of work available dictated all of the training provided. It was very much the training that one would expect in a regular construction company, except ICR was more tolerant of the workforce and individuals' personal struggles and shortcomings (Interview Participant 2).

ICR worked specifically with particular housing authorities to construct properties that would become affordable housing. It also provided housing retrofits and infill housing developments that was supported by the Manitoba Housing (Interview Participant 5). Besides providing construction and renovation services in the North End, the core principle of this social enterprise strived to create a professional environment where both aboriginal and non-aboriginal workers could co-exist (Interview Participant 1). The long-term success of the company became possible by building a supportive community of work for its employees.

ICR gained a high reputation in the social enterprise market throughout its 15-year tenure, by believing and following the concept of "livable wages because you cannot get anybody off the assistance if you are only giving them subsistence". Therefore, the workers of the ICR were paid well, about \$15 per hour (Interview Participant 4). This was made feasible by the good facilitating in the initial years that helped bringing in a lot of donor money, about \$200,000 a year which paid for the social deficit (Interview Participant 3). Moreover, financial

counselling was provided to the workers of ICR in partnership with other fiscal institutions. This helped the workers to learn how to manage their finances wisely (Interview Participant 2).

*SQAR: Opportunities of ICR*

ICR was based on values and principles that helped create opportunities out of social or market conditions. The relationship that a social enterprise shares with its community defines the uniqueness of the company. ICR, as a construction/renovation company, provided a cost-effective solution to social housing in the North End, thus addressing the community's need to improve low-cost social housing. Considering the prospective employees with their past setbacks of drugs, gang affiliation, criminal records, or any other domestic issues; ICR was able to hire Larry Morrissette, an Indigenous elder and social worker to provide social and moral support to the employees (Interview Participant 1). The company not only created employment for low-income people of the North End, but also built opportunities for the employees by providing them with a strong training base in the construction services, and by being highly supportive of getting most of them into the official apprentice program of the Province. This helped employees to grow beyond the company.

To fulfil the core objectives of being a social enterprise, ICR collaborated with various institutions that could aid the company at different levels. Collaborations with Manitoba Housing, University of Winnipeg, and the Province, provided ICR with direction and the grants required. The company also collaborated with retired police officers to help workers with their work-timesheets and to check their daily attendance (Interview Participant 4). These partnerships gave ICR a platform to voice its fundamentals to others, especially the Government, and to advocate for creating a more sustainable economy by offering quality jobs to low-income people rather than simply giving subsidies. Following this approach of being a for-profit enterprise with

a social outcome, ICR ultimately adopted a market-base method and shifted from cost-plus model to fixed-price model, thus placing the company more in competition position with the private sector construction industry (Interview Participant 2).

ICR had the opportunity to work with a wide range of communities that provided the it with some commercial renovations in 2010, giving workers a different kind of and better work experience along with an increased income. Infill housing development projects also helped in improving the physical infrastructure of the North End neighbourhood (Interview Participant 3).

Interview Participant 1 added:

ICR's first commercial renovation was the Urban Circle Training Centre, an Indigenous training centre at Selkirk Avenue. This project hired more professional and qualified people, and it became such a beautiful show place to display the construction potentials of ICR for the future customers. This was a part of ICR's entry to commercial renovations (Interview Participant 1).

By 2013, the company started to restructure itself by taking mostly contract-based projects, where the costs were all pre-priced, costing out systems and finding out if there is any profitability. Because of ICR's good reputation, many markets became available to help the company sustain itself (Interview Participant 4).

Overall, ICR as a social enterprise generated various opportunities by generating local economic activity, reducing profit leakage system, identifying different funding sources, and thus having a socio-economic impact on the North End community. In an attempt to build a more just and equal society, ICR provided a new alternative economic paradigm (Donkervoort, 2013, p. 110-115). This alternative economic tool can potentially be both gap filling and transformative learning in the field of Community Economic Development.

### *SOAR: Aspirations of ICR*

The principle goal was to hire the majority of ICR employees from low-income, inner-city neighbourhoods, and follow a poverty alleviation strategy through the creation of quality jobs. The company aspired to create an impact beyond providing employment, paying people, and creating skills that are transferable, by recognizing the importance of dignity and respect that the workers would gain from working at ICR (Donkervoort, 2013, p. 126).

ICR started as a charity-owned construction company with an aim to eventually become an employee-owned company with workers being the owners of the company, but this would only be feasible when the company started making profits. This was one of the reasons why ICR was a for-profit business from the start (Interview Participant 4). The company always wanted to keep working towards being a more self-sustainable social enterprise that is less dependent on donors or charity. During its operational years, ICR realized the importance of having market intermediaries that could help the social enterprise in identifying the target demographic and community to provide jobs and services respectively (Interview Participant 5). Interview Participant 4 added:

Finding a niche in the market by having a clear sense of what kind of Construction Company it is going to become, and try keeping the company fiscally viable along with achieving social objectives was another aspiration of ICR as a CED initiative (Interview Participant 4).

Social enterprise is a method of community development and it is important to demonstrate the value of social enterprise in the form of ICR, as it had bigger social, cultural almost political values as well as the employment and the community development values. This requires being able to provide a good healthy learning environment for the workers of ICR. In order to be a paragon within the community, ICR constantly tried being a transparent for-profit

organization with a definite social outcome (Interview Participant 3). This was necessary for relationship building within the company and the community. While running the business, ICR realized the importance of narrowing the focus to competitive market position in order to survive as a for-profit organization. The entire procurement process favours organizations with a narrow focus. The company tried to concentrate on growing the business by measuring the economic growth regularly and by being flexible. Understanding social outcome first in the business world before learning how to do balance sheet or applying a business model helps in attaining stability. This made ICR understand the concept of creating and balancing the level playing field in the market. Interview Participant 2 elaborated:

The level playing field would have a massive impact on the community that the company is trying to serve. Therefore, if every construction company in Manitoba has to hire 50 people, in the simple sense, from the North End, it would change the North End almost overnight. So, then there is no need to start a specific social enterprise. Then social enterprise can fold their tents and go find/identify other social problems to be addressed. Too often, we think social enterprise is the only solution. Social enterprise is a tool to get people the work. Are there other tools? (Interview Participant 2).

***SOAR:** Results of ICR (Positives/Negatives)*

Over its 15 years as construction-based social enterprise, ICR experienced several significant socio-economic outcomes. ICR was able to attain a core level of success, where it created quality jobs for people who had employment-barriers – a transformative change in their lives. The company created journeymen who later helped newly hired people get through the apprenticeship program. People with gang related issues were able to come out of it after joining ICR. Besides getting employment, they were able to raise their children properly and find better living accommodations and lifestyles (Interview Participant 4).

The definite social benefit of ICR that influenced the community is the productivity in the North End. It renovated about 200-250 homes in the North End in the first decade, those homes are now occupied by the North End residents. About 200 or 300 workers that went through ICR not only contributed to the local economy but also gained respect in the community (Interview Participant 3).

Stability in the employment rate was achieved throughout the company's tenure. The average 60% of target/non-target employee ratio was successfully maintained (Donkervoort, 2013, p. 130). Along with good wages, employees and their families were provided with needed social supports and other health benefits. ICR was able to have an impact on the North End community beyond the tangible outcomes. The social activities arranged by the company helped in building a sense of togetherness and well-being within the community. ICR also assisted its workers setting up bank accounts. After identifying workers' common issue of mismanaging their finances, in 2006 the company implemented automatic payroll deposit as a solution (Donkervoort, 2013, p. 92, 93). Interview Participant 1 added:

ICR had to stop having to give its employees paycheques, because they would take them to money mart or similar place and cash their cheques since they did not have bank accounts. Therefore, we ended up setting bank accounts at credit unions for all of our employees and then depositing the money directly into their accounts (Interview Participant 1).

With the help of ICR, many employees were able to replace government welfare and remedial expenditure with economic development and preventive expenditure (Loxley, 2014). This milestone was highly appreciated and in 2009, ICR received a Provincial sustainability award. ICR, as a social enterprise, served its purpose successfully by producing trained and efficient workforce, satisfied customers and hundreds of completed housing/commercial projects (Donkervoort, 2013, p. 97).

Every enterprise faces its share of ups and downs based on market shifts. ICR could not escape its share of such experiences either. It is important for an enterprise to identify, analyse and address predicaments in order to revive the company from any kind of setback. In the case of ICR, with every change in leadership, some of the principle culture, values, and how the workers were respected and treated were impacted in a negative way. This led to the loss of trust between the authority and workers.

On the business front, the company lost \$100,000 in 2010 because of certain downtime challenges (Interview Participant 2). Another risk that negatively affected the company was when ICR took a big loan of half a million dollars from Manitoba Housing, prior to getting a commitment for contract work. The assumption was that the government would then give contract work to ICR, so that it could pay back the loan. Soon after the contract work dropped off, the company was responsible for the big loan, which was needed to be paid off to suppliers. The company also had to bear fiscal loss in one of the private residence project that costed the company \$40,000 to fix the issue. Adding to this, ICR at one point had to face staffing issues that costed \$60,000 to be fixed (Interview Participant 3).

It is crucial for any social enterprise to anticipate as many highs and lows as possible. There has to be a strong financial backing for the enterprise to keep the company going. The research (as cited by Interview Participant 3) suggests keeping estimated social deficit costs of 30% aside from the beginning. This would help the company to compete in the market place. It is observed that it always cost about 30% more than the private sector. However, this estimated percentage should be flexible enough to meet the market requirement. At some point, ICR estimated 15% of the social deficit costs which is much lower than the recommended percentage. The 30% vs 15% was a success for ICR. However, the 15% was still too much to compete in the

market place without financial assistance from external sources. This had made ICR vulnerable by posing financial pressure on the company (Interview Participant 3).

## ***5.2 Role of ICR in Inner-city Revitalization***

ICR as a social enterprise is a form of CED initiative in Winnipeg. It worked in two realms, where the company tried to address the socio-economic issues of Winnipeg's inner city. This was done by providing renovation services that improved the physical infrastructure of North End, and at the same time generating job and related training opportunities for the low-income residents. Renovating degraded buildings and boarded-up houses or constructing new commercial buildings not only enhanced the physical conditions of North End neighbourhoods, but also addressed its related community problems of poverty, crime, safety, and proliferation of gangs. This was achieved by "increased number of pedestrians on commercial streets that helped in creating both perceived and real safety" (Donkervoort, 2013, p. 63, 65). Additionally, producing jobs for people with employment constraints helped in generating local economic activity. ICR provided construction related training to its employees, which further helped in building a skilled workforce. The training structure at ICR created workers with skill-sets that can be utilized beyond the company. The company had a vision to teach the targeted demographic survival techniques with or without ICR. Getting people trained was as important as the success of the company. Once the dedicated workers had gained a certified training and sufficient work experience at ICR, they were able to grow professionally by working anywhere in the construction industry. However, very few employees of ICR made this transition of moving into private sector. Interview Participant 1 identified the causes of limited transition. Firstly, people already had a sense of stability in their lives while working at ICR by receiving training, employment and support all at one place. The trust gained between the company and

community was strong enough for the workers to remain loyal to the company. Secondly, because of the harsh reality of private sector being based on one-track morals of punctuality; “if a worker shows up late to the work one day, any private sector would fire that worker” (Interview Participant 1). Private sectors employers are less tolerant of workers’ background situation, which was not the case with ICR owing to its social profile (Interview Participant 1). This entire two-step approach of ICR became an epitome of inner-city renewal that was sustainable in nature by utilizing the available local resources and making it functional and profitable. Donkervoot (2013) highlights that importance of ICR’s motivation:

A social enterprise is motivated by pursuing its social mission while the private enterprise is focused on pursuing profit. Both may be engaged in community renewal and revitalization but they are motivated in very different ways. However, this does not mean that a social enterprise can be indifferent to financial sustainability; because at the end of the day, the company needs to be profitable to be socially useful and responsible without sacrificing its social mission for profit (p. 65).

As the first social enterprise of its kind in Winnipeg’s North End, ICR had influence beyond generating social economy. Donkervoot (2013) notes that the company became a magnet to draw “group of local socially conscious business owners” into an active participation, where they could come together to identify prevailing social issues, discuss possible solutions, and share business and management ideas. This brainstorming process helps a social enterprise to learn survival techniques in the competitive market. The initiative created an open platform, where people from varied fields of architecture, planning, business, politics, and community organization can collaborate in order to learn from each other’s success and challenges while exploring further ideas about flourishing the concept of social enterprise as a CED strategy (Donkervoort, 2013, p. 66, 67).

## 6.0 FINDINGS

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### 6.1 *Lessons Learned*

Like any other enterprise, ICR worked towards identifying its problem areas in order to learn more about how to pursue Community Economic Development. The lessons learned have been varied, based on different leadership phases, but the best trait about ICR as a social enterprise was that the company appears never to have compromised on its core values and principles, despite facing several market challenges. In its 15 years, ICR always stood by its objectives, while evolving as required to keep the company operational.

According to Interview Participant 4, it is essential to have a funding backup, in case the business runs at a loss due to some market emergencies. It becomes more important for a construction company under a social enterprise banner to either make sufficient profit or secure some financial help to support the company, before funds available from contracts dry up. This is also required because the company cannot bear the financial pressure (Interview Participant 4). The viability of the company was already at its brink. Therefore, the focus in the initial years was on making the company financially stable. To address this issue during a specific period, the company started completing all of the large construction projects at hand and tried to pay off all the debts mounted at that point. Once that was achieved to a certain extent, ICR restructured and focused mainly on small-scale contract-based projects in order to reduce the financial load and to keep the work load manageable for a while (Interview Participant 4).

Another lesson learned was for the Government, that tried to save money by hiring the social enterprise. Interview Participant 2, played his role of a facilitator wisely and tried to help the Government comprehend the concept of social enterprise and its need in the inner-city

renewal process. It was a big lesson for everyone, especially for the Government to know that they either take responsibility to pay the increment or some other motivated buyer would pay (Interview Participant 2). The next lesson is for any social enterprise that as a business, the company cannot survive solely on its social income. Participant 2 also noted that “for better or worse, social enterprise will always face competition from the private sector.” To cope up with this market reality, social enterprises are required to maintain similar standards to those of other mainstream construction companies. This call for hiring technical expertise that can help the social enterprise keep up-to-date with the prevalent market scenario (Interview Participant 2).

However, in an attempt to compete in the market, ICR tried becoming more private-sector oriented, which was a right decision but with the wrong implementation. For instance, the company tried investing a huge amount of money into expanding the management staff and it did not work out, as it did not help much in bringing in new contracts for ICR. It created debt instead of profit (Interview Participant 3). Creating a specific business plan is one thing, but to make that plan work, it is crucial to invest the money appropriately. ICR learned a lesson that the company should not spend excessively on one aspect only. To be successful in the market, money needs to be allocated evenly for training, technology, management, contracts, and cash flow (Interview Participant 3).

As recognized by Interview Participant 1, there are some lessons that are more individual specific. Establishing a social enterprise is an arduous task and it requires patience throughout. The instant outcome is not necessarily possible in case of a social enterprise. Several variables can affect the progress of any social enterprise. Since, ICR’s target demographic involved the Indigenous communities; another individual-specific lesson includes respect and deeper understanding of the indigenous culture. The overall lesson teaches to be committed towards the

core objectives despite facing challenges at every stage in the social enterprise sector.

Networking with the right people, and building the right partnerships can lead to a successful social outcome. This allows the enterprise to have life-long relationships with their partners and get extensive support through their social-capital partnerships (Interview Participant 1).

Being careful of ideological overload is another important lesson learned having been involved in social enterprise. Trying to layer too many objectives onto a single enterprise creates additional challenges to overcome, especially in the social enterprise sector. Creating a structure that does not put pressure on one person or on the Board to solve all the problems can ensure better chances of being successful. Understanding the targeted market before entering into it matters a lot. It can help the social enterprise in handling the market pressure conveniently as explained by Interview Participant 5:

One of the ways to cushion the market impact of going in it with no market support is to link with an anchor institution that helps the company to prepare and creates a protective market. This may not be enough to have a long-term success or it can be a jumping off point for other markets, but it gives you a protected market, so you are not trying to do all the social goals and strangle around trying to identify a successful market. It is difficult to manage both social goal and successful market at the same time (Interview Participant 5).

## **6.2 *Implications for CED start-ups***

ICR has been a great source of inspiration for other related CED start-ups, including BUILD and MGR. However, analysing ICR as a for-profit endeavour suggests certain implications to consider while establishing a social enterprise. These suggestions may help the social enterprise during implementation and sustain the company throughout its operational years.

As mentioned by Interview Participant 1, the hardest attribute of starting a social enterprise is balancing the social mission with a market reality. Maintaining this balance is difficult depending on the kind of start-ups or its location. Most people entering the social enterprise sector come from a social mission perspective, emphasizing their social goals. Being overly committed to the social mission without much understanding of the market will not let the enterprise survive. It is also advised not to rush towards every opportunity that is presented, but instead have a plan and abide by it. Establishing a board of directors that have people from diverse background would help the company achieve holistic growth. Along with this, having a champion/leader in the organization with an ability to take on the responsibility of every decision made, can keep the social enterprise on track. Every social enterprise needs a champion; somebody who is committed and is willing put an extra effort to make it happen, which is no different from any other private sector enterprise (Interview Participant 1).

I project that in the next 10-20 years, private sector enterprises and social enterprises will merge. Capitalism as we know it is not sustainable; it is not going to survive either from environmental or social aspect. Right now social enterprise is riding a real wave of popularity, as I think it is a transition to something improved (Interview Participant 1).

Interview Participant 4 highlighted the need to carry out the required research in the intended field, prior to starting a social enterprise. In addition, studying the existing market scenario will help the start-up in being sustainable. In the CED sector, it is not necessary to pick a field that may fill the blanks/societal gaps, but rather it should be focused on benefitting the people. Choosing an apt field is crucial, as most of the targeted people want a job where there is more stability and structure (Interview Participant 4).

One of the new perspectives that emerged during analysis is the fact that one social enterprise can become a donor to another one. Once it has become a profitable social enterprise, the company can help other start-ups with their finance, and thus keep the social enterprise cycle dynamic. It will also cut down on paying taxes by being a donor. However, the some of those interviewed noted that it is a difficult task to get people working in non-profits to understand that they do not have to feel guilty for making money. As Interview Participant 4 mentioned “there is nothing wrong in making money. It’s what you do with it after that determines if you got a social purpose or a profit-making intention.” This way there will be a mould for other people to follow. Right now, in Manitoba, the success rate is so small in the social enterprise sector that thinking beyond is impossible. In addition to this, the current government is not very social organization-friendly, but in a way, this works for a social enterprise, as it will help them to eventually become self-reliant (Interview Participant 4):

The way to do this is to find somebody that has a social initiative, running a company for profit that wants to do a social return. This would be the ideal situation, because this will be profit-driven. Moreover, if the company makes a profit, becoming a donor to other social enterprises is highly recommended. For instance, if it is a for-profit social enterprise, run it like a business and by the end of the year if the company made \$50,000 net profit, it can put \$30,000 in slush fund and donate the rest \$20,000 to other social enterprises (Interview Participant 4).

According to Interview Participant 3, it is always advisable to anticipate all the possible lows and highs related to the business. This will motivate the social enterprise to have a strong financial back up by generating enough profits. In addition, building personal relationships is essential when in social business. There cannot be the traditional divides between owners, managers and the workers. The workers have to be part of the whole process because they are going to put in their extra efforts based on the connections built (Interview Participant 3).

Having an irrational passion and a social commitment towards it, can help start-up a social enterprise; but it demands the business planning, management and technical skills to keep the company operational (Interview Participant 3).

As per Interview Participant 2 “in order to attain a level playing field, it is essential for Government to put requirements to hire those facing barriers to employment, somewhere within the contract in authority, then everybody has to follow it”. When it comes to this core Community Economic Development piece of giving employment to those facing employment barriers- it becomes crucial to change that narrative and get everybody buying the same thing that ICR sells; which is good construction services and employment to those facing barriers in employment. This will have a massive influence on the North End community (Interview Participant 2):

I do not think the future is more of social enterprises; I think the future is getting private sector to act like social enterprise. That is the change; getting government to buy that in a practical sense. Therefore, when they (institutional buyers like Government, Universities, and Hospitals) buy a construction project in the North End, they should be buying the social outcomes as well (Interview Participant 2).

Another recommendation suggested by Interview Participant 5 is to brand the company based on the quality of services offered. This will benefit the social enterprise by strongly placing itself in competition with the private sector. There has been this on-going discussion in Winnipeg about how to get Indigenous people more into the workforce environment. It has always been a difficult task and had never worked. It is hard to take people from one cultural environment and bring them into a different type of work culture. There are much better chances of success if these Indigenous communities can be provided with some useful resources that can help capitalize the social enterprise that creates a much more supportive work culture for those people. In return, these companies can offer services to the inner city (Interview Participant 5).

## 7.0 CONCLUSION

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### 7.1 *Key Conclusion*

In conclusion, Inner-City Renovations (ICR) as a social enterprise has proved to benefit people living in the North End of Winnipeg. In terms of impacting lives and communities in the North End, ICR has been transformative in filling the gap between the skills and employment requirements. ICR as a CED initiative was a good strategy for non-mainstream people living in the North End to create a business that had a supportive culture for them and the challenges they face. The North End community leadership can further try to build intermediate relations, by creating social enterprises that can link to other businesses and support these social enterprises. There are work opportunities for these enterprises in the North End. However, these opportunities should not be limited to the North End market alone.

In an attempt to revitalize inner cities successfully, it is important to have a larger policy framework that directs their activities and funding opportunities. Recognizing the effective outcomes of ICR, the Manitoba government has supported this approach of urban renewal by promoting, encouraging, and incorporating CED policies into any community development projects, thus improving the chances for communities becoming more resilient (Loxley, Sexsmith & Silver, 2007, p. 68).

Urban poverty continues to be the substantial challenge faced by public policy-makers. This issue of impoverishment is observed to be spatially concentrated in the inner city of Winnipeg. In previous research, the traditional one-directional poverty alleviation strategies have been scrutinized and it is realized that poverty is a multi-faceted social problem that requires community specific policy. Community Development (CD) and especially the Community

Economic Development (CED) has proved to be much more effective by recommending community-based solutions. In the process of gap filling, these proposed CED strategies are identified as having transformative results that are sustainable in nature, by being uniquely community-focused.

The current socio-economic arrangements of inner cities have been unjust for the longest time. Further quality research is required that is more committed in contributing to initiatives striving for social justice, rather than benefiting corporate profits (Loxley, Sexsmith & Silver, 2007, p. 225). The Manitoba Research Alliance (formed in 2002) has been consistently working towards establishing the “new economy” through Community Economic Development. For the formation of this alliance, both academics and non-academics interested in the concept of CED came together to support and promote the importance of CED to revitalize decayed inner cities (Loxley, Sexsmith, & Silver 2007, p. 220). The active involvement of various community-based organizations helps in studying the existing CED precedents in its primary forms, without being biased. This ultimately results in developing improved and comprehensive research that leads to sustainable recommendations for CED-based public policies.

## **7.2 Further Understanding**

Amidst various urban complexities, the path to sustainable urban renewal leads through “evaluation of urban renewal (past, present, and future), consideration of relevant planning issues and various stakeholders coming together and proposing suitable solutions and strategies” (Zheng, Shen & Wang, 2014). Before developing strategies to address any urban issues, it is important to identify the root cause of that particular issue and then categorize the approach that will fit aptly. Evaluating the previous patterns of urban change and their policy responses can be possible by understanding the relationship between the physical conditions prevailing in urban

areas and the nature of social and political response, the need of housing, health and well-being in urban settings, desirability of linking social improvement with economic progress, control of urban growth and the management of urban shrinkage, and changing purpose and nature of urban policy (Zheng, Shen & Wang, 2014).

The concept of *sustainable communities* is identifying what works for creating a healthy community that is able to sustain itself by utilizing the available resources. In an attempt to achieve *just* societies, cities have to think beyond maintaining socio-economic balance, and work towards having socially inclusive urban development. This will help in minimizing the social gap between rich and poor by promoting economic empowerment that offers equal access to public services and equal opportunities to experience better quality of life (Deakin, 2009).

### **7.3 Answering the Research Questions**

This section answers the research questions guiding this thesis in chronological order. These include:

- 1.** What are the underlying values and goals of the case study, CED initiative, in revitalizing inner-city neighbourhoods? Have they evolved over time? If so, how and why?
- 2.** What are the challenges faced during the implementation of the case study, CED initiative, and what strategies are followed to address those challenges?
- 3.** How does the sponsoring organization understand success, and has there been any change in its understanding over time? How has it contributed to the economic stability and sustainability of North End communities?

### **Question 1:**

ICR served as a poverty alleviation strategy that emphasized employment creation for people from marginalized communities, particularly people receiving social assistance who had hard time getting employment because of their skill constraints or other past problems. These were the jobs that had the potential training associated with them, good wages and benefits, social support, and some sort of mobility. This social enterprise helped create employable workers with a skill set, potentially with certification, and apprenticeship training. Besides this, there was a need in North End communities to improve housing, particularly low-cost social housing. So, ICR got involved to offer cost effective solution for social housing, boarded-up dilapidated housing in the North End by providing building renovation and construction services. These core goals of ICR did not change and were followed throughout its tenure with minimum modifications over the time based on market changes.

The underlying value of ICR was to have mutual respect within the company and work together as a team with no traditional divide between the owners, managers and the workers. However, there is always a struggle in adhering to the prime values. With every change in leadership, some of the principle culture and attitude in terms of respect and treatment towards the employees changed negatively. Transparency is another important aspect, especially when a company is trying to be a model in the community, which declined in the later years.

**Question 2:**

The major challenge encountered during ICR's implementation was finding a suitable manager. Due to limited resources, finding a manager with technical competence, in terms of construction, and business management skills was difficult. Specific challenge here was finding and appointing a manager with great inter-personal skills with people from the targeted demographics. Finding all these qualities in one person was complicated. After the fourth manager in the first five years, the Board of Directors identified this challenge and suggested Donkervoort, who was one of the board members, to take control and manage the company himself. Since Donkervroot initiated this company, he had a better understanding of ICR's vision and was willing to put an extra effort to run this social enterprise.

Another implementation challenge faced by the company was to find a more defined direction to what kind of a construction company it is going to become. The identified issue was with setting up a proper bookkeeping system, accountability system, and bringing in the standardized paper trail. In an attempt to address this issue, collaboration with the retired police officers helped workers in maintaining a timesheet. This helped ICR to have better documentation of company's performance.

**Question 3:**

There were some core level of success and then there existed some systemic level of success.

ICR was able to achieve core level of success, where the company created jobs for people bringing in transformative change in their lives. More systemic level of success included social enterprise development, where the goal was for the company to become a benchmark in its sector. Even though the social enterprise does not have the largest market share, the company can create certain standard by the nature of the job/services it offers. It puts pressure on other companies to raise their bar in order to match the standards set, in terms of wages and benefits, advancement opportunities, opportunities for participation, financial security through ownerships. In this respect, ICR failed to achieve the grand vision it was hoping to accomplish by becoming an employee-owned company rather than a charity-owned company.

As described in Chapter 4, ICR did contribute in stabilizing the socio-economic conditions of North End communities to some extent. One direct impact was through renovating housing, as improving physical conditions of the North End neighbourhoods was an important concern. The renovation and construction services offered by ICR helped in improving property values in North End. The concept of community economic development is that the money stays in the community. ICR served as a community economic tool that contributed in economic sustainability, so that the money does not leak out. The local residents were working in their community; they were earning and spending their money within a local community. Moreover, among other people, ICR hired young Indigenous workers who had been affiliated with gangs. This led to a nature conversion, in terms of policing and judicial costs to people joining ICR. The police were supportive of social enterprises like ICR because they created positive impacts on their resources.

#### ***7.4 Note for Planners and future researchers***

In my analysis and within the scope of this research project, SOAR took me this far. However, there are several layers to the SOAR analysis, which are not covered by this research project but can be further explored by planners and future researchers.

Instead of studying SOAR in a linear fashion, the possibilities of various combinations of Strengths, Opportunities, Aspirations, and Results needs to be scrutinized. In an attempt to examine SOAR analysis differently, a clustered framework can be useful. Based on the feedback loop of timeline or external forces, this clustered-web approach provides freedom to play around in the planning research field.

While, Results can be the direct outcome of Strengths, and Aspirations are the outcome of Opportunities. However, Opportunities being an external force, it can influence the results and at the same time can manipulate the existing Strengths. Adapting the SOAR model and adding flexibility to it in relation to certain aspect of the project can prove to be a breakthrough in planning research field (see Appendix A).

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## APPENDICES

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### *Appendix A: Sample Interview Contact Script*



UNIVERSITY  
OF MANITOBA

City Planning  
201 Russell Building  
Winnipeg, Manitoba  
R3T 2N2

[Salutation],

My name is Shivani Sajwan, and I am a student in the Master of City Planning program at the University of Manitoba. I am currently completing my Major Degree Project, which seeks to explore Community Economic Development (CED) and social enterprise in a Western Canadian City context through a case study of Inner City Renovations (ICR) in Winnipeg's North End. Attached is a "Project Background Information Sheet" which will provide you with more information about this project.

I would greatly appreciate your participation in an in-person interview related to this research. The interview will include roughly 7-10 questions, should take approximately 45 minutes to complete, and can take place at a time and location according to your convenience.

If you would like additional information, please feel free to contact me.

Thank you for your time and consideration.

Sincerely,

Shivani Sajwan

## *Appendix B: Sample Interview Consent Form*



UNIVERSITY  
OF MANITOBA

City Planning  
201 Russell Building  
Winnipeg, Manitoba  
R3T 2N2

### **Faculty of Architecture** Statement of Informed Consent

Research Project Study: *'Community Economic Development (CED) and Social Enterprise in a Western Canadian City: A Case Study of Inner City Renovations (ICR) in Winnipeg's North End'*

Principal Investigator: Shivani Sajwan, Graduate Student, Master of City Planning, Faculty of Architecture, University of Manitoba

Advisory Committee: **Supervisor:** Richard Milgrom, Head and Associate Professor, Department of City Planning, Faculty of Architecture, University of Manitoba

**Internal Advisor** – Rae St. Clair Bridgman, Professor, Department of City Planning, Faculty of Architecture, University of Manitoba

**External Advisor** – Inonge Aliaga, Regional Manager, Portage la Prairie, Community and Regional Planning

#### **Introduction**

You are invited to take part in a research study. This consent form is intended to ensure you have consented willingly. For your records, you can keep a copy of this consent form. It should explain what is involved in the research and what is expected of you as a participant. Please take time to read, understand, and review the consent form and information about the research. For any additional information, please feel free to ask me (the Principal Investigator).

#### **Purpose of the study**

The purpose of this research is to explore how principles of CED are being implemented, and whether a program they inform contributes to the creation of more economically sustainable neighbourhoods. A case study of Inner-City Renovations (ICR) will highlight CED initiative of social enterprise intended to improve the economic stability of the inner city by utilizing available local resources. I anticipate that lessons learned from studying the principles and mechanism of a social enterprise can help clarify the potential long-term outcomes of such CED initiatives. To address these issues, semi-structured interviews with open-ended questions will be conducted with key informants of ICR, and relevant documents available publicly will be reviewed.

This research project is a requirement of the two-year Master of City Planning program at the University of Manitoba.

### **Research Procedures**

If you participate in this study, you will be asked a series of questions about the goals, mechanism and outcomes of your CED organization. This will provide the condensed information that will guide in interpreting, comprehending, and presenting the impact of social enterprise in urban revitalization process. The interview will be approximately 30-45 minutes long.

### **Participant risks, benefits, and costs**

There are minimal risks involved in this study related to taking part in the interview. This proposed research study is based on your expertise and experiences relating to the CED initiative established through Inner-City Renovations (ICR). I will take steps to minimize the potential risks by providing you the opportunity to review your interview transcript, to make sure it is appropriate for public domain. In addition to this, your name and job title will be kept anonymous, unless desired otherwise. The time and location of the interview will be organized according to your convenience.

There are no direct benefits of taking part in this research interview. However, it definitely provides you with a platform to share your valuable knowledge and experiences related to establishing community-based organizations. You indirectly have a potential to promote Community Economic Development (CED) as an alternative approach towards revitalizing inner cities. This will also influence future researchers to understand the importance of capacity building in order to achieve sustainable urban growth.

### **Audiotaping & Confidentiality**

With your permission, the semi-structured interview will be recorded and transcribed later. The audio tapes will be stored in a secure and safe location, and destroyed after transcription. Your personal or identifying information recorded during the interview will be left out from publishing, unless suggested otherwise. If you are uncomfortable of your views being audio taped, your insights will be noted down with permission. The hand written notes will then be transcribed and stored electronically. After transcription, this journal entry will be destroyed to maintain data security.

The data collected from your interview will only be used for the purpose of this Major Degree Project. The transcription, audio recording, or journal entry will be kept in a secure location throughout the study. After completing a year from final submission of this thesis, the collected study material including any identifying information, audio tapings and interview transcripts will be destroyed.

### **Feedback & Debriefing**

Once the interview is completed, you will be provided with a transcript. This will provide you the opportunity to verify the information and confirm your responses. The feedback will be presented to you by email within a month of the interview conclusion. This will ensure the compiled data from the interview has been represented accurately. Once I have completed the Major Degree Project, you will be provided with a digital copy of the final thesis, if desired.

### **Dissemination of results**

Research findings will be disseminated as an online digital copy housed through the University of Manitoba's M Space, and in my oral defence. Once the thesis defense has been approved, a digital copy of this Major Degree Project will be shared with you via email without compromising your confidentiality.

### **Voluntary Participation/Withdrawal from study**

Your decision to take part in this study is voluntary. You are able to refuse participation or to withdraw from the research study at any time. If you decide to participate, you have the right to refuse to answer any question at any time.

**Contact information**

Student researcher:

Shivani Sajwan, Graduate Student, Department of City Planning, Faculty of Architecture,  
University of Manitoba

Research supervisor:

Richard Milgrom, Head and Associate Professor, Department of City Planning, Faculty of  
Architecture, University of Manitoba

**Statement of consent**

Your signature on this form indicates that you have understood to your satisfaction the information regarding participation in the research project and agree to participate as a subject. You are free to withdraw from the study at any time, and /or refrain from answering any questions you prefer to omit, without prejudice or consequence.

If you have any concerns or complaints about this project, you may contact any of the above-named persons. A copy of this consent form has been given to you to keep for your records and reference.

If you agree/disagree to any of the following, please place a check mark in the corresponding boxes:

I have read the details of this consent form. ( ) Yes ( ) No

I, \_\_\_\_\_ (print name), agree to participate in this study. ( ) Yes ( ) No

I agree to have the interview audio-recorded and transcribed. ( ) Yes ( ) No

I agree to be contacted by phone or e-mail if further information is required after the interview ( ) Yes ( ) No

I agree to have the findings (which may include quotations) from this project published or presented in a manner that does not reveal my identity. ( ) Yes ( ) No

Do you wish to receive a summary of the findings? ( ) Yes ( ) No

How do you wish to receive the summary? ( ) E-mail ( ) Surface mail

Address: \_\_\_\_\_

Participant's Signature \_\_\_\_\_ Date \_\_\_\_\_

Researcher's Signature \_\_\_\_\_ Date \_\_\_\_\_

### *Appendix C: Sample Interview Questions*

Q.1: Could you tell me about your project goals and the process involved in establishing ICR?

Define success of ICR and have there been any changes over time?

Q.2: What is the process/criteria involved in choosing the location of your services?

Q.3: What were the challenges faced during the implementation of ICR?

Q.4: How has ICR contributed in stabilizing the socio-economic condition of the North End neighbourhoods?

Q.5: Could you talk about some of the values and principles that underlay ICR, and have they evolved over time? If so, how and why?

Q.6: How are the local residents involved in ICR?

Q.7: What are some of the positive/negative outcomes of ICR? What lessons have you learned as a result of being involved in ICR?

## Appendix D: Scope of SOAR Analysis

- ❖ It was a community economic tool so that money doesn't leak out. So, they were working in their community, they were earning and spending their money in a local community.
- ❖ The principle value allowed about 60% of aboriginal employee and 40% of non-aboriginal that created the sense of familiarity, trust, co-operation within these two communities.

- ❖ Poverty alleviation strategy through employment creation for people from marginalized community.
- ❖ Two reasons to be for-profit: Firstly, it installs a mental attitude that this is not just a kind of a hand-out project; the company is going to survive or go down the tubes based on everybody's efforts. Secondly, an employee-ownership is only possible in a for-profit business, and it was one of the goal that eventually ICR would be an employee-owned company, rather than a charity-owned company.

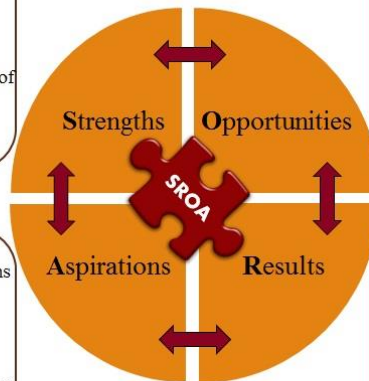


- ❖ ICR was able to hire Indigenous elder as social worker to provide social support to employees, with addition or criminal activities, or domestic issues.
- ❖ ICR was highly supportive of getting anybody and everybody into the official apprentice program of the province, thus giving everybody an equal opportunity and a chance to prove themselves.

- ✓ Longevity is the huge success part. ICR lasted for 15 years.
- ✓ Getting rid of boarded up properties created a sense of safety. People now walk on the streets, with their eyes on the streets.
- ✗ Finding a suitable Manager with technical competence was very difficult.
- ✗ With every change in leadership, some of the principle culture and how the workers were respected and treated changed in a negative way.

- ❖ Good reputation in the social enterprise market.
- ❖ Concept of "livable wages" for employees of about \$15 per hour.
- ❖ Good facilitating helped bringing in about 200,000\$ of donor money a year that paid for the social deficit.

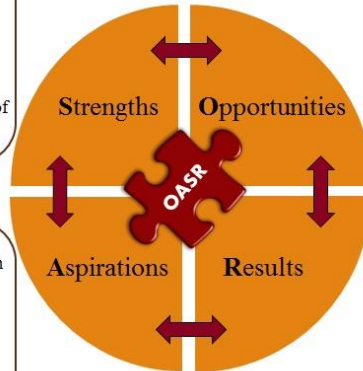
- ❖ ICR aspired to become worker's co-op with the plans of workers becoming the owners of the company, which is valuable only when the company starts making profits.
- ❖ Finding a niche in the market by having a clear sense of what kind of Construction Company it's going to become.



- ❖ Because of its fairly good reputation, Manitoba Housing helped ICR in keeping it sustainable.
- ❖ In 2013, the company started to restructure itself by taking mostly contract-based projects, where the pricing was all pre-priced. And then just costing out systems and finding out if there is any profitability.
- ❖ Collaboration with retired police officers had a significant impact and helped reduce the absentee-rate from 40% to 10% by checking worker's filled work-timesheets.

- ✓ ICR had created certain journeymen who had helped people get through the apprenticeship program.
- ✓ Besides getting employment, ICR workers were able to raise their children properly and have better living accommodations and a lifestyle free from gang related issues.
- ✗ Lack of understanding the complexities of contracts resulted in poor checks and balances for construction
- ✗ Lack of efficiency at the administrative level despite of having all the required resources.

- ❖ ICR worked with housing authorities to construct properties that would become affordable housing.
- ❖ Similar training as that of regular construction company, except ICR was more tolerant of work force as they might be struggling.
- ❖ Financial counselling was provided to the workers of ICR in partnership with other institutions.

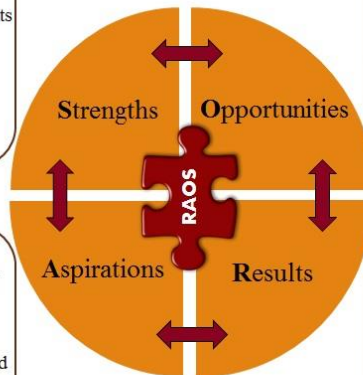


- ❖ Collaboration with Manitoba Housing, University of Winnipeg and the Province was highly influential in the progress of ICR as a social enterprise.
- ❖ ICR eventually followed market base approach and shifted from cost plus model to fix price model, putting the company more in competition with the private sector.

- ❖ Narrowing the focus to competitive market position in order to survive as a for-profit organization.
- ❖ Grow the business by measuring the economic growth and by being flexible.
- ❖ Relationship building, and creating & balancing the level playing field.

- ✓ ICR was able to achieve goals and quality of work on time. It had renovated about 200-250 homes in the North End in the first decade.
- ✓ Stability in employment rate was achieved. About 200 or 300 workers not only contributed to the local economy but also gained respect in the community.
- ✗ The company faced transitional changes such as under invested Management and Administrative staff.
- ✗ Loss of trust between the authority and workers.

- ❖ Provided jobs that created people with a skill set, potentially with a certification, and apprenticeship.
- ❖ Beyond jobs creation, ICR provided housing retrofits and infill housing that were supported by the Manitoba Housing.
- ❖ ICR created a community of work that was a supportive environment for people, this led to the long-term success of the company.



- ❖ ICR had the opportunity to work in a range of communities, but mostly the focus was in low income communities.
- ❖ ICR initiated the talks with the government and making them understand that it's not about subsidies, it's about getting people the work.

- ❖ Try keeping the company or start to make it fiscally viable.
- ❖ Creating market intermediate that will identify the target demographic to provide job opportunities, and then create a much more supportive culture for those people at ICR.

- ✓ ICR had positive social return on investment every year till 2010. ICR paid some \$3 million in wages and employed up to 30 people full time year around.
- ✓ ICR was chosen by apprenticeship Manitoba as the employer of the year based on the ratio of apprentices to total employee base.
- ✗ Working with people with no history of work culture and then training them was a challenge.
- ✗ Money-market-management was the major challenge faced by the company.