



Knowledge Exchange Seminar Series (KESS)

...is a forum that encourages debate on a wide range of research findings, with the overall aim of promoting evidence-informed policy and law-making within Northern Ireland

Clustering for Impact: Shared Services – the Challenges and Solution for Social Economy Growth in Northern Ireland

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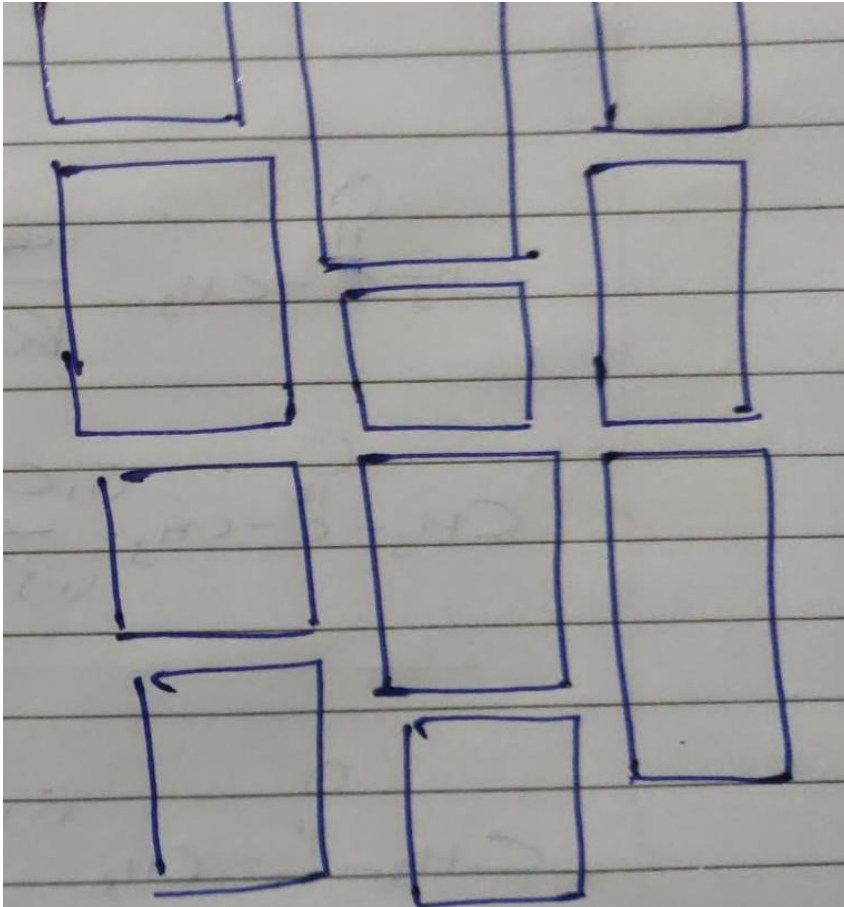
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Defining Social Enterprises

Definition varies considerably and is often misrepresented and misunderstood

- Social enterprises solve social problems
- Prioritise purpose over/and profit in operational and strategic decisions (Double bottom line)
- Income (or a portion) is generated from trading
- Profit is reinvested to achieve the social purpose/mission

Extend definition to include:

- Social impact and mission available and reported

Social innovation is typical in many social enterprises



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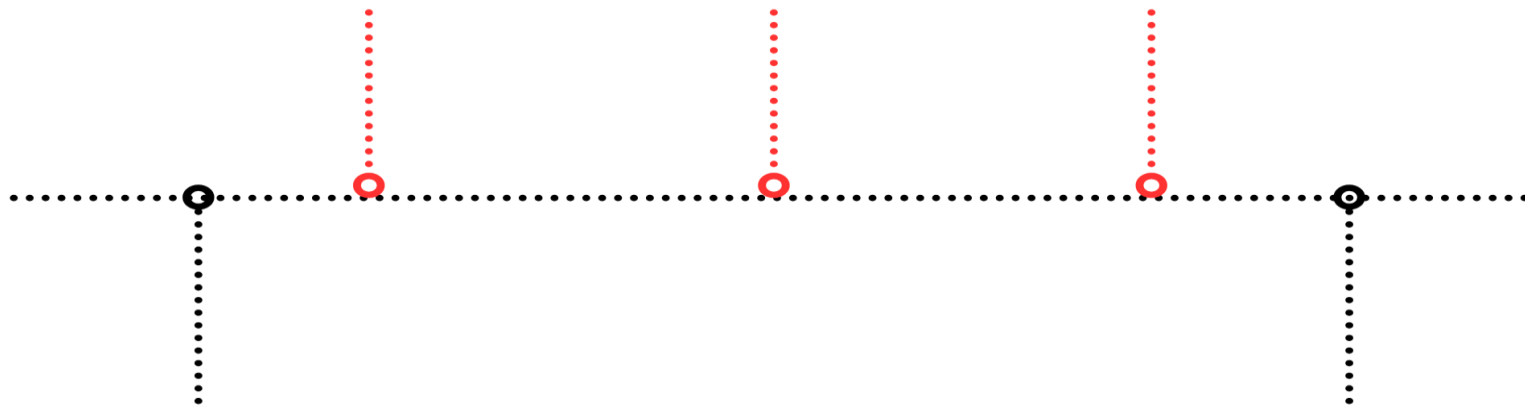
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Social Enterprises - The Spectrum

Social Enterprises with varying combination of economic and social goals



Not for profit with a revenue generating component

Conventional Enterprises with social mission



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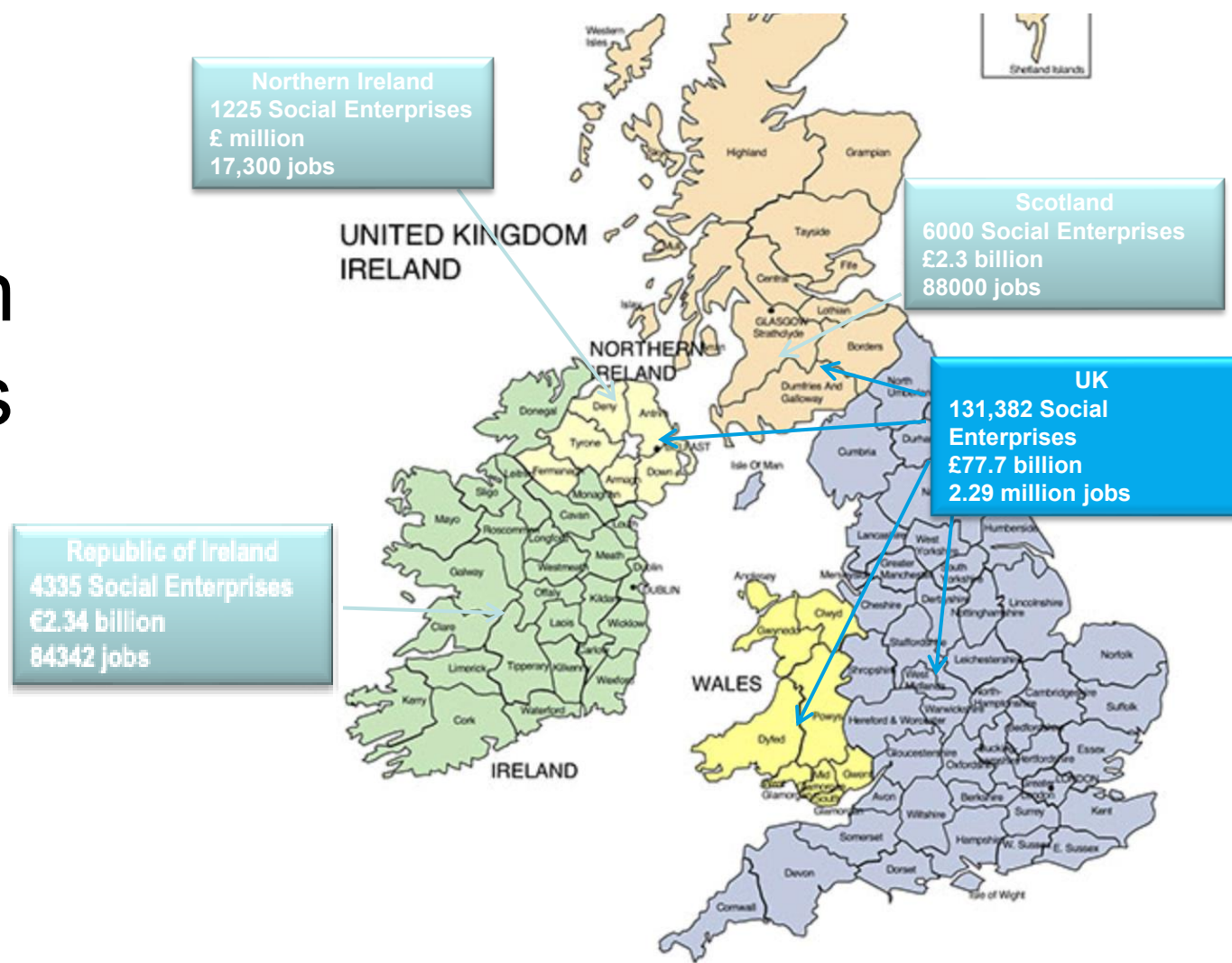


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UK and Ireland in Numbers



Policy and Regulatory Context

Advancing at pace regionally, nationally and internationally

Examples:

- UN Resolution on Promoting the Social and Solidarity Economy for Sustainable Development 2023
- Social Enterprise Action Plan 2024 to 2026 (Scotland)
- Social Enterprise Action Plan 2024 to 2027 (Northern Ireland)
- Trading for Impact - National Social Enterprise Policy 2024 -2027 (Republic of Ireland)
- Public Services (Social Value) Act 2013
- Procurement Act 2023 UK
- Social Value in Procurement 2021 PPN 01/21 (NI)



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Policy and Social Economy in NI

- Good jobs and regional balance as policy priorities to deliver decent and reliable and regionally equitable employment, opportunities and economic development.
- Role of Social Enterprises:
 - Inclusive and diverse employers and key contributors to good jobs, regional balance, and sustainable growth.
 - Strategic Commitment by government to the sector and recognition of potential mirroring Republic of Ireland and Europe.
- Persistent Challenges
 - Limited access to finance
 - Capacity constraints
 - Productivity challenges
 - Difficulties scaling
- Solution is innovation



Research Methodology

Social Enterprise Development & Growth | Ireland & Europe

TWO-PHASE · MULTI-METHOD

Phase 1 · Online Survey

103 responses from social enterprises across NI & ROI

Focus Areas

- Challenges, Resourcing & Sustainability
- Productivity & Growth Barriers

Key Findings

- Resource, Skills & Human Constraints
- Proposed Clustering & Shared Services

Phase 2 · Semi-Structured Interviews

30 interviews across Ireland & Europe

Participants

- Shared Services Clusters
- Social Enterprises
- Sector Intermediaries

Exploring

- Governance & Operational Challenges
- Benefits & Outcomes of Shared Services Innovation

Social Enterprise Research · Multi-Method Framework



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What the Research Says!

- Growing number of social enterprises with large majority less than 5 years old
- Predominance of micro-organisations with less than 5 employees and strong reliance on volunteers
- Over-reliance on grant funding
- Digital for market facing activities is well developed e.g. websites and social media but less for business process efficiency
- Growth in the sector is focusing on enhancing existing product and service offerings
- Resourcing challenges - finance and human (employed and volunteer)
- Over 75% of social enterprises have no succession planning



Over 75% of social enterprises have no succession planning

What the Research Says!

• Growth Aspirations Evident:

- 42% aspire to enhance product/service offerings
- Only 54% feel financially sustainable to achieve growth

• Key Constraints:

- Human resourcing & staffing (79%)
- Finance (75%)
- Skills (38%)
- Difficulties regarding governance and limited business knowledge
- Digitalisation hindered by resource and manpower shortages

• Success Factors:

- Resources, knowledge and networks

IS SHARED SERVICES AN OPTION?



So What?

- Sector is growing in number
- Specific and nuanced needs/challenges of social enterprises requires innovative solutions
- Digital transformation is ripe to deliver efficiencies including digital shared services models
- Growing social enterprises will address succession plans and resources as an attractive sector for employment and careers
- Consensus on challenges makes delivering solutions for most (not all!) a reality

Shared Service: Research Informed Sector Solution

- Shared Services as Innovation:
 - Bridges resource and skill gaps
 - Enhances productivity, scale and income diversification
- Current Practice:
 - Informal sharing: equipment, training resource and space
 - Sector shows organic cooperation and clustering
- Shared Services Framework Outcome:
 - Supports development and embedding of shared services
 - Enables sustainable operations, strategic development and growth



Shared Services: Context and Opportunity

- Traditionally: Internal organisational solutions for streamlined support functions including HR, IT and finance managed centrally to improve resource use, quality and cost-effectiveness.
- In Social Enterprise Clusters: Multiple social enterprises collaborate to share functions across organisations including HR, IT, finance and marketing, bridging limited resources, boosting efficiency, sharing knowledge and capitalising on synergies.

Benefits for Social Enterprises:

- Affordable access to expert services
- Knowledge sharing
- Improved sustainability and collaboration
- Improves operational resilience and efficiency
- Enhanced focus on social impact and growth
- Minimising the 'small enterprise' challenge
- Increases compliance and frees leaders for innovation
- Strengthens local ecosystems, creates quality jobs and fosters entrepreneurial opportunities—especially in rural/peripheral regions



Shared Services Framework and Impact

Stage 1
Needs
Assessment



Stage 2
Strategic
Alignment



Stage 3
Operational
Design



Stage 4
Legal and
Financial
Structuring



Stage 5
Implementation
& Management



Stage 6
Monitoring &
Evaluation

- Not sequential – back and forth
- No one model fits all
- Sector may dictate additional considerations such as medical or Garda/PSNI clearance
- Type of shared services model – varying levels of formality important
- Proposed framework is critical first step - shared services and clustering will not develop organically—multi-stakeholder engagement transformative

Social Enterprises - Shared Services Framework

Stage 1 Needs Assessment

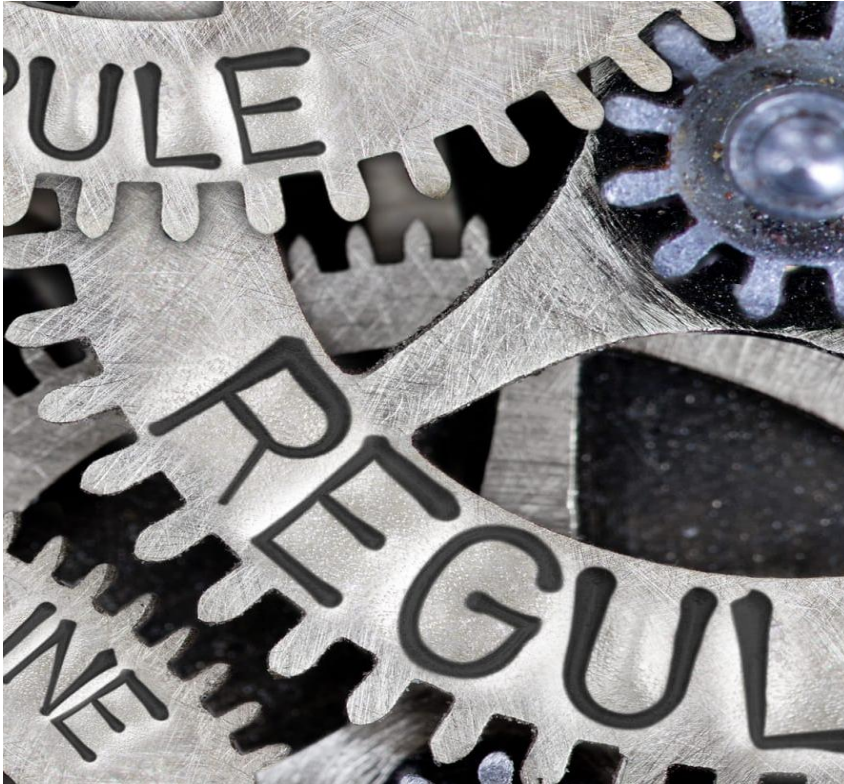
- Service Mapping: Identify which business services (e.g. HR, finance, IT, marketing and legal) are needed and suitable for sharing.
- Gap Analysis: Assess current capabilities and areas where shared services can add value or reduce duplication.

Stage 2 Strategic Alignment

- Shared Vision & Values: Establish a common understanding of the social impact goals and ethical standards.
- Governance Agreement: Define decision-making structures, roles and responsibilities across participating social enterprises.



Social Enterprises - Shared Services Framework



Stage 3 Operational Design

- Centralized vs. Distributed Model: Services delivered from a central hub or distributed among partners.
- Technology Infrastructure: Select shared platforms and cloud tools for communication, data management and service delivery.
- Service Level Agreements (SLAs) with expectations, performance metrics and accountability mechanisms.

Stage 4 Legal & Financial Structuring

- Legal Entity Options: Is there a place for cooperatives, joint ventures or shared services nonprofits.
- Cost-Sharing Model with transparent financial model for contributions, savings and reinvestment.
- Risk Management: Address data protection, liability, and compliance across jurisdictions and enterprises.

Social Enterprises - Shared Services Framework

Stage 5 Implementation & Change Management

- Pilot Phase: Start with a small set of services to test feasibility and refine processes.
- Staff Engagement of teams early to build trust and ensure smooth transitions.
- Training & Capacity Building: Provide support to adapt to new systems and workflows.

Stage 6 Monitoring & Evaluation

- Impact Measurement: Track cost savings, efficiency gains and social impact outcomes.
- Feedback Loops: Create mechanisms for continuous improvement and stakeholder input.
- Replicability & Scalability Assessment: Evaluate potential to expand the model to other social enterprises or services.



Critical Success Factors for Shared Services Framework

- How to match with others in similar situation/need at the same time?
- Network development needed otherwise clustering/shared services not possible
- Clear scope definition ensuring realistic expectations and strategic alignment among service partners
- Governance and service considerations:
 - Governance Structure - Steering committee overseeing strategic decisions and accountability in shared services
 - Service Coordination - service manager ensuring quality and responsiveness in daily operations
 - Formal Agreements - MOUs and/or SLAs define roles, responsibilities, and expectations clearly
 - Delivery Models - Centralised, rotational, or outsourced models based on resources and control
- Technology enabling collaboration
 - Matching service to identify opportunities for collaboration



Advancing Social Enterprise Clustering

- Multi-Stakeholder Collaboration - Clustering among social enterprises requires active engagement from sector bodies (e.g. SENI), policymakers, industry and the wider community.
- Pilot and Innovate - Pilot initiatives in shared services and clustering can be transformative for overcoming resource, skills, and knowledge constraints.
- Policy Support Needed recognising that clustering is relevant beyond tech and support enabling frameworks, funding and regional strategies for social enterprise clusters.
- Establish a Shared Service Model Fund to support pilot projects, bridge resource gaps and share learning on collaborative models.



Advancing Social Enterprise Clustering

- Leverage the Quadruple Helix Model to build a collaborative ecosystem
 - Universities/Knowledge Providers: Research and evidence on clustering and shared services.
 - Social Enterprises/Industry/SENI: Foster collaboration, hubs, and incubators for operational and strategic growth.
 - Government/Policy: Enable regulatory frameworks, funding, and regional development.
 - Public/Citizens: Choose socially motivated purchases to strengthen the sector.



Conclusions & Recommendations

- The future is innovative clustering and cooperation to bridge gaps in knowledge, skills, and resources.
- Informal sharing already exists but formal shared services models can be transformative.
- Shared Services Framework offers clear benefits—improved efficiency, sustainability, and growth—but requires multi-stakeholder action and commitment.

Key Recommendations

- Establish a National Shared Services Facilitation Fund in the form of seed grants to support social enterprise consortia and pilot projects.
- Develop a Shared Services Platform to match social enterprise needs and providers and offer practical shared resources
- Tax Relief & Funding to support start-up phases of shared service pilots with targeted tax and/or financial relief.
- Impact Reporting & Standards: Incorporate and measure shared services efficiency in mandated impact reporting, especially for social enterprises procuring public contracts.



Any Questions?



Please follow up with any questions or if you require further information – we'd love to continue the conversation

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