

## Register of hypotheses – October 2019

<b>Community-business level hypotheses</b>	<b>H1: Knowledge</b>	Community businesses have high levels of customer/service user satisfaction because they understand what people want. This is because the majority of their staff, volunteers and/or customers/service users are from the local area. As a result, they offer better products and services than alternative providers.
	<b>H2: Employability</b>	Community businesses improve skills development amongst local people by creating jobs and providing development opportunities for those who would otherwise not actively participate in the local labour market.
	<b>H3: Volunteers</b>	Community businesses use local volunteers to deliver their products and services. They do this by providing formal and informal volunteering opportunities. This also helps them keep their costs down. Volunteers will also report personal development and social benefits.
	<b>H4: Social Capital (Members/Shareholders)</b>	Community businesses increase bridging social capital by engaging members and/or shareholders in local decision-making through the development of skills and access to information.
	<b>H5: Sustainability</b>	Community businesses are less likely to close if they understand what local people want (H1), use local volunteers to deliver their products and services (H3) and engage local people as members and/or shareholders (H4).
<b>Sector-level hypotheses</b>	<b>H6: Infrastructure</b>	The provision of third-party business development support increases the productivity and resilience of community businesses.
	<b>H7: Assets</b>	The transfer of local physical assets from public and other bodies stimulates community business growth. This is because they contribute to financial resilience, provide a physical base for operations and generate goodwill.
<b>Place-level hypotheses</b>	<b>H8: Collaboration</b>	Community Businesses collaborate with others, accessing more resources (i.e. skills and money). This enables them to offer more services, products and activities, benefiting their community.

## Appendix – explanation of each hypothesis

### H1: Knowledge

#### Proposed new wording for hypothesis

*Community businesses have high levels of customer/service user satisfaction because they understand what people want. This is because the majority of their staff, volunteers and/or customers/service users are from the local area. As a result, they offer better products and services than alternative providers.*

#### Structure for hypothesis

<b>What CB's do</b>	e.g. understand local demand for products/services
<b>How CB's do it</b>	e.g. engaging staff, volunteers and/or customers/service users from their local area
<b>The outcomes</b>	e.g. higher levels of customer satisfaction than other providers

#### How will we measure this?

A typical model that could be applied for measuring this hypothesis would be:

- If {the majority of staff, volunteers and/or customers/service users are from the local area}
- Then we will observe {higher levels of customer satisfaction for CBs than for other providers}.
- This change occurs because of {an improved understanding by the CB of what their local community wants}

This model could include the following variables:

Dependent Variable (DV)	Independent Variable (IV1)	IV2
Customer/service user satisfaction*	Number and/or proportion of customers/service users from the local community	<u>New Q required</u> : Rating by CB of their understanding of what their local community needs*

To attribute change, we could use these comparator(s):

- Before and after measures (ie. over time) of staff, volunteers and/or customers from local area
- Data on other SMEs (ideally in the same neighbourhood)

The tools and data sources required to measure this include:

- Power to Change Grantee monitoring data
- CB Market Survey
- Customer/service user satisfaction data for CBs\*
- SME data, including customer satisfaction, proximity of customers/service users and self-assessment of their understanding of community needs, other measures of service quality (e.g. CQC rating, food hygiene rating)\*

#### What are the underlying assumptions?

- Having a greater proportion of staff, volunteers and/or customers/service users from the local area is a unique feature of the community business model
- Having a greater proportion of staff, volunteers and/or customers/service users from the local area equates with better understanding of what they want from a product or service

\* denotes a new addition to our current impact framework and/or data suite.

- Customer satisfaction is an adequate proxy for measuring the quality of a product or service

## H2: Employability

### Proposed new wording for hypothesis

*Community businesses improve skills development amongst local people by creating jobs and providing development opportunities for those who would otherwise not actively participate in the local labour market.*

### Structure for hypothesis

<b>What CB's do</b>	e.g. work with people who would otherwise not actively participating in the local labour market
<b>How CB's do it</b>	e.g. creating local jobs and/or providing development opportunities
<b>The outcomes</b>	e.g. increase in net employment within CB and/or local people self-report they have improved key skills linked to employability and/or local people self-report they have moved into paid employment elsewhere.

### How will we measure this?

A typical model that could be applied for measuring this hypothesis would be:

- If {there is a net increase in the total number of people employed by community businesses and/or local people self-report they have improved key skills linked to employability and/or local people self-report they have moved into paid employment elsewhere}
- Then we will observe {an increase in people moving from unemployed to employed}.

This model could include the following variables:

Dependent Variables	Independent Variables
Resident economic status (DVIL03a) Ward-level claimant count unemployment Skill levels (self-rated by beneficiaries)	Number of full-time staff from the local community Number of part-time staff from the local community

To attribute change, we could use this comparator(s):

- Before and after measures
- Comparing community businesses that offer employment and/or skills development, and those that don't\*

The tools and data sources required to measure this include:

- ONS claimant count data (via DWP Jobcentre Plus)
- Power to Change Grantee monitoring data
- Personal development data from CB beneficiaries\*
- Community Life Survey

### What are the underlying assumptions?

- CBs are most likely to create jobs at a local level
- CBs create good quality jobs
- The volume of this job creation will impact upon 'resident economic status'. Moving people from economically inactive to economically active
- CBs know which skills need to be developed to improve employability
- We can gather the data required directly from beneficiaries

\* denotes a new addition to our current impact framework and/or data suite.

### H3: Volunteers

#### Proposed new wording for hypothesis

*Community businesses use local volunteers to deliver their products and services. They do this by providing formal and informal volunteering opportunities. This also helps them keep their costs down. Volunteers will also report personal development and social benefits.*

#### Structure for hypothesis

<b>What CB's do</b>	e.g. use local volunteers
<b>How CB's do it</b>	e.g. by providing voluntary activities (formal and informal)
<b>The outcomes</b>	e.g. CBs keep their costs down <u>OR</u> Volunteers report personal development and/or other social benefits (e.g. wider social networks).

#### How will we measure this?

A typical model that could be applied for measuring this hypothesis would be:

- If {community businesses provide voluntary opportunities (formal and informal)}
- Then we will observe {community businesses have lower overheads than comparative SMEs OR Volunteers report personal development and/or other social benefits}
- This change occurs because of {the number of volunteers outnumber the number of paid staff OR reduce the need for paid staff OR voluntary opportunities provide activities and require skills that are particular or unique to the community business, and volunteers can't access elsewhere}

This model could include the following variables:

Dependent Variables	Independent Variables
Overheads <u>OR</u> Personal Development	Number of regular volunteers from the local community Number of volunteer hours worked Number of FT/PT staff from the local community

To attribute change, we could use this comparator(s):

- Before and after measures
- Comparing outcomes for CBs with high usage of volunteers against CBs with lower usage of volunteers\*
- Data on other SMEs

The tools and data sources required to measure this include:

- Power to Change Grantee monitoring data
- CB Market Survey
- Community Life Survey
- Personal development data from volunteers\*
- SME data, including overheads\*

#### What are the underlying assumptions?

- CBs use volunteer coordinators (whether paid or unpaid) to organize voluntary activities
- Employing more volunteers does not reduce the personal development each experiences

\* denotes a new addition to our current impact framework and/or data suite.

- Employing more volunteers does not contradict the employability hypothesis (i.e. CBs employ less staff as a result)

## H4: Social Capital (Members/Shareholders)

### Proposed new wording for hypothesis

*Community businesses increase bridging social capital by engaging members and/or shareholders in local decision-making through the development of skills and access to information.*

### Structure for hypothesis

<b>What CB's do</b>	e.g. Improve the skills and access to information of local residents
<b>How CB's do it</b>	e.g. By providing membership (formal or informal) and/or shares
<b>The outcomes</b>	e.g. local involvement in decision-making and indicators of social capital improve

### How will we measure this?

A typical model that could be applied for measuring this hypothesis would be:

- If {community businesses engage local people as members (formal or informal) and/or offer shares}
- Then we will observe {increased involvement in local decision making AND indications of improved levels of social capital}
- This change occurs because of (improved skills) and (better access to information)

This model could include the following variables:

<b>Dependent Variables</b>	<b>Independent Variables</b>
Agreement that: You can influence decisions affecting your local area (PAffLoc) or other measures of bridging social capital	Number of Members and Shareholders from the local community Skill development*

To attribute change, we could use this comparator(s):

- Before and after measures

The tools and data sources required to measure this include:

- Power to Change Grantee monitoring data
- Community Life Survey
- New survey of residents\*

### What are the underlying assumptions?

- Involvement in the governance of a community business does not displace involvement in other local governance
- Social capital is adequately defined and is independent of involvement in local decision making
- Skills are adequately defined for them to be causally linked to any improvement in involvement with local decision making
- There is a clear line of causality. Community businesses contribute to social capital, rather than strong, pre-existing social capital contributing to the emergence of community businesses.

\* denotes a new addition to our current impact framework and/or data suite.

## H5: Sustainability

### Proposed new wording for hypothesis

*Community businesses are less likely to close if they understand what local people want (H1), use local volunteers to deliver their products and services (H3) and engage local people as members and/or shareholders (H4).*

### Structure for hypothesis

<b>What CB's do</b>	e.g. Community businesses are less likely to close
<b>How CB's do it</b>	e.g. By providing membership (formal or informal) and/or shares, understanding what people want and/or use volunteers to deliver their products and services
<b>The outcomes</b>	e.g. a higher percentage of community businesses survive longer compared to other SMEs

### How will we measure this?

A typical model that could be applied for measuring this hypothesis would be:

- If {community businesses engage local people as members (formal or informal) and/or offer shares}
- Then we will observe {higher survival rates amongst community businesses than compared with other SMEs}

This model could include the following variables:

Dependent Variables	Independent Variables
Years passed still 'actively' trading' from birth	Number and/or proportion of customers/service users from the local community Number of regular volunteers from the local community Number of volunteer hours worked Number of FT/PT staff from the local community Number of Members and Shareholders from the local community

To attribute change, we could use this comparator(s):

- Other comparable SMEs
- Unsuccessful Power to Change grant applicants\*

The tools and data sources required to measure this include:

- Grantee monitoring data
- Financial Accounts dataset
- Business Structure Database\*
- Data on unsuccessful Power to Change grant applicants\*

### What are the underlying assumptions?

- Confounding factors can be controlled for through the matching process
- We do not need to know the number of members and/or shareholders other SMEs have to enable comparisons.

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## H6: Infrastructure

### Proposed new wording for hypothesis

*The provision of third-party business development support increases the productivity and resilience of community businesses.*

### Structure for hypothesis

<b>What CB's do</b>	e.g. Improve their productivity
<b>How CB's do it</b>	e.g. By accessing business development support from third parties
<b>The outcomes</b>	e.g. the total number of community businesses in England grows

### How will we measure this?

A typical model that could be applied for measuring this hypothesis would be:

- If {community businesses access business development support from third parties}
- Then we will observe {an increase in the total number of community businesses in England between 2019-2022}
- This change occurs because of {improved productivity within individual community businesses}

This model could include the following variables:

Dependent Variables	Independent Variable (IV1)
Community business productivity Median resilience ratio	Number of third-party business development support organisations Median trading ratio

To attribute change, we could use this comparator(s):

- Before and after measures

The tools and data sources required to measure this include:

- CB Market survey
- Financial Accounts dataset
- Administrative records of support provided and received\*

### What are the underlying assumptions?

- Improving the productivity of individual community businesses contributes to a growth in the total number of community businesses
- Once productivity is improved, support can be reallocated to other community businesses

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## H7: Assets

### Proposed new wording for hypothesis

*The transfer of local physical assets from public and other bodies stimulates community business growth. This is because they contribute to financial resilience, provide a physical base for operations and generate goodwill.*

### Structure for hypothesis

<b>What CB's do</b>	e.g. community businesses experience improved financial resilience
<b>How CB's do it</b>	e.g. by taking on the management or ownership of assets
<b>The outcomes</b>	e.g. community businesses grow their turnover

### How will we measure this?

A typical model that could be applied for measuring this hypothesis would be:

- If {assets are transferred to CBs}
- Then we will observe {an increase in the net turnover of community businesses}
- This change occurs because of {an increase in the level of 'free' funds available to a community business as a proportion of its total income} and because of (CBs have a physical base for operations) and because of (goodwill)

This model could include the following variables:

Dependent Variables	Independent Variables
Number of community businesses	Number of asset transfers* Value of community assets* Net turnover of community business Median resilience ratio Goodwill*

To attribute change, we could use this comparator(s):

- Before and after measures
- Comparing outcomes for CBs with an asset against CBs without\*
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The tools and data sources required to measure this include:

- Power to Change Grantee Monitoring data
- Financial Accounts dataset
- Administrative records of assets transferred\*

### What are the underlying assumptions?

- Any turnover growth following an asset transfer will be observable in the lifetime of Power to Change
- Assets bring benefit rather than become liabilities

\* denotes a new addition to our current impact framework and/or data suite.

## H8: Collaboration

### Proposed new wording for hypothesis

#### Short version

*Community Businesses collaborate with others, accessing more resources (i.e. skills and money). This enables them to offer more services, products and activities, benefiting their community.*

#### Long version

*Community Businesses collaborate with others. They also understand what local people want (H1) and are accountable to the local community by engaging local people as members and/or shareholders (H4). This brings more benefits to their community. This is because collaboration enables them to access more resources (i.e. skills and more diverse sources of income) and offer more services, products and activities that address the needs and concerns of their community.*

### Structure for hypothesis

<b><u>What CB's do</u></b>	e.g. collaborate with others (in different ways, at different geographical levels and not just with other community businesses).
<b><u>How CB's do it</u></b>	e.g. By collaborating with others, providing membership (formal or informal) and/or shares, and understanding what people want
<b><u>The outcomes</u></b>	e.g. More diverse sources of income, greater pool of skills and greater benefits to their community.

### How will we measure this?

This model could be applied for measuring this hypothesis:

- If {community businesses collaborate with others and engage local people as members (formal or informal) and/or offer shares}
- Then we will observe {improved outcomes in areas where collaboration happens}
- This change occurs because of {community business access more diverse sources of income}

This would require using these variables:

<b>Dependent Variable</b>	<b>Independent Variables</b>
Seven priority outcome areas	Collaboration* Gini coefficient to measure diversity of income sources* Number and/or proportion of customers/service users from the local community Number of Members and Shareholders from the local community

To attribute change, we could use this comparator(s):

- Before and after measures
- Unsuccessful applicants\*
- SMEs\*

The tools and data sources required to measure this include:

- Monitoring data
- Financial accounts
- 360 Giving data\*
- Data on unsuccessful applicants\*

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### What are the underlying assumptions?

- Collaboration can be codified
- Collaboration happens outside of Power to Change interventions (which encourage it)
- Community businesses have the capacity to collaborate