

## A consultation on Power to Change's Register of Hypotheses

### Why we are seeking your input

Power to Change supports community businesses to revive local assets, protect the services people rely on, and address local needs. Its work is based on a belief that no one understands a community better than the people who live there.

To test this assumption, and what impact community businesses have on their local communities, the Power to Change Research Institute has put in place [nine hypotheses](#) to guide its research and evaluation. Six of these hypotheses are about how community businesses might make a difference on their own or in collaboration with others, and three are about how the community business market could grow with the right infrastructure and support.

The Research Institute are now seeking your input into reviewing these hypotheses. We are continually reviewing and developing the hypotheses, and as someone running a community business or supporting them, your expertise and insight will be invaluable.

We will collate your insight alongside the evidence and data we have collected to date. By casting these statements as hypotheses, there is an explicit presumption that they are falsifiable and that the purpose of evidence gathering and data analysis should be to test and refine them. Our ambition is to develop a set of hypotheses by 2022 which accurately describe the way in which community businesses operate and the impact they have. These hypotheses should make sense and be useful to anyone interested in community business.

### About this consultation

The Research Institute has reviewed each of the nine hypotheses against the following criteria:

- **Quality of evidence:** Is there data of sufficient quality to test this hypothesis?
- **Quantity of evidence:** Is there currently data of sufficient quantity to test this hypothesis?
- **Clarity of hypothesis:** Is the hypothesis clear, easy to understand and testable?
- **Relevance to demonstrating the impact of Power to Change's work:** Is testing this hypothesis entirely relevant to Power to Change's work?
- **Relevance to understanding how community businesses make places better:** Will testing this hypothesis improve outcomes for community businesses?

Based on our review, we have proposed a number of actions for each hypothesis. These can be summarised as:

- **Retain:** keep the hypothesis as currently worded, making changes only to the quantity and quality of the data collected against it
- **Revise:** change the wording of the hypothesis, ranging from greater clarification of particular terms, to replacing elements of the hypothesis with greater detail or more nuanced and better evidence statements.
- **Retire:** Discontinue the hypothesis, as it has been disproved or is no longer relevant.

We are seeking your views on:

- Whether you agree with our proposal for each hypothesis

- Whether there is additional evidence you would like to submit in support of or against particular hypotheses
- Whether there are edits or points of clarification you would make to the wording of particular hypotheses

Table 1 provides an overview of our proposals for each hypothesis, and further detail and description is provided in the Appendix of this paper.

## How to respond

The consultation period began on 12<sup>th</sup> April 2019 and will run until 3<sup>rd</sup> May 2019. Please ensure that your response reaches us by that date.

**You can complete the consultation document here:**

<https://powertochange.typeform.com/to/Hf96sW>

We would like to thank those who respond to our consultation in advance. We will publish an updated register of hypotheses in June 2019.

**Table 1: Our proposals for each hypothesis**

Level	Category	Hypothesis	Retain	Revise	Retire
Community business-level hypotheses	<b>Knowledge</b>	Community businesses deliver the products and services best suited to their area because they are locally rooted and closely connected to the communities they serve.	X		
Community business-level hypotheses	<b>Employment</b>	Community businesses increase net employment by hiring people who would otherwise struggle to access the labour market, in jobs that allow them to develop the skills they need to progress.		X	
Community business-level hypotheses	<b>Agency</b>	Community businesses increase involvement in local decision-making and levels of social capital because meaningful membership develops skills, voice and access to information.		X	
Community business-level hypotheses	<b>Sustainability</b>	Community businesses are less likely to close because local people have a strong sense of ownership and a stake in their success.	X		
Place-level hypotheses	<b>Collaboration</b>	Community businesses that collaborate with others in the local area are more successful because they can drive down costs through collective bargaining, mutual support and the ability to negotiate up and down their supply chains.		X	X
Place-level hypotheses	<b>Resilience</b>	Community businesses that share a common vision with others in the local area are less reliant on local and central government support because assets and surpluses can be used to cross-subsidise otherwise non-viable activities.		X	X
Sector-level hypotheses	<b>Infrastructure</b>	Second-tier support stimulates community business growth because it increases capacity, promotes higher standards and provides a voice to influence others.	X		

Sector-level hypotheses	<b>Assets</b>	The transfer of local assets stimulates community business growth because they increase financial resilience, provide a physical base for operations and generate goodwill.	X		
Sector-level hypotheses	<b>Public services</b>	The opportunity to deliver local public services stimulates community business growth because they can do so at lower cost and with greater levels of community engagement than traditional public and private sector providers.			X

## Appendix 1 - Our proposals

### Community business-level hypotheses

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#### 1. Knowledge

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*Community businesses deliver the products and services best suited to their area because they are locally rooted and closely connected to the communities they serve.*

##### **Example**

For example, a community-led health clinic that offers more than 10-minute appointments with a GP and is open at hours that suit local people.

##### **Our proposal:**

Retain this hypothesis and continue to improve data collection to test it further.

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#### 2. Employment

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*Community businesses increase net employment by hiring people who would otherwise struggle to access the labour market, in jobs that allow them to develop the skills they need to progress.*

##### **Example**

For example, a community bakery that recruits NEET young people through an apprenticeship scheme, supports them to gain recognized qualifications and connects them to entry-level jobs.

##### **Our proposal:**

Revise this hypothesis.

To do this, we propose to split the hypothesis into two parts:

1. Re-name this hypothesis 'workforce'
2. Better distinguish between the role of paid staff and volunteers in community businesses

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### 3. Agency

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*Community businesses increase involvement in local decision-making and levels of social capital because meaningful membership develops skills, voice and access to information.*

#### **Example**

For example, a community sports centre that nominates local young people to become trustees and creates opportunities to gain experience of participatory decision making with the local authority.

#### **Our proposal:**

Revise this hypothesis.

We believe this hypothesis is still relevant and important, but that the definition needs revisiting, with improved data collection and analysis.

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### 4. Sustainability

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*Community businesses are less likely to close because local people have a strong sense of ownership and a stake in their success.*

#### **Example**

For example, a community centre that can weather fluctuations in commissioning through a stable customer base and a strong network of local support.

#### **Our proposal:**

Retain this hypothesis and continue to improve data collection to test it further.

## Place-level hypotheses

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### 5. Collaboration

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*Community businesses that collaborate with others in the local area are more successful because they can drive down costs through collective bargaining, mutual support and the ability to negotiate up and down their supply chains.*

#### **Example**

For example, a community business that works with others nearby to negotiate the transfer of multiple assets from the local authority.

#### **Our proposal:**

Revise or retire this hypothesis.

We are sceptical that collective bargaining, mutual support and negotiating along supply chains happens enough to be a distinguishing characteristic of community businesses. We will revise this hypothesis to more specifically identify those aspects of collaboration specific to community businesses, which might include networking and peer support. However, if we cannot identify any unique aspects, we will retire this hypothesis.

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### 6. Resilience

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*Community businesses that share a common vision with others in the local area are less reliant on local and central government support because assets and surpluses can be used to cross-subsidise otherwise non-viable activities.*

#### **Example**

For example, a community energy business that generates a consistent surplus and commits a proportion of this to a community benefit fund which in turn supports a community library and café.

#### **Our proposal:**

Revise or retire this hypothesis.

We are sceptical that cross-subsidy happens enough between community businesses to warrant a specific hypothesis, so will be seeking to revise this hypothesis alongside the review of the Collaboration hypothesis. Depending on the outcomes of this consultation, we will either revise them individually, merge them, or retire one or both of them.

## Sector-level hypotheses

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### 7. Infrastructure

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*Second-tier support stimulates community business growth because it increases capacity, promotes higher standards and provides a voice to influence others.*

#### **Example**

For example, through quality assurance, networking opportunities and access to low cost, high quality technical and strategic development support

#### **Our proposal:**

Retain this hypothesis and continue to improve data collection to test it further.

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### 8. Assets

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*The transfer of local assets stimulates community business growth because they increase financial resilience, provide a physical base for operations and generate goodwill.*

#### **Example**

For example, through loyal customers, available voluntary support and strong local networks

#### **Our proposal:**

Retain this hypothesis and continue to improve data collection to test it further.

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### 9. Public services

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*The opportunity to deliver local public services stimulates community business growth because they can do so at lower cost and with greater levels of community engagement than traditional public and private sector providers.*

#### **Example**

For example, a community-run swimming pool is able to generate surpluses through leveraging community goodwill and taking a more entrepreneurial approach.

#### **Our proposal:**

Retire this hypothesis.

We have found no evidence that price is a distinguishing factor for community businesses delivering public services. However, evidence suggests a unique feature of community



businesses is their ability to reach deep into communities and better meet their needs. As such, we have concluded Hypothesis 1 – Knowledge, currently caters for this feature of community businesses, and an additional hypothesis on public services is no longer required.