Discussion paper

Gang exit and the role of enterprise
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About the Catch22 Dawes Unit

Despite continuing high levels of public and policy concern, there are still many gaps in our understanding of what we need to do to reduce the harm caused by gangs and gang-related crime. Officially launched in March 2012, Catch22’s Dawes Unit seeks to fill these gaps, bringing together research, policy and practice to drive effective approaches to tackle the problems caused by gangs.

**Taking an 'end to end' approach**

Supporting young people and their families at different points on their life journey, including at key points of risk and at those ‘teachable moments’ where people are ready to make changes.

**Drawing on the skills and contributions of everyone who can make a difference**

Parents, peers, schools, local residents, businesses and politicians all have important roles to play, working alongside the police, youth offending teams, and other agencies.

**Putting our thinking to the test**

Our pilot gangs programme in Wolverhampton is testing these approaches on the ground.

**Joining up research, policy and practice**

Research, policy and practice are not always closely linked together, which hinders us in making the best use of what the evidence tells us. An important remit for the Unit is to ensure that each of these three strands informs the others fully.

**Benefiting from expert advice**

The Unit’s advisory group strengthens our work by sharing members’ expertise and insights, challenging our thinking and helping us make the right connections. Members of the group include Robert Berkeley (Director, Runnymede Trust); Barnie Choudhury (journalist and lecturer at Lincoln University); Brian De Lord (Chief Executive, Pupil Parent Partnership and Catch22 Director of Education); Christian Guy (Director of Policy, Centre for Social Justice); Professor Simon Hallsworth (Professor of Sociology and Head of Applied Social Sciences, University Campus Suffolk); Joanne Lancaster (Wolverhampton Council, Assistant Chief Executive); Karyn McCluskey (Co-Director, Violence Reduction Unit, Strathclyde Police); Professor Rod Morgan (Emeritus Professor Bristol University); Jenny Oklikah/Mick McNally (Home Office Ending Gang & Youth Violence Team); Pastor Nims Obunge (CEO, Peace Alliance); Mark Powell (Yes2Ventures); Martin Teff (Department of Health); DCC Dave Thompson (West Midlands Police and ACPO lead on gangs); Tara Young (Senior Research Fellow, London Metropolitan University).
Introduction

This paper focuses on finding sustainable ways to support young people to exit gangs and move forward with their lives. In particular, it focuses on the role that enterprise can play in supporting young people’s gang exit.

Employment has been shown in the past to be a critical factor for those desisting from crime. Current research is now showing that economic transformation over recent decades has restructured this route out of crime, and traditional employment support may not be an effective solution for some in the modern economy.

Enterprise is an appealing solution to some of these problems, as it both holds the promise of job creation and of empowerment for young people and communities. This paper explores the potential contribution to gang exit of different types of enterprises, ranging from established multi-million pound enterprises providing employment, to micro-enterprises run by young people themselves. It then looks at what is currently available, and what we can learn about using enterprise in an effective way.

Employment and desistance from crime

Many studies have found a correlation between employment and desistance from crime. Lipsey’s (1995) analysis of 400 studies covering over 40,000 children and young people aged 12 to 21-years-old concluded that employment was the ‘the single most effective factor’ in reducing reoffending rates. Employment is seen to play a key role in the desistance process through its role as a social institution, similar to marriage or parenthood (see for example, Sampson and Laub, 1993; Mischkowitz, 1994).

The seminal work by Sampson and Laub (1993) found strong links between employment and changes in criminal behaviour. In this context, crime is seen to occur when an individual’s bond to society is weak, and employment is part of the desistance process because, as people become more invested in their job, there is more at stake and they are therefore less likely to offend. However, it is only when employment is ‘coupled with job stability, commitment to work, and mutual ties binding workers and employers’ that it is most effective in supporting desistance. Over time this work has been critiqued for omitting the agency of the individual: more contemporary theories argue that the decision to desist interacts with the offender’s social setting, and with opportunities available to them (Farrall and Calverley, 2006; Giordano et al, 2002; Laub and Sampson, 2003; Maruna, 2001). From this perspective, it is not just being provided with employment that counts: those who desist from crime are those who actively use the opportunity to desist.
Knowledge and understanding of the process of desistance has increased dramatically over the past two decades. Employment is acknowledged as a key factor in the process, but new theories have qualified the role that it can play. Having a job has been found to support people to move away from crime by binding them to society as a whole, but this only works if the opportunity is secure, stable and long-term. In addition, the desire of the individual to take that opportunity and change their life is crucial: there is an interaction between the behaviour and attitudes of the individual and the opportunities they are offered by society.

The role of employment in supporting gang exit

The opportunity to make money is identified as one of the key motivating factors for gang membership in a number of UK-based studies (Harris et al, 2011; Young et al, 2007). Research suggests that many young people turn to gangs in order to make money in an environment where they feel there are few other options. Although there is a frequent focus on gangs acting as a surrogate family, there is emerging evidence to support the idea that the gang plays a different role, instead providing an alternative and speedier transition to adulthood (Hallsworth and Young, 2012).

Research on the process of exiting a gang all comes from the US, and tells us more about highly structured and organised gangs than is necessarily applicable in a UK context. Even in the US, gang exit is acknowledged as an undeveloped area of research, and far behind the study of desistance from crime in general (Pyrooz et al, 2010). With the caveat that conclusions from the US research may not be entirely applicable in a UK context, the studies that have been undertaken provide insight into relevant factors for gang exit.

A classic study of desistance from gang membership by Vigil (1988) describes a similar process to desisting from crime in general. It is a gradual process, and employment is one of a number of factors contributing to a pulling away from the gang, leading to an ultimate decision to leave. Sanchez-Jankowski (1991) also names employment as one of the six ways of exiting from a gang, including: ageing or maturing out, dying, going to prison, and leaving as the gang subdivides. Studies tend to emphasise that the process of leaving a gang tends to involve spending increasing time in employment or with family (Spergel, 1995; Vigil, 1988).

However, more recent research by Decker and Lauritsen (2002) on gang members in St. Louis found that violence was the key motivating factor for gang exit. They argue that a gang intervention strategy must involve seizing the ‘triggering moments’ when gang members have been victimised by violence or witnessed a close friend’s victimisation. This study emphasised the grey areas involved in leaving a gang. More recent research also shows that gang ties can persist long after ‘gang membership’ has ceased (Pyrooz et al, 2010).

The general work on desistance shows that employment opportunities are a key factor in supporting people to move away from crime. However, the relationship between desistance from crime and desistance from association with gangs is complex; whilst there is general acceptance of a strong relationship between the two, desisting from one does not mean desisting from the other.
Gangs are generally accepted to have a ‘facilitation effect’ on crime, intensifying the crime and anti-social behaviour of the members, whilst leaving the gang tends to be correlated with a reduction in crime and anti-social behaviour (Bendixen et al, 2006; Thornberry, 1993; Lacourse, 2003). However, this indicates that the desistance process goes on longer than desisting from gang membership; engagement in crime doesn’t simply end once someone is no longer a gang member.

It seems likely that desisting from crime is a different but overlapping process to desisting from gang membership. Employment is an important factor in supporting the gang exit process, and it is key to ensuring desistance from crime after exit has been achieved. However, employment has to be coupled with an array of support measures, as gang exit is a gradual process, and providing an opportunity must go hand in hand with ensuring a young person is supported to make the best of that opportunity. The research also shows that the timing of the intervention is crucial, and will work most effectively when offered at the turning points in a young person’s life.

Barriers to employment for desisters

Recent work on desistance indicates that whilst in the past young people could rely on stable employment in industries such as construction, agriculture or manufacturing as a route out of crime in their transition to adulthood, this is no longer the case. Farrall, Bottoms and Shapland (2010) use macro-level data from England and Wales to investigate the effect of structural economic changes on routes out of crime. They argue that changes in employment practices and the economy in recent decades have made the process of desistance more difficult to navigate.

Drawing on Social Trends 2007, Farrall et al show that in the past 25 years the economy has undergone a structural transformation. Jobs in the knowledge economy (ie banking and finance) have increased, whilst those in the extraction and production industries, including construction, agriculture and particularly manufacturing, have dramatically decreased. They argue that would-be desisters who may have relied on manual jobs to move away from crime in the past can no longer do so:

'It would appear that changes in the economy have restructured the legitimate routes out of crime.'

This structural economic change has affected the youth labour market, as the Wolf review of vocational education explores. This report shows that, as levels of participation in higher education have increased, youth participation in the labour market has dramatically decreased and youth unemployment has risen over the past thirty years. The recession has also impacted particularly badly on young people: the unemployment rate in March-May 2007 was 14.7 per cent in comparison to a 21.9 per cent rate in the same quarter of 2012 (ONS figures1).

These figures indicate a greatly diminished youth labour market, further damaged by the recession. For marginalised groups who may not aspire to university the prospects can be poor, and the Wolf report estimates that at least 350,000 young people are getting little or no benefit from the post-16 education system (Wolf report; p7). The recent Work Foundation

1 http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/july-2012/table-a05.xls
report on youth unemployment echoes these conclusions, linking changes in the labour market to the large numbers of young people now not in education, employment or training (Work Foundation, 2012).

Simon Hallsworth (2012) directly relates gang crime to the UK’s status now as a post-full employment society, where high levels of unemployment and under-employment are a fact of life. He argues that the shift towards a deregulated, low-wage, flexible labour market means that jobs available to marginalised groups are increasingly insecure and short term. Gang affected areas are typically characterised by high levels of unemployment and under-employment, which creates pressure on family life and reduces a key source of desistance for those involved in crime.

The research on desistance and gang exit indicates that employment provides an essential route out of crime for many young people, and in the past there were opportunities for stable employment that could aid this process. Contemporary research shows that these traditional routes out of crime are no longer to be relied upon. There is more to learn about the specific motivations and barriers for gang-involved young people around employment, and this is fertile ground for future research. However, it is clear that reductions in manual labour jobs and the increase in insecure and low-wage employment directly threaten a key path to desistance.

The appeal of enterprise

Enterprise is an appealing solution to some of these problems, as it both holds the promise of job creation and of empowerment for young people and communities. The social enterprise sector is a way of creating sustainable exit strategies for young people who are gang-involved without relying solely on employment from the private sector. Enterprise can provide opportunities for those who may have difficulties finding mainstream employment, and can also take advantage of the skill-set of many gang-involved young people, who may already be making use of entrepreneurial skills for illegal purposes.

Catch22 has been investing in and experimenting with social enterprise for a number of years now, and has established large-scale social businesses as well as developing micro-enterprises and supporting budding entrepreneurs. Among key initiatives:

- **Auto22**, a car servicing and repair business which provides training and employment for young people, is our most established social enterprise. This is a successful business model, and investment has now been secured from the venture capital firm Bridges Ventures to open two more garages in Kent this year.

- **Micro-enterprises** have been established as part of Community Space Challenge, our Lottery-funded programme that works with young people to regenerate community spaces. Support is being given to four small pilot social enterprises driven by young people.

- **Azure22** is a graphic design company running in and outside HMP Lowdham Grange in Nottingham, focusing on website design. The project has only just gone commercial and aims for a complete flow through from education to jobs inside and outside the prison.
There is a distinction to be made at this point between social enterprise as a way of creating jobs and training opportunities for young people, and youth enterprise, which empowers young people to take the initiative and make the most of entrepreneurial talents. From a business point of view, it could be argued that the risks associated with youth enterprise are greater than those for social businesses designed to benefit young people, but that youth enterprise has a greater element of empowerment (as illustrated in the diagram below). This raises key questions about the goals of investment in this area, and where the balance between the two should lie.

Social firms ➔ Supported micro-enterprises ➔ Young entrepreneurs

Job creation ➔ Empowerment

The most widely accepted definition of social enterprise is that produced by the Office of the Third Sector (now the Office for Civil Society) in 2006. Social enterprises are businesses:

‘… with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.’

(Office for Third Sector, 2006, p 10)

Social enterprise has support from Government as it promises both social benefits and economic growth – particularly appealing in times of recession. Social enterprise can also be a route to creating sustainable social change.

Youth enterprise was defined in a DfE discussion paper (DfE, 2011) in two ways:

‘… one being the idea of setting up and/or running a business which requires an element of effort and difficulty, and the other indicating a state of mind which embraces initiative and resourcefulness.’

In one sense this refers to enterprise education, providing enterprise skills and teaching these skills in a practical context where young people can take risks and gain responsibility. This definition also refers to youth enterprise initiatives, in which young people are provided with support (financial or otherwise) to start their own enterprises and become self-employed.

Some youth enterprise initiatives focus purely on commercial enterprise: the Prince’s Trust run one of the largest youth start-up and finance services in the UK, providing support and low-interest loans that have helped 70,000 people set up businesses since 1983. Others encourage social entrepreneurialism: Live Unltd is a social enterprise fund for 11 to 21-year-olds providing grants and dedicated ‘development managers’ to get projects off the ground.

The benefits and barriers of enterprise

A key benefit for encouraging enterprise is that it creates economic growth. The social enterprise sector is a fast growing part of the UK economy; the Social Enterprise UK 2011 report on the state of the social enterprise sector shows that median annual turnover of social enterprises has grown from £175,000 in the 2009 survey to £240,000 in 2011. The survey also shows that social enterprises employ more people relative to turnover than
mainstream SMEs, and are twice as likely as mainstream businesses to have reported growth in the last year.

However, like mainstream business there are social enterprises that fail, and a 2005 study looking at social enterprise in the 1970s and 1980s found that most failed social enterprises were too small and unsustainable. They found that many social enterprises were set up without the needed resource or expansion capital and relied too heavily on grant funding (Hines; 2005).

In the Young Foundation’s 2011 report for local authorities on how they can support social enterprise, the authors argue that:

‘… social enterprises are businesses, and like their private sector counterparts they need to be profitable, while still maintaining their social aims. Sometimes, the forces of profit and social aims will pull in opposite directions, causing tension and – in the worst cases – failure.’ (Young Foundation, 2011, p12)

Social enterprises therefore will only be successful if they strike the right balance between social values and business values, and this report will look at case studies of organisations that have managed to strike this balance.

Enterprise is an appealing area of investment because it is a cost-effective way of creating social change, and one which generates unrestricted income that can be reinvested. The School for Social Entrepreneurs is an organisation that runs courses in social enterprise. The School’s impact report 1997-2011 was produced by nef, who found that just the amount invested in each graduate is paid back in the first year alone in the jobs and volunteering opportunities created, as well as in the social value generated. nef estimated that each fellow generated £5,000 in value to society in the last year, and that this value will increase by 30 per cent in the coming year.

Whilst there is a growing evidence base for the general economic and social value of social enterprise, there is far less evidence for the impact on young people. The Young Foundation and The Youth of Today Coalition report The Way to Work argues that existing education and IAG struggles to keep up with the changing pace of the transition to adulthood. The report argues that what young people want and need in today’s changing world is a model of education based around skills development through applied practical learning. A recent report from the Education and Employers Taskforce supports this, showing that young people who had contact at least four times with employers were five times more likely to be in education, employment or training than their peers who recalled no such contacts (Education and Employers Taskforce, 2012).

Given the rising dominance of knowledge-intensive industries and the demand for a highly-skilled and flexible workforce, enterprise provides an innovative way of bridging the gap between education and work for those exiting gangs. From this perspective, enterprise is beneficial if it provides a safe environment to take risks and to experience failure as well as success. It can work as a mechanism to build up resilience and prepare young people for a world of work which is flexible and full of risks and opportunities.

The Prince’s Trust business start-up programme does provide some positive evidence of the impact of this type of initiative. A study by the Leeds Business School between 1994 and
1999 found that 68 per cent of the businesses studied were surviving and that, even for those who had ceased training, the majority felt the experience of running their own business had been positive.

However, there is also research indicating that for many young people, the experience of self-employment does not match up to their expectations of greater rewards and freedom. Macdonald (1998) found ‘self-exploitation’ as a danger of self-employment, and in areas where the local economy is poor, the businesses developed by young people tended to mirror this. Instead of using enterprise as a jumping off point to greater things, young people moved between self-exploitative small businesses, unemployment and other part-time, low paid employment.

**Possible areas of benefit**

While there is no specific research on using enterprise for gang exit, there are clear indicators that it could potentially be effective. One of the key advantages of using enterprise is that entrepreneurialism is often seen as an existing skill set of young people who become involved with gangs. For a young person working in the illegal economy, they are likely to be constantly using business skills: providing the training and resources to channel these skills into a legitimate business scheme therefore has an instinctive appeal. In some cases projects would be more about building on existing skills and honing them than rather than stimulating them.

Enterprise also has popular appeal for many young people due to television series like Dragon’s Den and The Apprentice; in a survey of 3000 young people, City and Guilds found that 42 per cent of 14 to 16-year-olds and 49 per cent of 16 to 18-year-olds agreed they would ‘one day like to run their own businesses’ (City and Guilds, 2012). In this sense, enterprise can act as a credible alternative for a young person desisting from crime, and have the ability to engage in a way that more traditional employment options may not.

There are also fewer barriers into work if an organisation is directly providing the employment or enterprise support, rather than if this is being provided by mainstream private sector sources. For a young person with a criminal record, and particularly for those who have few formal qualifications, this can provide a way into mainstream work.

**Programmes currently using enterprise**

There are currently many programmes using enterprise with young people, both in providing employment and training, and harnessing entrepreneurial talents. Programmes packaged as specifically supporting gang exit are rare, however, so this section will also take in projects which work with a similar cohort but do not use the gang terminology. Although the projects below are currently limited in terms of evaluation and cost-benefit analysis, the material can provide an overview of some the factors that will be critical in using social enterprise effectively with this group.

Based in Los Angeles, Homeboy Industries is a unique example of a large and well-established social enterprise, which exists to create jobs for people trying to exit gangs.
Homeboy Industries

Homeboy Industries was created by Father Gregory Boyle while he was serving as pastor of Dolores Mission parish in Boyle Heights, Los Angeles. Started as a jobs programme, and established as an independent ‘non profit’ in August 2001, it is the largest gang intervention and re-entry programme in LA county, supporting around 12,000 young people (‘homeboys’ and ‘homegirls’) a year. Of these, a significant proportion are people who have exited gangs and who are prison leavers; Homeboy Industries does not just provide employment, but is a mixture of employment opportunities and support services, the majority of which are co-located in the same property. The businesses tend to provide employment for those who are most difficult to place whilst others are supported to access mainstream employment. In the course of a year the businesses will employ 240-280 people.

- **Services include**: case management; curriculum/education including both classes and a charter high school; legal services; solar panel installation training and certification programme; mental health therapists; on-site domestic violence and substance abuse services; employment counsellors, tattoo removal; parenting and dance classes.

- **Businesses**: Bakery, silkscreen and embroidery, merchandise, Homegirl Café and catering, diner and farmers’ markets, Homeboy foods (salsa and chips – all profits from which go back to Homeboy Industries).

In 2010 Homeboy ran into problems, with dwindling cash reserves on an operating budget of nearly $10 million. However, the organisation recovered this position and is now on a solid financial footing. Its 2012 budget is roughly $14 million, of which about $8 million is expected to come from foundations and private donors, $2 million from government contracts, and $4 million from business revenue – almost double what Homeboy’s ventures earned in 2009.

There is an on-going evaluation of this programme and an interim report was published in 2011. This indicates that over a six month period, three per cent of the cohort was arrested and no one re-incarcerated. At the end of the six month period, 90 per cent of the cohort were either still enrolled or fully employed (Franke and Leap, 2011).

Homeboy Industries is a successful project that has been running for over ten years, and there are lessons to take away from this success in relation to why the project is effective and has managed to become so established in the community.

- **Case management and a range of support services**: The research on gang exit reviewed above shows that employment is key to desistance but has to be part of a wider support package if it is to work effectively. Homeboy Industries emphasises that the ability to provide both jobs and free support programmes in one location with seamless links between the two is key to ensuring that clients are successful in completing the programme.

- **A range of employment services**: Homeboy Industries provides a combination of job training and placement support alongside ventures that provide transitional employment and a chance to learn and demonstrate new

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3 [http://www.homeboyindustries.org/what-we-do/faq](http://www.homeboyindustries.org/what-we-do/faq)
skills. This means there are a number of routes which young people can follow, offering clear progression routes into mainstream employment.

- **Progression routes to reward progress**: Opportunities exist for young people progressively to take on increased responsibility within the project. This provides real and tangible rewards for those who progress and stick to the programme.

- **Credibility and belonging**: Homeboy Industries uses effective marketing and a long presence in the community to provide a credible alternative to the gang. This is essential, both for attracting young people and for creating a sense of belonging once young people are engaged.

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**Made by Young People**

Made by Young People (MBYP) is a Community Interest Company (CIC)-established by entrepreneur Lee Blake to provide work, training opportunities and enterprise skills and knowledge for young people. Lee is a qualified social worker who was critical of youth work, which he felt did not provide realistic alternatives and opportunities for young people. When he started a t-shirt printing business, he decided to use it to give real opportunities to young people who were struggling and disengaged from school.

The MBYP model lies in providing flexible training and support for young people. This can mean apprenticeships and employment within the office, with roles created for around 20 people over the past few years. MBYP also provides more flexible freelance opportunities, where a young person will come in for training and then essentially work as an account manager, finding the customers, doing the work and keeping the profits.

In addition to the business, Lee runs enterprise education and design workshops in schools based around design, and a drop-in support service. MBYP has supported hundreds of young people with advice, training and information to start up their own enterprises.

The training focuses on practical skills including:

- using graphic design software
- using printing equipment
- doing market research
- pitching and finding clients
- business accounting.

MBYP has supported people into mainstream employment with large t-shirt printing companies. The company has also supported a number of young people to start their own brands – for example Liquorice Label and Bangers and Mash are both emerging successful brands that have been supported.

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The MBYP model relies on offering young people legitimate ways of making money as a real alternative to getting involved in illegal activity. Whilst the business has received funding from Untld, most funding comes from commercial activities, and the intention is for MBYP to
be a self-supporting business that does not rely on grant funding. Some of the key learning from MBYP is:

- There is a demand for entrepreneurial education: MBYP has found that engaging young people in enterprise is not a problem – there is a high level of demand for these skills, and particularly for practical education. When they are offered a chance to make a profit and keep it, this really gets young people interested.

- There may be limits to who will be engaged: Lee emphasises that, for those who are gang-involved, the approach will be most effective for those on the lower levels or at risk of gang involvement. For heavily involved young people who are making large amounts of money through illegal activities, his offer does not have the same appeal.
Community Space Challenge micro-enterprises

Catch22 is currently experimenting with different models of social enterprise, incorporating enterprise which provides young people with employment, and that which aims to empower young people to become entrepreneurs. As part of this approach, there are currently four pilot micro-enterprises driven by young people based within Community Space Challenge, a national programme that supports young people aged 8 to 17-years-old to transform neglected public spaces. Each of these works to a slightly different model and has been running for between six months and a year.

Each micro-enterprise trades to generate income, and is focused on young people delivering ‘sell-able’ goods and services and learning work and business skills in the process, with support from the Aldridge Foundation enterprise academy. While some are focused on supporting budding entrepreneurs, others use models which are based within a wider service, providing opportunities for young people to access employment and training.

Birmingham Food Growing and Retail: this business was based on the regeneration of a plot of derelict land, creating a community allotment. The business model lies in producing large volume, high-value crops and selling them to Aston Villa football club to use in their restaurant. The business also produces specialist products such as honey to sell in farmers markets. The enterprise both provides a vehicle for young people to learn food production and business skills and a route into employment with Aston Villa.

Altrincham Gardening Business: based within G-Force, a charity providing arts based community work with children and young people in the area, this business is driven by four young entrepreneurs. They were provided with seed capital to set up a competitively priced gardening and green maintenance business and are being supported to gain park maintenance contracts. This project is currently under the auspices of G-Force, but the intention is for them to become a fully independent business.

Halton Graffiti Removal: this business was set up in the knowledge that local authorities are increasingly moving away from providing graffiti removal, and there is an emerging gap in the market for competitively-priced services. Again, this project is led by young people, and has the double benefit of giving young people business skills and helping the community.

Blacon Regeneration Generation: this is a maintenance and repairs service based around an estate in Chester. The main customer for this project is a housing association, and the service provides fence repair; painting work; litter removal; planting work; and small repair work. All income that is generated is re-invested in professional training for the young people involved. The aspiration is for the business to be self-sustaining as a training company, giving young people real-world skills and on-the-job employment training.
Although these initiatives are not specifically targeted to those who are exiting gangs, there is some useful learning coming from their experiences:

- **Not all young people want to be entrepreneurs:** the young people involved will have very different levels of capability, needs and preferences: for some this is merely the support and confidence to get started on their own, and for others it is something much more structured.

- **A mix of provision can provide possible progression routes:** micro-enterprises are flexible, and allow young people to work at different levels of responsibility. This means there are possible routes to gaining more responsibility as a reward for progress, providing incentives to stay in the programme.

### Raise the Youth Foundation

Raise the Youth Foundation (RYF) is a social enterprise based in Bolton, established just over a year ago and running a number of different ventures that have been set up specifically to address youth unemployment and disadvantage. The Foundation has five full time members of staff and works with 13 to 24-year-olds, providing education, training, work experience, apprenticeships and job placements in:

- gardening
- web/graphic design
- eBay store
- delivery service
- tree surgery
- joinery
- building and maintenance
- painting and decorating.

Each of these ventures is run by Raise the Youth Foundation, and because it is a CIC any profits are reinvested in the community. RYF also provides support to young entrepreneurs, and has recently supported two young people to win Dragon's Den awards to start up their own enterprises.

RYF also runs a specific gangs programme called Something to Lose Everything to Gain. This provides one-to-one mentoring tailored to focus on the specific issues which led to involvement with the gang, and flows through into their wider service with employment opportunities in one of their social enterprises. No one from the gang programme has yet gone on to their own entrepreneurial venture.
A key point to take away from Raise the Youth:

- **The importance of one to one support:** Like Homeboy Industries, RYF provides intensive support in addition to access to employment. This recognises that gang exit is a process which may take time rather than a decision to make at one moment.

**Livity**

Livity is a socially responsible youth communications agency that works with young people doing branding consultancy and market research for brands, broadcasters, charities and local and central Government. Set up in 2001, Livity invites 12 to 21-year-olds from all backgrounds to their Brixton offices to work alongside full-time staff.

They provide professional mentors, accredited training and equipment to produce print and digital media. They also provide pastoral care, and training and financial support for employment, apprenticeships or routes back into education.

One of the key programmes Livity runs is Live Magazine, a quarterly print title and online community run by 12 to 24-year-olds mentored by professionals from the Guardian, Metro, Timeout, BBC, ITV and IPC. They have a 35,000 print run with 140,000 readership per quarter and 1000+ young contributors mentored each year. Over 100 NEET young people were supported into employment or education in 2009.

Livity, along with the New Day Foundation, is one of two organisations behind Peace Mix, a national competition to uncover youth music talent. It is a ‘mic relay tour’ travelling across the UK and using publicly-funded music studios to provide space for young people to perform, record their own songs and secure a place at the Peace mix finale.

Livity is a unique social enterprise working very much as a business with social aims rather than the other way round. The learning from Livity is that:

- **A successful and innovative commercial business can also be a social business:** Livity is a marketing company that harnesses the talents and views of young people. The professional knowledge and expertise behind the business ensures that it can secure clients including Channel 4, Legacy Trust, Google, NHS, Virgin Media, BlackBerry and Big Lottery Fund.

**Government policy**

The Ending Gang and Youth Violence report set out the Government strategy for tackling gang violence after the riots in 2011, including proposals specifically for those exiting gangs. The section on young adulthood focuses on employment and learning as key pathways out of gang involvement, and specifically mentions ‘support for young people wanting to set up their own enterprises’ as an intervention to enable young people to exit gangs.

The coalition Government emphasises work as the best route out of poverty for those who are able. The Government’s Social Justice Strategy produced in March 2012 outlines this commitment, one described as ‘unashamedly pro-work’. The Youth Contract is the
Government’s flagship scheme to get young people into employment. Key initiatives within the scheme are work experience, wage incentives for employers and apprenticeships.

There is also an increasing focus on encouraging youth enterprise, with an £82 million youth enterprise loans scheme launched by the Government on 28th May 2012. A report on SMEs in the UK by Lord Young, the advisor to the Prime Minister on small business and enterprise, which launched on the same day as the scheme, highlights the benefits of youth enterprise for unemployed young people, school pupils and students. The report argues that there is widespread market failure in accessing finance for young people to start businesses.

The new programme is universal, and touches on opportunities for students and school pupils more than young people who are long-term unemployed or NEET. Schools, colleges and universities are being particularly targeted in the effort to encourage youth enterprise; the Government have put more than £1m into the National Association of College and University Entrepreneurs (NACUE), and established Inspiring the Future, which creates business partnerships with schools. As Mark Prisk MP, then Minister for Business and Enterprise, said:

‘Entrepreneurship is a positive message for young people. Our job is to enable all students, whatever stage they are at in their school or university career, to get access to the right information, advice and networks, so that they can take their bright idea and turn it into a successful business for the future.’

Whilst the youth enterprise loans scheme does have a mentoring element, its universal nature suggests it is likely to be accessed by those with higher levels of education and support.

How can enterprise be used effectively for gang exit?

The research and case studies in this paper suggest that enterprise can play an important part in supporting gang exit, with the following as ‘critical success factors’:

- **Enterprise needs to be backed by wider support**: research tells us that gang exit is a gradual and faltering process. Initiatives are most likely to be successful if support is also in place to help young people take full advantage of the opportunities provided. For example, Homeboy Industries provides one-to-one case management with links to a wide range of services including education and training, legal services, mental health and substance abuse services and tattoo removal.

- **Sustainability**: whilst the wrap-around support elements may not be sustainable by profits, the business elements of a social enterprise need to be working towards sustainability and aiming to be competitive in the marketplace.

- **A mix of provision**: there are different ways of incorporating enterprise, from social enterprise that can provide employment opportunities, to support for young entrepreneurs. Young people will have very different preferences based on their needs, levels of capability and state of readiness, therefore it is crucial to have a mix of opportunities available.
• **Opportunities to take on more responsibility:** a mixture of provision means that there are progression routes for young people, and also provides the possibility of increasing responsibility as young people develop their skills. This could be into mainstream employment, or it could be taking those skills and setting up a business. This provides real and tangible rewards and therefore an incentive to stay the course.

• **Offering a credible alternative:** to appear as a credible alternative, projects have to appeal to young people, and will be most effective if they can foster a sense of belonging which can rival the gang. Projects like Homeboy Industries, which are established over a long period of time within a community, can make young people feel they are part of something, and this has the potential to provide an external legitimacy to that project.

• **Recognising the limits to who will be engaged:** For those in the lower ranks of a gang, and for those at risk of gang-involvement, enterprise can be an appealing alternative, and existing projects show that there is a demand for it. However, for those in the higher ranks of a gang who may currently be making large amounts of money in the illegal economy, there may be limitations in how effectively they can be engaged.

**What is the business case for investment?**

The key factors for success seem to indicate that a model similar to Raise the Youth Foundation could be a promising option for gang-involved young people. This model could offer a combination of support and social enterprises, providing work experience and placements in addition to support into mainstream employment. The option of youth-led enterprises could be an additional element for those with the desire and the capability, possibly funded through a combination of grants and loans.

The experience at Homeboy industries suggests that there is real potential for social enterprises of this type to achieve scalability and reach large numbers of young people. However, Homeboy only attains $4m of its $14m turnover from commercial activity, which indicates that full commercial viability is a challenge. Raise the Youth is a new organisation, but similarly, the majority of their income comes through grants, with a plan of reaching full self-sustainability in the future. Clearly there are examples of social enterprises which are both commercially successful and achieve social outcomes, Auto22 among these. However, there is a tension between economic and social objectives and the balance needs to be carefully assessed.

The potential savings accrued through preventing young people’s gang involvement are very high, as research shows that gangs have a ‘facilitation effect’, intensifying crime and anti-social behaviour. Government assessments have put the cost of prolific young offenders to society and services at £80,000 per year (Home Office; 2008), and a recent estimate put the lifetime cost of a single prolific offender at £1.5m (SCMH; 2009). The Metropolitan Police have recently argued that gangs are responsible for more that a fifth of youth crime in London, so prevention is potentially very cost-effective.
The nef impact assessment of The School for Social Entrepreneurs provides persuasive evidence that, when social value is counted, social entrepreneurs are a cost-effective investment within a year. When both commercial and social returns on investment are taken into consideration, the case for enterprise for gang-involved young people becomes far stronger.
References


Education and Employers Taskforce (2012) It’s who you meet: why employer contacts at school make a difference to the employment prospects of young adults


Franke, T. and Leap, J. (2011) Homeboy Industries- Los Angeles County gang intervention and re-entry program, second quarter report


Sainsbury Centre for Mental Health (2009) The chance of a lifetime: Preventing early conduct problems and reducing crime


Social Enterprise UK (2011) Fightback Britain: A report on the state of social enterprise


Work Foundation (2012) Lost in transition? The changing labour market and young people not in employment, education or training

Young Foundation (2011) Grow your Own: How Local Authorities can support social enterprise


Lord Young (2012) Make Business Your Business
**Appendix**

**List of relevant organisations using enterprise**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Description</th>
<th>Links</th>
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<tbody>
<tr>
<td>Blue Sky Development and Regeneration</td>
<td>A social enterprise that employs and mentors ex-offenders in grounds maintenance, where they act as sub-contractors to local authorities and their maintenance providers.</td>
<td><a href="http://www.blueskydevelopment.co.uk/">http://www.blueskydevelopment.co.uk/</a></td>
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<tr>
<td>Catch22</td>
<td>Catch22 runs various social enterprises. The largest is Auto22, a car servicing and repairs business that provides work experience, apprenticeships and employment to young people. Micro-enterprises have also been set up within Community Space Challenge. Each micro-enterprise trades to generate income, and is focused on young people delivering 'sell-able' goods and services and learning work and business skills in the process.</td>
<td><a href="http://catch-22.org.uk/">http://catch-22.org.uk/</a> <a href="http://www.auto22.co.uk/">http://www.auto22.co.uk/</a></td>
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<td>Commission for Youth Social Enterprise</td>
<td>Launched in November 2007 with support from The Cabinet Office, ?WHAT IF!, and UnLtd. Commissioners act as representatives of young social entrepreneurs at events around the country. The organization seeks to empower other young people by demonstrating youth-led projects.</td>
<td><a href="http://www.yse.org.uk/">http://www.yse.org.uk/</a></td>
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<tr>
<td>Enterprise Education Trust</td>
<td>Delivers enterprise education in schools in order to bridge the gap between school and work.</td>
<td><a href="http://www.enterprise-education.org.uk/">http://www.enterprise-education.org.uk/</a></td>
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<tr>
<td>Enterprise Lab</td>
<td>Has developed a wide range of programmes to inspire people in developing their skills and experiences for a more rewarding and progressive futures. They focus on flexibility, individual requirements and skills development.</td>
<td><a href="http://www.enterpriselab.co.uk/">http://www.enterpriselab.co.uk/</a></td>
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<tr>
<td>Homeboy Industries</td>
<td>An American social enterprise that serves at-risk and gang-involved youth with a range of services and programmes designed to meet their multiple needs, and runs businesses that serve as job-training sites.</td>
<td><a href="http://www.homeboyindustries.org/">http://www.homeboyindustries.org/</a></td>
</tr>
<tr>
<td>Livity</td>
<td>A marketing social enterprise which works with young people to co-create campaigns, content and communities, providing work experience and placements.</td>
<td><a href="http://livity.co.uk/">http://livity.co.uk/</a></td>
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<tr>
<td>Made By Young People</td>
<td>Delivers practical enterprise education aimed primarily at 16 to 24-year-olds and runs a t shirt production social enterprise in Birmingham.</td>
<td><a href="http://www.madebyyoungpeople.co.uk/">http://www.madebyyoungpeople.co.uk</a></td>
</tr>
<tr>
<td><strong>The National Association of College and University Entrepreneurs</strong></td>
<td>Represents student-led enterprise societies and young entrepreneurs to drive the growth of entrepreneurship in universities and colleges across the UK.</td>
<td><a href="http://nacue.com/">http://nacue.com/</a></td>
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<tr>
<td><strong>Operation Enterprise</strong></td>
<td>Seeks to influence the way that enterprise is taught and funded in colleges. Runs seminars and summer schools headed by successful ‘youtptrepreneurs’ in order to advise, mentor and aid potential young business people.</td>
<td><a href="http://www.operation-enterprise.com/">http://www.operation-enterprise.com/</a></td>
</tr>
<tr>
<td><strong>The Prince’s Trust (member of National Youth Enterprise Working Group)</strong></td>
<td>Gives practical and financial support to NEETs and other young people who are in difficult situations. The Enterprise Programme provides money and support for start-up businesses. The Team Programme is a 12-week personal development course. They focus on unemployed young people, academic underachievers, young people leaving care and ex-offenders.</td>
<td><a href="http://www.princets-trust.org.uk/">http://www.princets-trust.org.uk/</a></td>
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<td><strong>Tsu Chu Biz Foundation</strong></td>
<td>Intensive four-day course which teaches entrepreneurship and how to start up a small business. The programme uses football to appeal to young people, bridge the generational gap and promote teamwork and discipline.</td>
<td><a href="http://www.tsuchubizfoundation.org/">http://www.tsuchubizfoundation.org/</a></td>
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<td><strong>Raise The Youth Foundation</strong></td>
<td>Aims to raise the aspirations of young people. The ‘Something to lose, everything to gain’ intervention aims to unite the community and oppose the threat of gangs. The Youth Enterprise programme aims to develop legitimate opportunities for income and skills development.</td>
<td><a href="http://raisetheyouth.co.uk/restore-communities/">http://raisetheyouth.co.uk/restore-communities/</a></td>
</tr>
<tr>
<td><strong>Shell LiveWIRE (member of National Youth Enterprise Working Group)</strong></td>
<td>Combines an online peer-led support service and awards programme for young entrepreneurs in the UK. Particularly focused on 16 to 30-years-olds.</td>
<td><a href="http://www.shell-livewire.org/">http://www.shell-livewire.org/</a></td>
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<td><strong>The Small Business Consultancy</strong></td>
<td>TSBC runs entrepreneurial programmes for people with high barriers to employment, such as ex-offenders and ex-drug abusers.</td>
<td><a href="http://thesmallbusinessconsultancy.co.uk/">http://thesmallbusinessconsultancy.co.uk/</a></td>
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<td><strong>StartUp Britain</strong></td>
<td>A national campaign to celebrate, instigate and catalyse enterprise in the UK. Currently offering Government-backed ‘StartUp’ loans, and running the Young Enterprise Innovation Awards 2012.</td>
<td><a href="http://www.startupbritain.org/">http://www.startupbritain.org/</a></td>
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<td><strong>Live UnLtd</strong></td>
<td>Encourages people aged 11 to 24-years-old to ‘change their world for the better’ by providing cash awards and support. The Misfit Movement is a media project working with young people from Newport, South Wales at risk from or involved in street gangs and its associated problems such as drug dealing and violence. This programme was founded by one of the young adults that Live Unltd supports.</td>
<td><a href="http://liveunltd.com/">http://liveunltd.com/</a></td>
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<td><strong>Virgin Media Pioneers</strong></td>
<td>Instrumental in the establishment of the Youth Enterprise Loan Scheme.</td>
<td>[<a href="http://www.virg">http://www.virg</a> mediapioneers.com/](<a href="http://www.virg">http://www.virg</a> mediapioneers.com/)</td>
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<td><strong>Young Enterprise</strong></td>
<td>The United Kingdom’s largest business and enterprise education charity. Their guiding principle is to do this through ‘learning by doing.’ Their flagship programme enables 30,000 15 to 19-year-olds run their own real companies for a year with help from business mentors.</td>
<td><a href="http://www.youngenterprise.org.uk/">http://www.youngenterprise.org.uk/</a></td>
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<tr>
<td><strong>Young Foundation</strong></td>
<td>Activities involve: research, influencing policy, creating new organisations and supporting others to do the same. Interest in social enterprise and gangs, but currently no programme connecting the two. At present they are developing and piloting an 'emotional resilience' programme targeting gang members.</td>
<td><a href="http://www.youngfoundation.org/">http://www.youngfoundation.org/</a></td>
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<tr>
<td><strong>Youth Business International</strong></td>
<td>A global network of independent non-profit initiatives helping young people to start and grow their own business and create employment.</td>
<td><a href="http://www.youthbusiness.org/">http://www.youthbusiness.org/</a></td>
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<tr>
<td><strong>Youth Engagement Service</strong></td>
<td>An education and vocational training provision in Greater Manchester for young people aged 13 to 19-years-old who have social, emotional, behavioural and learning difficulties.</td>
<td><a href="http://www.youthengagementservice.com/">http://www.youthengagementservice.com/</a></td>
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