Understanding
Social Enterprise
Theory & Practice

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Summary of Contents

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Defining Social Enterprise 3

Learning Objectives

In this chapter we debate the concept of social enterprise, drawing on tensions and perspectives from a number of sources. By the end of this chapter you will be able to:

- explain the practical relevance of debates about social enterprise definition

- compare and contrast linear and cross-sector theories of social enterprise

- identify popular definitions of social enterprise and understand their value commitments

- clarify the potential of social enterprise in different sectors of society.

The key arguments that will be developed in this chapter are:

- There are different ways of understanding social enterprise.
- Social enterprise can be defined in terms of:

  a) balancing economic and social goals
  b) developing social capital
  c) hybrid forms of organisation
  d) the purpose of a project or activity.

- Social enterprise has the potential to develop in all sectors of the economy.
- Social enterprise can develop concurrently in different contexts.

Introduction

Every organisation that self-defines (or is defined by others) as a social enterprise continually engages in a debate about definition that feeds into policies and practices (both internally and externally). Social enterprise advisers in consultancies and infrastructure bodies will be faced regularly with questions as to whether an individual or organisation will qualify for social enterprise support. Every law to regulate social enterprise, every **kitemark** developed to promote it, every strategy devised to support

it, also requires engagement with criteria that will influence the legitimacy accorded to individuals and organisations. The definition of a social enterprise, therefore, is not an abstract intellectual exercise: it is a dynamic process engaged with on a daily basis by people deciding how to develop the identity of their enterprise, what the rules for economic support are and how far 'those rules can be bent'.

In Chapters 1 and 2 we explored the third, public and private sector contexts that have influenced the emergence of social enterprise. These historical analyses make explicit the political interests and power struggles that shape their emergence. Internationally, the meaning of social enterprise can differ (Kerlin, 2006). This can give rise to differences not only in regional development, but also in the bodies of knowledge that receive recognition and institutional legitimacy (Dart, 2004). Peattie and Morley (2008) warn that the nature, role and traditions informing the development of social enterprise are different between the United States and UK.

Initially, we use well-publicised descriptions of social enterprise to illustrate different approaches. These are critiqued on the basis that social enterprise can be better understood as a spectrum of options that give varying emphasis to social mission and enterprise activity. The idea of a spectrum, however, is also limited as it obscures public sector involvement and wider environmental issues. To address this, cross-sector models have emerged to conceptualise social enterprises as capacity building organisations that assist economic regeneration, and which enable the state to devolve the delivery of public services. In this case, the ability to build social capital and bridge differences between the public, private and third sectors is perceived to give them a unique character. Lastly, social enterprise is discussed from the perspective that it is an activity rather than an organisation. In this guise, social enterprises are reconceptualised as products of social entrepreneurship. The chapter closes by contextualising these different perspectives and examining whether there are any defining characteristics.

The Origins of the Language of Social Enterprise

The terms *social enterprise* and social entrepreneurship have various historical points of reference. Banks (1972) applied the term 'social entrepreneur' to Robert Owen, widely credited as the philanthropist who pioneered cooperative communities in the 1820s. In the US, Etzioni (1973) described the space for social entrepreneurship as a 'third alternative' between state and marketplace with the power to reform society. We found the term 'social enterprise' first used in Dholakia and Dholakia (1975) to distinguish marketing activities in state and cooperative enterprises from private sector approaches. Westall (2001) claims that another influence was the community business movement who established a magazine called *New Sector* in 1979 to advance social democracy as an alternative to the neoliberalism of Margaret Thatcher (in the UK) and Ronald Reagan (in the USA).

The two terms gained salience in the UK via different international routes. *Social entrepreneurship* was popularised at **ARNOVA** in the USA by Bill Drayton. Throughout the 1980s and 1990s it became associated with international development and fair trade (Grenier, 2006) before appearing, in a 1995 article published

by *The Independent*, to describe individuals who founded the UK social entrepreneurial movement (Mawson, 2008). In 1997 the School for Social Entrepreneurs was established, followed quickly by the Community Action Network in 1998 and UnLtd in 2000. UK scholarship received a boost in 2004 when the Skoll Foundation invested in the Skoll Centre for Social Entrepreneurship at Oxford University.

The term *social enterprise*, on the other hand, entered the UK mostly via initiatives in Europe. Ellerman (1982) wrote an article on the 'socialisation' of entrepreneurship in Spanish cooperatives. By 1991, Italy had passed legislation for 'social cooperatives' that combined commercial capability with active promotion of physical, social and mental health. The earliest article discussing 'cooperatives as a social enterprise' appeared two years later (Savio and Righetti, 1993). According to Spear (2008), the experience of the Italian Social Cooperatives was one of the inspirations behind the founding of EMES, the European research network on social enterprise and third sector issues. In 1996 researchers from 13 countries established this network and, with CECOP (a European federation of 'worker cooperatives, and social and participative enterprises') as a partner in their first research project, investigated 'the emergence of social enterprise' in Europe (Borzaga and Defourny, 2001). Although Harvard University in the USA had also used the term during 1993 (for its Social Enterprise Initiative), its approach followed the philanthropic model of commerce rather than the democratic orientation of cooperatives and non-profits highlighted in the EMES study (see Defourny, 2001).

Within the UK, the term 'social enterprise' gained institutional support within the cooperative movement and community regeneration sector (see Cases 3.1 and 3.2). Social Enterprise Europe was founded in 1994 (in the north of England) by consultants developing social audit tools for cooperatives. By late 1997, a coalition of cooperatives and cooperative development agencies had formed Social Enterprise London (see Case 3.1). As regional links developed, a national body – the Social Enterprise Coalition – was created to lobby for cooperatives, social firms, trading charities, community and employee-owned enterprises.

Case 3.1   Social Enterprise London: a founder's story

In 1997, discussions started amongst London cooperatives and their development agencies (CDAs) on creating a new London-wide support agency. We had several discussions in general meetings at Computercraft Ltd, then Phil Cole and I attended the meetings that established the new agency in early 1998. All but one of the founding subscribers had direct links to the cooperative movement. My recollection was that we discussed this as a rebranding exercise. It was by no means clear that we would use the term 'social enterprise' and we discussed various alternatives. I recollect Malcolm Corbett (from the worker cooperative Poptel) acting as chair. He was aware of developments in Europe through his discussions with Pauline Green, an MEP involved in international cooperative development. Malcolm had sway, so we were persuaded. In 2002, the Social Enterprise Coalition (SEC) was formed by Helen Barber (of Cooperatives UK) and John Goodman (a consultant with links to Employee Ownership Solutions Ltd).

The registered office was the Cooperative Union in Manchester. Jonathan Bland, CEO at Social Enterprise London, moved to the **Social Enterprise Coalition,** but not before establishing a degree programme at the University of East London, and securing funding for an academic journal.

Source: based on correspondence with Rory Ridley-Duff

At the end of the 1990s, the Social Exclusion Unit was formed by Tony Blair's 'New Labour' government. This body produced a strategy for 'neighbourhood renewal' in which 'social enterprise' was used to describe community businesses and trading charities oriented toward the needs of socially excluded groups (published 1999, cited in Westall, 2001).

Case 3.2   Coin Street Community Builders (CSCB): from voluntary action to social enterprise

In 1977, the Coin Street Action Group started campaigning to prevent the development of a luxury hotel and office complex on the south side of the River Thames (London). In its place, they drew up plans for mixed use of local land, including housing, a river park, shops, leisure facilities and a walkway. After seven years, and two public inquiries, the developers decided to sell the land to the Greater London Council (GLC), who in turn sold the land to a newly formed company limited by guarantee called Coin Street Community Builders. The case provides an example of a voluntary group making the transition from campaigners into social entrepreneurs, evolving into an incorporated company, diversifying its income generating activities through social purpose commercial activities using a variety of social enterprise forms.

> The ethos of the CSCB is to create affordable housing, recreational space, workspaces, shopping and leisure facilities, for use by the whole community. Revenue streams are varied. Commercial lets, for example to Harvey Nichols, help to subsidise rents to artists and designers in Oxo Tower Wharf, and for social housing provision. The Wharf itself was refurbished through a mix of bank loans, Housing Corporation and English Partnership grants and CSCB equity. CSCB also established Coin Street Secondary Housing Co-operative as a registered housing association which is creating six housing developments that are being set up as primary tenant-owned housing co-operatives. (Westall, 2001: 5)

Source: additional material from http://www.coinstreet.org/history_background.aspx

The origins of the language, and the meanings assigned by its advocates, are influenced by experiences in different parts of the third sector as well as public and private initiatives drawn to social enterprise models of ownership and control. One

Table 3.1   Framing the boundaries of the social enterprise debate

EU-style social enterprise	US-style social entrepreneurship
• Collective action	• Individual action
• Labour movement or government responses to social issues	• Entrepreneurial (market) responses to social issues
• Incremental building of **social capital** and assets	• Fast effective achievement of social outcomes
• **Solidarity** and mutuality	• Champions and change agents
• Accommodation of stakeholders	• Adherence to a 'vision'
• Democracy (bottom-up governance)	• Philanthropy (top-down governance)
• Social economy	• Any sector

way of drawing boundaries around the definitional debate is to outline the foci of EU and US traditions. Whilst cautioning against stereotypes, Table 3.1 summarises the dominant narratives at the boundaries of the definitional debate.

US-style 'social entrepreneurship' has strong links with philanthropy, whereby money raised from wealthy individuals and government grants supports 'non-profit' organisations that act in the *public interest* (Dees, 1998). Its individual and philanthropic character is evident in definitional work at Stanford Institute:

> the social entrepreneur's value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own. (Martin and Osberg, 2007: 35)

The emphasis is on solutions *brought to* the poor by a visionary individual, whereas EU-style 'social enterprise' draws more on voluntary action, self-help and cooperative principles derived from secular and Christian socialist traditions (Amin et al., 2002). Communitarian sentiments embedded in Islamic banking and business practices (Gates, 1998) and the kibbutz movement amongst Jewish communities (Melman, 2001) represent significant non-Christian traditions. In all these cases there is a challenge to the authority-driven model based on individual entrepreneurship – a challenge rooted in a stronger voice for collective models of management and ownership.

Westall captures the two dominant approaches in the UK when she comments:

> This history of the 'third sector' organisations in the UK is in some ways the history of two alternative strands – that of self-help (mutuals and cooperatives) and of charities where the paradigm, at least historically, is more related to helping others unable to help themselves. (2001: 24)

This dual history persists to this day (see Case 3.3) but we will argue that a simple dualism is no longer adequate as a theoretical framework for social enterprise. Westall (2001: 24) proceeds to argue that social entrepreneurs seek to 'break free of historical baggage', so a distinction based on third sector traditions is 'no longer tenable'. As practices change, so legal frameworks and social institutions have

come under increasing pressure to adapt to a new multi-stakeholder perspective (see Chapter 7).

Case 3.3   The Grameen Foundation

In 1976, Muhammad Yunus returned from abroad to teach economics in Bangladesh. Deeply affected by the poverty he could see from his classroom window, he went out into the streets and talked to women struggling to escape loan sharks. Using the money in his pocket, community networks rather than material assets to provide security ('mutual guarantee groups'), and interpersonal trust rather than property-based collateral, he established a micro-finance organisation that now serves 6 million people.

Muhammad Yunus received the Nobel Laureate in January 2008 and in doing so introduced the term *social business* into the business world. In his book *Creating a World without Poverty* (2007), he sets out two perspectives and urges their use in tackling poverty around the world. The first model is a social business that is social-objective driven: in this case, the company's mission is to create a 'non-loss' business that reinvests all profits back into the company. The second model is profit driven, but owned and operated entirely by a disadvantaged group who receive company profits.

Source: http://www.grameenfoundation.org/what_we_do/, accessed 8 October 2008

Now that we have set out where boundaries have been drawn, in the following sections we explore different definitions of social enterprise. We start with descriptions that have attracted attention in policy debates in order to make explicit the perspectives that compete for influence.

Descriptions of Social Enterprise

The four examples in this section have been selected to illustrate different perspectives. In all cases, social enterprises are seen as socially driven organisations with social and/or environmental objectives combined with a strategy for economic sustainability. By comparing the four definitions, different emphases become apparent. We discuss definitions that have appeared in:

1 a Social Audit Toolkit for worker and community cooperatives
2 the EMES European Research Network
3 a consultation by the UK government on the 'community interest company'
4 a report for the Inter-American Development Bank.
5 a committee serving the Danish Government

The first definition appears in the 1979 edition of Spreckley's Social Audit Toolkit. It is interesting for its adoption of language characteristic of the cooperative movement (Definition 1). Spreckley's definition embraces a **triple bottom line** (personal,

environmental and social benefits). These are organised through a worker or community cooperative that subverts the dominant power relationship between capital and labour. The practical issue here is whether the representatives of capital (investors and funders) or those working and benefiting from the enterprise (labour and beneficiaries) have the final say in running the organisation and deciding what to do with financial surpluses and losses. This arrangement is unproblematic if individual members have committed their own money. Issues arise as soon as members go outside the organisation to raise money. In Spreckley's definition, there is a preference that capital, rather than labour, is paid a fixed return. This is, theoretically speaking, the reverse of 'the employer' paying fixed wages to 'employees' then acquiring all residual profits. Instead, capital is 'hired' at a fixed rate of interest (or fixed dividend) and any residual profits go to the workforce or community.

Definition 1

Social enterprise as a cooperative (published 1979)

An enterprise that is owned by those who work in it and/or reside in a given locality, is governed by registered social as well as commercial aims and objectives and run cooperatively may be termed a social enterprise. Traditionally, 'capital hires labour' with the overriding emphasis on making a 'profit' over and above any benefit either to the business itself or the workforce. Contrasted to this is the social enterprise where 'labour hires capital' with the emphasis on personal, environmental and social benefit.

Source: Spreckley, 2008: 4

This definition gives no recognition to social enterprises that are registered as charities and follow the trustee–beneficiary model, nor does it reflect the situation in membership associations that use a mix of paid and unpaid labour to pursue social goals. The definition also takes 'community' to mean people in a local area as opposed to a community of interest: while local focus can be a characteristic of social enterprise, social enterprise does not have to be locally based or small in scale. Lastly, Spreckley's definition gives no recognition to partnerships and multi-stakeholder enterprises involving state and private organisations.

In 1996, a study by the EMES European Research Network set out a series of social and economic characteristics used to select organisations for a pan-European study of social enterprise (Definition 2). The EMES definition has some of the hallmarks of Spreckley's definition, but is less prescriptive about employee ownership and control. Autonomy and entrepreneurial risk taking, combined with social and economic participation, are hallmarks of the EMES definition, but the door is left open for different stakeholders (users, customers, funders, suppliers and employees) to participate in the enterprise. Compared to Definitions 3 and 4, more emphasis is placed on democratic control over production and delivery of goods and services. There is no intrinsic assumption that the organisations be 'businesses' or that they should adopt 'business practices'. As a definition, the researchers and participants

found that it was useful, but also that it represented an *ideal*. In practice, organisations fulfilled some or most of these criteria, but rarely all.

Definition 2

EMES (published 2001)

Social dimensions

- An explicit aim to benefit the community.
- An initiative launched by a group of citizens.
- Decision-making power not based on capital ownership.
- A participatory nature, which involves the persons affected by the activity.
- Limited profit distribution.

Economic dimensions

- A continuous activity producing goods and/or selling services.
- A high degree of autonomy.
- A significant level of economic risk.
- A minimum amount of paid work (i.e. at least some labour is compensated).

Source: Defourny, 2001: 16–18

In 2002, the **Department of Trade and Industry** in the UK published its definition (Definition 3). This definition appears in a strategy document that announced there would be a consultation on a **'community interest company' (CIC)**, a new company form intended as a brand for social enterprise in the UK. Some of the EMES criteria are accepted (benefit to the community, decision-making power not based on capital ownership, limited profit distribution, continuous activity). Others were either explicitly rejected as statutory requirements (participatory nature), left vague (economic risk, autonomy, citizen involvement, minimum amount of paid work), or left unaccounted (such as innovative ways of working).

Definition 3

Department of Trade and Industry (published 2002)

A social enterprise is a business 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.

Source: DTI, 2002: 7

The UK consultation (DTI, 2002; 2003) set out the thinking that informed CIC legislation. On the one hand, the UK government accepted the merits of leaving social entrepreneurs free to determine organisation structures and levels of participation. On the other hand, it is evident that the government intended its regulator, rather than the organisation's own stakeholders, to have the strongest powers of intervention. In practice, the UK government's loose definition has drawn a great many people and organisations into the debate. Social entrepreneurs, perhaps operating on a self-employed basis, may be viewed as engaged in social enterprise. Similarly, trading charities and voluntary organisations (whether formally democratic or not in their decision-making and appointment processes) as well as a broad range of cooperatives (whether commonly owned or owned by their staff) can all be recognised as part of a national framework. On this basis, Peattie and Morley (2008) draw out two core characteristics for social enterprise in the UK: *trading organisations* that prioritise *social aims*.

In the US, Alter (2007) reviewed a wide range of definitions in the preparation of her *Social Enterprise Typology*. While her definition (Definition 4) is not necessarily representative of all US thinking (see http://www.se-alliance.org), it does reflect two key aspects of the US focus. Firstly, it reflects the more business-like aspirations of the 'non-profit' sector. Secondly, it reflects the desire to adopt private sector 'discipline, innovation and determination'.

Definition 4

Virtue ventures (first published 2003)

A social enterprise is any business venture created for a social purpose – mitigating/reducing a social problem or a market failure – and to generate social value while operating with the financial discipline, innovation and determination of a private sector business.

Source: Alter, 2007

In common with the DTI's definition in the UK, there is no reference to ownership or democratic control as defining characteristics. As a result, there is scope for the inclusion of US-style entrepreneurial solutions as well as EU and ICA (2005) preferences for collective solutions. However, as Rothschild (2009) comments, in the US workers' cooperatives are a 'forgotten' route to social enterprise. One aspect of this definition, absent from all others, is the *direct* focus on solving or mitigating a social problem or a market failure (although this is often taken to be implicit). Alter's definition reflects the focus of 'non-profits' in the USA that run hospitals, schools, colleges, universities and social services more than their UK and EU counterparts. Secondly, in developing economies (where the state is weak) this definition serves to cover those organisations that act as a proxy for the state by providing services that would attract public funding in EU states (Somers, 2007). Nevertheless, Alter's definition remains less sympathetic to employee-owned businesses and cooperatives whose social purpose may be limited to the transformation of trading and workplace relationships, rather than immediately pressing problems of social exclusion,

or failure by the market and the state. Lastly, Alter's definition is the only one that explicitly mentions *innovation*. As Perrini argues:

> *Social enterprise entails innovations designed to explicitly improve societal well-being, housed within entrepreneurial organizations, which initiate, guide or combine change in society. (2006: 24)*

The focus on innovation is strongest in the US literature where the value propositions of social entrepreneurs are taken as the driver of social change (Alter, 2007; Martin and Osberg, 2007).

This kind of definitional debate is by no means over. These examples illustrate the democratic and cooperative heritage of European definitions and the entrepreneurial, business-like emphasis of Anglo-American approaches.

CLASS EXERCISE   Defining social enterprise

Materials to support this exercise can be found at www.sagepub.co.uk/ridleyduff.

Divide the class into groups of four and give one social enterprise definition to each person in each group. Members should not show their definitions to other group members.

Scenario

You are attending a directors' development meeting on the topic of social enterprise. Next week, you will brief senior company managers on social enterprise as a way to develop and deliver services. A consultant has researched four definitions but has not been invited to the meeting. Following the consultant's advice, each director has been given one definition to present at this meeting.

In groups (no more than four people per group):

1 Take 5–10 minutes to read the definition and prepare for a 30 minute meeting.
2 Each group member has up to 5 minutes to read their definition and outline the critique.
3 After hearing all four definitions, the group agrees a definition for the briefing of their senior managers (10 minutes).

As a class:

4 Ask each group to read out its final definition.
5 Critically debate issues that may arise if you propose this form of social enterprise to:

   (a) a panel of venture philanthropists (investing in charities and non-profit organisations)
   (b) a panel of business angels (e.g. similar to 'Dragon's Den') wishing to make ethical investments.

Suggestion: you might adapt this exercise by using definitions from local social enterprise support agencies, or national or international bodies that support local development in your area.

Each of the four definitions draws out a different aspect of 'social' and 'enterprise'. As Bull (2006) found, social enterprises position themselves at all points along a continuum (see Figure 3.1). They adopt a variety of arguments to justify their emphasis, and they show varying levels of conviction to particular positions (the larger crosses and the smiley faces indicate greater conviction regarding their position on the spectrum).

Social
Organisation with
a social purpose

Enterprises
Business with a
social mission
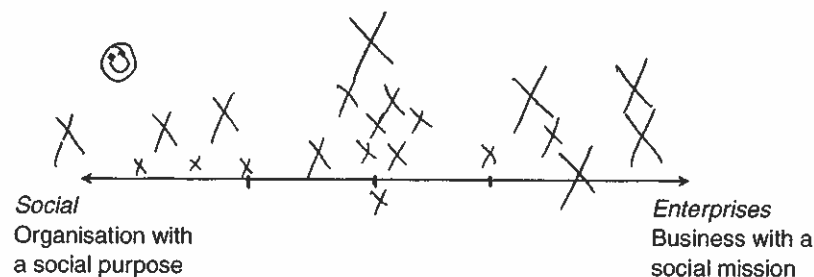
Figure 3.1   Participants positioning themselves on a continuum

'Social purpose' can be *external* (in terms of the products and services offered) or *internal* (transforming social relationships to distribute power and wealth more equitably). 'Economic purpose' is similarly complex, spanning debates about competitiveness in markets, social inclusion, individual empowerment and modernisation of the state (Westall, 2001). In the next section, we explore how theorists have identified points along this continuum.

Social Enterprise as a Spectrum of Options

Social enterprises are often described as *double bottom line* organisations that practise both altruism and commercial discipline. Nyssens (2006) describes this as a process of *hybridisation* that challenges traditional models of organising and produces a cross-fertilisation of ideas. A model by Dees (1998: 60) has been influential in promoting understanding of social enterprise in the 'non-profit' sectors of the USA and the UK where organisations were experiencing falls in charitable giving and government grants. Useful as this theory is for stimulating new conversations in charity, voluntary and community organisations, it does not capture the essence of cooperative and fair trade networks. For example, organisations like Divine Chocolate, Traidcraft, the Mondragón Cooperative Corporation (Spain) and Cooperative Group (UK) have operated in commercial markets from the outset, and also talk of a *triple* bottom line (inclusive of the environment).

Kim Alter (2007) builds on Dees' model to propose a *sustainability spectrum* that describes six gradations between 'traditional non-profit' and 'traditional for-profit' enterprises. She places social enterprise on the 'social sustainability' side, more aligned with traditional 'non-profit' than 'for-profit' enterprises. Given the cooperative and fair trade examples earlier in this chapter (and also Chapters 1 and 2), it is more useful to adapt Alter's model (see Figure 3.2).

Non-profit forms of social enterprise as well as common ownership cooperatives typically take the form of a CLG (company limited by guarantee) that does

Sustainability equilibrium

Social sustainability   Economic sustainability

Potential for social enterprise

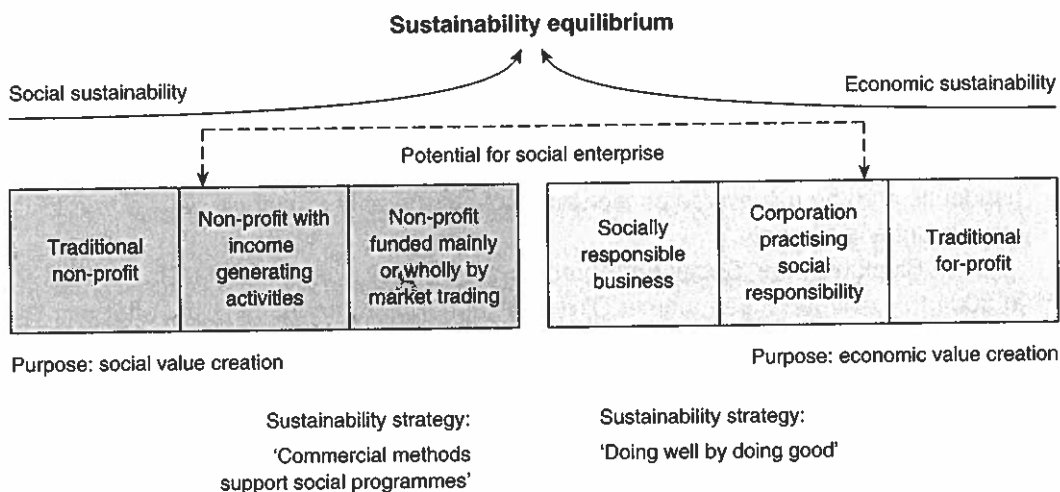| Traditional non-profit | Non-profit with income generating activities | Non-profit funded mainly or wholly by market trading | | Socially responsible business | Corporation practising social responsibility | Traditional for-profit |

Purpose: social value creation   Purpose: economic value creation

Sustainability strategy: Sustainability strategy:
'Commercial methods support social programmes'   'Doing well by doing good'

Figure 3.2   The social enterprise sustainability equilibrium
Adapted from Alter, 2007, who acknowledges Etchart and Davis, 1999.

not issue share capital. The assumption is that this will help to retain surpluses for reinvestment and be attractive to philanthropic capital (see Case 3.4). 'More-than-profit' forms of social enterprise (Ridley-Duff, 2008a) tend to be constituted as a CLS (company limited by shares) or an IPS (industrial and provident society). This is the preference of cooperatives and employee-owned enterprises that issue share capital to members of staff and consumers (see Case 3.5). In fair trade companies, such as Divine Chocolate, the form is adapted to distribute surpluses and control rights to stakeholders in the **supply chain** (see Doherty et al., 2009a).

In practice, it is counter-productive to debate whether 'non-profit organisations with trading activities' or 'socially responsible businesses' have greater claim to be social enterprises (see Cases 3.4 and 3.5). Both make significant contributions in different ways. Nevertheless, the granularity of Alter's model makes explicit some of the tension points between advocates of different models. For example, UK policy papers and academic studies sometimes use a minimum of 50 per cent income from *trading* as a benchmark for distinguishing between charities that use trading to supplement income and social enterprises that use trade to pursue their social purpose (Smallbone and Lyon, 2005; RISE, 2008).

Case 3.4   Charity or social enterprise?

Furniture Resource Centre Group is made up of three organisations. The Furniture Resource Centre (FRC) was founded in 1988 as a CLG to enable people on low income to buy furniture. They 'design, manufacture, recycle, refurbish, sell and deliver furniture to people in need and so create work for the jobless and offer long term unemployed people salaried training' (FRC, 2000). In six years, the FRC switched from being a small local charity (£300,000 turnover with 15 staff) to a company generating

£5 million with over 120 employees. Ninety per cent of income is generated through sales of products and services. Grants are only used for particular pieces of work such as building refurbishment. Liam Black, then CEO, stated that 'our financial independence from statutory and charitable trust funding has liberated us. We are masters of our own destiny and we choose where we go and how we do it. Free of funders' handcuffs and the risk averse conservatism of regeneration quangos, we are free to experiment and innovate.'

Liam Black won the 'Social Entrepreneur of the Year' award in 2003. He left FRC in 2004 to manage Fifteen, Jamie Oliver's chain of restaurants. In 2008, after successfully establishing franchises in Holland and Australia, he left to pursue new projects.

This case illustrates the drive within certain types of charitable organisations to make the transition into fully fledged social enterprises.

Source: based on Westall, 2001, and subsequent press reports

Smallbone and Lyon (2005) have criticised restrictive definitions. They argue that early stage social enterprises, or charities increasing their trading activities, often have less than 50 per cent traded income. Should this be used to exclude them from being defined as social enterprises in sector surveys? Should they be refused sector-specific support? However, such an argument ignores that *trading* activity alone does not define a social enterprise (as many community and voluntary organisations are trading organisations, yet fail to exhibit other social enterprise characteristics). Liam Black (see Case 3.4) underlines the *mindset* that trading is a *means* of achieving autonomy, so that an organisation can choose its own destiny, become more entrepreneurial, and increase its social innovation and impact. This constitutes a counter-argument to Smallbone and Lyon (2005) on the basis that social enterprises use trading relationships to transform (social) power and change the pattern of (economic) wealth distribution. If an organisation trades in such a way that it reproduces dependency, or reinforces existing (market) power relations, it has a tenuous claim to being a social enterprise.

Case 3.5   Socially responsible business or social enterprise?

Sunderland Care Home Associates (SCHA) was formed as a successor to the Little Women cooperative in 1994 and was initially constituted as a CLG (common ownership rules) with a £1 share for each of its 20 members. In 1998, 'for both tax and philosophical reasons', the organisation voted to change to an employee-owned model based on a CLS. Initially, just over 50 per cent of shares were held in trust, with the remainder held by the original cooperative. After six share allocations, reflecting business performance and the availability of shares through an internal market, the

employee trust held 56.7 per cent of the shares, 16.8 per cent were in employees' own names, and 26.5 per cent remained in the founding cooperative. By 2007, the organisation had a turnover in excess of £2 million and employed 223 staff, of which 85 per cent were women.

Margaret Elliot, the founder, felt that this arrangement would give employees a real, growing stake rather than just a £1 share and that this would 'increase their commitment and help to raise staff retention and the quality of the service we provide'. Staff turnover has been reduced to 3.5 per cent, a full 10 per cent below the industry average. The board consists of five elected employees, the founder and a tax/legal expert. General meetings are held bimonthly, and working parties are created to consider specific issues.

SCHA was rated 'Top Social Enterprise' at the 2006 Enterprising Solutions Awards and has now established Care and Share Associates (CASA) to oversee the replication of its business model to other regions. Margaret Elliot was awarded an OBE in the 2008 UK New Year Honours List.

Sources: Companies House; Fame company database; case study published by the Employee Ownership Association (www.employeeownership.co.uk); press reports

Both Alter (2007) and Dees (1998) locate social enterprise as a hybrid between cooperatives and the voluntary/community sector (compare Defourny, 2001). As such, little attention is given to public sector involvement. This omission can be explained in part by Kerlin's (2006) analysis of the United States and Europe. She notes that the term 'social enterprise' means different things stemming from the national context and the influences driving development. She points out that *social economy* has been slow to gain recognition in the US, nor is there a strong public sector tradition in welfare provision and market intervention. The effect is to understate the influence of local and central government in economic regeneration, a point picked up by Somers (2007) in her theory of public sector social entrepreneurship. She argues that people in the public sector use social entrepreneurship to act as a *modernising agent* (see also Chapter 2). They are creating an environment in which welfare services can be delivered through quasi-markets in social and health care (see Figure 3.3 and Case 3.6). This is a shift away from the *command and control model* of public service delivery towards a *network model* involving a range of public and third sector organisations, including infrastructure bodies stimulating regional development. Ironically, she argues that this constitutes an expansion, not a contraction, of the state, and constitutes a route to 'third way' socialism.

Curtis (2008) has characterised this as *state-sponsored social enterprise* likely to undermine the entrepreneurial spirit and know-how needed to ensure the sustainability of the social economy. Nevertheless, both Somers and Curtis recognise that social enterprise cannot be fully theorised without including state and public sector activity. Under the influence of new public management (see Chapter 2), public servants in developed economies are proactive in creating alternatives to traditional state-run public services.
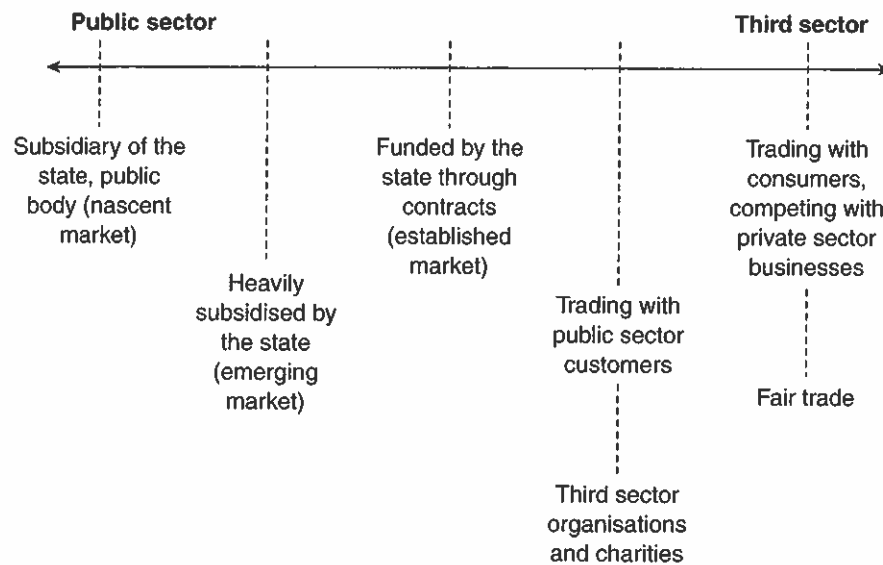
Public sector   **Third sector**

| Subsidiary of the state, public body (nascent market) | | Funded by the state through contracts (established market) | | Trading with consumers, competing with private sector businesses |

Heavily subsidised by the state (emerging market)

Trading with public sector customers

Fair trade

Third sector organisations and charities

Figure 3.3   The public sector and social entrepreneurial activity

With permission from the author Alter, K. (2007) *Social Enterprise Typology*, www.virtueventures. com/typology (version 1.5, published 27th November 2007).

Case 3.6   Entreprenurses CIC

Established by David Dawes, a former CEO and commissioner in the NHS, and public servant at the Department of Health, Entreprenurses uses the new community interest company (CIC) legislation in the United Kingdom as a vehicle for the 'right to request' a social enterprise.

Entreprenurses is a Community Interest Company which is a type of social enterprise. What that means is we want to change the world and we want to do it in a business-like and entrepreneurial way. Specifically we:

- *Support the growth and development of entrepreneurs (particularly social entrepreneurs and nurse entrepreneurs)*
- *Develop the art and science of nurse entrepreneurship*
- *Encourage the development of social enterprises in health and social care*
- *Improve the delivery of healthcare*

What we want to do is help make the world a better place by improving some of it ourselves but mainly by helping other people improve their bit of the world themselves.

Source: based on http://www.entreprenurses.com/about/about_us.php, accessed 16 October 2008

Finally, what about activity taking place at the boundary of the public and private sectors? As Defourny (2001: 23) acknowledges, 'the [non-profit] literature is not able to embrace the whole reality of the social enterprise'. The realisation that some social enterprises are not ideologically hostile to declaring profits or sharing surpluses has prompted high-profile figures to challenge the sector to adopt a 'more-than-profit' orientation. This is reflected in one of the early definitions used by the Social Enterprise Coalition (SEC):

> A social enterprise is not defined by its legal status but by its nature: its social aims and outcomes; the basis on which its social mission is embedded in its structure and governance; and the way it uses the profits it generates through trading activities. (NEF/ SAS, 2004: 8)

Two parts of this definition open up the concept of social enterprise considerably. Firstly, a social mission can be 'embedded' in structure and governance. This recognises the role that organisation structures and culture play in distributing power and wealth and influencing engagement in decision-making (see Grey, 2005). Secondly, there is the issue of how profits are used. The SEC definition recognises that the way profits are distributed, and the practice of making *social* investments (see Chapter 11), differentiates social from private enterprise.

Based on this definition, cooperative enterprises – both majority employee-owned and consumer or multi-stakeholder enterprises that transform patterns of ownership, power and wealth – gain legitimacy as social enterprises. Their products and services may be indistinguishable from those produced by others, and may be sold at market rates. This is, however, to miss the point. Trading is the *means* by which a different social mission is achieved (see Gates, 1998; Allan, 2005; Brown, 2006). As Gates argues, a combination of investor, worker and consumer ownership can alter management practices:

> 'Inside' ownership improves performance both directly (by encouraging insider challenges to poorly conceived management decisions) and indirectly – by influencing managers who know that the firm's owners are now working amongst them. Similarly, by including a component of consumer ownership, the utility's managers (and their families) would live among shareholders who are also neighbors, schoolmates and teammates. Such a community-focused ownership stake could change the quality of business relationships. (1998: 13)

Large mainstream businesses, and not just those currently identified as part of the social enterprise sector, can lay some claim to effective stakeholder involvement, commitment to diversity, and practices that address social exclusion (see Case 3.7). How then should we theorise their contribution to social enterprise? Does this further compromise the concept of 'social enterprise'? Our view is that it does not. Rather, it invites a fuller consideration of a third axis that spans the public and private sector. As we discussed in Case 3.5 (Sunderland Care Home Associates), social enterprises can switch away from (rather than embrace) common ownership to pursue a social purpose and increase their social impact. For this reason, a third axis is needed that

theorises how public and private sector support creates further opportunities for social enterprise (see Figure 3.4).

Case 3.7 Corporate social responsibility or social enterprise? Merck and the Mectizan drug project

Merck elected to develop and give away Mectizan, a drug to cure 'river blindness', a disease that infected over a million people in the Third World with parasitic worms that swarmed through body tissue and eventually into the eyes, causing painful blindness. A million customers is a good-sized market, except that these were customers who could not afford the product. Knowing that the project would not produce a large return on investment – if it produced one at all – the company nonetheless went forward with the hope that some government agencies or other third parties would purchase and distribute the product once available. No such luck, so Merck elected to establish a trust to give the drug away free to all who needed it ... at its own expense. When asked why the company had pursued the project despite the possibility of making a financial loss, senior executives said that they saw it as important to maintain the morale of their scientists.

Source: adapted from Collins and Porras, 2000

Public–private equilibrium

Political sustainability   Economic sustainability

Potential for social enterprise

State institution	Direct labour organisations (DLOs)	Intermediate labour markets and work integration (ILMs/WISE)	Employee ownership and cooperatives	CSR projects and public–private partnerships	Traditional for-profit

Voice   < Employee participation strategies >   Ownership

Purpose: public legitimacy   Purpose: market legitimacy

Sustainability strategy: Sustainability strategy
'Political legitimacy that   'Market legitimacy that
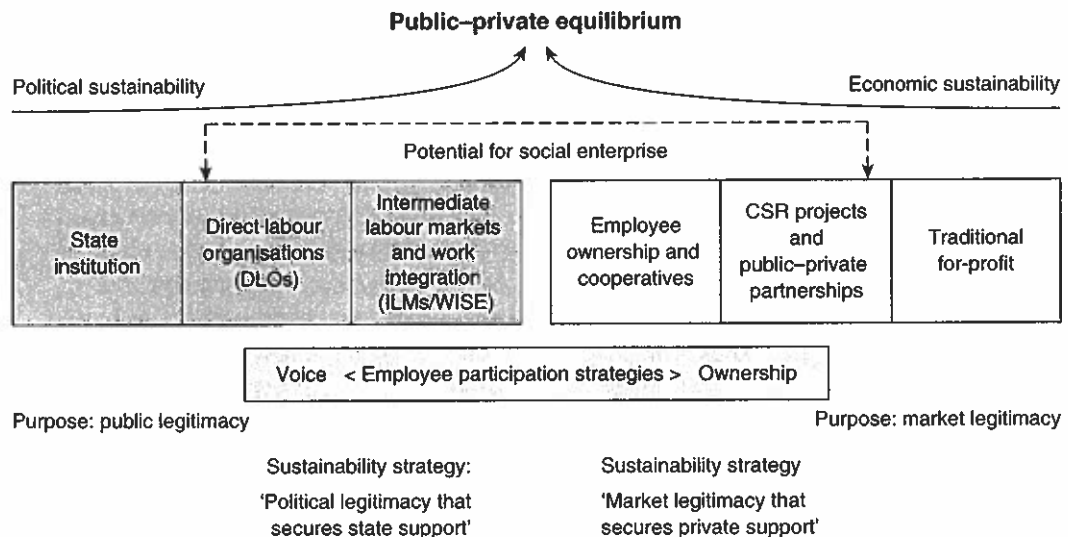secures state support'   secures private support'

Figure 3.4   Public legitimacy and private support

A three-dimensional, rather than two-dimensional, theory of social enterprise leads us now into a consideration of social enterprise as a cross-sector phenomenon.
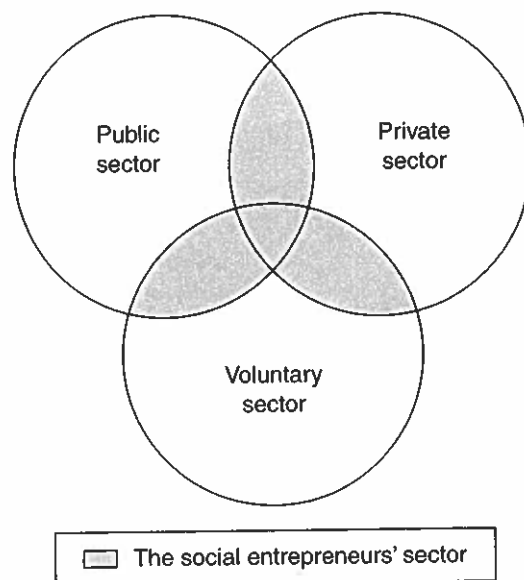
The social entrepreneurs' sector

Figure 3.5   Cross-sector social entrepreneurship that creates social capital

Reproduced with permission of Demos (www.demos.co.uk). Leadbeater, C. (1997) *The Rise of the Social Entrepreneur*, London: Demos.

Cross-Sector Models of Social Enterprise and Social Capital

In 1997, Leadbeater used a cross-sectoral model to theorise how social entrepreneurs acquire their skills and outlook (see Figure 3.5). Initially, when social enterprise theory was focused on a continuum between the voluntary and the private sector, Leadbeater's view of social entrepreneurship stood in contradiction to social enterprise theory. By acknowledging the potential for social enterprise in the public and private sectors, cross-sector models offer a way to reconcile social entrepreneurship and social enterprise theory. In cross-sector models, social enterprise is seen as a way of bridging sectors by integrating the skills and abilities of statutory providers, private businesses and voluntary organisations. In short, social enterprise creates bridging *social capital* between economic sectors (see Chapter 4).

As Birch and Whittam argue, social entrepreneurship is a process that catalyses cooperation between parties who would normally avoid each other:

> Thus, in relation to social capital, the activity of social enterprise has two major functions in regional development. First is the binding of different groups together in a network, both within specific places such as local communities and, more broadly, at the regional and national scale. Second is the linking of diverse and often disparate normative frameworks (e.g. mutualism and profit-seeking) and structures (e.g. social firms and private companies), which produces new insights and resources through inter-group learning. (2008: 443)

Billis (1993) argued that the three worlds each have their own culture and rules for workplace organisation: they accommodate and establish different governance systems, employment practices and value systems. Seanor and Meaton (2008) argue
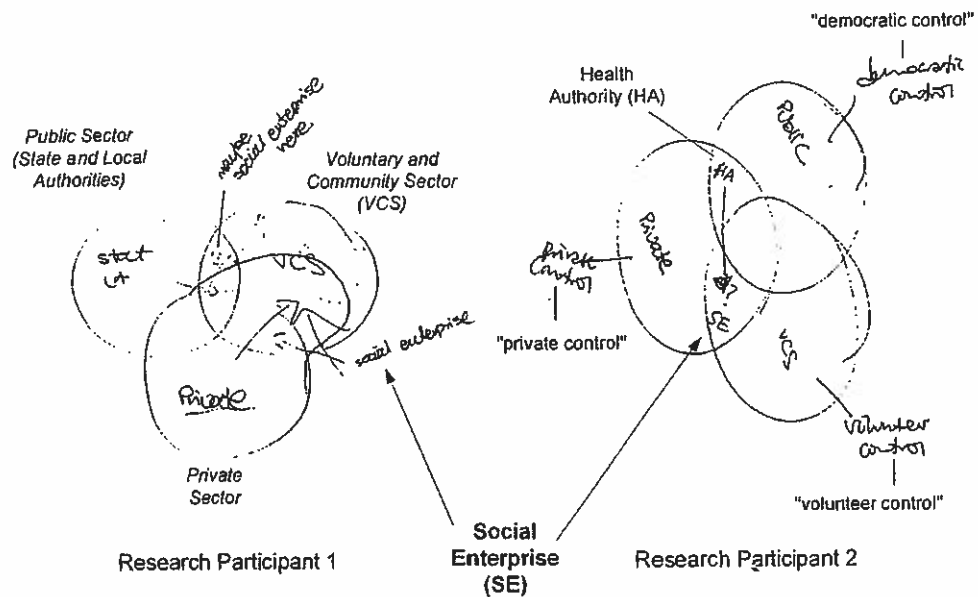
Figure 3.6   Locating social enterprise on a cross-sector model

that social enterprises can benefit from this ambiguity by managing their uncertain identity and tapping into several streams of support and funding. Moreover, they can develop hybrid organisations that serve multiple interests. Seanor, in presenting research findings to a seminar (Seanor and Meaton, 2006), suggested that social enterprises are located at the crossover points between the three worlds. At the suggestion of one of her participants, Seanor independently took Billis' model into a period of fieldwork and allowed participants to locate their organisation on the diagram.

Two examples are shown in Figure 3.6. On the left side, the research participant locates social enterprise between the state and the 'voluntary and community sector' (VCS) as well as between the private and voluntary sectors. Interestingly, they also regarded social enterprise as having a negative and invasive effect (as a form of private enterprise moving into the voluntary sector): hence the expanded boundary area between the two. On the right side of the figure, the participant sees a link between activity in health authorities (HA) between the public and private sectors and a shift in the delivery of health services to social enterprises located between the private and voluntary sectors. In other cases – not shown here, but reported in Seanor et al. (2007) – participants drew arrows *across* the boundaries of the sectors to illustrate the advance of public and private sectors into the voluntary sector, or from the voluntary sector into the private sector.

Cross-sector theories take a different position from Defourny (2001) and Pearce (2003). Instead of social enterprises occupying a space in the social economy between non-profit and for-profit businesses, they are regarded as a type developing in all sectors and which may take many forms: charity trading, social firms, social responsibility projects, public–private partnerships, cooperatives, mutual societies and employee-owned businesses. Figure 3.7 combines the three social enterprise spectra of Figures 3.2, 3.3 and 3.4 to clarify a triangle of activity within which social enterprises may operate.

The advantage of placing social enterprise within a 'lumpy' landscape (Aitken, 2006) is that cross-sector models promote an understanding of the ambiguity, origins and ethos of social enterprise activity (Spear et al., 2007). They provide a
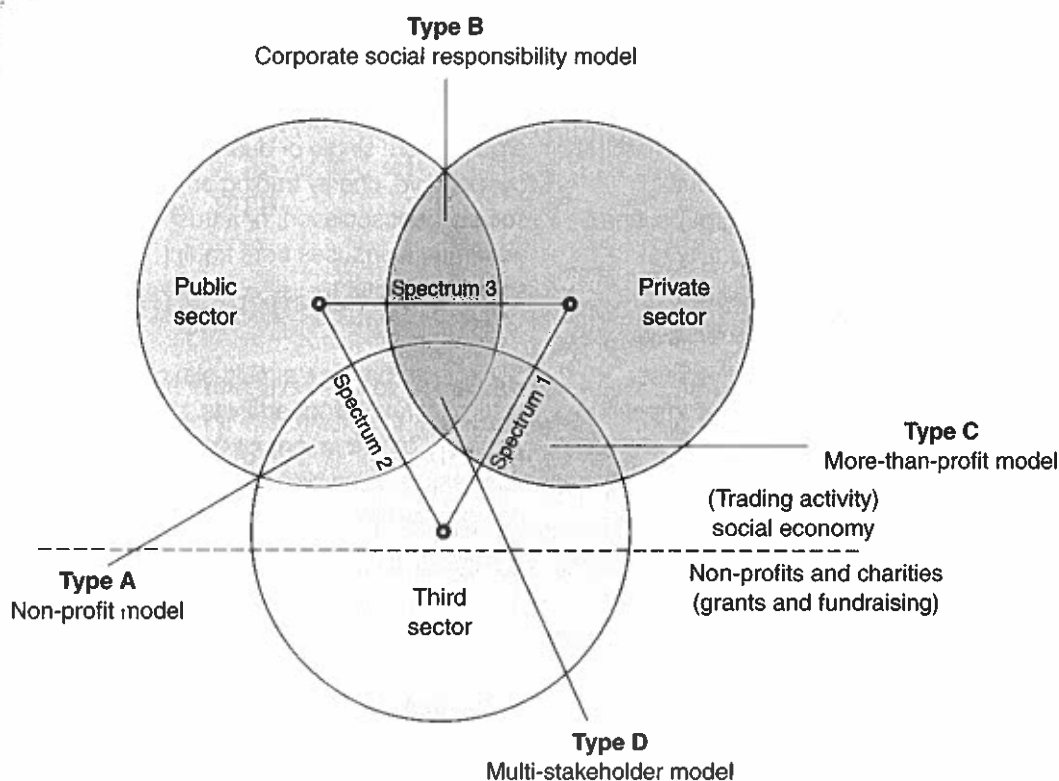
Type B
Corporate social responsibility model

Figure 3.7 A composite theory: the triangle of social enterprise

mechanism for understanding diversity based on alliances and hybrid organisations that vary in the extent they embrace the values of other sectors. This theoretical perspective was used by Ridley-Duff (2008a) to account for the different approaches to social enterprise and the variety of legal forms and governance practices that are adopted (Table 3.2).

Table 3.2 A social enterprise typology

Type A: Non-profit model

In the boundary areas of the public and third sectors. Shares a 'public interest' outlook and hostility to private sector ownership and equity finance	Social enterprise as a 'non-profit' organisation: obtains grants and/or contracts from public sector bodies and other third sector organisations; structured to prevent profit and asset transfers except to other non-profit organisations

Type B: Corporate social responsibility model

In the boundary areas of the public and private sectors. Suspicious of the third sector as a viable partner in public service delivery and economic development	Social enterprise as a corporate social responsibility project: environmental, ethical or fair trade business; 'for-profit' employee-owned business; public/private joint venture or partnership with social aims

(Continued)

Table 3.2 *(Continued)*

Type C: More-than-profit model

In the boundary areas of the private and third sectors. Antipathy to the state (central government) as a vehicle for meeting the needs of disadvantaged groups, and realistic about the state's capacity to oppress minorities

Social enterprise as a 'more-than-profit' organisation: single or dual stakeholder cooperative, charity trading arm, membership society or association, or a trust that generates surpluses from trading to increase social investment

Type D: Multi-stakeholder model (ideal type)

At the overlap of all sectors. It replaces public, private and third sector competition with a democratic multi-stakeholder model. All interests in a supply chain are acknowledged to break down barriers to social change

Social enterprise as a multi-stakeholder enterprise: new cooperatives, charities, voluntary organisations or co-owned businesses using direct and representative democracy to achieve equitable distribution of social and economic benefits

Source: adapted from Ridley-Duff, 2008a

Nyssens captures the essence of this outlook when she comments:

> we argue that social enterprises mix the economic principles of market, redistribution and reciprocity, and hybridize their three types of economic exchange so that they work together rather than in isolation from each other. (2006: 318)

Even though cross-sector models address the theoretical weaknesses of two-dimensional spectra, they do not, on their own, provide the same level of detail or insight into practice. Both spectra and cross-sector models are needed to capture the micro and macro aspects of social enterprise theory.

SEMINAR EXERCISE   Analysing the nature of social enterprise

Materials to support this exercise can be found at www.sagepub.co.uk/ridleyduff.

On your own, choose five organisations that you believe 'break the mould' in terms of contributing to environmental, social or economic sustainability. Using a cross-sectoral model of the economy, write the names of the organisations you have listed onto the appropriate part of the diagram. Add notes to explain your choices.

Pair up with another person. Compare your diagrams. If any organisations are unknown to the other person, explain why you selected them and how they 'break the mould'. Debate with each other your reasons for selecting these organisations, and discuss whether they are, or are not, social enterprises.

Find another partner, compare diagrams, and have another discussion.

In the next section, we consider the view that social enterprise is an activity, rather than an organisational form or embryonic socio-economic system. As such, it is to be found in different sectors, but will not be a sector of its own. This perspective links to the idea that social enterprise is a process rather than an outcome, a way of organising the supply of goods and services rather than an account or a description of new organisational forms.

Social Enterprise as an Activity

So far, social enterprise has been represented as a business movement rooted in the concept of *social rationality*. This emphasises economic activity as a means of sustaining and developing relationships, rather than for the sake of completing tasks and missions (Ridley-Duff, 2008a). This view, however, is now being questioned by those who want to use the relationship building capabilities of the social enterprise instrumentally, and frame it as an activity rather than an organisational form. Their argument is closer to US conceptions of social entrepreneurship, in which 'business practices' improve the efficiency and effectiveness of mission-driven 'projects'.

> This conceptualization makes social enterprise distinct from the common definition used by the Department of Trade and Industry (DTI), which covers an array of different organizations with distinct and sometimes disparate objectives (e.g. charity and workers cooperative) … Therefore, it is more useful to argue that social enterprise concerns the pursuit of particular activities rather than representing certain social forms (e.g. cooperatives, democratically run organizations) with the aim of producing collective benefits (Laville and Nyssens, 2001). Birch and Whittam (2008: 439–44)

More 'useful' to whom? The switch to 'activities' is useful for the purposes of public administration: social enterprises can be started to meet public sector goals (and shut down if they do not). There is evidence of a similar view in the charity sector. As Morgan argues:

> Social enterprise is *not*, in my view, a type of organisation, it is a type of *activity*, where a trading venture is undertaken primarily with a social aim: such as running a community bus, or providing employment for people with special needs. Social enterprise activities can be undertaken in *any* of the three sectors. (2008: 2)

A possible reason for framing social enterprise *as an activity* is that it suits those who want to use social enterprises for 'project management'. This *instrumental* view (that social enterprise trading entities can be set up to achieve public, charitable and CSR objectives) requires an *anti*-democratic argument regarding ownership and control. If social enterprises are constituted as democratic enterprises, their 'parent' organisations will not be able to dissolve them if they achieve social and economic viability and (democratically) change their social or economic priorities. To be controllable, social enterprises must *not* be democratically constituted or able to make decisions autonomously. This brings back into focus how the 'social' is theorised in definitions of social enterprise. Regarding social enterprise as an activity is based on

a different perspective on what it is to be 'social', and a different political argument to the creation of a sustainable cooperative economy (Woodin, 2007; Ridley-Duff, 2008a), vibrant civil society (Edwards, 2004) or financially independent voluntary sector (Coule, 2008).

There are, however, some practical advantages to viewing social enterprise as an activity. It would, for example, be liberating to fund social enterprise 'activities' without having to insist that the recipient incorporates as an organisation, or adopts a specific legal form.[1] Moreover, there may be political advantage to the public and private sectors in reframing their own social entrepreneurial activities as worthy of receiving funding earmarked for social enterprises.

A danger, however, lurks in uncritically accepting the reframing of social enterprise as a way of 'healing' an *existing* system, and not promoting an alternative economic system. From a critical perspective (Alvesson and Deetz, 2000), the 'activity' debate sounds like a rhetorical ploy aimed at obfuscating and neutralising the threat of social enterprise by characterising it as a helpful, even benign addition, rather than a pattern-breaking process that acts as a catalyst for social change (dare we suggest *radical* social change!).

The fatal flaw in the 'activity' argument comes from the frequency with which 'activities' evolve into institutional forms. Whenever they do, questions arise regarding governance, liability, power, ownership, control and managerial authority that have to be resolved both on paper and in practice (see Table 3.3). Social enterprise, therefore, may be an activity and a process, but it also has to decide upon form (Spear, 2006; Bull, 2008). As Spear argues, this issue is resolved by accepting that social enterprises (forms) are the product of social entrepreneurship (process) and that social entrepreneurship is more than a product of trading (or raising funds to support charitable giving in support of public sector priorities).

Table 3.3 Laws passed in Europe to support social enterprise development

1991	Italy	Social Co-operatives Law
1993	Spain	Social Initiative Co-operatives (regional laws start to be introduced in 12 regions)
1995	Belgium	Social Finality Enterprise Law
1996	Portugal	Social Solidarity Co-operative Code
1998	Portugal	Social Solidarity Co-operative (legislative decree)
1999	Spain	Social Initiative Co-operative (national law)
2001	France	Collective Interest Cooperative Society (SCIC)
2004	Finland	Social Enterprise Law
2004	United Kingdom	Community Interest Company (CIC)
2005	Italy	Social Enterprise Law
2006	Italy	Social Enterprise Law Decree
2006	Poland	Social Cooperative Law

Source: CECOP, 2006

Conclusions

Dees (1998) suggests that because of the complex structure of social enterprises, and variance in their definition, any generalisations are problematic. There is no single,

agreed set of words that clearly defines social enterprise. Such debate is inevitable, not only because many parties are competing to influence the definitions that are used on the ground, but also because it takes time for a social movement to learn which forms and activities work sufficiently well in practice to warrant institutional support.

Private enterprise is expressed through many forms of activity – self-employment, partnerships, limited liability partnerships, unincorporated companies, limited liability companies, public limited companies – some of which may in turn be owned by other companies, trusts, charities, cooperatives or governments. Although the limited liability company has become the most popular form of private enterprise, it took 150 years for joint-stock companies (originally established for groups of 20 or more people) to replace partnerships, chartered corporations and trusts as the dominant institution of the private sector (Davies, 2002). It may take another 150 years before generations of social entrepreneurs express their preferences consistently and the definitional debate will undoubtedly continue to evolve.

While some perceive the lack of a single (simple) definition as problematic for the development of the sector (see Pearce, 2003), we view the 'blurred' nature of the concept as accurately reflecting the political battles over control of a new business concept (Light, 2006). The question, therefore, is how 'wide' or 'narrow' the definition should be for the purposes of promotion and support. Paton (2003), for example, claims that 'social enterprise' is a more meaningful and accessible term than 'third sector' and 'voluntary sector' that provides a way to talk about any enterprise where people 'are not in it for the money'. Pearce, however, does not like the 'vagueness' of existing definitions, and calls for 'a clear and unambiguous understanding of what social enterprises are' (2003: 31). He gives two reasons: firstly, there is a need to differentiate social enterprise from other systems by establishing their unique selling point (USP); secondly, there is a need to establish what is *not* a social enterprise.

We find the cross-sector analysis and conception of social enterprise the most useful for future debates. We believe there is a nascent ideology – distinct and different – at the centre of the three-sector model that bodes the arrival of a broad social movement (see Social Enterprise Alliance, http://www.se-alliance.org/). *Here the 'defining characteristic' is a combination of characteristics: value-driven entrepreneurship combined with social democratic awareness that actively manages tensions between private, environmental and social interests at both enterprise and institutional levels.* This locates social enterprise in the social economy rather than in the 'third' sector (which presumably lags behind the 'first' and 'second' sectors even through predating them both historically).

Over the longer term, social enterprise will be determined not by theorists but by social practices and institutions that are associated with, and labelled as, social enterprises. The role of the theorist is to provide frameworks that are adequate for the purposes of making practices and organisational forms intelligible and accessible for discussion. While this chapter provides a number of lenses through which to understand social enterprise, the choices that matter will be made by those who self-consciously pursue sustainable ways of creating social, environmental and economic value.

SUMMARY OF LEARNING

- Different meanings are attached to social enterprise in the American non-profit sector, UK third sector, European social economy and international cooperative movement.
- Social enterprises transcend traditional sector boundaries and have the potential to form a *social economy*
  with distinct characteristics and language.
- Models and diagrams can help to describe and explain the boundaries of the social economy, and its link to other economic sectors.
- Social enterprise is a useful umbrella terms for any (democratic) organisational form or activity where 'people are not in it for the money' but still generate a financial surplus.
- Social enterprise can be seen as a 'fix' for the ills and addictions of a capitalist system, or as a social democratic movement intent on transforming economic and social relationships.

QUESTIONS AND POSSIBLE ESSAY ASSIGNMENTS

1. 'Social enterprise concerns the pursuit of particular activities rather than ... the democratic transformation of trading organisations'. Critically discuss the limitation of this perspective.
2. Compare and contrast Pearce's three-system model, and the position of social enterprises within it, with other theoretical perspectives on social enterprise. To what extent is social enterprise a cross-sector phenomenon?
3. Critically assess the DTI definition of social enterprise in relation to US and European perspectives on social entrepreneurship.

FURTHER READING

There are some good texts at introductory, intermediate and advanced level. Pearce's *Social Enterprise in Anytown* (2003) has established a good reputation as an entry-level text, and this has recently been joined by Price's *Social Enterprise: What It Is and Why It Matters* (2008). A broad and swift journey through the literature up to 2007 can be found in Peattie and Morley's (2008) monograph for the ESRC. Kim

Alter's *Social Enterprise Typology* (2007) remains a good source for the definitional debates in the US, while the contexts affecting European debate are well covered in Chapter 1 of *The Emergence of Social Enterprise* (Borzaga and Defourny, 2001), with updated coverage in the introduction to Nyssens' *Social Enterprise at the Crossroads of Market, Public and Civil Society* (2006). International perspectives and the potential of employee ownership can be gauged by reading *Reluctant*

Entrepreneurs (Paton, 1989) and *The Ownership Solution* (Gates, 1998).

Scholarly debate can be found in articles submitted to the *Social Enterprise Journal*, particularly Nicholls' (2006b) introduction to the second volume, plus Reid and Griffith's (2006) discussion of 'Social enterprise mythology'. There are articles from a critical perspective in a special edition of the *International Journal of Entrepreneurial Behaviour and Research* (edited by Bull, 2008). Further clarifications on the merits of 'narrow' and 'broad' views of social enterprise can be found by comparing Pearce (2003) and Haugh (2005) with the opening chapters of Paton (2003) and Light (2006). Lastly, no consideration of social enterprise could be complete without reviewing the achievements of the Mondragón cooperative. The most comprehensive and critical coverage of its history, structures, issues and potential is still *Making Mondragón* (Whyte and Whyte, 1991).

We also recommend three articles on the companion website. Lyon and Sepulveda's (2009) article on mapping the sector clarifies why there will be ongoing difficulties in the definitional debate. Seanor et al. (2007) provide some visual insights into the way practitioners construct their world views. Lastly, Domenico et al. (2009) provide a theoretical and empirical analysis of cross-sector collaboration.

Further reading material is available on the companion website at www.sagepub.co.uk/ridleyduff.

USEFUL RESOURCES

Harvard Business School, http://www.hbs.edu/socialenterprise/about/history.html

Social Enterprise Alliance, http://www.sealliance.org

The Social Enterprise Coalition, http://www.socialenterprise.org.uk/

Social Ventures Australia, http://www.socialventures.com.au/

Community Interest Company Regulator, http://www.cicregulator.gov.uk/

Social Enterprise Ambassadors, http://socialenterpriseambassadors.org.uk/

EMES European Research Network, http://www.emes.net

Cooperatives UK, http://www.cooperativesuk.coop/

Social Enterprise Mark, http://www.socialenterprisemark.co.uk/

Social Enterprise Magazine, http://www.socialenterprisemag.co.uk/

The Social Enterprise Institute, http://www.sml.hw.ac.uk/socialenterprise/

Office of the Third Sector, http://www.cabinetoffice.gov.uk/third_sector/social_enterprise.aspx

NOTES

1 UnLtd remains one of very few funders supporting social enterprise in the UK that insists on supporting individuals rather than incorporated organisations.

SUMMARY OF LEARNING

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