

What's in a Name? Making Sense of Social Enterprise Discourses

Simon Teasdale

University of Birmingham, UK

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Abstract

Much attention has been paid to the contested concept of “social enterprise”. A wide variety of organisational types have had the label attributed to them or have tried to claim the label for themselves. Existing academic literature provides a bewildering array of definitions and explanations for the emergence of social enterprise. This conceptual confusion is because social enterprise is a fluid and contested concept constructed by different actors promoting different discourses connected to different organisational forms and drawing upon different academic theories. This article makes sense of these different social enterprise forms, academic explanations and policy and practitioner discourses. Using the example of England, where social enterprise has been heavily promoted and supported as a site for policy intervention, an analysis of how the meanings of social enterprise have evolved and expanded over time is provided. This demonstrates that the language of social enterprise was initially developed as a way of promoting co-operative and mutual models of public and private enterprise. Its meaning expanded as other actors adopted the language to compete for policy attention and resources. Policy makers deliberately kept the definition loose to allow for the inclusion of almost any organisation claiming to be a social enterprise. This allowed them to amalgamate the positive characteristics of the different organisational forms, and so claim to be addressing a wide range of social problems using social enterprise as a policy tool.

Keywords

definition, discourse, public sector reform, service delivery, social construction, social enterprise, third sector

Corresponding author:

Simon Teasdale, Third Sector Research Centre, University of Birmingham, Park House, Edgbaston Park Road, B15 2RT

Email: s.teasdale@bham.ac.uk

Since the late 1990s the concept of social enterprise has achieved policy recognition in many countries. In the United States (U.S.) an Office of Social Innovation and Civic Participation has been set up within the White House. In England the government created a Social Enterprise Unit within the Department of Trade and Industry (DTI), which later became part of the Office of the Third Sector (OTS), and since May 2010, the Office for Civil Society. New legal forms for social enterprises have been created in Belgium, Italy, the U.S. and England.

England has the most developed institutional support structure for social enterprise in the world (Nicholls, 2010). Here policy enthusiasm for social enterprise can be dated to the election of a New Labour government in 1997 (Bland, 2010; Mawson, 2010). Initially, close links between early alliances of practitioners and senior politicians helped establish social enterprise on the policy landscape (Brown, 2003), primarily as a tool to combat area-based exclusion (Blackburn and Ram, 2006). Over the next decade the purported benefits of social enterprise expanded dramatically, and it was claimed to contribute to a wide range of government agendas (OTS, 2009). The policy enthusiasm for social enterprise has outlasted New Labour. The coalition government in office since May 2010 has promised to support social enterprises to deliver public services in the era of the Big Society, although they have deliberately avoided saying what they mean by social enterprise.¹

The policy attention paid to social enterprise has been closely mirrored in academia where it has primarily been understood as an empirical category. Much of this literature has focused on defining social enterprises, and adapting theories to explain their recent emergence. Deconstructing the term social enterprise exposes a contested concept bound together by a complex set of relationships. Different authors use the label to refer to a wide range of different organisational types and practices. Social enterprise is not a new organisational form, but rather, encompasses a large range of organisations (Simmons, 2008) evolving from earlier forms of nonprofit, co-operative and mainstream business (Defourny and Nyssens, 2010). This wide variety has rendered conceptualisation problematic (Simmons, 2008), and caused problems for those seeking to estimate the size and characteristics of the social enterprise population (Lyon et al., 2010).

While many of these organisational forms have been in existence for centuries, the language now used to describe them is new, and emerged around 1990 in the U.S. and mainland Europe (Defourny and Nyssens, 2010). In the first decade of the twenty-first century scholars turned their attention to this language as an analytical concept. In particular, social enterprise has been associated with a neo-liberal discourse promoting the power of business to achieve fundamental social change (Dey and Steyaert, 2010). With few exceptions, this notion of a single hegemonic social enterprise discourse overshadowing the competing narratives of practitioners is overlaid. The construction of social enterprise is ongoing, and fought by a range of actors promoting different languages and practices tied to different political beliefs. That is, social enterprise is politically contested by different actors around competing discourses.

Although some authors have explored how the concept of social enterprise is contested by academics (Kerlin, 2006; Defourny and Nyssens, 2010), it is not clear how this contestation is played out at the level of policy and practice. This paper addresses this deficit in the literature by tracing the recent emergence of social enterprise discourses in England. This is achieved drawing upon the academic literature to make sense of competing definitions and theories and relating them to organisational forms of social enterprise. These forms are distinguished by two primary dimensions: the relative adherence to social or economic goals; and the degree of democratic control and ownership. This enables the development of a heuristic tool to analyse the expansion of the social enterprise construct. The main section of the paper considers the academic, policy and practitioner literature to show how competing discourses connected to different organisational forms and practices have constructed social enterprise in England. This enhances understanding of a fluid concept which is continually re-negotiated by different actors competing for policy attention and resources. Over time different actors have sought to align their definition of social enterprise with changing policy emphases. While this might suggest that social enterprise has been socially constructed from below, the role of policymakers in expanding the construct by accommodating new organisational types and discourses is important. For reasons of political expediency, the New Labour Government in England actively promoted the support and development of different organisational types, over time and across different contexts. Thus they could claim to be addressing various social problems using social enterprise.

Social enterprise

The label social enterprise has been applied to a range of phenomena. It has been used to refer to earned income strategies by nonprofits (Dees, 1998); voluntary organisations delivering public services (Di Domenico et al., 2009); democratically controlled organisations blending social and economic goals (Defourny and Nyssens, 2006); profit-orientated businesses operating in public welfare fields (Kanter and Purrington, 1998), or having a social conscience (Harding, 2010); and community enterprises addressing social problems (Williams, 2007). The only defining characteristics central to each of these definitions are the primacy of social aims and the centrality of trading (Peattie and Morley, 2008).

To some extent this conceptual confusion might be explained by social enterprise having different meanings in different parts of the world (Kerlin, 2010). There is ongoing debate between academics in Western Europe and the U.S. over who used the language of social enterprise first. It would appear that scholars on both sides of the Atlantic began using the term in the late 1980s (Defourny and Nyssens, 2010). However, whereas in the U.S. “enterprise” was initially used as a verb (Dees, 1998), in mainland Europe the word “enterprise” referred to a noun – the organisational unit (Spear, 2001). In both definitions the word “social” was used as an adjective. In mainland Europe the concept derives from a more collective tradition,

whereby co-operatives are the dominant organisational form (Defourny and Nyssens, 2010). Hence “social” initially referred to a collective organisational form. In the U.S., social has tended to refer to external purpose rather than internal dynamics, that is, what an organisation does rather than how it does it. Thus in the U.S. social enterprise is used to refer to market-based approaches to tackling social problems (Kerlin, 2006). This has traditionally been described as initiated by the individualistic social entrepreneur, although more recently there has been some acceptance that social enterprises rely on team entrepreneurship (Light, 2008). Nonetheless, as a broad generalisation, the European and U.S. approaches can be distinguished by commentators’ relative attention to collectivisation and democratic ownership or to individualistic and hierarchical organisational structures.

A further distinction can be made between those U.S. scholars using the term to refer to revenue raising activities undertaken by nonprofit organisations (Dees, 1998), and those referring to for-profit organisations operating in and around the “social sector” – providing public or social goods (Kanter and Purrington, 1998). A distinction can also be drawn between European scholars referring to for-profit businesses (Harding, 2010) and those referring to community enterprises whose earned income is just one of a range of sources (Tracey et al., 2005). Thus on both sides of the Atlantic it is possible to distinguish between those social enterprises (and commentators) prioritising social purpose, and those whose primary commitment is to generating profits (Williams, 2007).

A useful way of conceptualising these different organisational forms and academic definitions involves bringing these two dimensions together (Pharoah et al., 2004) to create a framework (see Figure 1). The four overlapping categories are ideal types, at least when referring to organisations. In practice each dimension

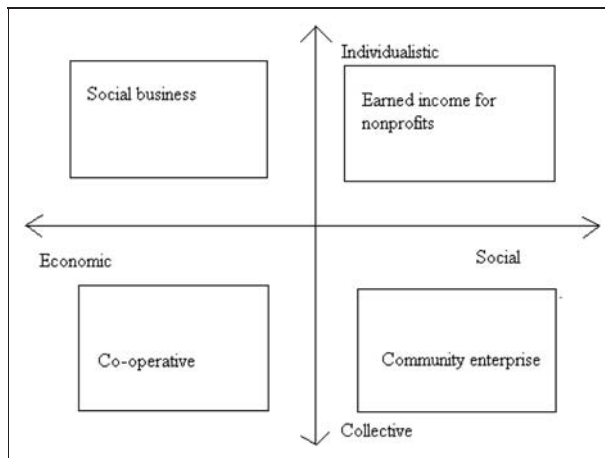


Figure 1. Conceptualising social enterprise organisational forms and discourses (adapted from Teasdale, 2010).

applies to both the internal organisational structure, and to the external (social) purpose (Teasdale, 2010).

Explanations for the Emergence of Social Enterprise

A variety of theoretical approaches have been developed to explain the emergence of social enterprise, whether as new organisational forms (state and market failure), or the adaptation of existing organisational forms (resource dependence and moral legitimacy theories). Other theories include explanations of the relationship between state and social enterprises (isomorphism arguments and voluntary failure). Closer analysis of the ways these theories have been used reveals the different academic explanations are linked to different organisational forms of social enterprise (see Table 1).

State/market failure

Popular explanations for the emergence of social enterprise are state and market failure hypotheses initially developed to explain the existence of nonprofits. Spear (2001) traces the emergence of new forms of social enterprise to a dual crisis of market and state in mainland Europe in the 1990s. Just as early co-operative and mutual forms arose as a response to the failure of the state to provide goods and social insurance to all citizens in the 19th century, new forms of democratically controlled organisation have recently emerged to meet the challenges of globalisation whereby states are powerless to halt the inequities created by market forces. Although the two theories are usually used in tandem, market failure is particularly emphasised by European scholars to explain the emergence of co-operative forms of social enterprise (Defourny and Nyssens, 2006; Spear, 2001) and the evolution of community enterprises as self-help responses to the lack of a market presence in some areas (Pearce, 2003; Williams, 2007). State failure is emphasised in the US and used predominately to explain the rise of social entrepreneurs creating social businesses to address social problems that have proved to be beyond 'bureaucratic, ineffective and wasteful' government service delivery which is 'antithetical to innovation' (Dees, 2007: 25).

Resource dependence theory

According to resource dependence theory, organisations are dependent on their external environment for resources but attempt to shape this environment to suit their own purposes (Pfeffer and Salancik, 2003). Thus nonprofits are portrayed as adopting earned income approaches to deriving commercial revenue. This is seen as a rational solution to reduced government funding occurring at a time when organisations face increased competition for philanthropic donations (Eikenberry, 2009). Although the underlying assumption that private and government giving

Table 1. Social enterprise discourses, theoretical assumptions and organisational forms

Discourse	Theoretical assumptions	Umbrella body	Organisational example
<p>Earned income: social enterprise as an activity (sale of goods and services) that has always been carried out by voluntary organisations.</p>	<p>Resource dependence – earned income as a response to declining state and philanthropic funding.</p>	<p>NCVO¹</p>	<p>Oxfam, the international aid and poverty relief charity, derives most of its income through grants and private giving. However, a growing proportion is generated through the sale of second hand and fair trade goods.</p>
<p>Delivering public services: The state should retreat from delivering services (but remain as funder). The third sector should expand to fill the gap.</p>	<p>Voluntary failure – the third sector does not have the capacity to deliver welfare services and requires infrastructural investment to meet the challenges.</p>	<p>ACEVO²</p>	<p>Turning Point³ derives over 90% of its income through contracts to deliver drug and alcohol services on behalf of the state.</p>
<p>Social business: Social enterprises are businesses which apply market-based strategies to achieve a social or environmental purpose. Many commercial businesses have social objectives, but social enterprises are distinct as their social or environmental purpose remains central to their operation. No limits are placed on distribution of surpluses to external investors, and no asset lock is required.</p>	<p>State failure – the inability of the public sector to deliver effective welfare services has led social enterprises to fill the gap.</p>	<p>Business in the Community⁴</p>	<p>Carbon Retirement Limited⁵ was created in 1998. It is a for-profit business which allows businesses and individuals to offset their carbon footprint.</p>
<p>Community Enterprise. Development trusts are community enterprises working to create wealth in communities</p>	<p>Market failure – the failure of the private sector to allocate resources equitably.</p>	<p>Development Association⁶</p>	<p>Sunlight Development Trust⁷ is a community owned and managed charitable organisation that works with partners across all sectors.</p>

(continued)

Table 1. Continued

Discourse	Theoretical assumptions	Umbrella body	Organisational example
<p>and keep it there. They trade on a 'not-for-personal-profit' basis, re-investing surplus back into their community and effecting social, economic and environmental, or 'triple bottom line', outcomes.</p> <p>Co-operatives are a different way of doing business. They are different because they are jointly owned and democratically controlled Co-operatives are controlled by members who actively participate in setting their policies and making decisions. Members serving as elected representatives are accountable to the membership and it is the members who are the beneficiaries of the activities of the business.</p>	<p>Social economy – a more radical tradition that sees capitalism itself as the problem.</p>	<p>Co-operatives UK⁸</p>	<p>They combine a mix of services aimed at everyone within their community; nobody is excluded. Their overriding aim is to improve health inequity and well-being by providing an improved range of social, medical and community activities.</p> <p>A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.</p>

¹ <http://www.ncvo-vol.org.uk/>

² <http://www.acevo.org.uk/>

³ www.turning-point.co.uk

⁴ http://www.bitc.org.uk/london/programmes/se_pilot.html

⁵ www.carbonretirement.com

⁶ www.dta.org.uk

⁷ <http://www.sunlighttrust.org.uk/>

⁸ <http://www.cooperatives-uk.coop/>

is falling is false (Kerlin and Pollak, 2010), this may not matter if organisations act on what they perceive to be reality, thus highlighting the potential importance of discursive strategy.

Institutional theory

Institutional theory is used to explain the marketisation of the nonprofit sector by Dart (2004), who argues that the legitimacy of social enterprise is not derived from any rational assessment of results. Instead, social enterprise's legitimacy derives from a society's wider fixation with business ideology and a belief that the market knows best. Hence nonprofits are adopting commercial practices not because they necessarily offer a better way to meet revenue shortages or the needs of client groups, but rather because it is the accepted way of doing things.

Institutional theory predicts that organisations in a given industry will adopt the dominant practices of the field rather than maintaining a distinctive identity (Di Maggio and Anheier, 1990). Following Dart's logic to the extremes, it could be argued that all nonprofits would eventually become social enterprises. However, writing in England where the state has taken a strong role in the development of social enterprise, Nicholls and Young (2008) raise concerns that social enterprises will become indistinguishable from the state institutions that foster and fund them.

Voluntary failure

Institutional theory can be related to the concept of voluntary failure developed by Salamon (1987). Rather than seeing the nonprofit sector and the state as substitutes, empirical evidence suggests that they should be seen as complementary – as state spending increases so does the size of the nonprofit sector. The nonprofit sector is adept at recognising and developing solutions to social problems, but does not have the capacity to address them directly, and so relies upon the state to provide additional resources (Salamon, 1987). However there are dangers that the power imbalances in the relationship between state and social enterprises delivering welfare services result in these organisations becoming a 'creature of public funding' (Peattie and Morley, 2008: 43).

Making sense of academic explanations

These different theories are not necessarily incompatible, as they have been used to explain different phenomena. Kerlin (2010) finds that differences in social enterprise activity are a consequence of socioeconomic context and the unique histories of each different region. Similarly, Amin et al. (2002) demonstrate that prevalence and type of social enterprise in different regions of England are related to local political, social and economic circumstances. Drawing upon the academic

explanations for the emergence of social enterprise might suggest that in areas characterised by state failure, social businesses are the prominent organisational form, whereas co-operatives and community enterprises emerge primarily where markets fail. Nonprofits would be expected to change their behaviour by turning to the private sale of goods and services when they perceive that government and private giving is falling, or that market-based approaches are the “best” way to gain revenue. Alternatively nonprofits would sell goods and services to the state in areas where nonprofit and public sectors have traditionally operated in partnership. A more critical perspective suggests that these academic explanations should be understood as ‘a political process of narration’ (Dey and Steyaert, 2010: 8) whereby academics have uncritically accepted the underlying assumptions that there has been an increase in the number of social enterprises, and that governments are unable to respond to social problems.

Discourses of social enterprise

While there is little evidence to support the assumption that the number of social enterprises is increasing in England, it is clear that the language of social enterprise is becoming increasingly popular among academics, policy makers and practitioners (Parkinson and Howorth, 2008). As the field of social enterprise research has widened, a number of commentators have turned their attention to this language of social enterprise as a unit of analysis.

Social enterprise has been presented as one element of a neo-liberal grand narrative of social entrepreneurship whereby ‘doing good’ (the social) and ‘doing well’ (the economic) are combined under the seemingly unproblematic notion of the double bottom line (Dey and Steyaert, 2010: 91). This grand narrative downplays the agency of practitioners in constructing the meaning of social enterprise, and so neglects competing discourses which place a higher emphasis on the role of collective self-help (Parkinson and Howorth, 2008).

Other authors have associated the language of social enterprise with a third way or communitarian rhetoric that attempts to plot a middle ground beyond traditional statist social democracy and neo-liberalism (Haugh and Kitson, 2007). Drawing upon a more differentiated policy model highlighting the role of policy networks and communities, Grenier (2009) portrays social enterprise policy during the period of the New Labour government in England as contested by competing (collective) social enterprise and (individualistic) social entrepreneurship factions and discourses. However this is only one dimension upon which social enterprise is contested. Existing literature does not provide sufficient understanding of how the construction of social enterprise has been politically contested (Dey and Steyaert, 2010). England provides a particularly interesting case by which to understand this contestation, as the promotion and support of social enterprise has been a central tenet of the recent New Labour government (Simmons, 2008). It is appropriate then to turn to England to trace the influence of discourses on the construction and institutionalisation of social enterprise.

The construction of social enterprise in England

The widely influential book *Social Justice: Strategies for National Renewal* (Commission for Social Justice, 1994) set out Labour's proposals for social and economic reform while in opposition. A strong emphasis was placed on the failure of the market to provide social justice. While the term social enterprise was not used, the authors argue that many of the organisational forms later associated with the construct could contribute towards national renewal in four areas: local regeneration and community development; combating long term unemployment; alternative models of organising private and state organisations; and delivering public services.

The theme of local regeneration as a response to market failure runs through the book. Development Trusts were proposed as a way for local communities to take control of local assets and also to co-ordinate the activities of a range of social economy organisations, including worker co-ops, housing co-operatives and credit unions. Non profit-distributing Intermediate Labour Market organisations, which aimed to move disadvantaged people into employment through on-the-job-training, were highlighted as a response to long term unemployment. Local Exchange Trading Systems (LETS) (informal barter) organisations were highlighted as a potential fall-back option if structural unemployment could not be reduced. Employee ownership models were highlighted as a positive example of how relations between firms and employees might be rebalanced. Comparatively less attention was paid to the role of voluntary organisations in making services more responsive to the needs of consumers in a mixed economy of welfare provision (Commission for Social Justice, 1994). Thus the preconditions were in place that enabled a small number of practitioners to use the language of New Labour to push social enterprise into the policy arena as a response to market failure (Ridley-Duff et al., 2008).

1998-2001: The construction of a social enterprise movement

The label social enterprise was initially used in England to reposition co-operatives and mutuals as new models for public and private ownership. An early alliance of co-operative and community enterprise practitioners utilising the language of New Labour helped embed social enterprise on the policy landscape in 1999. Social enterprise became positioned as a tool to combat market failure and regenerate deprived areas in line with policy emphases of the time. This expansion of the construct reflected a subtle shift in the meaning of the social, from economic democracy towards what Amin describes as 'a regenerative tonic' for 'hard pressed areas' (2005: 614).

The English social enterprise movement was sparked by a merger of two co-operative development agencies in London in 1998 (Brown, 2003). The name for the new institution was Social Enterprise London (SEL) (Ridley-Duff et al., 2008). The memorandum of association for SEL reveals that the subscribing members all

belonged to the co-operative movement. Among the company objects were ‘to promote co-operative solutions for economic and community development’ and

to promote social enterprises, in particular co-operatives and common ownerships, social firms, and other organisations and businesses which put into practice the principles of participative democracy, equal opportunities and social justice.²

Use of the term social enterprise was pragmatic, and designed to capture public and political interest in the work of co-operative development agencies without alienating people through the language of common ownership (Brown, 2003). SEL drew upon a co-operative discourse deriving from a more radical social economy tradition which saw social enterprises as a route to economic democracy and a potential alternative to shareholder capitalism (See Amin et al., 1999). Practitioners involved with SEL were involved in debates to modernise the co-operative form (Ridley-Duff and Bull, 2011; Westall, 2001). For them social enterprise was primarily a way of designing new (mutual) structures for public services and private businesses which would permit ‘radically altered ways of behaving whose values might be inherent to the processes of the business itself’ (Westall, 2009: 6).

SEL quickly built links with other organisations with a commitment to community development and area-based regeneration. Community enterprises such as development trusts were assimilated into the social enterprise movement (Bland, 2010). These aimed to keep wealth in local communities and to establish ownership over local assets. Most were reliant on grants and donations to a greater extent than trading income (Tracey et al., 2005). Community enterprise discourses positioned these organisations as a response to market failure, rather than as an alternative to capitalism. They were less radical than co-operative discourses, perhaps reflecting the status of community enterprises as a residual coping mechanism within capitalism, and their reliance on state support (see Amin et al., 1999).

The widening of the social enterprise construct demonstrated that social enterprises were able to respond to regeneration in areas characterised by market failure, and enabled practitioners to persuade the New Labour government to facilitate social enterprise development (Ridley-Duff et al., 2008). Within 18 months of SEL’s formation the term “social enterprise” was used for the first time in a government publication, at least in the context of organisations trading for a social purpose. The Treasury’s Neighbourhood Renewal Unit report ‘Enterprise and Social Exclusion’ (HM Treasury, 1999) borrowed heavily from SEL’s own material, in describing social enterprises, with many paragraphs closely resembling the report from SEL’s first conference (Brown, 2003). However the range of organisational types highlighted in the report was wider than that provided by SEL, and included more of the organisational forms highlighted by the Commission for Social Justice. Examples of social enterprises included ‘large insurance mutuals and retail co-operatives, smaller co-operatives, employee owned businesses, intermediate labour market projects, social firms (eg for production by people with disabilities), or social housing’ (HM Treasury, 1999: 105).

Following the Neighbourhood Renewal Unit report, working groups were set up to inform a national social enterprise strategy (Grenier, 2009). Membership of these groups consisted of representatives from the different organisational types, including co-operatives and development trusts. Also represented for the first time were social businesses which differed from the existing constituents in that democratic ownership and collective purpose was not seen as a necessary organisational attribute.³

The influence of social business discourses should not be overplayed at this point in time. The first attempt to map the social enterprise sector derived from one of the working groups recommendations. It is illuminating that this study ignored social businesses adopting conventional business structures, focusing instead on organisational structures favoured by co-operatives and community enterprises – Industrial and Provident Societies and Companies Limited by Guarantee. The rationale for this was that these were the organisational structures predominately used by social enterprises (IFF Research, 2005). Thus although the construct had widened further, the prominent discourses were those which portrayed co-operatives and community enterprises as a solution to market failure.

2001-2005: Business solutions to social problems

Following the creation of a social enterprise unit within the DTI, the social enterprise construct expanded to fully incorporate social businesses. A policy environment of “what works” was receptive to the argument that organisational form was irrelevant (Newman, 2007). This diluted the influence of process-led co-operative and community enterprise discourses (Pearce, 2003). Critical academic commentaries covering this period saw social enterprise as a neo-liberal response to perceived state failure (Blackburn and Ram, 2006). However, while the policy emphasis may have favoured social business discourses, policy documents of the period still claimed that social enterprises embodied ‘stakeholder participation’ and ‘democratic and participative management’ (DTI, 2002). Rather than constructing a grand narrative which excluded some groups, it would appear that policy makers were constructing a big tent which included all groups claiming to be social enterprises (Bland, 2010). Nonetheless the government’s interest in social enterprise was clearly moving towards their becoming a vehicle to free public services from bureaucracy.

At the SEL conference in June 2001, Patricia Hewitt committed to embed social enterprise more fully within government policy if Labour were to win the forthcoming election. A week later she was made Secretary of State at the DTI with five priorities, one of which was social enterprise (Bland, 2010). The social enterprise unit within the DTI deliberately created a loose definition of social enterprise to permit the inclusion of a wide range of organisational forms (DTI, 2002). Their draft working definition would have excluded many co-operatives and social businesses as it did not allow for the inclusion of organisations with ‘some element of

private benefit'.⁴ This was criticised by some members of the research and mapping working group as implicitly limiting social enterprises to regeneration.⁵ Following a period of intense lobbying by the co-operative movement, Brown (2003) notes that the DTI's definition of social enterprise published in *Social Enterprise: A Strategy for Success* was expanded:

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. (DTI, 2002: 8)

The insertion of the word "principally" was seen by Brown (2003) as permitting the inclusion of worker co-operatives whose members have a financial stake in the enterprise. As well as allowing the inclusion of co-operatives as social enterprises, it allowed for the inclusion of for-profit businesses with social objectives. The final version highlighted that social enterprises adopt a wide range of legal forms including private 'companies limited by share' (DTI, 2002: 7). A characteristic exhibited by 'successful' social enterprises according to *Social Enterprise a Strategy for Success* but absent from the draft strategy was 'financially viable, gaining their income from selling goods and services' (DTI, 2002: 16). This implied that social enterprises relied primarily on trading for their income. As noted earlier, many community enterprises derived income from a wide range of sources, and were financially viable only to the extent that they could attract grants and donations.

This shifting emphasis reflected the growing influence of a social business discourse that social and economic objectives were not mutually exclusive. Social business representatives argued that organisational form was irrelevant. It was acceptable to create 'private profit' from 'public good' (Black et al., 2005: 21). Social enterprise was characterised by the DTI at this time as 'business solutions to social problems' (Grenier, 2009: 191), perhaps reflecting a neo-liberal influence within the DTI. Social enterprises were portrayed as a way to reform state services which had been stifled by bureaucracy and a lack of innovation:

The Government believes social enterprises have the potential to play a far greater role in the delivery and reform of public services... Entrepreneurial behaviour combined with a continuing commitment to delivering public benefit, can lead to local innovation, greater choice, and higher quality of service for users. (DTI, 2002: 24).

There was resistance from co-operatives and community enterprises to this encroachment of social business. The Social Enterprise Coalition (SEC) was established in 2002 by members of the co-operative movement, ostensibly to unify the competing interests (Bland, 2010). However SEC's definition of social enterprise

differed from the DTI's as it explicitly excluded social businesses which paid out profits to shareholders:

Social enterprises are businesses trading for social and environmental purposes. Many commercial businesses would consider themselves to have social objectives, but social enterprises are distinctive because their social and/or environmental purpose is absolutely central to what they do - their profits are reinvested to sustain and further their mission for positive change. (SEC, 2010)

This period marked a shift of the policy emphasis away from community enterprises and co-operatives as a response to market failure, and towards social businesses as a response to state failure. This was exemplified by the second attempt to map social enterprises in the UK using the Annual Small Business Service (ASBS) surveys, which endeavoured to determine what proportion of mainstream businesses were social enterprises. Unlike the previous study, there was no legal constraint on the distribution of profits to external shareholders. Nor were social enterprises limited to organisations demonstrating social ownership or democratic control. Instead they could take any legal form (Lyon et al., 2010). The move away from the notion of social enterprise as democratically controlled was also evident in the creation of a new legal form for social enterprises in 2005, the Community Interest Company (CIC). Unlike existing Industrial and Provident Society legal forms, CICs had no requirement for democratic control and ownership.

2005-2010: Moving in with the third sector

Following the transfer of responsibility for social enterprise to the newly created Office of the Third Sector (OTS), the social enterprise construct was widened further so as to incorporate earned income discourses. It became so inclusive that a wide-ranging review of the literature identified that the only defining characteristics central to all definitions of social enterprise were trading and the pursuit of social purpose (Peattie and Morley, 2008). A particular policy emphasis saw social enterprise as a response to voluntary failure. This necessitated a range of initiatives designed to increase the capacity of social enterprises to deliver public services. Some authors covering this period noted that the institutionalisation of social enterprise in England may be bound up in the privatisation of public services (Di Domenico et al., 2009; Haugh and Kitson, 2007).

The Charities Aid Foundation (CAF) had demonstrated an early interest in the potential for social enterprise to offer alternative income streams to their members by commissioning research examining the potential utility of social enterprise in the voluntary and community sector (see Pharoah et al., 2004). Similarly the National Council for Voluntary Organisations (NCVO) launched a sustainable funding initiative in 2000 to encourage their members to draw upon social enterprise activities as one part of a balanced funding mix (NCVO, 2010). This earned income

discourse was careful to highlight that social enterprise/earned income was only one of many funding sources available to nonprofits.

Social enterprise is normally thought of as a type of organisation. However, another way of thinking about social enterprise is as an activity, carried out by a variety of organisations within civil society. (Kane, 2008: 1)

Whereas NCVO and CAF represented the earned income school of thought pioneered by Dees (1998), the Association of Chief Executives of Voluntary Organisations (ACEVO) was leading a move to increase the role of voluntary organisations in the delivery of public services (Davies, 2008). ACEVO adapted to the language of social enterprise, and lobbied government for social enterprises to deliver public services (Ainsworth, 2010). However ACEVO was not claiming to represent all social enterprises but rather non profit-distributing voluntary organisations.

The Office of the Third Sector (OTS) was created in 2006 following a period of lobbying by strategic alliances of voluntary organisation representatives (Alcock, 2010), and saw responsibility for social enterprise moving to the Cabinet Office. This led to the policy emphasis that

social enterprises are part of the 'third sector', which encompasses all organisations which are nongovernmental, principally reinvest surpluses in the community or organisation and seek to deliver social or environmental benefits (OTS, 2006: 10).

An underlying theoretical assumption was that the third sector was best able to identify and respond to social problems, but needed an injection of resources from the state to enable it do so (OTS, 2009). To address perceived voluntary failure the New Labour government invested directly in third sector infrastructure and provided public funds to third sector organisations to help them deliver public services (Di Domenico et al., 2009).

The earned income discourses had further widened the social enterprise construct so as to incorporate a wide range of third sector organisations (Alcock, 2010). Once more the policy emphasis can be seen as shifting, this time away from social businesses and towards voluntary organisations delivering public services. This is exemplified by the most recent state-sponsored attempt to map the sector, the *National Survey of Third Sector Organisations*, carried out in 2008, which was drawn entirely from a population of non profit-distributing third sector organisations (Lyon et al., 2010).

Discussion and conclusion

Social enterprise means different things to different people across time and context. It is a label that has been applied to worker co-operatives and employee-owned

firms; not-for-profit local regeneration initiatives; private sector organisations who pay less than half their profits as dividends and self-identify as social enterprises; charities that earned income; and the privatisation of public services. These different organisational forms are linked to different practitioner discourses, and explained by different academic theories. This article helps make sense of these academic theories and practitioner discourses by linking them to changing policy emphases under the period of New Labour government in England.

Social enterprise has been constructed by a variety of competing interests embracing different discourses and representing different organisational constituents. Figure 2 plots the expansion of the social enterprise construct between 1999 and 2010. The New Labour administration may have been initially influenced by the co-operative movement in supporting the development of social enterprise. A marriage between co-operative and community enterprise discourses helped position social enterprise close to the heart of the third way project in 1999. A second stage saw the influence of a social business discourse upon the construct. This became firmly embedded following the establishment of the Social Enterprise Unit within the DTI. In stage three the influence of earned income discourses promoting voluntary organisations as a vehicle for public service delivery further broadened the construct.

Each widening of the social enterprise construct coincided with changing policy emphases during different periods of office. Thus a prominent community enterprise discourse coincided with a policy emphasis on area-based regeneration as a response to market failure in New Labour's first term of office (Blackburn and Ram, 2006). The prominent social business discourse linked closely to the enterprise culture promoted as a response to state failure in the second term of office

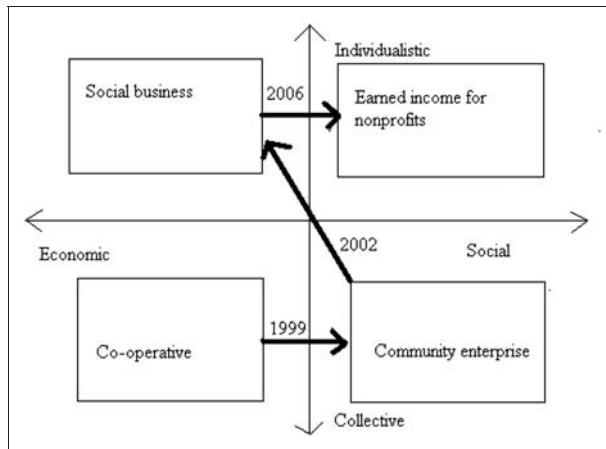


Figure 2. The expansion of meanings attached to social enterprise.

(Grenier, 2009). The final term saw a prominent earned income discourse coinciding with a huge injection of resources from the state to the third sector to combat voluntary failure and enable social enterprises to deliver public services (Haugh and Kitson, 2007).

Institutional theory predicts that over time social enterprises will adopt the favoured practices of their dominant funder. The isomorphism argument assumes that the favoured practices of the funder are consistent. However the policy emphases of the dominant (state) funder have changed rapidly in England under the same New Labour government. Resource dependence theory predicts that social enterprise actors are dependent upon the state for resources but will attempt to shape the state for their own purposes. By aligning social enterprise discourses with the changing policy emphases, different actors have been able to embed social enterprise onto the policy landscape in England. This would suggest that social enterprise has been socially constructed by practitioners. However, no one actor has managed to capture the social enterprise construct for themselves. The government chose to keep the social enterprise construct loosely defined so as to permit the inclusion of as wide a range of forms as possible (DTI, 2002). Thus the arena within which these different actors have been allowed to play has been defined by the state.

One advantage of loosely defined policy constructs is that they can be used to portray a cohesive policy agenda around a selection of loosely connected policies. The New Labour government actively promoted the support and development of different organisational forms, over time and across different contexts. This involved expanding the construct by accommodating new organisational forms and discourses while switching from one preferred type to another. Thus the government could claim to be addressing various social problems using social enterprise. As the construct has expanded, the perceived benefits of social enterprise appear to have increased exponentially. Indeed, by 2009 the OTS claimed social enterprises demonstrated

that social and environmental responsibility can be combined with financial success. They are innovative; entrepreneurial; concerned with aligning the needs of the individual with those of society; and social justice is their guiding principle. They offer joined-up, personalised services by . . . making the connections for service users . . . enabling users to make informed choices. They enable access to public services by . . . taking the service to the citizen, empowering dispersed communities to work together. They improve outcomes for those 'hardest to help' by . . . developing innovative solutions . . . sharing the problem and the solution. They influence individual choices by . . . using role models within the community . . . giving people a stake in protecting their future (OTS, 2009: 1).

It is unlikely that any single social enterprise possesses all of these attributes. The positive attributes associated with each of the different organisational types would appear to have been aggregated to create a mythical beast. Perhaps a critique of

overarching theories purporting to explain the existence of the voluntary sector applies equally well to social enterprise:

It is possible that there is a cruder explanation for the continued existence of parts of the voluntary sector, and that is political expediency. Some parts are tolerated or promoted by the government of the day because they are seen as useful in covering its policy deficiencies or in contributing to achievement of some aspect of its political mission. (Halfpenny and Reid, 2002: 540)

The removal of New Labour from government marked the end of another period in the construction of social enterprise. A new round of (re)construction and positioning has begun in response to the shifting ideological, political and economic landscape. The Social Enterprise Coalition formed close links with the Conservative party while in opposition (Bland, 2010), and was rewarded by government support for the Public Services (Social Enterprise and Social Value) Bill designed to increase the role of social enterprises in delivering public services. However the government has diluted the original private members bill and avoided having to define social enterprise before sending it to committee. The Hansard record of the second reading of the bill demonstrates cross-party support for the role of social enterprises in delivering public services, but widespread disagreement as to what a social enterprise is. Conservative MPs have split into two camps – those that see all businesses as social, and those that favour charities delivering public services. Labour MPs have called for social enterprises to have some element of democratic control and an asset lock to prevent public assets being transferred into private hands.⁶ While it is not yet clear how the contestation of social enterprise will be played out in the era of the Big Society, this paper has provided a tool through which this analysis might be facilitated.

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Notes

1. Hansard record of the debate over the second reading of the Public Services (Social Enterprise and Social Value Bill, 19 November 2010).
2. Sourced from the Certificate of Incorporation of SEL as a Private Limited Company, dated 18 February 1998.
3. Sourced from an unpublished document from 2002 entitled ‘Summary of the outcomes of the Social Enterprise Unit’s Working Groups’.

4. Sourced from an unpublished document from 2002 entitled 'Summary of the outcomes of the Social Enterprise Unit's Working Groups'.
5. Sourced from an unpublished document from 2002 entitled 'Summary of the outcomes of the Social Enterprise Unit's Working Groups'.
6. Hansard record of the debate over the second reading of the Public Services (Social Enterprise and Social Value Bill, 19 November 2010, December 2010) <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm101119/debtext/101119-0001.htm>.

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