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WORKING PAPER Nº 19

Social Enterprise: Challenges and Opportunities

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THE ALFRED DEAKIN RESEARCH INSTITUTE
WORKING PAPER SERIES

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ABSTRACT

This paper comes from the initial work of a three year Australian Research Council Linkage Scheme project. The project is a partnership/collaboration between researchers at Deakin University and Mission Australia and focuses on the work of Mission Australia’s social enterprise based, Transitional Labour Market Program (TLMP) for marginalised Aboriginal and non-Aboriginal young people in its high-end restaurant Charcoal Lane in Melbourne (Australia). The project has two distinct, but intimately related parts: (Part A) an action research project; and (Part B) a longitudinal, qualitative project. These two parts will explore the following key research questions/objectives:

Part A 1 What are the important organisational processes and practices in determining the possibilities for sustainable social enterprise based TLMPs?

2 What processes, relations and practices facilitate (or hinder) knowledge transfers about social enterprise and TLMPs within the organisation and between other policy, commercial, training and third sector organisations?

Part B 3 What factors influence marginalised young people’s experiences and outcomes (successful or otherwise) in this social enterprise TLMP?

4 What effect does completion of the training demands of this TLMP have on the transitions of marginalised young people into full time employment?

The paper outlines and discusses the problems associated with defining social enterprise, and the ways in which governments and third sector organisations have looked to social enterprises as a means to address a variety of social issues. The paper concludes with a discussion of the various challenges and opportunities for the conduct of social enterprises, and for the wider issue of how social enterprise can address wider structural issues in, for example, labour markets.
Social Enterprise: Challenges and Opportunities

Charcoal Lane: A Social Enterprise Transitional Labour Market Program

In July 2009 Mission Australia (MA), a national community service organisation, opened the high end restaurant Charcoal Lane in Gertrude St, Fitzroy (Melbourne), as a social enterprise based Transitional Labour Market Program (TLMP) for marginalised, unemployed Aboriginal and non-Aboriginal young people. This social enterprise, established in partnership with the Victorian Aboriginal Heath Service (VAHS), aims to celebrate Aboriginal food and culture, provide training for unemployed young people, and be sustained as a profitable social enterprise (see, http://www.charcoallane.com.au/)

Charcoal Lane has characteristics that set it apart as a social enterprise, including: its focus as a high-end restaurant with complex staffing dealing with the demands of the hospitality industry; its potential for full sustainability as a high-end restaurant; the tensions between the restaurant as a business enterprise, a community service organisation as owner and the Aboriginal community as partner.

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In this paper we identify and discuss some of the defining characteristics of social enterprises – not a straightforward task given the debates over what makes a social enterprise a social enterprise. We also explore the ways in which government policy and third sector organisations imagine and promote the virtues of social enterprise. We conclude with a brief discussion of the challenges and opportunities that emerge in the debate about, and the practised by, social enterprise.

What we leave unexplored at this stage is a theoretical examination of social enterprise. Elsewhere (Kelly and Harrison 2009) we have argued that what we are witness to in the policy emphasis on social enterprise are initiatives and programs that should be located in broader political, cultural, economic and technological shifts. For our purposes many of the significant elements of these shifts can be understood, following Foucault (1991) and the governmentality literature, in terms of the widespread emergence of advanced Liberal, or (Neo) Liberal governmentalities that have reconfigured both the relations between the State, Civil Society, the Economy, the Self; and the nature of the rights, roles, and responsibilities of these entities in relation to a range of problems. For instance, the problems of marginalisation, of individual preparedness for entry to labour markets,
the role of the State in regulating the economy, labour and unemployment, and of enterprise (broadly understood at this point as private, social, self) in shaping responses to these problems (see, for example, Barry et al 1996). These themes will be explored in later publishing projects.

Social Enterprise: What is it?

‘Social entrepreneurship, social enterprise and social innovation are concepts that continue to create debate and definitional controversy. In recent years, these debates have been discussed in various monographs (e.g. Mair et al. 2006; Nyssens 2006; Nicholls 2008; Robinson et al. 2009; Ziegler 2009), and in journals such as the Social Entrepreneurship Journal (e.g. Thompson 2006; Peattie & Morley 2008) and Stanford Social Innovation Review (e.g. Martin & Osberg 2007). In spite of this continuing debate, no one set of definitions suffice to describe the multitude of processes and structural forms that characterise social entrepreneurial activity.’

‘While there is no one definition of what a social enterprise is or should be, most definitions revolve around the concept of integrating business principles with social objectives and purposes’ (Paulsen and McDonald, 2010: 109).

Beilefeld (2009: 69) argues that there is no agreed definition of social entrepreneurship with definitions ranging from very broad to narrow. Defourny (in Kerlin, 2009: xi) suggests that ‘field organisations, corresponding to what we now call “social enterprises,” have existed since well before the mid-1990s when the term began to be increasingly used in both Western Europe and the United States. However, social enterprise is a relatively new concept which has emerged in various ways across Europe, the United States and the United Kingdom (Defourny and Nyssens, 2006: 4). Social enterprise emerged in Italy in particular circumstances: ‘In 1991, the Italian parliament adopted a law creating a specific legal form for “social co-operatives”; the latter went on to experience an extraordinary growth. These co-operatives arose primarily to respond to needs that had been inadequately met, or not met at all, by public services’ (Defourny and Nyssens, 2006: 4). In 1996 European researchers formed a network in response to the emergence of Social Enterprise initiatives across Europe. Researchers from the European Union formed the EMES European Research Network. Since this time other research networks have set out to contribute to understandings of social enterprise. For instance, the ‘Social Enterprise Coalition’ launched by the Blair government in the United Kingdom sought to promote the cause throughout the country.

Although Social Enterprise took on many forms in European contexts Defourny and Nyssens (2008: 8) argue that in the 1990s one major type of social enterprise was dominant across Europe:

‘work integration social enterprises...Precisely, the main objective of work integration social enterprises is to help low qualified unemployed people, who are at risk of permanent exclusion from the labour market. WISEs integrate these people into work and society through a productive activity.’
Defourny and Nyssens (2008: 8) argue that because of this trend the concept of Social Enterprise became associated with employment creation initiatives.

There are now a number of different schools of thought related to social enterprise. In the US these include the *Earned Income* school of thought and the Social Innovation school of thought. The *Earned Income* school of thought focuses on:

> ‘nonprofits’ interest to become more commercial and could be described as “prescriptive” as it focuses on strategies for starting a business that would earn income for a nonprofit organization’ (Defourny and Nyssens, 2008: 11).

The emphasis for the *Social Innovation* school of thought is on:

> ‘social entrepreneurs in a Schumpeterian perspective...Social entrepreneurs are defined as change makers as they carry out “new combinations” in at least one the following ways: new services, new quality of services, new methods of production, new production factors, new forms of organizations or new markets. Social entrepreneurship can therefore be more about outcomes and social impact than about incomes’ (Defourny and Nyssens, 2008: 11).

Throughout Europe there are different schools of thought as to which initiatives can be considered social enterprise. On one hand social entrepreneurship and the social impact of activities is emphasised along with the idea of ‘corporate social responsibility.’ In this area, the literature quite often highlights the innovative approach to tackling social needs that is taken by individuals in fostering business...mainly through non-profit organisations, but also in the for-profit sector’ (Defourny and Nyssens, 2006: 4-5). Other schools of thought only refer to organisations belonging to the third sector as engaging in social enterprise. In this case the ‘social impact on the community is not only a consequence or a side-effect of economic activity, but its motivation in itself’ (Defourny and Nyssens, 2006: 5).

The EMES Network defines social enterprises as: ‘organisations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. Social enterprises also place a high value on their autonomy and on economic risk-taking related to ongoing socioeconomic activity’ (Defourny and Nyssens, 2006: 4-5). The EMES distinguish between definitional criteria which are more ‘economic’ and those which are more ‘social’. The economic dimensions of social enterprise can be understood through the following criteria which is a summary of the EMES definition of social enterprise: ‘a continuous activity, producing and selling goods and/or services; a high degree of autonomy; a significant level of economic risk; a minimum amount of paid work’ (Defourny and Nyssens, 2006: 5-6). The social dimensions of social enterprise involve: ‘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 various parties affected by the activity; limited profit distribution’ (Defourny and Nyssens, 2006: 6).

Public discussion of social enterprise in Australia favours a definition that ‘embraces values of entrepreneurship over specific trading functions’ (Barraket, 2006: 3). Jo Barraket (2010: 7) – Associate
Professor of Social Enterprise at the Queensland University of Technology – argues that social enterprises can be understood as:

‘organisations that exist for a public or community benefit and trade to fulfill their mission… Although social enterprises are diverse in their structure, purpose and business activities, they are variously engaged in: creating or replacing needed services in response to government and market failures; creating opportunities for people in their communities; modelling alternative business structures through democratic ownership; and generating new approaches in areas of contemporary need, such as alternative energy production and waste minimisation’. (see also Agostenelli 2010)

There is some debate as to the necessity of prescribing definitions for social enterprise. The Victorian Department of Planning and Community Development (DPCD) argue that social enterprise can take different forms: ‘Social enterprises may not always be easy to identify because they can adopt a number of structures. However, it is their reasons for existence and the way profits are distributed that is of importance in defining them as social enterprises’ (DPCD, 2011: 13). Barraket (2006: 3) suggests that there are concerns that specific definitions of social enterprise could be detrimental in their attempts to impose certainty on such a dynamic economic activity. While this is a legitimate concern, definitions are necessary if governments are to ‘play an explicit role in enabling social enterprise activity’ (see also Venturesome 2008).

Defourny and Nyssens (2006: 11) argue that a theory of social enterprise involves four central aspects. Their framework emphasises: ‘the multidimensional mode of governance’ and ‘limited profit distribution’. That is to say, there is a focus on the way an organisation is governed and what its purpose is, not only on whether it adheres to the criterion of ‘non-distribution’ which characterises non-profit organisations. In the first instance Defourny and Nyssens (2006: 13) argue that their understanding of social enterprise contrasts with representations emerging from third sector literature. There social enterprise is often represented as a “residual factor” facing market and government failures. They suggest that the role of social enterprise is far richer and more complex:

‘Social Enterprises mix different logics: they trade in the market, but not with the aim of maximizing the financial return on investment for their shareholders; they receive public support through public policies which they contribute to shaping; they are embedded in civil society through the development of voluntary collective action around common goals characterised by a public benefit dimension.’

Second, Defourny and Nyssens (2006: 12) argue that the ‘economic dimension’ of their framework does not mean that ‘social enterprise’ must achieve economic sustainability through a trading activity’. A common understanding of social enterprise is that their trading is primarily to support a social purpose rather than make a profit. Defourny and Nyssens (2006: 12) argue that:

‘the financial viability of the social enterprise depends on the efforts of its members to secure adequate resources to support the enterprise’s social mission, but these resources can have a hybrid character and come from trading activities, from public subsidies and from voluntary resources obtained thanks to the mobilization of social capital.’
Third, they argue that the production of goods and/or services should support the mission of the social enterprise. This point may seem straightforward, however in the US or UK conception of the social enterprise ‘the trading activity is often considered simply as a source of income, and the nature of the trade does not matter’ (Defourny and Nyssens, 2006: 12).

Finally, Defourny and Nyssens (2006: 12) emphasise the connections between organisations and public policies. They argue that the ‘objectives and practices of organisations are partially shaped by their external environment, which includes the legal and regulatory framework in which they operate’. However, they also argue that this is not a one-sided relationship as social enterprises impact upon their institutional environment and shape public policies. ‘Social enterprises can be said to be located in an intermediate space…at the crossroads of market, public policies and civil society’ (Defourny and Nyssens, 2006: 13).

The historical perspective that Defourny and Nyssens (2008: 17) adopt suggests that ‘features of social enterprise are deeply rooted in the social, economic, political and cultural contexts in which they emerge’. There are particular implications for understanding social enterprise in this way:

‘First, contrasting with the analysis of market forces or stock exchange movements whose major principles increasingly become universal, the understanding of social entrepreneurship and social enterprises requires a humble approach of those local or national specificities which shape them in various ways. This, by the way, is also true for the whole third sector to which the bulk of social enterprises belong in spite of the current diversification of their forms. Second, it is clear that supporting the development of social enterprise cannot be done just through exporting US or European approaches. Without being embedded in local contexts, social enterprises will just be replications of formula that will last as long as they are fashionable.’

**The State and Social Enterprise**

In the UK in recent times there has been increasing policy support for social enterprise: ‘government is promoting social enterprise as a means of encouraging local economic regeneration, community engagement and improved public service delivery’ (Seanor and Meaton 2008: 24-25). Policy makers in the UK are keeping their definitions of social enterprise loose enabling them to ‘amalgamate’ the positive characteristics of different organizational forms, and so claim to be addressing a wide range of social problems using social enterprise as a ‘policy tool’ (Teasdale 2011: 1). The challenge facing social enterprise, according to Peter Holbrook (chief executive of UK group the Social Enterprise Coalition): ‘is to be vigilant to ensure that the discourse on social enterprise is not distorted by the next government’s ambitions and policies around it’ (Salman, 2010).

In Australia, in 2002 there were initiatives at the state level that encouraged the development of social enterprise:
In 2006 Barraket (2006: 15) argued that in Australia there was ‘limited explicit government support for social and community enterprise, although government at all levels is clearly involved in particular social enterprise initiatives, either through grant funding, partnership, or non-financial support.’ Since 2006 the Australian Government has taken an active and supportive approach towards social enterprise. The government has implemented a number of nation-wide initiatives. In July 2010 the Australian Government Initiative Supporting Social Enterprise announced a Social Enterprise Development and Investment Funds program with $20m available to seed at least two Social Enterprise Development and Investment Funds (SEDIF) (DEEWR, 2010). The main objective of these funds is to provide financial products and encourage capacity building for social enterprises, and to catalyse the broader social impact investment market in Australia. Australian policy has emphasised social enterprise as a way of creating employment opportunities for ‘disadvantaged’ or marginalised individuals. Recent research indicates social enterprises in Australia are primarily run by not for profit organisations and serve a variety of missions (Barraket, 2010: 7).

Although there is no one motivation driving increased enthusiasm for social enterprise, the Global Financial Crisis (GFC) has given impetus to recent widespread support for social innovation and enterprise:

‘One group of people significantly affected by economic crises are those people who already have significant barriers to the attainment of employment through lack of skills and experience, as well as limited language skills and/or significant parental or family duties’ (Paulsen and McDonald, 2010: 116).

For Paulsen and McDonald (2010: 109) this shift in focus has been linked to reduced Government involvement in direct service provision:

‘New Public Management (NPM) reforms have forced governments to ‘reinvent’ themselves and spawn different ways of conceptualising and managing the delivery of services (e.g. Osborne & Gaebler 1992; Kettle 1997). Over time, these reforms have resulted in the adoption of corporate and business frameworks for funding and evaluating service-delivery; the marketisation of services; competitive tendering and contracting for service-provision; and partnerships that span various sectors, including public–private partnerships. These trends, including more recent approaches to policy reform such as ‘joined-up’ government, network governance, ‘responsive governance’ and ‘recursive governance’, have been discussed extensively in the literature (e.g. Williams 2002; Australian Public Service Commission 2003; Hernes 2005; Mulgan 2005; United Nations 2005; Paulsen 2006; Crozier 2007; Rhodes 2007; Barraket 2008a; Smyth 2008).’
Barraket (2010: 7) argues that social enterprise is ‘very much a part of European Australia’s national story…our wide geography and relatively sparse demography have encouraged community-led solutions to local problems’. She suggests that the social enterprise sector in Australia is ‘mature’, and not a recent phenomenon. More than 60% of organisations involved in her research (‘Finding Australia’s Social Enterprise Sector’) indicated they were more than 10 years old. Within an international context ‘Australia’s not for profit sector was highly enterprising, ranking fourth in the world on the component of its income derived from fees and subscriptions’. In recent years there has been a revival of traditional models of social enterprise and the emergence of ‘profit for purpose’ businesses.

The Victorian State Government’s Department of Planning and Community Development (DPCD 2010) guide for Victorian councils instructs councils on how they can use their ‘purchasing power’ to create positive social outcomes in their community. The guide discusses social procurement which is often the first step in social enterprise endeavours. Interest in procurement from the DPCD and other Australian Government departments is discussed in relation to ‘strategic objectives’ and community interests:

‘Procurement is increasingly seen by a number of leading organisations as a vital tool in achieving strategic objectives. The key role procurement plays in delivering community and councils objectives is now also being recognised by local government through a growing focus on improving council procurement practices.’

Barraket (2010: 8) claims that while ‘government policy in Australia has, to date, focused fairly narrowly on the role of social enterprise in employment services provision, social enterprise practice is much richer and much more comprehensive than such policy would suggest’. However Paulsen and McDonald (2010: 109) suggest that the social enterprise/social innovation model/paradigm promises a means to address a range of complex, inter-dependent issues – not just those of labour market transitions and participation:

‘Public-policy and social issues are increasingly complex and intractable. Solutions to complex issues (such as climate change, poverty, homelessness, economic development, community safety, health and wellbeing) require approaches that cut across sectoral, organisational, jurisdictional and professional boundaries. Such problems are not amenable to optimal or global solutions, and sometimes a potential solution unearths a link to another problem in the wider system of interdependencies (Head 2008). Implementation of consistent and equitable policy solutions is a significant challenge when addressing the vagaries of emerging needs in a particular community. Such ‘wicked’ problems require cross-jurisdictional and cross-boundary problem-solving; they require contextualised, innovative and adaptive solutions (Williams 2002; Head 2008).’

For Paulsen and McDonald (2010: 114) the arguments and claims for social enterprise and/or innovation are further strengthened by the complex, often negative, outcomes of welfare support which may include what some have called long-term welfare dependency. For example, the debates during the last decade about welfare payments, mutual obligation and the physical and mental health and well-being consequences for Australian Indigenous communities – initiated primarily by Noel Pearson and other Indigenous community leaders in Far North Queensland – emphasised the need for reciprocity between ‘governments, communities, and individuals’:
The Third Sector and Social Enterprise

The third sector is comprised of ‘socio-economic initiatives which belong neither to the traditional private for-profit sector nor to the public sector’ (Defourny, 2001: 1):

Attitudes towards third sector activities vary, from those who fear the development of privatisation policies in this sector, ‘social deregulation and the gradual unravelling of acquired social rights,’ to others who support the changing relationships between individuals, civil society and the State (Defourny, 2001: 1).

Defourny and Nyssens’ (2006: 7) particular approach to social enterprise seeks to enhance third sector concepts such as: the social economy, the non-profit sector and voluntary sector. They argue that social enterprises are located at the crossroads of the ‘co-operative and the non-profit sectors’ and can be seen as a tool for ‘building bridges between distinct components of the third sector.’ The tensions within the third sector can be understood by looking at the gap between co-operative and the non-profit sectors:

The second tension emerges in the diverse relations between mutual interest organisations, such as co-operatives and mutual societies which aim to serve members, and general interest organisations serving the broader community by developing programs to combat poverty and exclusion for instance:

‘The unifying role of the social enterprise concept resides primarily in the fact that it generates a mutual attraction between the two spheres. It accomplishes this by attaching itself to certain organizations within each sphere; these organizations are then drawn to and included in a single group of organizations, because they are, in the last analysis very close to each other, and whether they choose a co-operative legal form or an associative legal form depends primarily on the legal mechanisms provided by national legislations.’ (Defourny and Nyssens, 2006: 8)
Compared with traditional associations, social enterprises tend to place a high value on economic risks that involve ongoing productive activity. In contrast to these traditional co-operatives, social enterprises can be seen as having a greater orientation towards the whole community, they involve different types of stakeholders in their membership. However, these contrasting elements should not be overestimated. Defourny and Nyssens (2006: 9) argue that: ‘social enterprises as we have defined them are in some cases new organisations, which may be regarded as constituting a new subdivision of the third sector, in other cases, they result from a process at work in older experiences within the third sector’. The idea of ‘social enterprise’ does not demonstrate a ‘conceptual break’ with third sector institutions. Rather, it represents a new dynamic within it – ‘encompassing both newly created organisations and older ones that have undergone evolution. Such a dynamic perspective explains why the landscape of social enterprises can only be suggested by dotted lines’.

Beilefeld (2009: 74) argues that there are divergent opinions regarding the near-term future of earned-income activities by non-profit organisations. With strong policy support and on the back of a successful social movement, there may be a large increase in commercial activity by non-profits in the coming years.

Barraket (2010: 8-9) considers three aspects of social enterprise important to the present and future of the community sector. First, she suggests that arguments that the ‘commercialisation of some aspects of civil society activity is uniformly bad needs to be revisited: Enterprising missions can be expanded and fulfilled with support from income streams that are not reliant on grants. However, she suggests that what is missing at this stage are different resource inputs from government and philanthropic organisations, voluntarism and individual giving. Social enterprises can also enhance the impact of the community sector by increasing its financial independence via income streams. Second, ‘there is often an assumption that social enterprises experience ‘mission creep’ as a result of having to attend to commercial imperatives while trying to fulfil their mission’. That is to say, social enterprises face the challenge of balancing their social mission with their business objectives. This can be a productive tension, encouraging social enterprises to reflect on the way in which they are responding to their mission – especially for non-funded organisations who do not take mission fulfilment as self-evident where funded organisations might. Third, Barraket (2010: 9) argues that we should recognise that some emerging forms of social enterprise indicate changes in the ways citizens and different generations of people participate in civil society.

‘While it is poor practice to generalise attitudes to a whole generation, amongst the younger social entrepreneurs I encounter in my research work, I note that they are often highly ethical and deeply committed to their social purpose, as well as tech-savvy and creative. Amongst this group, some adopt social business options because they can, and because they feel a disconnect between their way of doing things and traditional community sector approaches…Demographic and technological changes are altering the nature of civic engagement. It is not yet clear how profound these changes will be; yet the emergence of new forms of social enterprise is one manifestation of these changes’.

Social Enterprise: Challenges and Opportunities

‘This fear of doing something “smelly” affects the information and communication in [social enterprise] networks...Not talking about failure may simply be a gap in the culture keen to celebrate success’ (Seanor and Meaton, 2008: 33).
The emerging field of social enterprise research engages with a number of concerns, issues and debates that are not likely to be resolved in the near future. While there are general areas of agreement, there are also disagreements over the definition of terms. The ambiguity surrounding the meaning of 'social enterprise' can also have far reaching effects within social enterprise organisations (Seanor and Meaton, 2008: 32). On a more positive note, ambiguous identities can lead to different streams of funding, however they can also impact upon cohesion between workers and the mood of the workplace and enterprise. Another issue is that as social enterprises continue to emerge, particularly in the UK, there are concerns in academic circles that they are being too readily promoted by policy makers and local/governments before appropriate evaluation of social enterprise activities has been carried out.

While experiences, failures and organisational struggles within social enterprises are not often discussed, debates about the 'inherent' value of social enterprise are common in the emerging literature. Beilefeld (2009: 77) argues that there may be advantages for particular organisations, but that in the long run these short term advantages could end up harming the community. For instance, social enterprise may enable the diversification of non-profit income, but 'reduce the presence or impact of non-market activity or values'. Beilefeld (2009: 77) also suggests that more research is needed on the advantages and disadvantages of social enterprise as opposed to philanthropic or public provision techniques. Knowledge about the financial and economic aspects of social enterprise must also be developed. For instance: ‘What is the economic efficiency of social enterprise? …What are the returns from investment into social enterprise? Finally, what are donors’ and investors’ true preferences?’ These questions are followed by a host of organisational concerns, such as: ‘What are the organisational impacts of social enterprise on various types of nonprofit organisations?… What are the impacts in terms of mission drift, organisational culture, and accountability to constituencies or the community?’

Within the social enterprise literature there is little research that discusses the lessons to be learnt from struggling and failing social enterprise ventures. Seanor and Meaton (2008: 25) argue that we need to discuss the ‘unspoken issues’ arising from social enterprise failures and experiences: the threat of failure, the pressure of balancing financial responsibility, community needs, uncertainties about the enterprise’s mission, relationships between participants, inter-social enterprise relationships and trust. These issues arise out of the tensions social enterprises balance. These are tensions shaped by financial and social responsibilities.

Seanor and Meaton (2008: 25) suggest that not all researchers in the field believe this tension is present in social enterprise (see for instance Dees 1998, and Evers 2001). Acknowledging tensions between financial and social aspects of social enterprises is an important step towards discussing the ‘unspoken issues’ within the social enterprise sector. For instance, such a critical stance might ‘question whether the emphasis upon financial management and business models is appropriate support for social enterprise development since this might lead to social mission “drift”’. A recurrent issue associated with social enterprise is ‘mission drift’. Mission drift or ‘Mission Creep’ indicates a situation where ‘activities to meet financial goals begin to dominate or change social mandates’. This can result in ‘tensions between nonprofit missions and market phenomena, and the necessity of balance and trade-offs for social enterprise activities’ (Beilefeld, 2009: 79). The problem in some cases is that mission statements can be general enough to be met in a variety of ways. It is claimed that management can combat mission drift by assessing changes in participants’ daily work activities or by questioning why changes in activity and attitudes amongst participants have taken place. Such changes could be influenced by increased emphasis on financial goals.
Many understandings of social enterprise focus on individuals as ‘agents of change’, rather than on groups or organisations (Beilefeld, 2009: 69). In this context, individual stories of success are often emphasised, more so than stories of failure and struggle (Seenan and Meaton, 2008). Seanor and Meaton (2008: 32) discuss four social enterprise cases in the UK drawing upon themes that have been identified in the literature. These themes include: *identity and language, communication and information, operating environment, intentions and outcomes, ambiguity and trust*. One of their examples, Case D:

‘has set-up two legal structures and continues to trade in the mobile phone games industry. Half of their staff are long-term unemployed young people placed through Job Plus. The profits are not distributed to board members but are fed back into supporting the training and development of long-term unemployed workers.’

_Case D_ had different ideas about the identity of their organization. Different ‘actors’ (representatives of the organisation interviewed) emphasized different aspects of their identity according to their opinions, but also to meet funding needs in a competitive market. One representative was even sceptical of the social enterprise model and stated that people who worked there simply needed ‘to love to create and design games’. This particular social enterprise failed (Seenan and Meaton, 2008: 31):

‘This reiterates the point made by Grenier (2006) and Hines (2005) of the significance of an organisation being identified as a social enterprise by the agencies and the potential for financial support and access to resources. The actor had little notion of the social enterprise landscape and was surprised to find the social enterprise sector to be more varied than they had been led to believe by support workers. By being seen as outside the sector, the organisation lost opportunities to access support agencies contacts (though they may continue to contact other organisations and agencies independently). This also means that their experience and learning will not be available to others in the social enterprise network. Lost too is the reinforcement of a social enterprise identity, ethos and practices that the network could offer this organisation’ (Seenan and Meaton, 2008: 32).

In another case study Seanor and Meaton (2008: 34) discuss the fear of one organization that their reputation would be affected by the changes in the function of their community group turned social enterprise: ‘their good reputation was rooted in their ability to engage with the disaffected young people in their communities’. The actor believed that the social enterprise was ‘no longer driven by the disaffected young people originally involved’. The concern was that young people wanted to come into the organisation to ‘simply dance or make music’, not to be trained for employment opportunities. In this case, transforming what may once have been a kind of community centre into a social enterprise, meant that the function and outreach capabilities of the hub were negatively affected. Given these outcomes Seanor and Meaton (2008: 36) wonder if the ‘focus and, arguably, the imposition of business models as a framework is the best way to develop all organisations’.

Social enterprise and innovation provides opportunities for employment and the development of financial surpluses. It is claimed, however, that there are many other benefits evident at the community and individual level. At the community level, economically self sustaining social
enterprises attract greater opportunities for corporate support, such as volunteering and enhancement of social cohesion within communities. At an individual level, participants or beneficiaries are involved in a positive peer environment, are able to develop communication skills, have access to skill development and become involved in alternative pathways in the mainstream community (Paulsen and McDonald, 2010: 117).

Paulsen and McDonald (2010: 116-118) describe the success of the social enterprise ‘Bizness Babes’:

‘Bizness Babes is a micro-business development program for women who find themselves unable to join the mainstream workforce or who are generally disadvantaged in the labour market (see www.biznessbabes.com.au). The program is a cradle to grave’ program in micro-business development, offering training, mentor support, access to no-interest finance and the opportunity to supply businesses such as Bleeding Heart and Mulgrave Farmers Market... The program currently runs in the eastern states of Australia and is supported by a variety of corporate organisations. Over 300 women have completed the Bizness Babes program, with 48 businesses established.

The Bizness Babes program acts as a ‘Trojan Horse’ for personal change, as the skills developed in the program are readily transferable into the personal lives of participants. All participants in the program experience a change in their life situation, in addition to a significant rate of microbusiness development and implantation.’

However, not all social enterprises offer the results that participants need or are promised:

‘Currently, many courses and programs are designed to assist marginalised people in gaining skills and experiences that they can trade in the marketplace and gain employment. However, the development of skills and experiences does not always guarantee employment in a highly competitive market – and that is even more so during times of higher unemployment.’ (Paulsen and McDonald, 2010: 120)

Cook et al (2003: 57) discuss what they see as the dangers of social enterprise. They argue that the Social Enterprise Movement (SEM), which proposes the reconstruction of welfare, is based on two false premises: ‘the failure to understand the true causes of mass unemployment, and the assumption that the government faces financial constraints in the provision of welfare services’. Theirs is an argument informed by structural understandings of economic activity in Australia. In the case of high unemployment rates they attribute responsibility to government decisions and policy, suggesting that the impetus to address high unemployment rates should reside at the level of government (national and state):

‘The failure to see mass unemployment in macroeconomic terms represents the first false premise of the SEM. Some SEM advocates point to local schemes that have created small numbers of jobs (for example, Henton et al. 1997), but fail to understand that in a constrained macro-economy the scale of job creation required is beyond the capacity of local schemes...Thus, mass unemployment reflects a choice made by government to provide lower net government spending and accept higher unemployment.’ (Cook et al, 2003: 60-61)
Cook et al (2003: 57) also argue that the social enterprise movement carries serious implications for the ways in which we understand social welfare responsibilities and obligations. In particular: ‘implementation of the SEM proposals would erode the rights based eligibility to universal welfare services based on the principle of social justice’.

Specific proposals from the SEM are consistent with a desire to break from rights-based welfare provision, thus shifting responsibility from government to the individual. The necessity of reintegrating the allegedly, welfare dependent underclass into the community provides the justification for ‘mutual obligation’ and the concept of ‘no rights without responsibilities’ (Latham 2001d: 258). Mutual obligation is at the forefront of current Federal Government welfare policy and forces individuals to expend effort in return for their welfare payments. Unfortunately, a reciprocal obligation is not imposed on government to ensure that there are enough jobs. Some SEM advocates go further and suggest that ‘improved personal health habits, the care and maintenance of public housing accommodation, and good parenting practices’ among others, be conditions to be met before welfare benefits are paid (Latham 1998: 219). None of these conditions would be imposed on other members of society.

The Social Enterprise Movement cannot generate the rate of employment that Cook et al (2003) call for. However, as we argued in Working in Jamie’s Kitchen (Kelly and Harrison 2009) it can make meaningful contributions at local levels. This contribution is problematic in that it does call for individuals to act in certain ways, to conform to certain social norms, and to transform their lives with reference to these norms. However, for those living a marginalised existence the option or possibility of participating in mainstream economic and employment activities supported by social enterprise can have positive outcomes in terms of economic benefits and social, physical and mental health and well-being.

Possibly, the challenge and opportunity of social enterprise is to contribute more widely to these outcomes, in more sustainable ways. And, possibly, again, to transform the ways in which the government and corporate sectors imagine the problems and responses to the marginalisation and exclusion experienced by individuals and groups.
REFERENCES


