

Understanding Social Enterprise

Theory & Practice

Rory Ridley-Duff & Mike Bull



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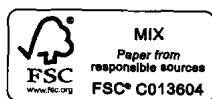
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Social enterprises are ‘stakeholder owned’ rather than ‘shareholder owned’. With the champion of the ‘shareholder value’ movement, Jack Welch, describing it as ‘the dumbest idea in the world’ following the credit crunch, the time for stakeholder value has arrived and this book sets out exactly what that will mean in practice.

Professor Jonathan Michie, President, Kellogg College, University of Oxford

This book represents an important contribution to social enterprise scholarship that will also be of considerable interest to practitioners and policy makers. Its integration of management frameworks, social theory and public policy approaches provides a fresh set of perspectives and insights on this increasingly influential sector.

Dr Alex Nicholls, Lecturer in Social Entrepreneurship, The Saïd Business School, University of Oxford

The authors have raised the bar. This book is well written, necessary, comprehensive, intellectually stimulating and informed by practical experience. This will aid student understanding of the key debates and issues relating to social enterprises, explores the likely challenges facing social enterprises and offers insights into the evolution of the sector. Packed with examples, case studies and student revision tasks, this is a fine addition to the existing literature and is sure to be a core text.

Declan Jones, Head of Student Enterprise, Caledonian Business School, Glasgow Caledonian University

Combining a thorough study of the current state of literature and a deep understanding of working with social enterprise, the authors present an excellent overview of the state of thinking that will be of use to those studying and those working with social enterprises. It presents the key challenges and different views found within the practice, research and policy community and sets out the debates for future years. This is a valuable contribution to our understanding of this rapidly changing sector.

Professor Fergus Lyon, Director of ESRC/OCS Social Enterprise Research Cluster, Middlesex University

A good thorough analysis of social enterprise and its context, drawing on a range of relevant theory and evidence. It should become an essential text on the field.

Roger Spear, Senior Lecturer and Chair of the Co-Operatives Research Unit, The Open University

This is a well written, well researched, and above all, critical investigation into the notion of social entrepreneurship. It is essential reading to any student or practitioner who wishes to understand how social entrepreneurship has developed, its intellectual antecedents, and why it is so important to contemporary society.

Tim Curtis, Senior Lecturer, Unltd and HEFCE Ambassador for Social Entrepreneurship in Higher Education, University of Northampton

A valuable and timely book which is relevant to academics and practitioners alike. There is a welcome emphasis on providing practical learning activities grounded in a discussion of both historical and contemporary concepts of social enterprise.

Dr Linda Shaw, Head of Research, The Co-operative College

This book is important reading for students of social enterprise, both inside and outside the academy. It illuminates the social and political impulses underpinning current trends in this field, and provides nuanced comparative insights into how practice has developed in different world regions. The book is a rare combination; theoretically informed and practically applicable to the establishment and management of businesses that trade for a social purpose.

Dr Jo Barraket, Associate Professor of Social Enterprise and Entrepreneurship, Queensland University of Technology



Author Biographies

Dr Rory Ridley-Duff

After 12 years as a director of a worker cooperative creating ICT systems for third and public sector organisations, Rory wrote one of the early texts on social enterprise (Ridley-Duff, 2002). This led – indirectly – to him winning a Hallam PhD Studentship, during which he undertook an ethnographic study in one of the UK's fastest-growing companies during its conversion from a private to a social enterprise. He joined the teaching staff at Sheffield Business School in 2003, securing a permanent appointment in 2007, and recently founded its MSc Social Enterprise and Business Democracy course. He is now one of UnLtd's Ambassadors for Social Entrepreneurship in Higher Education, a member of the editorial board of the *Social Enterprise Journal*, and a non-executive director of the award-winning social firm Viewpoint Research CIC.

Mike Bull

Having spent 16 years in the printing industry for private, public and third sector organisations, Mike moved into academia looking for a new challenge. Between 2004 and 2007 he undertook two research projects funded by the European Social Fund (ESF) into the management practices in social enterprises. The result was Balance, an online diagnostic tool that creates the space for reflection on strategic management issues and performance (see www.socialenterprisebalance.org). Employed within the Centre for Enterprise, Manchester Metropolitan University (MMU), he pursues his interest in critical reflection diagnostics, having subsequently been commissioned for a number of other projects. Mike also leads social enterprise teaching on the university's undergraduate courses, is a Director of Social Enterprise North West and Together Works (the social enterprise network for Greater Manchester), and is an editorial board member of the *Social Enterprise Journal*.



Acknowledgements

Every book is a collaborative effort. This is our chance to thank the great many people who have helped us over the last two and a half years to undertake research and support the writing of the text. We would like to acknowledge the following people and organisations for their generous help with various aspects of the book.

Firstly, we would like to thank Pam Seanor and Tracey Chadwick-Coule whose knowledge and experience, not to mention time and effort, in co-authoring Chapters 4, 9, 10 and 12 (and related teaching materials) have been invaluable.

Secondly, a great many people have helped us to write, or prepare, teaching cases based on their work as practitioners and researchers. Others have provided support and feedback by proofreading chapters and teaching materials. In no particular order, they include: Deborah Munt, Jon Griffith, Ralph Spence, David Laughton, Siobhan Newton, Tim Curtis, Doug Foster, Linda Banks, Liz Doherty, Chelle Davey, Connie Thorpe, Mark Powell, Alistair Ponton, Geof Cox, Morgan Killick, Anna Whitty, Jim Chandler, Mikel Lezamiz, Fred Freundlich, Pam Seanor, Adrian Ashton, Martin Halton, Gerry Stone, Lorna Leaston, Chris Dabbs, Tracey Chadwick-Coule and Graham Duncan. Our enduring thanks to you all.

Thirdly, the support of colleagues at conferences and academic institutions has been invaluable. Our thanks to Sheffield Hallam University and Manchester Metropolitan University for creating an environment in which we can pursue our interest in social enterprise teaching and research. Also, we would like to thank the organisers and participants of the Social Entrepreneurship Research Conference (2006, 2007, 2008), the Institute of Small Business and Entrepreneurship Conference (2008, 2009, 2010) and the International Social Innovation Research Conference (2009) who have peer reviewed both our (and others') work, talked with us about a wide variety of authors' work late into the night, and contributed so much to our understanding of the concepts and issues raised by this book.

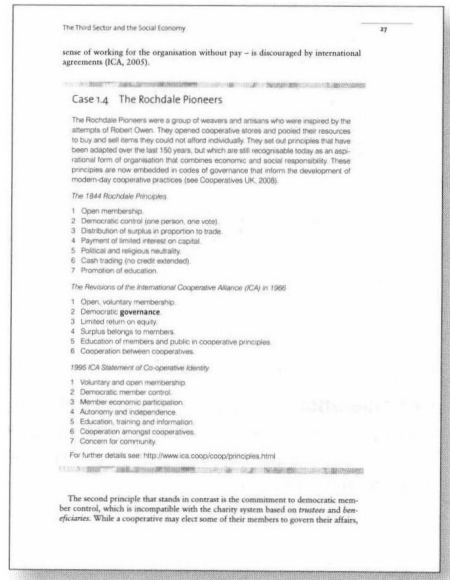
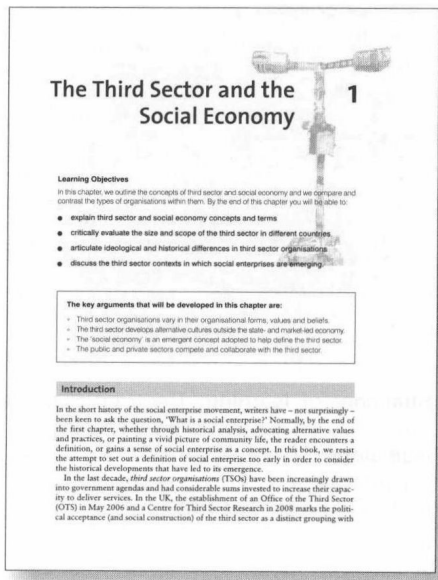
Fourthly, every author needs good back-up and support for the publication process. Special thanks to Linda Purdy from the Adsetts Library, Sheffield Hallam University, for work on obtaining permissions to reproduce materials, and to Clare Wells and Natalie Aguilera at Sage Publications for their faith in our work, as well as practical support throughout the publication process.

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For Caroline, Natasha and Bethany, and for Katie, Esme, Freddie and Miles with love.

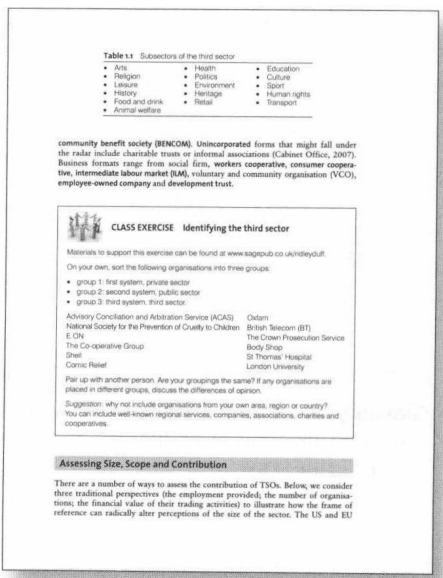
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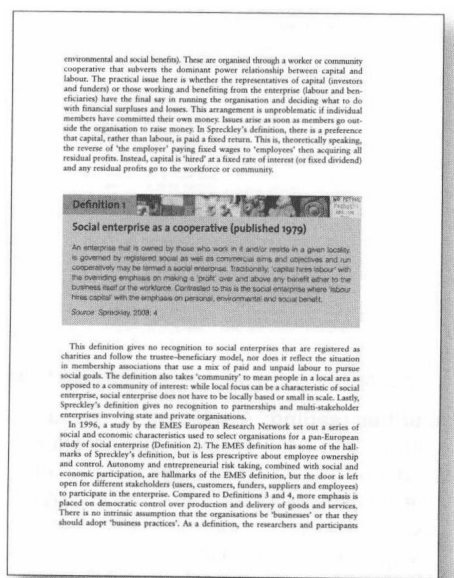


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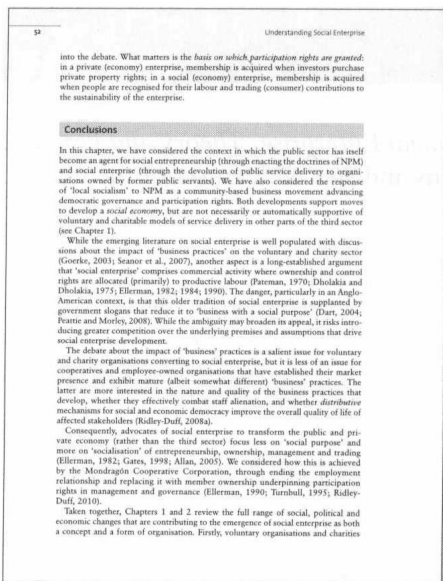


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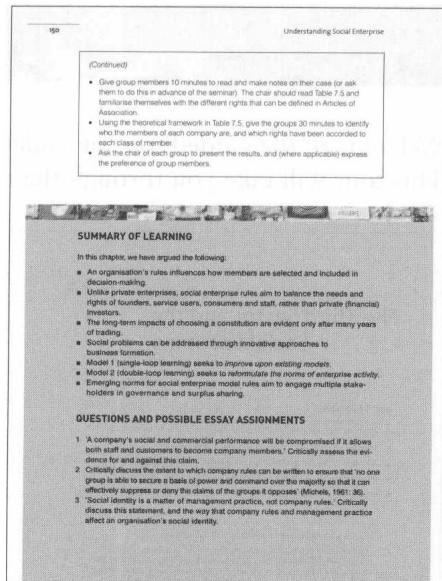


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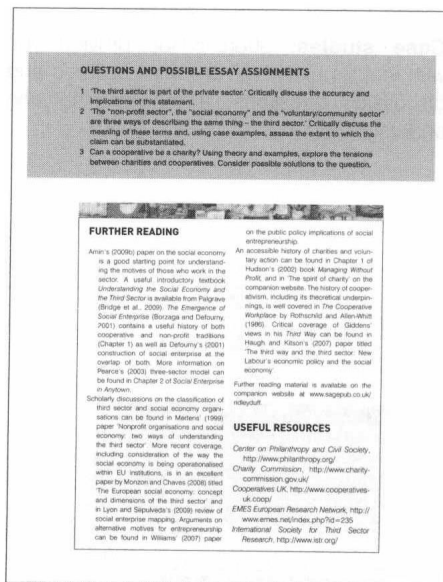


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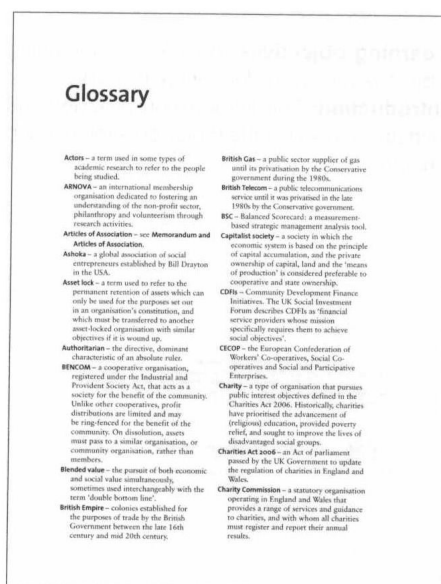
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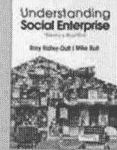
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- **Full-text journal articles:** Full access to selected journal articles provides students with a deeper understanding of the topics covered in each chapter.
- **Links to relevant websites:** Direct links to online information about social enterprise projects.

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About the Book	
Book Description Author Details Table of Contents	
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About the Book

This section contains details about the book and its authors.

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Summary of Contents

Author Biographies	xiii
Acknowledgements	xiv
Guided Tour	xv
Companion Website	xvii
 Introduction	 1
 Part I Theoretical Perspectives on Social Enterprise	 9
1 The Third Sector and the Social Economy	11
2 New Public Management and the Private Sector	38
3 Defining Social Enterprise	56
4 Social and Ethical Capital	82
5 Globalisation and International Perspectives	99
 Part II The Practice of Social Enterprise	 115
6 Management Debates	117
7 Identities and Legalities	134
8 Strategic Management and Planning	152
9 Governance, HRM and Employee Relations	172
10 Leadership and Social Entrepreneurship	193
11 Income Streams and Social Investment	210
12 Measuring Social Outcomes and Impacts	230
 Postscript – Social Enterprise in 2050	 247
 Glossary	 252
References	260
Index	275

Contents

Author Biographies	xiii
Acknowledgements	xiv
Guided Tour	xv
Companion Website	xvii
 Introduction	 1
The Structure of the Book	3
Part I: Theoretical Perspectives on Social Enterprise	4
Part II: The Practice of Social Enterprise	5
 Part I Theoretical Perspectives on Social Enterprise	 9
 1 The Third Sector and the Social Economy	 11
Introduction	11
Civil Society and a Third System	13
Case 1.1 It's a Wonderful Life (Frank Capra)	14
Organisations of the Third Sector	17
Assessing Size, Scope and Contribution	18
Case 1.2 The Scott Bader Group and the Scott Bader Commonwealth	20
The Development of Trusts and Charities	22
Case 1.3 The Ragged Trousered Philanthropists by Robert Tressell	24
The Development of Cooperatives and Mutual Societies	26
Case 1.4 The Rochdale Pioneers	27
Secular Associations and a Voluntary Sector	28
The Modern Third Sector and Social Economy	29
Implications for Social Enterprise	30
Case 1.5 Traidcraft	32
Conclusions	33
 2 New Public Management and the Private Sector	 38
Introduction	38
The End of the Post-War Consensus	39
The Effects of New Public Management	41
Case 2.1 The 'right to request' in the UK National Health Service	44
Advances in Employee and Community Ownership	46
Local socialism	46
Case 2.2 Eaga plc: a new model for public service delivery	48

Cooperative Transformation of the Private Sector	49
Case 2.3 The Mondragón Cooperative Corporation (MCC)	49
Conclusions	52
3 Defining Social Enterprise	56
Introduction	56
The Origins of the Language of Social Enterprise	57
Case 3.1 Social Enterprise London: a founder's story	58
Case 3.2 Coin Street Community Builders (CSCB): from voluntary action to social enterprise	59
Case 3.3 The Grameen Foundation	61
Descriptions of Social Enterprise	61
Social Enterprise as a Spectrum of Options	66
Case 3.4 Charity or social enterprise?	67
Case 3.5 Socially responsible business or social enterprise?	68
Case 3.6 Entrepreneurs CIC	70
Case 3.7 Corporate social responsibility or social enterprise? Merck and the Mectizan drug project	72
Cross-Sector Models of Social Enterprise and Social Capital	73
Social Enterprise as an Activity	77
Conclusions	78
4 Social and Ethical Capital	82
<i>Rory Ridley-Duff, Pam Seanor and Mike Bull</i>	
Introduction	82
Understanding Views on Social Capital	83
Structural approaches	86
Contextual approaches	87
Social networking	88
Values, Ethics and Sustainability	90
Ethical Capital as a Framework for Understanding Social Enterprise	94
Conclusions	97
5 Globalisation and International Perspectives	99
Introduction	99
The Rise of Global Capital and International Markets	100
Social Enterprise as a Global Enterprise	103
Social Enterprise as Opposition to Globalisation	104
Conclusions	111
Part II The Practice of Social Enterprise	115
6 Management Debates	117
Introduction	118
Outlining a Perspective on Social Enterprise Education	118
Living the Management Debate	120
Case 6.1 A living management debate	121
Comparing Key Texts on Social Enterprise Management	128
Some Conclusions	129

7	Identities and Legalities	134
	Introduction	134
	Values, Identities and Social Practices	135
	Old Legal Identities and Hegemonic Power	140
	New Legal Identities and Social Power	144
	Critique and Conclusions	149
8	Strategic Management and Planning	152
	Introduction	152
	The context for strategic management and planning	155
	Case 8.1 Seedley and Langworthy Trust (SALT)	155
	Conceptualising Strategic Management	155
	Operationalising Strategic Management and Planning	159
	Assessing Strategic Management Performance	163
	Case 8.4 Balance: developing a strategic management tool for social enterprises	165
	Case 8.5 Unlimited Potential	166
	Critical Reflections	166
	Conclusions	169
9	Governance, HRM and Employee Relations	172
	<i>Rory Ridley-Duff and Tracey Chadwick-Coule</i>	
	Introduction	173
	Discourses on Managing People	176
	Shared Governance and HRM Concepts	179
	Recruitment, Selection and Induction	184
	Dispute Resolution	185
	Discussion of Case Studies	186
	Conclusions	189
10	Leadership and Social Entrepreneurship	193
	<i>Rory Ridley-Duff and Pam Seanor</i>	
	Introduction	194
	Why Leadership Matters	194
	Theories of Leadership	195
	Case 10.1 Social entrepreneurship: a regeneration agency view	199
	Case 10.2 The soft side of leadership	200
	Critical perspectives on leadership	201
	Perspectives on Entrepreneurship	202
	Case 10.3 The community company model	203
	Case 10.4 Transforming the social entrepreneur	205
	Conclusions	206
11	Income Streams and Social Investment	210
	Introduction	211
	Theorising Income and Investment Activities	212
	Funds, profits and accounting	214
	Income from Trading and Membership	215
	Case 11.1 Anna Whitty, current ECT Chief Executive	218

Gifts and Donations	220
Case 11.2 MissionFish	221
Loan and Equity Finance	222
Social Investment Funds	224
Conclusions	226
12 Measuring Social Outcomes and Impacts	230
<i>Rory Ridley-Duff, Pam Seanor and Mike Bull</i>	
Introduction	230
Performance as a Concept	231
Social Accounting Practices	235
Case 7.1 Stakeholder Model Ltd, Articles of Association, Clause 28	236
A qualitative approach: social accounting and audit (SAA)	237
Quantitative measures: social return on investment (SROI)	238
SAA and SROI: Similarities and Differences	240
Critical Perspectives on Social Accounting	242
Implications for Social Enterprises	243
Conclusions	244
Postscript – Social Enterprise in 2050	247
Rory Ridley-Duff	247
Mike Bull	249
Renewable energy market-based solutions to the challenges of the environment	249
Alternative market-based solutions to the challenges of modern-day health care needs	250
Alternative solutions to the private ownership of football clubs	250
Glossary	252
References	260
Index	275



Introduction

This book invites students, academics and practitioners to develop a critical understanding of *social enterprise* through an exploration of the relationship between theory and practice. Over the last decade, this new term – and the related concept of *social entrepreneurship* – has reached an increasing audience. Social enterprise is being used by growing numbers of activists, entrepreneurs, organisations and government officials as an umbrella term for any form of organisation that innovates or trades for a social purpose. In some cases, the results have been so spectacular and on such a scale that politicians of all shades, from all corners of the world, are taking an interest in how social enterprise might offer new trajectories for engaging ‘more-than-profit’ and ‘non-profit’ organisations in their own aspirations for social change.

This growing popularity, paradoxically, also presents a significant challenge. As authors, we will argue that the concept evolved in the EU within a fairly close-knit community of ‘activist’ businesses and regional support networks, while in the US it evolved out of concern that philanthropic ventures should be sustainable over the longer term. Whilst adopting a range of approaches, these early initiatives shared a commitment to developing trading relationships that promoted social democracy and financial equity across society. With the formation of support agencies around the globe, the seductive appeal of the term ‘social enterprise’ became a way for many more people (governments, charities, voluntary groups, environmental organisations and ‘social businesses’) to articulate an alternative to profit-maximising private enterprise. As a result, many groups now use the term to describe themselves and others, with an equal number feeling unsettled by a perceived attack on their identity. A significant part of this book, therefore, is devoted to navigating through the confusion that has arisen as social activists, umbrella organisations and governments advance the concept while others resist changes they associate with a ‘business’ agenda.

Our motivations to collaborate on this book are also paradoxically straightforward and complex. In 2006, we each presented papers at the 3rd Social Entrepreneurship Research Conference (SERC) held at London South Bank University. The straightforward motive for the book lies in the friendships that developed and the enjoyment we continue to take in comparing and contrasting our experiences and research findings. These friendships were strengthened when Mike Bull organised an event at Manchester Metropolitan University titled Critical Perspectives on Social Enterprise. The authors were joined by Jon Griffith (University of East London), Pam Seanor (Huddersfield University), Doug Foster (Surrey University) and Tim Curtis (then at Oxford Saïd Business School, now at

Northampton University). The energy generated by this event prompted the speakers to dub themselves the Manchester Critical Group. The event became a catalyst for the development of an informal network that continues to this day. While the text has been credited to two members of this network, it can be viewed as a product of the critical thinking that emerged within this group, as well as their ongoing debates at academic conferences.

Like Paton (2003), we bring a social constructionist perspective to issues of theory and practice in social enterprise. Our assumption, therefore, is that people are – and have to be studied as – sentient beings who use their existing knowledge and experience to interpret the situations they face. As a result, prescriptions for entrepreneurial or management practice – based on the assumption that people will react or adapt in consistent ways – are not viewed as a helpful approach to social enterprise education. We assume that people are selective in the way they notice the world. The theories most useful to them are the ones that are carefully worked out in response to challenges in their cultural, social and physical environment. The concepts and learning opportunities we present, therefore, are not aimed at teaching the ‘truth’ about the ‘real’ world. They are research-informed theories, and experiential learning activities, that have been sufficiently useful to us, our students and research participants that they are worth committing to paper and disseminating more widely.

As authors, we have connections both inside and outside the world of social enterprise practice. Our ‘insider’ status is expressed through previous and current experience working in the sector, and also contributions to knowledge that we have individually and jointly contributed as members of academic institutions. Some of these theories are now embedded in ‘tools’ that support the development of new practices in strategic management and enterprise governance (www.socialenterprisebalance.org). Our ‘outsider’ status, however, is expressed in critical analyses of the way these theories (including our own) are not only limited and partial representations of what is ‘out there’, but also the latest additions to a long-running critique of the role of private property in economic development. When we started writing, the heartlands of capitalism were imploding as some of its most revered institutions collapsed, shrunk and were taken (back) into state ownership. As we finish writing, a new crisis (rooted in the 2008 crisis) is threatening to spread unrest from Greece across Europe and destabilise the eurozone. Some fresh social and economic thinking, therefore, is timely.

No book can provide an exhaustive examination of a subject. We have been selective by drawing attention to theories that have helped our research participants and students contribute to practice in social enterprises. Those in other cultures and parts of the world, we are sure, would select differently. While drawing on international examples, the text inevitably reflects our work with diverse communities of practice in the UK, and the Anglo-American and European contexts in which we disseminate our work.

One or other author took the lead in producing a first draft of each chapter with support and critique from the other: in this sense the writing is a co-production. Chapters 4, 10 and 12 were drafted with the assistance of Pam Seanor, while Chapter 9 was co-authored with Dr Tracey Chadwick-Coule. Rory took an editorial lead in