

If not for profit,  
for what and how?

S O C I A L  
E N T E R P R I S E

# The development and application of a typology of social enterprise 'traditions'

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## 1.0 INTRODUCTION

This paper considers the longstanding problem of how to define and classify social enterprise, given the great variety of social enterprise activities, organisational types, legal forms, and policy objectives. It proposes a typology of social enterprises, based on six social enterprise historical 'traditions', each representing a distinct purpose. The paper identifies and considers, for each of the 'traditions', its basis, central values, primary beneficiaries, potential legal or organisational form(s), and primary income source(s). It further describes how respondents to a questionnaire survey of social enterprises were classified according to the typology, and then applies the classification to assist in explaining the nature of and potential for social enterprise development.

## 2.0 SOCIAL ENTERPRISE: THE CHALLENGE OF DEFINITION

Social enterprise is a quintessential 'fuzzy concept' "...lacking conceptual clarity and difficult to operationalize" (Markusen, 1999, p.870). The burgeoning literature on social enterprise, social entrepreneurship and the social economy suggests that 'social enterprise' is a chameleon, capable of almost infinite adaptation to suit changing contexts, and perhaps susceptible of no clear essential definition. Its apparent conceptual elasticity seems to make it possible for it to be whatever people want it to be and do. "Social enterprise means different things to different people across time and context." (Teasdale, 2012, p.113.)

The variety and complexity of social enterprise activities, organisational types and legal forms, and the confusion of objectives and expectations imposed by government policy-makers on the social enterprise sector have long created difficulties and controversies for attempts to define social enterprise and classify social enterprises – or even to count them (Defourny, 2001; Nicholls, 2006; Shaw & Carter, 2007; Peattie & Morley, 2008; Spear *et al*, 2009; Galera & Borzaga, 2009; Ridley-Duff & Bull, 2011; Bacq & Janssen, 2011; Teasdale, 2012; Teasdale *et al*, 2013). The potential scope of social enterprise activities is very wide, covering economic, social, and environmental matters. Social enterprises may, for instance, be involved in employment or training; area-based regeneration; health or social care; leisure or cultural activities; wholefoods; childcare; retail services; philanthropy or charity; housing; education; public service provision; and so on. Organisational types can include: worker co-operatives, community enterprises, credit unions, community development finance institutions, development trusts, work integration social enterprises, social firms, intermediate labour market organisations, non-profits, charities, social businesses, employee-owned enterprises, retail co-operatives, mutual insurance companies, private companies, and others. Moreover, a growing number of legal forms (both incorporated and unincorporated) exist which may be used to establish what are called 'social enterprises'. For the UK, Co-operatives<sup>UK</sup> discuss the following forms, to which can be added the Local Authority Trading Company (LATC) form, available from 2003:

### Incorporated forms

- Company Limited by Guarantee (CLG);
- Company Limited by Shares (CLS);
- Community Interest Company (CIC) – from 2005;
- Industrial & Provident Society (bona fide Co-operative) (IPS [Co-op]);
- Industrial & Provident Society (Community Benefit Society) (IPS [Bencom]);
- Charitable Incorporated Organisation (CIO) – from 2013;
- Incorporation of charity trustees;
- Limited Liability Partnership (LLP) – from 2001; and

### Unincorporated forms

- Trust;
- Unincorporated Association;
- Partnership; and
- Sole Trader.

(Co-operatives<sup>UK</sup>, 2009)

The list of government policy objectives and claims for the sector over the past decade has been similarly diverse – and demanding of the sector. In the UK, for example, a daunting range of different roles and responsibilities have been accorded to social enterprise, including at least the following:

- \* improving competitiveness and productivity
- \* creating wealth and fostering enterprise
- \* providing employment and training
- \* provision of better public services
- \* reinvigorating civil society
- \* building capacity and social capital in communities
- \* regeneration of disadvantaged communities
- \* addressing unmet social and environmental needs
- \* tackling social and financial exclusion; and
- \* encouraging ethical markets.

(DTI, 2002; CO, 2006)

The excited optimism around the social economy and social enterprise manifest themselves not just in these official accounts of the potential of the two concepts to be and do all manner of different things, but also in (for the most part) steadily increasing claims for the size and strength of the local social economy or social enterprise sector: a series of UK Government-commissioned surveys estimated the number of social enterprises in the UK, ranging from 5,300 in 2003, to 70,000 in 2007 – by which time total employment was estimated at 248,000 and combined turnover at £15.5 billion (Teasdale *et al*, 2013).

These surveys all used the-then UK Labour Government's formal definition of social enterprise:

“... 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, p.14)

Detailed analysis has shown that it was the changing interpretation and application of the three key elements of this definition ('a business', 'primarily social objectives' and 'reinvestment of surplus') in the different surveys which produced both wide variations in the estimates of social enterprise numbers and the politically constructed 'myth of social enterprise growth' (Teasdale *et al*, 2013). An important factor in this process was that these surveys took place against the background of changing UK Government policy, which had steadily broadened the concept of social enterprise. 'Social enterprise' thus developed from its co-operative and community enterprise origins, linked to policies on the 'third way' and the area-based regeneration of deprived communities to address perceived market failure (1998-2001); it evolved into a social business approach of 'business solutions to social problems', linked to enterprise culture to address perceived state failure (2001-2005); finally, it was transformed into the application of earned income discourses to the wider third sector, fostering the growth and development of public service delivery by the voluntary sector (underpinned by major government investment) to address perceived voluntary failure (2005-2010). Thus, the notion of social enterprise became so inclusive that the remaining key defining characteristics of social enterprise had been reduced to just two, namely, trading and social aims (Teasdale, 2012; Peattie & Morley, 2008).

Even before the publication of these figures, questions had been raised about the 'great expectations' of the social economy, both as a panacea for all ills, and also because of figures then being bandied about (Gordon, 2002a; 2002b). It seemed – and still seems – difficult for social enterprise successfully to address so many policy goals simultaneously, especially given the additional pressure of the frequently-experienced tensions between social enterprises' social and commercial objectives. Moreover, it is surprising that such large numbers of enterprises, jobs and turnover suddenly emerged, apparently having hitherto escaped notice.

Nevertheless, estimates continue to be publicised which assert the existence of huge and growing numbers of social enterprises in the UK. One such (DE & IFFR, 2010) used a much broader, more inclusive definition of social enterprises as 'businesses with a social purpose', and found 'hidden' social enterprises within a population of for-profit, growth-oriented entrepreneurs. The researchers identified five categories of increasingly narrowly-defined social enterprise. Leaving aside the most inclusive category of 'socially responsible' businesses, but including all those businesses for whom 'making a difference' (MAD) was the primary motivation, they estimated an overall figure of 686,056 hidden social enterprises in the UK, with a potential total economic contribution of well in excess of £206bn. Even omitting the MAD enterprises, the remaining categories of social enterprise (which are increasingly exclusive: 'broad', 'narrow' and 'pure') amounted to 454,056 enterprises, with a potential total economic contribution well in excess of £115bn. (DE & IFFR, 2010)

The current UK Coalition Government also appears to be widening the definition of social enterprise still further, in May 2013 claiming figures in the UK of: 180,000 social enterprise SME employers (15% of SME employers), a total of 688,000 SME social enterprises (including sole traders), sector employment greater than

two million, and a Gross Value Added economic contribution of £55 billion (CO, 2013; BMG Research, 2013).

For the last decade, then, there have been many claims about the numbers and importance (in terms of, e.g. employees, or turnover) of UK social enterprises, and these claims continue. It is unclear what is intended to be achieved by this. One unfortunate corollary of talking up social enterprise in this way is that expectations of the sector will be raised, often beyond what is realistically achievable. Is the development of social enterprise in the UK really proceeding so successfully that we can observe a widespread consequential improvement in social, environmental and economic conditions, or is it all a lot of hype (akin to the 'greenwash' or 'CSR-wash' promoted by many private companies claiming to be environmentally or socially responsible)? If there really are so many social enterprises ('hidden', sole trader, or otherwise), this begs the question as to whether all the added governmental and non-governmental effort, policy, investment and other support for social enterprise is actually needed, when it is claimed to be happening anyway. Moreover, particularly in relation to the muddy boundary between for-profit business and social enterprise, if the definition of the latter is to be made so inclusive, what is the point of 'social enterprise' at all, and what is distinctive about it?

### 3.0 ATTEMPTS TO DEFINE AND CLASSIFY SOCIAL ENTERPRISES

In all this confusion and complexity, it is therefore not surprising that definitional consensus is limited to the lowest common denominator: "organisations which trade to achieve their social objectives", or similar (Peattie & Morley, 2008, p.8). Amongst many others, more specific proposals to define and classify social enterprises include: social purpose businesses which primarily reinvest surpluses in the business or community rather than generating profits for shareholders or owners (DTI, 2002 [see full definition earlier]; EC, 2011); those third system organisations (based on citizen collaboration, mutuality and self-help to address social needs) which are most engaged in trading within a three-system model of the economy (Pearce, 2003); those enterprises which bridge the non-profit sector and the social economy, and tend towards non-prescriptive but archetypal indicators (distinguishing various economic and social criteria), thereby placing initiatives differentially within a spectrum of social enterprises (Defourny & Nyssens, 2006); common social enterprise characteristics – multi-agency environments, enterprise orientation, social aims, and social ownership (Shaw & Carter, 2007); inclusive versus exclusive definitions (Light, 2008); an empirically-grounded typology based on the impact the origins and development path of social enterprises has on governance structures and issues (Spear et al, 2009 – see below); classification according to mission orientation (Alter, 2010); and a social enterprise typology, based on a cross-sector analysis, with four models of social enterprise developing at the interface of public, private and third sectors ('non-profit', 'corporate social responsibility', 'more-than-profit', and 'multi-stakeholder') (Ridley-Duff & Bull (2011, pp.73-76). Another approach seeks to clarify the conceptual confusion by showing how different actors construct separate discourses based on contrasting academic theories which relate to varying organisational types (Teasdale, 2012 – see below). Whilst there is considerable overlap between all these different definitions and classifications, agreement on the nature and categories of social enterprise nevertheless remains elusive.

### 4.0 ORIGINS AND A HISTORICAL APPROACH

Most authors discussed above refer to at least some antecedent organisational forms of social enterprise, e.g. co-operatives, mutuals, charities and community enterprises (Pearce, 2003; Ridley-Duff & Bull, 2011). However, two of the examples mentioned under section 3 above bear further examination in the context of the typology proposed in this paper.

First, a research project into the governance challenges and support needs of social enterprises found that:

"...the origins and paths of development of social enterprise can ... have an important impact both on the way government structures are constructed and developed, and on the types of issues and challenges that they face."  
(Spear et al, 2009, p.265)

This led the researchers to develop a new typology of social enterprises based on their origins and development paths (Table 1). They identify four types of social enterprises: 'mutuals', 'trading charities', 'public sector spin-offs' and 'new-start social enterprises' (Spear et al, 2009). However, they do not include social enterprise organisations responding to the needs and problems of particular geographical areas (e.g. community enterprises or development trusts). The paper explicitly identified both of these as types of social enterprise, and development trusts were not only included in an initial "typology of commonly recognized and self-labelled forms of social enterprise" (*ibid*, pp.252-253), but also in the target organisations to be drawn on for interviews

and focus groups. It is not clear how community enterprises, development trusts, or similar, would fit into the researchers' typology. Moreover, the 'new-start' type is restricted to "new businesses created from scratch", many of which the researchers found were related to fair trade, 'green', recycling, or other new social movements. Most importantly, the overall emphasis of Spear *et al's* paper is on how the origins and development paths of social enterprise may have profound effects on the structures and challenges of governance; it is not about historical traditions focussed on the central purpose of each social enterprise type, as this paper proposes.

**Table 1 A typology of social enterprises (from Spear *et al*, 2009, p.266)**

<b>Types of social enterprise</b>	<b>Origins</b>	<b>Examples</b>
<b><i>Mutuals</i></b>	Formed to meet the needs of a particular group of members through trading activities	Consumer co-operatives Credit unions
<b><i>Trading charities</i></b>	Commercial activities established to meet the charities' primary mission, or as a secondary activity to raise funds	Educational or other charities that charge for services. Charities with trading subsidiaries e.g. charity shops
<b><i>Public sector spin-offs</i></b>	Social enterprises that have taken over the running of services previously provided by public authorities	Leisure trusts Some health and social care social enterprises
<b><i>New-start social enterprises</i></b>	Enterprises set up as new businesses by social entrepreneurs	Some fair trade and 'green' enterprises

The second example (Teasdale, 2012) proposes a similar five-category classification of social enterprises, although this does not use social enterprise origins or a historical approach. Instead, Teasdale shows how different actors construct divergent social enterprise discourses ('earned income', 'delivering public services', 'social business', 'community enterprise', and 'co-operatives'), each related to one of a series of theoretical assumptions, and he uses that to propose a classification of social enterprises, providing an example of each social enterprise type. The theoretical assumptions (which are not necessarily inconsistent with each other) purport to explain the emergence of social enterprise (state/market failure; resource dependence theory; institutional theory; and voluntary failure; plus social economy). (Table 2.)

**Table 2 Social enterprise discourses, theoretical assumptions and organisational forms (from Teasdale, 2012, Table 1, pp.104-105)**

Discourse	Theoretical assumptions	Umbrella body	Organisational example
<b>Earned income</b> (social enterprise activity – voluntary organisations have always sold goods and services)	<b>Resource dependence</b> – earned income as a response to declining state and philanthropic funding.	National Council for Voluntary Organisations	<b>Oxfam</b> (charity derives most income from grants and private giving, but a growing proportion from sale of second-hand and fair trade goods)
<b>Delivering public services</b> (the state funds, rather than delivers, services; expand third sector to fill the gap)	<b>Voluntary failure</b> – the third sector does not have the capacity to deliver welfare services and requires infrastructural investment to meet the challenges.	Association of Chief Executives of Voluntary Organisations	<b>Turning Point</b> (derives over 90% of its income through contracts to deliver drug and alcohol services on behalf of the state)
<b>Social business</b> (social enterprises [SEs] are businesses which apply market-based strategies to achieve a social or environmental purpose, which is central to their operation; the latter distinguishes SEs from commercial businesses, but SEs can distribute surpluses and do not require an asset lock)	<b>State failure</b> – the inability of the public sector to deliver effective welfare services has led social enterprises to fill the gap.	Business in the Community	<b>Carbon Retirement Limited</b> (for-profit business providing carbon footprint offset by businesses and individuals)
<b>Community enterprise</b> (development trusts are community enterprises working to create and retain wealth in communities, trading on a 'not-for-personal-profit' basis, re-investing surplus in the community, and effecting 'triple bottom line' outcomes)	<b>Market failure</b> – the failure of the private sector to allocate resources equitably.	Development Trusts Association	<b>Sunlight Development Trust</b> (community-owned and managed charitable organisation, with a mix of social, medical and community services aimed at everyone in their community)
<b>Co-operatives</b> (different way of doing business, because jointly-owned and democratically controlled by members, who are the beneficiaries of the business activities)	<b>Social economy</b> – a more radical tradition that sees capitalism itself as the problem.	Co-operatives <sup>UK</sup>	<b>Co-operative</b>

Whilst some or all of the five kinds of social enterprise discourse could be seen as representing different social enterprise traditions or central purposes, that is not the prime intention or focus of Teasdale's classification: there is a passing reference to the "more radical tradition" of the social economy theoretical assumption, but no other mention of either tradition or central purpose (as opposed to social purpose) in the paper. Teasdale's fundamental aim is to demonstrate how different actors, representing varied interests, have used contrasting social enterprise discourses to explain and expand the contested meaning of 'social enterprise', in order to compete for the attention of policy-makers and obtain resources. At the same time, the policy-makers were only too happy to develop and maintain a broad and inclusive definition of social enterprise, which gave (and continues to give) both the impression of policy cohesion and the perception of social enterprise being used to tackle a variety of social problems (Teasdale, 2012).

Although there are several areas of apparent overlap between these two approaches and the typology proposed here, neither Teasdale nor Spear *et al* provide a list of definitive criteria or characteristics (or any other means) to enable their respective typologies to be used to classify any given set of social enterprises. This paper attempts to go much further, in that it applies the social enterprise typology proposed below to a survey of social enterprises; having categorised the organisations surveyed, it uses that classification to compare the types of social enterprise against measures derived from the other survey data.

## 5.0 PROPOSED SOCIAL ENTERPRISE TYPOLOGY, BASED ON DIFFERENT SOCIAL ENTERPRISE TRADITIONS, REPRESENTING DISTINCT PURPOSES

An alternative explanation for the emergence of social enterprise (which does not necessarily exclude other emergence theories) can be found by considering the range of historical origins and purposes which have led to the modern multifaceted concept of social enterprise. Different historical traditions, which represent distinct purposes, have given rise to separate types of organisation, relatively recently gathered together under the 'social enterprise' umbrella. Social enterprise has not suddenly appeared, or been created, from nowhere. It has evolved from the intertwining of several broad traditions, each of which can be classified by a different fundamental purpose:

- 1 **MUTUAL PURPOSE:** Co-operation and mutuality – older forms of social economy enterprises arising from voluntary associational action by the working classes to promote alternative economic institutions, controlled by themselves, for their mutual interest, benefit and support.
- 2 **COMMUNITY PURPOSE:** Community and voluntary association – community development in a particular geographical location, communitarianism and associationalism, based on organisation of the conduct of society more generally, and involving collective and co-operative organisation and control.
- 3 **ALTRUISTIC PURPOSE:** Charity and philanthropy – the charitable, philanthropic, voluntary, or 'non-profit' sector, concerned with the improvement of one or more of the following: individual or group health, education, welfare, or the alleviation of poverty.
- 4 **ETHICAL PURPOSE:** Alterity and radicalism – social radicalism and alternative ecological and 'new age' movements, based on ethical values and more radical societal change.
- 5 **PRIVATE MARKET PURPOSE:** Business and enterprise – primarily viewed as the province of the private sector, serving individual or group needs or wants through markets and for private profit.
- 6 **PUBLIC STATIST PURPOSE:** Public social enterprise – reconfiguration or 'externalisation' of public services in social enterprise organisational form, with the expressed aims of improvement and innovation in the provision and delivery of services, but potentially also in order to limit the size of the state and to reduce public expenditure.

This paper argues that most of the confusion and debate as to what is meant by 'social enterprise' arises because of the diversity of these origins and purposes, the overlaps between them, the emphasis given to each tradition in any of the many possibilities in which their varied elements can be mixed, and sometimes the failure to recognise alternative approaches. The literature on social enterprise, social entrepreneurship and the wider social economy can broadly be grouped within these approaches. Sometimes, strong weight given to one – or one particular mix – of these traditions (e.g. Pearce's [2003] exclusive definition stressing co-operative values, common ownership, community and alterity/societal change, or the forceful accent on business and enterprise of Black & Nicholls [2004]), may even appear to deny the essential legitimacy of another model.

All six traditions identified above can be seen to have contributed, jointly and severally, to what we now recognise as "social enterprise". Each of the traditions (in its own way) represents dissatisfaction with current circumstances, the identification of unmet needs (explicit or implicit), and a desire both to meet those needs and to change things for the better. The first three, arguably the fourth (and, some would suggest, the sixth), form parts of the 'social economy' (for which 'third sector' or 'solidarity economy' are frequently used as synonyms, in spite of substantial variations in meaning in different countries [Moulaert & Ailenei, 2005]). In addition, the first four all reflect broad notions of equity and fairness, and can be seen as responses to perceived failings of the private market and/or the public state.

Table 3 shows the key aspects of the six traditions of social enterprise. The table identifies and considers, for each of the 'traditions', its basis, central values, primary beneficiaries, potential legal or organisational form(s), and primary income source(s).

**Table 3 Key aspects of the six traditions of social enterprise**

Social enterprise tradition & purpose	Basis	Central values	Primary beneficiaries	Potential legal or organisational form(s) or status	Primary income source(s)
<b>Mutual</b>	Co-operation & mutuality	Worker / customer solidarity	Members	IPS (co-op) CIC Mutual Other co-op	Earned, Contracts
<b>Community</b>	Community & voluntary association	Community solidarity	Community	IPS (bencom) Community co-op CLG Unincorporated	Grants, Public contracts, Earned
<b>Altruistic</b>	Charity & philanthropy	Individual & organisational giving	Individuals & groups in community	Charitable + CLG CIO Unincorporated	Philanthropy, Trading (primary, ancillary, small, non-primary)
<b>Ethical</b>	Alterity, sustainability & radicalism	Ethics, conscience & touching the Earth	Local & wider community, world	IPS (co-op) Other co-op CLG, CLS Unincorporated	Trading, Contracts, Grants
<b>Private market</b>	Business & enterprise	Private profit, customer & social benefit	Owners, shareholders (community?)	CLS PLC CLG CIC	Earned, Contracts
<b>Public statist</b>	Public social enterprise	Public service	Service users, community	LATC* Mutual Co-op	Public contracts, Earned

The following subsections discuss each of the six traditions in turn.

## 5.1 MUTUAL PURPOSE: Co-operation and mutuality

The mutual purpose tradition of social enterprise can be traced back to co-operative antecedents in the eighteenth century, and the enlightened paternalism of Robert Owen's New Lanark (1820s to 1846), but the UK co-operative movement really began to develop following the opening of the Rochdale Pioneers' store in 1844 (Thornes, 1988; Cole, 1944).

These early co-operators responded to the impacts of industrial capitalism through radical, utopian schemes of mutual support, practical self-help, and education. However, by the end of the nineteenth century, the development of parliamentary politics and the advocacy of state socialism had largely replaced this radicalism and utopianism (Gurney, 1988).

From the mid-1970s, with the gradual breakdown of the Fordist model of capitalist accumulation and regulation, the social economy enterprise re-emerged – both as a response to new difficulties and

accompanying opportunities, and in consequence as an important subject of national, European and wider governmental policies (Amin *et al*, 2002; Filion, 1998; Fontan & Shragge, 2000; Tomás Carpi, 1997). A new 'wave' of worker and 'lifestyle' co-operatives in the UK formed part of this re-emergence (Coates, 1976; Pearce, 2003).

Co-operatives are intended to be viable enterprises, but with people at the centre of the business rather than capital. The International Co-operative Alliance (ICA) defines a co-operative as:

...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. (ICA, 2013)

Co-operative members therefore jointly own, control and benefit from the activities of the business. Co-operatives are founded on the values of self-help, self-responsibility, democracy, equality, equity and solidarity, with members also believing in ethical values (honesty, openness, social responsibility and caring for others), and guided by seven co-operative principles for putting the values into practice (*ibid*). The third co-operative principle ('Member Economic Participation') states that members may allocate surpluses to any or all of the purposes of: developing the co-operative (including setting up reserves – part indivisible), benefiting members in proportion with their transactions with the co-operative, and supporting other activities approved by the membership (*ibid*).

The seventh co-operative principle emphasises 'Concern for the Community' (*ibid*), but a co-operative exists primarily for the mutual benefit of its members.

## 5.2 COMMUNITY PURPOSE: Community and voluntary association

In the last four decades, the 'community' tradition has been by far the most significant of the six traditions identified (though this may be in the process of change, with the growing emphasis on private market and public statist purposes over the last decade – see 5.5 and 5.6 below).

Community ownership, control and development underpin such social economy variants as 'community enterprise', 'community business', 'community co-operative', 'development trust', 'community-based enterprise' (CBE), and 'community economic development' (CED). Much recent thinking around such community initiatives has its roots in the ideas of communitarianism (Etzioni, 1993; Tam, 1998), associationalism (Hirst, 1994), the Third Way (Giddens, 1998), and especially the concept and role of 'social capital' in facilitating collective action (Putnam, 2000). These are all relatively recent manifestations of a rekindled and increasing interest in community, concerns about the efficacy and costs of either state or market 'solutions' in addressing social needs and problems, and rising expectations of the potential of individual and community empowerment as an alternative.

However, like both 'social enterprise' and 'social capital', the concept of 'community' is itself vague, slippery and profoundly ambiguous, being both utopian (as key to ambitions for radical change and an articulation of 'what is missing') and ideological at the same time (Levitas, 2000).

'Community enterprises' (used here as shorthand for all the community social economic variants listed above) can be defined as trading organisations, combining both commercial and social activities, whose key characteristics are that they are owned, led and controlled by the local stakeholders of a particular area of benefit, and whose surpluses are not distributed to members or directors of the organisation, but are reinvested or applied for community benefit (Pearce, 1993).

The principles of community enterprises thus have some similarities to those of co-operatives, but the benefits are aimed at, and spread more widely through, a specific local community – generally a geographical area, but sometimes a community of interest (Pearce, 1993; Smallbone *et al*, 2001). Thus, although community enterprises are social enterprises, social enterprises are not necessarily community enterprises. For instance, therefore, social enterprises which are not tied to a particular location may relocate, for business operational reasons.

There are mixed views about the potential for community enterprise-type initiatives. For Peredo & Chrisman (2006), a CBE represents "a community acting corporately as both entrepreneur and enterprise in pursuit of the common good" (*ibid*, p.310). However, the very economic, social and political circumstances resulting from

post-Fordism which seem to offer such high hopes for CED amongst economically marginalised groups and communities, present several major obstacles to the growth of CED (Filion (1998).

Haughton *et al* (1999) discuss the re-emergence of CED as a 'bottom-up' result of a priority inserted by the European Commission into European Structural Fund programmes from 1994. For them, CED was "an experiment in progress" (*ibid*, p.218), and they go on to caution:

"... it is important not to get too carried away with notions of empowering communities to take on their own regeneration, allowing the state to withdraw further from economic development activities. There are limits to grassroots approaches which have yet to be fully articulated."

(*ibid*, 1999, p.222)

The way in which community purpose social enterprises (and indeed social enterprises in general) are evaluated is critical in assessing whether or not they can be regarded as successful, because they are not simply economic and commercial businesses, but have wider community and social aims and benefits, which are difficult to bring into any assessment framework (Chanan, 1999; Williams, 2000).

Hayton (2000) is a good example of evaluation of the social economy primarily from a narrower commercial viewpoint. Specifically referring to community businesses, he questions the whole idea of "trying to make a business-community hybrid work that has had very limited success after being tried for over 20 years in Scotland" (*ibid*, p.203). He criticises the disappointing performance of this form of community-based economic development, particularly questioning the benefits of the considerable financial resources invested, and the lack of cost-effectiveness and commercial viability of the community businesses supported. On the other hand, whilst the community co-operatives of the Highlands and Islands of Scotland have seen both successes and failures, several continue to thrive after more than 30 years, and new ones are still being created (Gordon, 2002c).

### 5.3 ALTRUISTIC PURPOSE: Charity and philanthropy

Charity provides a valued legal status (for tax relief, fundraising and promotional reasons), in addition to the organisation's chosen legal form. English charity law was originally provided in the Charitable Uses Act of 1601, which listed four activities considered charitable: the relief of poverty, the advancement of education, the advancement of religion, and other purposes beneficial to the community. These remained the only legally recognised areas of charitable action until the implementation of the Charities Act 2006, which stipulated a new list of 13 charitable purposes, including: the advancement of health and the saving of lives; the advancement of citizenship or community development; the advancement of the arts, culture, heritage or science; the advancement of environmental protection or improvement; the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage (long recognised); and other purposes that are currently recognised as charitable or are in the spirit of any purposes currently recognised as charitable (which would include relief of unemployment). In addition, the 2006 Act now requires all charities to demonstrate that their aims are for the public benefit. Importantly for their consideration as social enterprises, charities may trade to achieve their objects, or in other specified circumstances. (Martin, 2008; Barber & Laycock, 2009.)

The voluntary sector in the UK has always sought a partnership between itself and the state, but the nature of this relationship has changed over time (Harris, 2010). Philanthropy (i.e. helping or promoting the well-being of others) grew to be of great importance in the UK by the late nineteenth century, but declined thereafter, because the voluntary sector was progressively unable to cope with the extent of the problems arising from social conditions, and the growth of citizen needs and demands. Government became increasingly involved, eventually leading to the introduction of the welfare state and its appropriation of many health and welfare functions from the voluntary sector (Prochaska, 1988). However, there has been great continuity of charitable traditions and philanthropy has proved highly resilient and capable of adaptation. The real change in the balance between the statutory and voluntary sectors has come about through the efforts, which began in the 1980s and have continued ever since, to reorganise welfare service provision, so as to give a far larger role in service delivery to voluntary organisations (Harris, 2010). Kendall's (2003) view is that there was a 'step change' for the voluntary sector from the late-1990s, when New Labour came to power. The Coalition Government seeks to continue the process of reducing the public sector's role in service delivery mainly to that of commissioner and funder, and opening service delivery to tender by private and third sector organisations (HMG, 2011b), as well as aiming to increase individual and corporate giving through a variety of methods (HMG, 2011a).

## 5.4 ETHICAL PURPOSE: Alterity and radicalism

The social economy has always encompassed both a pragmatic/reformist vision (using targeted initiatives to ameliorate specific social welfare problems) and a radical utopian vision, seeking fundamental change to the social order (Fontan & Shragge, 2000). The ethical purpose tradition reflects the latter. Most radical social economy thinking has been directed at achieving social justice for people suffering disadvantage at the margins of capitalism (Amin *et al*, 2002). Increasingly, ecologism has emerged as another radical purpose for social enterprise, though it is arguable that social justice and ecology are closely interrelated (Jackson, 2009; Dietz & O'Neill, 2013). In sharp contrast to environmentalism, ecologism radically challenges existing politics, economics and society on the basis of what is feasible and desirable on a finite planet (Dobson, 2007).

Economic growth and development almost always take precedence over social justice, ecological or sustainability considerations. Nevertheless, building on the development of community economic initiatives in the 1970s and 1980s, visions of sustainable community-based economies based on sound ecological and spiritual principles at a human scale (Dauncey, 1988; Daly & Cobb, 1989) sowed the seeds of the 'new economics' and established close linkages between ecologism and what has now become known as social enterprise. Much of this thinking has continued in the work of the recent Transition Movement, with its translation of ecological and community concerns into practical local action (Hopkins, 2008). Hopkins sees social (and other local) enterprise development as part of "the next key stage in the evolution of the Transition movement" (Hopkins, 2011). In his discussion of economics for 'prosperity without growth', Jackson views social enterprises as possible "seeds" for a new, low-carbon economy (Jackson, 2009), whilst Dietz and O'Neill (2013) see co-operatives and public interest companies (e.g. the UK's CIC) as less prone to growth and especially suitable for a steady-state economy.

## 5.5 PRIVATE MARKET PURPOSE: Business and enterprise

One aim of social enterprises is to be profitable and financially self-sufficient as a result of their income from sales and contracts, thus emphasising the business and economic dimensions of social enterprise. However, with a wide diversity of possible organisational forms, no necessary link to a geographical community, and growing adoption of standard business practices, it can be difficult to distinguish some social enterprises from traditional businesses, which in any case can usually themselves be said not only to have at least some social objectives, but also the challenges of the developing Corporate Social Responsibility agenda (Tracey *et al*, 2005). Nonetheless:

We must reject the idea – well-intentioned, but dead wrong – that the primary path to greatness in the social sectors is to become "more like a business".

(Collins, 2006, p.1)

Dart (2004a) found evidence of at least four different dimensions to what is meant by 'business' in non-profit organisations: "business-like goals, business-like organization in terms of service delivery, business-like organization in terms of management, and business-like organizational rhetoric" (*ibid*, p.297). His research suggested that commercial and non-profit goals could be at least narrowly compatible, but the reorganisation necessary to align business and social goals in his case study organisation meant that services grounded in basic needs were lost in favour of the pursuit of mission-oriented services producing greater revenue; whilst there were some benefits gained from a more commercial approach, the organisation's services were fundamentally transformed, with valued services being reduced (*ibid*). SEEDCO (2007) also raises serious questions about the mixing of commercial and social purposes.

Dees (1998) highlights the centrality of the social mission for social entrepreneurs; social impact is the yardstick, not wealth creation. However, the contrast in the interpretation and application of 'value' ("monetary and real") stems from the dominance of the market paradigm over the social economy paradigm:

The market paradigm limits itself to monetized evidence of economic activity, whereas the social economy paradigm considers the full range of monetized and non-monetized activities as well as indicators of social inequality when drawing a picture of the standard of living in a community.

(Fasenfest *et al*, 1997, pp.13-14)

In essence, there are two opposed schools of thought about the association of the language and practices of business and markets with social enterprise and social concerns generally:

- 1 The practices of business and markets can be readily and usefully applied to address social needs and problems, and this should be encouraged;
- 2 Business is not the answer and compromises social aims, so needs to be treated with great caution, or minimised, or even rejected altogether.

Social sector organisations can gain moral legitimacy (and therefore resources) by conforming to the isomorphic pressures of the social environment and key stakeholder preferences for the commercial model of social enterprise (Dart, 2004b). This is true even for co-operatives, to enable them to compete more successfully in deregulated global markets. Spear (2004) observes the late twentieth century trend away from mutualism and other co-operative or social economy values and towards isomorphism with conventional business, which has happened despite co-operative structures having inbuilt normative and constitutional safeguards, based on the co-operative principles, intended to counter such tendencies.

Moreover, for Eikenberry & Kluver (2004), the “marketization of the nonprofit sector” involves commercial revenue generation, contract competition, the influence of new, wealthy donors (the ‘new – or venture – philanthropy’) with their emphasis on results (‘return on investment’), and social entrepreneurship; they suggest it offers several benefits (improved resource flows, efficiency, innovation, targeting, legitimacy, and perhaps accountability). However, they say this is at the expense of the role of the non-profit sector in bringing about and safeguarding a strong civil society, which is thereby put at risk. Because of the focus on the bottom line and the need for profit, the “inherent value” of the goals and missions of non-profits are jeopardised, their service and advocacy roles on behalf of the poor and to address community needs are reduced, and the social capital they create and maintain is diminished (*ibid*).

In spite of the reservations highlighted here, UK Government policy – under both Labour and Coalition governments – has focused first and foremost on social enterprises as businesses.

## 5.6 PUBLIC STATIST PURPOSE: Public social enterprise

The most recent of the traditions is based on entire public services being transferred to newly-formed social enterprises to run, or themselves being reconstituted as social enterprises (or mutuals). This can also include social enterprises or other third sector organisations contracting with public authorities (particularly the National Health Service and local government) to deliver ‘public’ services, where the contract is the social enterprise’s sole or primary source of income, or the main purpose of the organisation is to deliver ‘public’ services, or public service contracts generally. It is difficult to be definitive in these cases, and this paper argues that a third sector organisation which takes on any given public sector contract as part of a range of contracts or other earned income should be regarded as being a social enterprise of one of the first five traditions, rather than primarily a public statist purpose social enterprise, unless the organisation’s public statist income and purpose is predominant; this is likely to be a matter of fact and degree in each case.

Over the last 20-30 years, under successive UK governments, there has been a shift in welfare provision, from a ‘state provision’ model to a ‘contracting out’ model (Di Domenico *et al*, 2009). The aims of transferring or contracting out public services to social or mutual enterprises have been to bring about public service modernisation through the benefits traditionally associated with the voluntary and community sector (VCS) – namely: pluralism, innovation, flexibility, competition, variety, responsiveness and more democracy and accountability – together with greater involvement of people and communities and the wider strengthening of civil society (Paxton & Pearce, 2005). In a qualitative study of five ‘new leisure trusts’ (transferred out of the public sector and contracting or in partnership with local councils), Simmons (2008) found encouraging evidence of more enterprise, innovation and competitiveness, improved performance in terms of usage, growth in income and reduced expenditure, responsiveness to community needs and increased stakeholder participation, than had existed before the transfers took place, albeit there were also some concerns about achieving greater social inclusion, autonomy leading to loss of local authority control and ability to plan strategically, and accountability.

From about 2002, there was a pronounced shift in thinking towards social enterprise involvement in public service delivery following the publication of the then Government’s social enterprise strategy (DTI, 2002), the Treasury’s cross-cutting review of the role of the voluntary and community sector in service delivery (HMT, 2002), the introduction of the Futurebuilders investment fund for VCS public service delivery (HMT, 2003) and the publication of a public procurement toolkit for social enterprises (DTI, 2003) (Di Domenico *et al*, 2009).

More recently, and particularly since the formation of the Coalition Government in May 2010, there has been an increased urgency to realise the potential for turning public services themselves into social enterprises or mutual organisations.

Carmel & Harlock (2008) argue that the State is extending its governance to the VCS through the creation of a 'governable terrain' of the third sector by means of partnership, procurement and performance mechanisms; they contend that this institutes a market model of public service delivery, with contracting and competition, and the prioritisation of economic rationality and financial calculation; the result is technocratic, and both socially and politically neutral. As with private market tradition social enterprises, one worry is the possible mission drift from broad social purpose to commercialisation (Purkis, 2010).

A particular concern arises if there is no asset lock accompanying a given transfer of services, because of the potential or actual loss of 'common' or 'social' ownership when assets are alienated or subsequently sold off. In the absence of an asset lock, such loss cannot be prevented. (Powell, 2011)

## 6.0 METHODOLOGY

This paper proposes a typology of social enterprises, which was developed from reviews of theoretical and policy literature, scoping interviews, case study interviews, experience and observation, and is based on the six social enterprise historical 'traditions' discussed above, each representing a distinct purpose.

To illustrate the typology, it was applied to data from a questionnaire survey of 123 social enterprises, undertaken in mid-2005 in South Yorkshire, a sub-region of England, and an EU NUTS2 statistical region, which experienced the rapid restructuring of its dominant traditional heavy industries (steel, coal and engineering), with massive job losses, from the 1970s. The area is predominantly working class, with low educational levels and inappropriate skills for modern industry and business, in a culture lacking in enterprise. There is a long tradition of community action in South Yorkshire and, in the city of Sheffield (the sub-regional capital), a strong practice of community initiatives and community development grew and flourished from the 1970s and 1980s onwards. In a region with a largely undiversified economy, a smashed private sector, and a public sector suffering cutbacks and under severe pressure from central government, it is arguable that social enterprise and other third sector possibilities offered some of the very few options for the mass of the unemployed.

The survey data was used to develop the typology as follows:

- (a) Each social enterprise in the survey was classified into four larger groups based on their legal forms ('charity'=charity, 'business'=CLG or CLS or partnership, 'coop'=credit union or IPS [co-op], and 'community'=IPS [bencom] or unincorporated association or trust), plus a hybrid form to cover combinations of these. Five cases could not be classified from their legal form alone, and these were each allocated to one of the four groups after considering their original questionnaire responses.
- (b) Variables for five of the traditions/purposes were then created, by using the four legal variables, plus selected questionnaire survey response variables as appropriate. Co-operatives were classified into the 'mutual' tradition. Any social enterprise with a community legal form, or whose core aims related to community development, was classified into the 'community' tradition. The 'altruistic' tradition comprised those enterprises with a charity legal form. The 'public statist' tradition corresponds to those enterprises which ranked public sector contracts or Service Level Agreements (SLAs) for the provision of goods and/or services as their most important source of income. The 'private market' tradition included enterprises with a business legal form, which were also not public statist (i.e. businesses which did not draw their largest share of income from public sector contracts or SLAs). A hybrid form was also created to record combinations of traditions. Two cases missing from the analysis were allocated after considering the original survey responses. No variables from the questionnaire survey have yet been found which could help define social enterprises of the 'ethical' tradition.

This classification was used to explain the nature of and potential for social enterprise development in the sub-region. An example is given of the use of the typology to consider the performance of different categories of social enterprises from each tradition, using economic and community/social performance scales derived from the survey data via principal components analysis (PCA), the process for which is described in the next section. Independent samples *t*-tests were then used to compare the mean economic and social performance of those enterprises inside with those outside each tradition/purpose.

## 7.0 CLASSIFICATION OF SOCIAL ENTERPRISES

Table 4 shows the percentages of social enterprise by tradition/purpose. Note that percentage figures do not sum to 100% because enterprises can have more than one purpose. There are relatively few mutual purpose social enterprises (11%). The private market purpose is the largest group (78%), followed by virtually equal proportions of those of the community (50%) or altruistic (49%) tradition/purpose, with 28% identified as public statist purpose.

Just how much overlap there is between purposes is shown in Table 5. What this demonstrates is that social enterprises may be hybrids, reflecting two or more traditions. In fact, a large majority (75%) of social enterprises are hybrids, with only 25% being 'pure' mutual, community, altruistic and private market tradition social enterprises. What is also evident is that the four largest groups (private market and community [15%], private market, altruistic and community [15%], private market [12%], and private market and altruistic [12%]), plus four of the next five largest, all include the private market tradition/purpose (a total of 78% of all respondent enterprises). This predominance of the private market tradition indicates that most social enterprises see themselves as businesses. Over a quarter (28%) rank public sector contracts or SLAs as their most important source of income – a substantial proportion, but not a dominant dependence. The absence of any 'pure' public statist tradition social enterprises means that public statist social enterprises are from a variety of traditions. This may be a function of what they are doing.

**Table 4 Percentages of social enterprises by tradition/purpose**

Tradition/Purpose	Valid Percentage
Mutual	10.6
Community	49.6
Altruistic	48.8
Private Market	78.0
Public Statist	27.6

N = 123

**Table 5 Percentages of SEs by hybrid tradition/purpose**

Tradition/Purpose	Valid Percentage
Mutual	4.9
Community	3.3
Community & Mutual	1.6
Altruistic	4.1
Altruistic & Community	2.4
Public Statist & Mutual	0.8
Public Statist & Community	0.8
Public Statist & Altruistic	2.4
Public Statist, Altruistic & Community	1.6
Private Market	12.2
Private Market & Mutual	1.6
Private Market & Community	14.6
Private Market & Altruistic	12.2
Private Market, Altruistic & Community	14.6
Private Market, Altruistic, Community & Mutual	0.8
Private Market & Public Statist	5.7
Private Market, Public Statist & Mutual	0.8
Private Market, Public Statist & Community	4.9
Private Market, Public Statist & Altruistic	5.7
Private Market, Public Statist, Altruistic & Community	4.9
Total	100.0
N	123

## 8.0 SCALES OF PERFORMANCE

Besides the general characteristics of the sector, it was important to measure the effectiveness of the South Yorkshire social enterprises. The questions to be addressed are: how do social enterprises perform, and to what extent are they doing something useful? In order to assess this, some yardsticks are needed. Using factor analysis, it is possible to reduce a group of individual performance variables to underlying (common) factors, in order to create more manageable and consistent tools to measure performance across different areas of interest.

Social enterprises have both social and economic aims, so it would clearly be helpful to find ways of assessing each of these two dimensions. In fact, it proved possible to construct three underlying factors for this purpose: one of these factors was 'economic' and the other two were related to 'community', i.e. social aspects.

Existing variables potentially related to economic performance were selected. New variables were created and added to the list of potential economic indicators to represent:

- total employment
- change in turnover between years, and
- total assets.

Principal component analysis (PCA) was undertaken. Variables with low response rates were omitted, so that only variables which were both connected to economic performance, and represented as large a proportion of the total number of respondents as reasonably possible, were included in the PCA.

However, with the overall PCA response rate (n=79) still just below two-thirds of those responding to the questionnaire, and change in turnover replaced by the annual turnover for 2003-04, attempts were made to impute missing values for the two variables with the lowest numbers of valid cases (annual turnover for 2003-04 [n=101] and total assets [n=97]).

This proved possible for annual turnover 2003-04, as this variable was very strongly correlated with total employees (which had a far better response rate, being answered by 117 enterprises). Regressing annual turnover on total employment produced a strong model, which accounted for a respectable 78% of the variation in annual turnover. The equation itself (annual turnover = 145.3+12.8\*total employees) was used to predict a plausible value for annual turnover for those enterprises where there was missing data for this variable, but where total employee numbers were known. However, the same course of action was not possible for total assets, as this variable was only very weakly correlated with total employment (R<sup>2</sup>=0.163). Accordingly, the factor analysis was run again, including total employment, total assets, and a new variable representing actual and imputed values of turnover; the overall response rate improved (n=92), and this appears to be the best that can be achieved for the economic PCA.

Only one component passed Kaiser’s criterion (see Table 6). The initial eigenvalue was 2.2, explaining 72.3% of the variance, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) was 0.588. All three economic variables loaded strongly and positively on the component, suggesting that this single dimension captures enterprises’ economic performance. The component score was hence saved as a variable: high scores indicate economically successful enterprises with many employees, high total assets and a high level of turnover, while low scores indicate less economically successful enterprises, with fewer employees, lower turnover and fewer assets.

**Table 6 Economic PCA: Component Matrix**

Component Matrix <sup>a</sup>

	Component
	1
Total employees	.938
actual and imputed turnover 2003-2004 based on relationship between turnover and total employees	.936
total value of assets of respondents to question	.643
Initial eigenvalue	2.170
% variance explained	72.3%

Extraction Method: Principal Component Analysis

<sup>a</sup> 1 component extracted

It also proved challenging to construct a social factor – but for different reasons. One question in the survey specified 20 different aspects of community involvement with and by social enterprises, which potentially represented an important dimension of any social/community scale. 113 enterprises responded to the question. The first step was to run a PCA on these 20 variables. However, five of the variables did not correlate well with the others (having a substantial majority of correlation significance values over 0.05), so these were removed from the analysis (Field, 2005, p.648) and the PCA was run again. This reduced the number of components from seven to five, sharpened up and clarified the values in the rotated component matrix, and increased the KMO (from KMO=0.629 to KMO=0.745). The results are shown in Table 7.

**Table 7 Social PCA: Rotated Component Matrix**

Rotated Component Matrix <sup>a</sup>	Component				
	1	2	3	4	5
Unpaid volunteer(s) from the local community working in the organisation	.725				
Individual(s) from the local community acting as executive officer(s) of the organisation	.723				
Membership of committee(s) and sub-group(s) by individual(s) from the local community	.683				
Individual(s) from the local community acting as trustee(s)	.554			.463	
Formal membership of the organisation open to any individuals from the local community	.478		.419		
Membership of advisory group(s) by individual(s) from the local community	.464				
Accountability to all members of the local community		.745			
Use of part of any surplus/profit as grants or loans for local business enterprise start-up		.726			
Ownership by the whole local community		.702			
Use of part of any surplus/profit as donations or grants for other local community projects and activities		.500	.464		
Accountability to some members of the local community, as members of the organisation			.748		
Purchasing of goods or services by the local community			.688		
Paid employee(s) from the local community working in the organisation				.775	
Targeted beneficiaries in the local community				.642	
Executive board membership <u>only</u> drawn from individuals from the local community					.911
Initial eigenvalues	3.888	1.779	1.285	1.196	1.072
% variance explained	25.9%	11.9%	8.6%	8.0%	7.1%
N = 113					

Extraction Method: Principal Component Analysis  
 Rotation Method: Varimax with Kaiser Normalization

<sup>a</sup> Rotation converged in 6 iterations

The initial eigenvalues for the first two components were 3.9 and 1.8 respectively, and the percentages of variance explained were 25.9% and 11.9% respectively. As with the economic factor, values under 0.4 were suppressed.

Only the first two components were extracted and saved as new social/community variables, as these seemed to make the most sense. The first mainly comprise six variables representing involvement in, or contribution to, the social enterprise by individuals from the local community (as volunteers, executive officers, on committees or

sub-groups, as trustees, as formal members of the organisation, or as members of advisory groups). The second component principally comprises four variables indicating the benefits and accountability flowing from the social enterprise to the community: accountability to the whole community, use of part of any surplus as grants/loans for local business enterprise start-up, ownership by the whole community, and use of part of any surplus as grants for local community projects and activities. There does not appear to be any overwhelmingly clear coherence to the component values for the other three factors.

## 9.0 USING THE TYPOLOGY TO UNDERSTAND SOCIAL ENTERPRISE PERFORMANCE

In this section, attention turns to whether social enterprises' performance is affected by the traditions from which they emerge: do different types of social enterprise do better than others? To find out, *t*-tests were used to compare how enterprises in and out of each tradition scored on the component scores for economic and social performance discussed above. Because the component scores are standardised measures (with a mean of 0 and a standard deviation of 1), a positive average score for a given tradition/purpose shows that the level of performance of social enterprises of that tradition for the component in question was above the average for all enterprises not of that tradition. The results of the comparison of the economic and social means for each tradition showed that, on average, for most traditions/purposes, the average performance of the enterprises of any given tradition differed little from what might be expected when compared against the average performance of enterprises not of that tradition (see Tables 8, 9 and 10).

However, in four instances, the results were significant.

- On average, social enterprises of the community tradition scored significantly higher on the economic dimension than did non-community tradition social enterprises (Table 8). The positive average score for community purpose enterprises demonstrates that their level of economic performance was above the average for all the enterprises. At first glance, it may also seem intriguing that private market purpose social enterprises are little different from the remainder in terms of the economic scale, when they might be expected to perform the best on this dimension. In fact, this is only to be expected because the proportion of enterprises in the private market tradition is very large (nearly 80% - see Table 4), so this group will tend to be quite close to the average in most things, simply because most enterprises are part of this tradition.
- On average, social enterprises of the altruistic tradition scored significantly higher on the community involvement dimension than did social enterprises which were not part of that tradition (Table 9). The positive average score for altruistic enterprises shows that their level of community involvement was above the average for all the enterprises. This is consistent with the philanthropic and charitable nature of the altruistic purpose tradition.
- On average, social enterprises of the community tradition scored significantly higher on the community benefits/accountability dimension than did non-community tradition social enterprises (Table 10). The positive average score for community purpose enterprises demonstrates that their level of community benefit was above the average for all the enterprises. This is consistent with the intrinsic nature of the community tradition/purpose.
- On average, social enterprises of the private market tradition scored significantly higher on the community benefits/accountability dimension than did social enterprises not of that tradition (Table 10). Although the positive average score for private market enterprises demonstrates that their level of community benefit was above the average for all the enterprises, it is not much above the average. What is more striking is how much the non-private market purpose enterprises are below the average. Given the high proportion of private market tradition social enterprises noted above, this result may have less to do with how good the private market group are at delivering community benefits, and more to do with the relatively bad performance of the comparatively small number of other social enterprises in that regard.

**Table 8 Results of t-test to compare means of traditions/purposes using Economic PCA**

Tradition/Purpose	Average Economic Component Score		t value	significance
	Non-Purpose	Purpose		
Mutual	0.03	-0.42	0.970	0.335
Community	<b>-0.26</b>	<b>0.24</b>	<b>-2.357</b>	<b>0.023*</b>
Altruistic	0.04	-0.04	0.383	0.703
Private Market	-0.27	0.04	-0.972	0.334
Public Statist	-0.00	0.00	-0.015	0.988

**Table 9 Results of t-test to compare means of traditions/purposes using Community Involvement in Social Enterprises PCA**

Tradition/Purpose	Average Community Involvement Component Score		t value	significance
	Non-Purpose	Purpose		
Mutual	-0.04	0.31	-0.983	0.342
Community	-0.16	0.15	-1.660	0.100
Altruistic	<b>-0.26</b>	<b>0.24</b>	<b>-2.749</b>	<b>0.007**</b>
Private Market	0.26	-0.08	1.560	0.122
Public Statist	0.03	-0.08	0.512	0.609

**Table 10 Results of t-test to compare means of traditions/purposes using Community Benefits/Accountability PCA**

Tradition/Purpose	Average Community Benefit Component Score		t value	significance
	Non-Purpose	Purpose		
Mutual	0.05	-0.35	1.352	0.179
Community	<b>-0.26</b>	<b>0.23</b>	<b>-2.712</b>	<b>0.008**</b>
Altruistic	0.11	-0.10	1.116	0.267
Private Market	<b>-0.34</b>	<b>0.11</b>	<b>-2.614</b>	<b>0.011*</b>
Public Statist	0.02	-0.05	0.334	0.739

## 10.0 CONCLUSIONS

In spite of the complexity and confusion of the social enterprise definitional debate, this paper demonstrates that it is possible to construct and operationalise a workable typology of social enterprises, based on historical traditions and central purposes. The particular survey questionnaire used to operationalise the typology was found not to include any relevant variables to enable the ethical tradition/purpose to be defined, but this could be remedied by including appropriate questions in future surveys. It is particularly notable that most social enterprises (75%) are hybrids, with elements of more than one tradition/purpose, that a large majority of them (78%) look on themselves as businesses, and a substantial proportion (28%) are principally dependent on public sector contracts/SLAs. Moreover, not only can the typology be used to define and classify social enterprises, but its further application also shows measurable differences in how divergent types of social

enterprise perform, when enterprises of any given tradition are compared to enterprises not of that tradition. The results of using the typology to classify social enterprises and to understand their performance do therefore seem to validate the approach, and it is suggested that the proposed typology is more widely and generally applicable, using similar data from other surveys to create variables to classify the social enterprises surveyed into the six traditions, and – if so wished – to construct comparable scales of performance against which to measure the economic and social performance of the different types of social enterprise.

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