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Barraket, Jo and Archer, Verity (2009) *Changing the rules in use? An examination of social enterprise in local governance.* In: International Social Innovation Research Conference 2009 : Social Innovation: Reconfiguring Markets, Blurring Sector Boundaries and Challenging Institutional Arrangements, 14-16 September 2009, Oxford University, Oxford. (In Press)

Changing the rules in use? An examination of the role of social enterprise in local governance

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Abstract

As multi-stakeholder entities that explicitly inhabit both social and economic domains, social enterprises pose new challenges and possibilities for local governance. In this paper, we draw on new institutional theory to examine the ways in which locally-focused social enterprises disrupt path dependencies and rules in use within local government. Rather than examining the more commonly asked question of the influence of the state on social enterprise, our purpose here is to examine the impacts of social enterprise on governmental institutions at the local level. Our discussion is based on a mixed-methods study, including an online survey of 66 local government staff, document analysis, and in-depth interviews with 24 social enterprise practitioners and local government actors working to support social enterprise development in Victoria, Australia. We find that, in some instances, the hybrid nature of social enterprise facilitates 'joining up' between different functional areas of local government. Beyond organisational relationships, social enterprise also influences local governance through the reinterpretation and regeneration of institutionalised public spaces.

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Introduction

Over the past five years, the development of social and community enterprise in the Australian state of Victoria has been supported by a state government social policy framework aimed at ameliorating social exclusion. Consistent with a third way policy agenda, which views 'community' as a site in which failures of the market and the state will be redressed (Reddel 2004), social enterprise development has been linked in this jurisdiction with a place-based focus on responding to socio-economic disadvantage. Also consistent with the third way agenda, the start up and governance of social enterprise in Victoria has been positioned within a discourse of 'network governance' (see Rhodes 1997; Kooiman, 2003; Considine 2005), whereby effective local responses to disadvantage are purportedly enabled by access to the embedded resources of multiple sectors through 'partnerships' and coordinated cross-sectoral endeavours. As other writers have observed, networked approaches to mobilising resources and governing organisational activity are not unfamiliar to social enterprise. Gardin (2006: 112) suggests that, as well as being 'multi-goal' and 'multi-ownership' organisations, social enterprises are themselves 'multi-resource' organisations that mobilise a range of market and non-market resources to meet their objectives. The hybridity of emergent forms of social enterprise – as multi-stakeholder entities that explicitly inhabit both social and economic domains - suggests some congruence with the logic of network governance (Barraket 2008).

In line with this emphasis on networked approaches to governing and resource mobilisation, a range of relationships – from ad hoc funding support through to highly formalised partnership arrangements – have emerged between some social enterprises and local governments in Victoria. These relationships are located within a wider discourse of new approaches to local governance, with local governments increasingly examining their role as network brokers in the coordination of community planning. This includes facilitating both internally 'joined up' working and external 'partnerships' to support the design and implementation of community building policy initiatives. One driver of this shift in understanding the role of local government is a mandated approach to municipal health planning, based on a social determinants of health model. The *Environments for Health* planning framework specifies relationships between social, economic, cultural and environmental dimensions for health, and requires that all local governments develop and report on municipal health plans that target all of these dimensions. Victoria is one of very few jurisdictions world-wide where municipal health planning is mandated.

In this paper, we draw on new institutional theory to examine the impacts on local governance of relationships between social enterprise and local government in the Victorian context as part of a wider examination of the impacts of integrated health planning on local government practice. Whilst much of new institutional theory has focused on tracing the ways in which institutions reproduce themselves through processes of isomorphism (see Dimaggio & Powell, 1983), some writers deploying new institutional frames in the analysis of governance have examined processes of institutional change that occur when

governmental path dependencies are disrupted by the presence and interactions of multiple policy actors (see Lowndes, 2005; Crouch & Farrell, 2004). This analytical approach has particular resonance in light of theories and practices of network governance, where governing is understood as processes of co-production of policy by a diversity of state and non-state actors. In this paper we consider the ways in which locally focused social enterprises participate in and influence the institutions of local governance. Rather than lighting on the more commonly investigated question of how the state shapes social enterprise, then, our inquiry examines whether, and how, social enterprise informs institutions of governance – and particularly, the state - at the local level. Based on an analysis of survey data from 66 staff in 25 local governments, and interview data from 24 people involved in 11 social enterprises in Victoria, we seek to explicate here the ways in which some of the social enterprises in our sample have disrupted institutional norms, reframing dominant responses to governing though dialogic processes that unsettle day to day practice of local government staff and other institutional actors.

Definitions of social enterprise have been widely debated. Despite the rather protracted nature of these definitional debates, we do not wish to simply dismiss them as extraneous. They play an important discursive role in shaping both the objects and processes of social transformation inscribed in new languages of social enterprise, social economy and social innovation. As empirical understandings of social enterprise grow, so too do our typologies of this concept (for a recent example, see Spear, Cornforth & Aiken, 2009). For the purposes of analytic precision, however, we define social enterprises here as not for personal profit organisations that exist to produce public benefits and trade in the market place in order to fulfil their mission. The social enterprises examined in this study worked a number of industries and had diverse governance structures. However, all of them focused on producing benefits for a specific local population and did so by trading in local and regional markets.

Background: social enterprise and public policy in Australia:

Australia has a tradition of social enterprise and nonprofit business ventures. Consumer and producer cooperatives have played a significant role in rural development, and friendly societies and credit unions have been a long-term part of the financial institutional landscape since (Lyons 2001). Charitable business venturing, in the form of opportunity shops and sheltered workshops, has also historically formed part of the institutional repertoire of large welfare agencies. Since the introduction of the concept of social enterprise in the 1990s, there has been increased debate amongst Australian third sector practitioners about the nature of social enterprise, its potential value and implications for re-imagining civil society in a network era (see Barraket 2008). Similarly to the experience in other countries (see Defourny and Nyssens 2006; Kerlin 2006), this debate has often blurred the concepts of social enterprise, social entrepreneurship, social innovation and corporate social responsibility.

While there is growing interest in social enterprise as a form of social innovation in Australia, there is no coherent movement or publicly recognisable social enterprise sector in

this country. Public policy support has been extremely limited (Lyons and Passey 2006), with the state government of Victoria being, until recently, the only Australian government to invest in dedicated support for social enterprise development as part of their Community Enterprise and Volunteering strategy, introduced in 2004. A recently announced federal government commitment to social inclusion and the role of the third sector in facilitating this provides a new political space from which increased interest in social enterprise is emerging. In particular, social enterprise has been valorised as a vehicle for employment creation in the Australian Federal Government's response to the newly minted 'global financial crisis'.

Local government interest in social enterprise development is variable. There are many cases of one-off support provided to social enterprise through standard community funding streams. A small number of metropolitan councils have also partnered with a second-tier third sector organisation, Social Ventures Australia, to develop virtual social enterprise 'hubs' that provide business development services, networking opportunities and access to social venture capital to some social enterprises operating in or servicing their local government areas. In some small rural and remote towns, local governments have played a role in leveraging investment in support of community buyouts of various services, including petrol stations, milk bars, cinemas, pubs and hospitals. Local government support for social enterprise appears to be growing, and reflects a general shift away from the 'rates, rubbish and roads' characterisation of Australian local governments of the past, toward an increased role for local government in 'community building' and social planning.

Conceptual Approach

We draw in this paper on the concept of new governance, as well as new institutional theory, to examine the ways in which relationships between social enterprise, local governments and other policy actors reframe or disrupt normative practices.

A shift in language from 'government' to 'governance' has appeared in policy studies over the last 15 years (see Rhodes 1997; Considine 2001; Kooiman 2003; Rhodes 2007). This shift denotes a (not universally) recognised interpretive shift in the nature of policy making in a network era (Hajer & Wagenaar 2003). In broad terms, governance connotes a blurring of the traditional roles of governments, private sector and third sector actors and may be viewed as a combination of governing efforts by this range of public and private actors (Kooiman 2003: 3).

New governance includes market models of service provision, as well as more recent emphases on partnership and collaboration between sectors (Barraket 2008). The presumed virtue of these arrangements is that they 'provide hope for variety in organisation type to stimulate innovation, for private participation to shift capital costs off the public budget, to compel competitors to regulate one another, or to generate forms of non-profit service delivery that is voluntary and responsive to local needs' (Considine 2005: 166).

In developing our analysis, we draw on new institutional theory to examine the effects on institutional arrangements of growing relationships between social enterprises and local governments within our research context. This, we hope, builds on existing analyses of social enterprise that draw on new institutional lenses (see, for example, Dart, 2004; Aiken, 2006). New institutional theory views organisations as adaptable social systems that operate within an institutionally defined organisational field (see DiMaggio & Powell 1983). Rather than viewing organisations as constituted by their formal structure alone, they can be understood as "multifaceted, durable social structures, made up of symbolic elements, social activities and material resources" (Scott, 2001: 49). Organisations are not institutions but, rather, are constituted in and by institutions, where we understand institutions to be the broader 'rules of the game' (see Lowndes, 2005). In these terms, to examine local governance "is to expand beyond technical processes and material requirements and explore informal aspects. These include aspects such as cultural norms and symbolic rituals…" (Mason et al, 2007: 292). While formal organisational structures may be useful guides to the hierarchy and authority embedded within institutions, new institutionalism presumes that these can be eclipsed or subverted by competing 'informal systems' (Mason et al 2007: 292).

The implication of new institutional theory for our research is that institutions can be conceptualised not just as the formally stated or technical configurations set down by participating organisations, but as the range of formal and informal 'rules of the game' that circumscribe institutional practice. As Lowndes (2005) citing Ostrom (1999) observes, a new institutional approach requires us not just to examine the 'rules in form' – or the stated practices of policy documented in organisational plans, policy framework etc – but also the informal or unwritten customs and codes, the 'rules in use', enacted by policy actors within an institution.

New institutionalism has largely focused on the ways in which institutional orders stabilise and endure (McDonald & Warburton 2003: 382). DiMaggio and Powell's (1983) seminal work suggested that, in competing for institutional legitimacy, organisations are subjected to three types of isomorphic pressures: *coercive isomorphism* resulting from both formal and informal pressures exerted by other organisations with which there is a dependent relationship; *mimetic isomorphism*, which emerges when organisations emulate each other in the face of uncertainty; and *normative isomorphism*, which arises from professionalisation generated by university education and the presence of professional networks that span organisations.

Those examinations of social enterprise that deploy new institutional theoretical frames have similarly tended toward an analysis of the isomorphic pressures brought to bear on social enterprises by dominant institutions. For example, Dart (2004) suggests that social enterprise in western countries will increasingly command moral legitimacy – that is, normative legitimacy based on dominant political ideology – by emphasising their commercial and business-like characteristics over their capacity to create social value. He accounts for the recent popularity of social enterprise by suggesting that their practical legitimacy – that is, whether they produce any better social outcomes than other forms of social service delivery or community development activity – is less significant than their capacity to embody dominant neoinstitutional values of commercial enterprise. Aiken

(2006) also examines isomorphic pressures on social enterprise, although recognising, differently to Dart (2004) that social enterprises typically operate in both commercial markets and quasi-markets stimulated by governments. In an empirical study of three social enterprises in the UK, Aiken finds that the isomorphic pressures they face differ according to the markets in which they operate. For enterprises operating in a social welfare market, there is the danger of becoming passive agents of state programs, while for those operating in commercial markets, organisational values and social purpose may be too easily sacrificed in favour of commercialised private-sector business models (Aiken 2006: 268).

Although new institutional approaches have largely focused on the homogenising tendencies of institutional fields, more recent work has sought to explicate how institutional practices change (McDonald & Warburton, 2003; Lowndes, 2005). In the context of local governance, Lowndes (2005) has made a significant contribution to theorising the ways in which governmental path dependencies[1] may be disrupted (or reinforced) where multiple policy actors 'play together'. She suggests that local government actors produce creative spaces for shifts in institutional practice through processes of 'remembering', 'borrowing' and 'sharing' existing institutional repertoires.

In keeping with this idea of creative spaces, Seyfang & Smith (2007) suggest that community-level activities, including some forms of social enterprise, can be conceptualised as 'innovative niches' that potentially restructure social institutions. Drawing on the work of Hoogma et al (2002), they define niches as discrete application domains in which problems are reframed and new solutions sought (Seyfang & Smith, 2007: 589). They suggest that a niche-based analytical framework focuses upon the 'social networks, learning processes, expectations and enrolment of actors and resources in emerging niche practices' (Seyfang & Smith 2007: 590). This allows for 'first order' learning or narrow technical solutions, as well as second order learning about 'the alternative socio-cultural values underpinning the niche and implications for diffusion' (590). While recognising that not all actors purposefully inhabit the niche in which they find themselves, Seyfang and Smith (2007) suggest that the theory of niches proposes two types of benefit – intrinsic benefits, where the niche is valued for its own sake, and diffusion benefits where niche innovations are a means to an end (593). The niche model can also be effective where it deliberately draws contrasts – that is, as a "dialogical device for reflecting critically on mainstream reforms" (595). We note that not all social enterprises can be characterised as niche activities; indeed, we would argue that some more traditional forms of social enterprise are co-producers of institutional norms within the third sector organisational field. Nevertheless, the proposition that emergent and locally-focused forms of social enterprise constitute niche practices coheres with the experience of our organisational sample, which was limited to enterprises with a local orientation in mission and market, and included predominantly 'young' enterprises that had been operational for less than five years.

As Lowndes (2005; 297) observes, new institutionalism allows us to examine 'different trajectories of change and continuity within the sets of rules that shape local governance'.

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[1] In brief, the theory of path dependency suggests that, where policy actors set out on a specific course of action, they are likely to continue on this course regardless of the utility of the original choice, because the costs of choosing another option increase over time (Pierson, 2000).

While our focus here is on questions of institutional disruption, we note that, consistent with Aiken (2006), our research uncovered more stories of coercive and mimetic isomorphism amongst social enterprises working with local government than it did stories of institutional transformation, or even, irritation. Yet, in keeping with the potentiality of new institutionalism to illuminate 'how paths widen over time as they gradually encompass smaller tracks' (Lowndes, 2005; 299), we seek here to present the 'stories less told' in order to understand the possibilities for institutional change produced where social enterprises, as policy actors characterised by hybridity, are engaged in local governance.

Methodology

Our research investigated the various ways in which local governments throughout Victoria, Australia are engaging with and supporting community enterprise. Our methods included an online survey of local government staff in business and health/social development units of all 79 local governments throughout Victoria, document analysis of governmental plans and in-depth interviewing with social enterprise practitioners and local government staff and politicians.

In order to examine the rules in use of council approaches to health policy across functional areas of local government, we conducted a survey of an incidental sample of local government staff. A preliminary database of respondents was contacted via email by our partner organisation, The Victorian Local Governance Association, and people contacted were asked to refer the request to participate on. Our survey yielded 66 complete responses from staff at 25 Victorian local governments, This constitutes a 32% response rate at the organisational level. Our respondents ranged in seniority, with the majority of respondents identifying as coordinators or managers. The survey asked a range of questions about council staff's knowledge of commitments in both health and economic planning, the extent to which they work across functional areas of government and externally with community and business groups. Due to the relatively small sample size, survey data were descriptively analysed only.

In order to verify survey responses and examine the rules in form of municipal health and economic planning, we conducted document analysis of all available and current municipal health and economic development plans. These plans were subject to content analysis, to examine the number and types of ways they integrated health and economic development objectives.

We conducted in-depth interviews with twenty-four people. This included staff and members/participants of ten locally focused social enterprises throughout Victoria, and local government staff and political leaders active in supporting social enterprise development. A snowball sampling approach was adopted, starting with contacts of social enterprise practitioners working with local government that were known to the researchers and the project advisory group. Our sample included representatives from regional, metropolitan and metropolitan fringe enterprises and covered three social enterprise models: intermediate labour market models – which provide training and employment opportunities in active industry contexts combined with strong social support; service models – which maintain or create new services in direct response to community needs, often in response

to market and/or government failure; and income generation models – which generate surplus to support other public benefit activities. Interview data were analysed thematically, to identify commonalities and contradictions in respondents' experiences of working across social enterprise and local government in response to local residents' needs.

In order to further test and verify our analyses, we conducted two workshops; one with local government staff, which was attended by 14 people, and one with social enterprise practitioners, which was attended by eight people. These workshops were designed as discussion-based forums where we both sought input and tested assumptions – both our participants and our own – through broad-based discussion of participants' experiences of working in both social enterprise and local government.

For the purposes of this paper, we present some brief discussion of our survey and document analysis findings, in order to consider the rules in use and rules in form of integrated health planning in Victoria. The dominant part of our discussion of findings, however, draws on our interview data, to examine examples where our participating social enterprises posed challenges or disruption to the rules in use through their interactions with local governance institutions. We are not seeking to present these findings as representative of the wider experience of Australian social enterprise. Our purpose is not to generalise widely, but to examine the particular and the irreducible in the grounded experience of the people and organisations with which we have conducted this research.

Joining Up? Examining the rules in use and rules in form of integrated health planning

Our survey data and document analysis suggest that, while the rules in form may have shifted toward joined up and integrated approaches across functional areas of local government, the rules in use continue to reflect traditional 'silo' responses to public management. Fifty four percent of our survey respondents categorised their work as being within community development and/or health and welfare domains, while 29% reported that their area of work was local economic development and/or business and industry development. Of the entire sample, a significant majority (65%) reported that they did not engage in work activities outside their own unit of council. Twenty-seven percent of respondents reported that they engaged in activities across both health and economic domains of council, while a further 8% reported combining economic development and 'community strengthening' activities in their work. Of those who identified as working across economic and social domains, 10 were employed in community/health divisions, four were employed in economic development units, and one identified their general division and unit as 'economic and community development', suggesting that an integrated business unit had been adopted within that council's structure.

We also asked survey participants about the extent to which their organisation engaged in integrated planning across health and economic development plans. In response to the question, 'are public health issues included in your Council's current local economic development plan?', the highest response was 'don't know' (46%), while 38% said 'yes' and 16% said 'no'. In response to the question, 'Are economic development issues included in

your Council's current municipal health plan?', the highest response was 'yes' (51%), followed by 'don't know' (36.4%) and 'no' (13%).

As these figures indicate, a greater number of respondents indicated that economic development issues informed health planning than the other way around. However, this may be reflective of the skew in our sample toward staff employed in health and social domains of council. In order to verify responses, we examined the plans ourselves.

Our document analysis found that, consistent with the mandated municipal health planning requirements, all available municipal health plans included the economic domain as a health environment. Corresponding council 'actions' in the economic domain included employment, income distribution, community economic development, amongst others. None of the available economic development plans acknowledged the mandated health planning framework, despite its inclusion of the 'economic environment' as one of the four environments for health. Of the 23 current local economic development plans examined, none identified the economic environment as a determinant of health and none cross-referenced their health plan in their economic plan. Where health issues were referred to in economic development plans, the focus was on primary health care and direct service provision consistent with a clinical (as distinct from a social) model of health.

This brief summary of our survey and document analysis findings suggests that, despite a concerted effort to effect institutional change by mandating an integrated approach to health planning in the state of Victoria, there is still considerable lag in impact on both the rules in form and the rules in use. While the mandated health planning framework has facilitated integrated planning amongst health units, it appears to have had no impact on the other side of the equation; economic development planning. At the level of practice, or rules in use, our data also suggest that a significant majority of council staff continue to work in isolation within their functional area of government. Within our survey sample, economic development staff reported being more 'siloed' than health and community services staff, who, as a group, reported being more 'joined up'.

As organisations that explicitly bridge both social and economic domains, social enterprises potentially pose challenges to the traditional siloes of government. Below, we draw on two specific examples drawn from our interview data of how small institutional ruptures to local governance were effected through the activities of social enterprises that were working with or through local government in our sample.

Social enterprises disrupting institutional norms?

Within a wider set of narratives about the isomorphic effects of working with local government, a number of our social enterprise respondents related stories of reconfiguring institutional practices to accord with their own organisational needs and social objectives. In a small number of instances, it appears that the iterative effects of local government relationships with social enterprise led to examples of local councils 'doing government differently'. Two themes of institutional disruption – or, at least, irritation – emerged within our sample. The first constellation of stories was around the combined social and economic

imperatives of social enterprise forcing integrated or 'joined up' practice across functional areas of local government. The second, and quite prominent, theme related to the reconfiguration of institutional space produced by certain types and locations of social enterprise.

Forcing Joining Up
As discussed earlier, social enterprise operates purposefully and simultaneously within social and economic domains. As businesses with a social purpose, they combine the imperatives of business management with social, environmental, economic or cultural development goals. In this sense, their purpose and processes transcend traditional divisions between social and economic domains enacted in governmental institutions. While the majority of social enterprise respondents related experiences of frustration and dysfunction in working across functional areas of local government, we heard several stories where the needs of social enterprise had, either purposefully or incidentally, forced the 'joining up' of different areas of local government. In one case, a nascent social enterprise group described the difficulties, and their response, to working across functional divisions of local government that talked different languages and did not understand the integration of business and social principles embedded in social enterprise.

> *…but then [our idea went] into a part of council that – that was really hard because we ended up being in the sort of business, or the business part of council, the bean counters and the people who actually need to make sure – property management; people who know how to write up a good lease, had no concept whatsoever for what we were – we'd sit down and have meetings and it was like all the different species. We'd be going on about the vision and all that sort of stuff, and they'd be going "Well where's your business plan?" "Okay, that will come, but we want to talk about vision". That was very frustrating. So in the end, we circumvented that a little bit by saying "We think it's time to get the visionary back to the table, so we kind of called and asked them to have a meeting back with the [staff from the community and health services division of Council] who had the sort of foresight, and that kind of – we got around it. But I think that is an issue, not just with this but with lots of projects with council. They're such big organisations, they have so many layers to them that if you could cut through some of that red tape – it's just I don't know how you overcome that.*

In this case, social enterprise practitioners deployed their experiential knowledge of institutional practice to circumvent local government's disparate community development and business development norms. By bringing all parties to the table, they forced a negotiation around the start-up of the social enterprise that was competent to meet both its social and business objectives. A subsequent interview with one council staff member involved in this process indicated that this had had a small flow-on effect to other council processes, by encouraging further coordination amongst the participating staff on other unrelated projects.

While this example illustrates a purposeful negotiation by social enterprise practitioners, other stories emphasised the role of 'institutional entrepreneurs' within local government working to join up internal council processes in support of social enterprise objectives. In

these cases, council staff or, in one cases, a local councillor, acted as network brokers, working across functional areas of local government to facilitate the planning or start-up of a social enterprise. Qualitative accounts reflected the pattern also identified in our survey findings discussed above, with staff or councillors from social and health divisions of council significantly more frequently described as network brokers than those from economic development divisions.

While our focus in this research was on the integration of social and economic domains, our findings suggested that the industry orientation of social enterprise can also facilitate incidental joining up across other domains of local government. In the case of one enterprise in our sample – a street cleaning business owned by a local welfare agency – the council's involvement with the social enterprise stimulated a new relationship between its engineering and facilities department and the community services unit. At the time of conducting the research, interviewees indicated that involvement with the social enterprise had facilitated a preliminary discussion within council about how it might better support both resident employment and service delivery through utilising some aspects of its facilities provision as intermediate labour market programs to train and employ local residents. It is unlikely that this conversation about how to 'do government differently' would have been initiated across these government divisions without the imperative to engage around the procurement of services from the social enterprise concerned.

Reconfiguring institutional space

Following Lefebvre (1991) and others' work on the social production of space, we can understand local civic spaces as being institutionally configured. Space is both materially shaped by institutional actors – for example, through planning and design – and shaped by the interactions of those institutional actors who use it. A dominant theme in our research was the role of social enterprises in the reshaping of civic and commercial spaces. This included common stories of social enterprises taking over and revamping disused council premises, including leveraging significant external finance to rehabilitate civic buildings – such as disused theatres and offices – for the purposes of public benefit. Beyond physical improvements, the sociality of 'doing social enterprise' also involved the reinvigoration of social activity within given spaces, as people from across a locale become involved in the start-up, management and use of social enterprise. In some cases, these were stand alone activities independent of local government beyond the use or takeover of council premises. For example, the development of a community-owned cinema and theatre space in rural Victoria reshaped a disused civic space into a leisure space for the local residents. Prior to its establishment, the nearest cinema was 90 minutes drive away by car and could not be easily accessed by public transport. Apart from producing a new service, the planning and design of the space was explicitly concerned with meeting the leisure needs of different groups within the local area by seeking involvement from these groups in the establishment of the enterprise. The design and building processes themselves fostered relationships amongst local residents. As one person who was involved in the start-up of the enterprise described:

> There has been a whole lot of social benefit out of it from a whole series of people involved; there has been a series of networks developed between young people and older people. We had secondary college students involved in building a part of the

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project, so that they had some real ownership. We had a lot of; we were fortunate in that some of the people who originally worked at [the theatre], which closed in 1972, were still around, so we could talk directly with them and get the oral history of the people who participated. So, we had a number of working bees where people; the kids who worked on their part of the project and the people who had worked [in the theatre] 30 years ago, were in the same place at the same time, so that interaction was really good.

These interactions fostered a strong sense of local ownership of the enterprise and the space it inhabits:

The kids will come down and say 'yeah, well I built that, that was me'. So they have a connection with it, and I think that connection will add to the long-term sustainability, because they have some real ownership of it. It was not built as a commercial enterprise by someone outside who, 'we're here to make money out of this'. It was an enterprise to restore the theatre and provide some social benefit, and I think it's done that.

The story presented by interviewees involved in this social enterprise was one of both local economic and social regeneration, where these two processes are explicitly interlinked; that is, supporting local economic development by building a community-owned enterprise was experienced as a distinctly social experience. In terms of local governance, the story was one of local and dispersed civic ownership producing a wide commitment amongst residents to the use and sustainability of the enterprise. What was previously a disused council space had become, at the time of conducting the research, a site for connecting residents in positive ways to their built environment, each other, and their local economic destiny.

In a different example of a purposeful partnership between local government and social enterprise, a social enterprise training cafe provided a leisure space for community members to interact whilst using the wider facilities and services deliberately co-located by the local council. It provided the first point of contact with this service space, with the cafe acting as an entry and information point. A member of staff at the local council articulated the role of the social enterprise as providing a gateway to engagement between local residents and the various services available, as well as a providing a point of connection between residents and the voluntary sector and training organisations that are partners to the social enterprise:

The role that we saw the community cafe playing was to provide a sense of community activity and welcoming for people who were coming to use various parts of the community centre...[T]he cafe runs as an integral part of a much larger community centre dealing with population groups that come through the centre....[the community centre] has a very wide range of user groups but there are a number of aged persons groups that actually meet there so it does have attractions for all parts of the life cycle if you like and on top of this it has that particular focus on...newly arrived [migrant and refugee] communities as well, so it does bring in an important part of the population groups within [the local government area].

In this case, the social enterprise provided an accessible 'community site' within a space dominated by governmental services. Interviewees from both local government and social enterprise sides of this initiative saw a major value of the social enterprise as being its role as a 'bridge' for residents into the unfamiliar institutional spaces of local government and other service providers.

Conclusion

New institutional approaches to local governance enable us to examine both the ways in which institutions change and stay the same through dialogic processes that challenge or reinforce the rules in use. As forms of citizen-led activity that purposefully transcend economic and social domains, the social enterprises examined in this research, have stimulated some disruptions to the institutions of local governance in our research setting. We do not wish to overstate the impacts of these disruptions. Institutional change happens slowly (Pierson, 2003) and is more often accidental than purposeful (Goodin, 1996). Clearly, relations of power play a significant role in the in the construction of so-called 'creative spaces' (Lowndes, 2005) for institutional change, and our research uncovered more stories of state-led cooptation and isomorphism than it did social enterprise-led disruption. As our survey findings indicate, siloed approaches to government working remain the norm amongst our local government participants, despite changes to the rules in form, which mandate integrated planning for health based on a comprehensive 'social determinants of health' model. This is suggestive of what Lowndes (2005; 297) has described as local authorities 'driving the new vehicle down the old path'. Yet, our findings do suggest that, where local governments and social enterprises are purposefully engaging with each other, the hybridity of social enterprise influences institutional practice in some instances, challenging path dependence and leading to adaptations of the rules in use of local government. In cases where locally-focused social enterprises are not working purposefully with local government, they may still influence the institutions of local governance through the transformation of civic and commercial spaces in ways that are consistent with new governance emphases on citizen participation and the co-production of social value beyond government.

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