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Squaring the challenge: reconciling business and ethical goals in social enterprises

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Abstract

The narrative surrounding social enterprise, both politically and theoretically, tends to emphasise a narrow definition and a set of expectations as to their role and meaning, generally reducible to organisations able to reconcile business and ethical aspirations. Policies devised to support the development of these organisations are generally based on the assumption that social enterprises have to be self-financing and that their developmental pathways lead to financial sustainability, generally achievable through trade. The experiences of organisations encountered in the course of this research contradict this view, instead highlighting the diversity characterising these organisations and the circumstantiality of their development pathways. It demonstrates that their ability to balance economic imperatives with social and environmental concerns is the product of negotiations and compromises, resulting in experimentation with what it is available in specific moments in time and place. Indeed the nature of the local environment and culture are found to play a crucial role in both the choice of institutional forms and in conditioning development that is more or less in line with an organisation's ethos. When successful reconciliation occurs, it is the product of particular, place-specific circumstances, unfolding in the networks of relationships developed between a variety of actors from public institutions, businesses, local networks, activists, social movements and other civic groups, all working towards the same aim, whether this is doing business with a conscience or delivering public services with care. This thesis argues for a stronger commitment to economic pluralism, whereby expectations as to what social enterprises can achieve is rebalanced, informed by greater understanding of the plurality of forms that constitutes the social enterprise 'constellation' and their diverse potential. Only then can they contribute to more equitable or geographically even economic development.

SQUARING THE CHALLENGE: RECONCILING BUSINESS AND ETHICAL GOALS IN SOCIAL ENTERPRISES

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1. Introduction

This is an interesting moment to consider social enterprises. As successive crises expose the vulnerability of countries around the world to changes in the financial markets and (at least in the UK) the gap between poor and rich widens (ONS 2010), questions about the credibility and viability of the neoliberal economic model are increasingly articulated by a wide range of actors, from a variety of different perspectives. The current questioning of this political-economic model has led many to define this moment as critical for (at least this form of) capitalism (Hertz 2011). Religious institutions of the western world call for a new world order that is not dominated by greed and obsession with profits, but on ethics and a sense of the common good (Hooper 2009[1]). Even politicians have publicly denounced "*predatory and irresponsible capitalism* […]"(Ed Milliband 2012) and called for the need to tackle it and develop a more "*socially responsible and genuinely popular capitalism*" (David Cameron 2012). Critics who have long debated the limitations of the neoliberal model and anti-capitalists are joined by commentators on left and right in condemning the current system and propose to replace it with a system that is greener, fairer, and more oriented to the needs of different stakeholders (Scott-Cato 2009; Hutton 2012).

The plea is for an economy that is more balanced and democratic, so that economic growth also reflects social, cultural, political and environmental advancements, and that stimulates cooperation among different stakeholders, including markets, governments and civic institutions, in order to cultivate a plural economic system. Whether these debates represent a genuine break is uncertain, however their presence reveals a growing desire for ways to organise the economy around different principles and interests beyond the imperatives of profit maximisation. It has also renewed interest in previously marginalised forms of economic organisation, a plurality of enterprise forms with different sets of goals responding to different sets of (monetary and non-monetary, emotional, ethical) incentives.

It is in such a context that an interest for social enterprise has emerged and developed. Despite the lack of a single agreed definition of social enterprise and its disputed nature, it is generally agreed that the term refers to forms of market engagement that privilege meeting social needs over profit maximisation and, usually, through the mobilisation of

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[1] From www.guardian.co.uk Tuesday 7 July 2009, John Hooper, Rome

disadvantaged communities in producing socially useful goods and services (Amin 2008). A wide range of organisations define themselves (or have been defined) as social enterprises, from workers cooperatives, to small community enterprises selling second hand affordable furniture to disadvantaged families; from big charities specialised in the delivery of particular welfare services sensitive to needs of specific communities (Black and Minority Ethnic - BME, Asylum Seekers, unemployed, homeless, young people) to small public sector spin offs in sectors such as mental health and community regeneration.

Whilst in the past these economic forms were considered as marginal, in the last two decades they have assumed a central position in academic and public policy debates. Many organisations branded as social enterprises, have been depicted as offering innovative solutions to numerous societal problems and being key players in a mixed economy. Practitioners, academics and politicians have jointly contributed, albeit from different and at times contradicting viewpoints, to promote an account of true socially responsible economy in which social enterprises have an important role to play. The all-important question is, however, whether the pursuit of profits raises ethical concerns and whether (and how) these organisations manage in practice to reconcile their business and ethical aspirations.

Assuming their contribution to socio-economic development and to unlocking the economic potential of marginalised people and communities (Hudson 2009), many international organisations like the European Commission, and national governments have invested in programmes targeting social enterprise, promoted as organisations run as businesses but able to deliver quality services, create jobs and stimulate entrepreneurship. Organisations have been supported to become 'contract ready' or encouraged to trade their way to financial independence. A celebratory narrative has developed, both politically and theoretically, legitimising an organisational model able to marry business and social objectives, depicted as a business model that is financially successful and more caring and innovative than the state and the private sector.

This instrumental view of social enterprises gives cause for concern to many activists of the social economy (Pearce 2005) who instead sees them as part of a separate system to the economic mainstream, a distinctive sector motivated by unique values and principles that combine self-help, mutuality, and reciprocity. According to Pearce (2003), they must be seen as differing from the profit driven first system (private sector) and the redistribution and planning based second system (government) otherwise they risk losing their distinctive

social mission, especially when pushed to compete in the market or comply with standardised public sector efficiency rules.

However, other commentators do not see the distinctiveness as a source of insurmountable incompatibility, rather as potential to influence more balanced socio-economic development, a fairer and more sustainable society based on collective mobilisation to meet local needs and work for the common good (Amin 2009). Here, rather than representing a parallel system, social enterprises are seen as enacting an 'alternative' economy, in which other types of enterprises also share principles of solidarity and sustainability, reflected on the diverse modes of transaction, labour and enterprise (Gibson-Graham 2006). The choice of conduct, rather than the legal form, is the basis on which the relationship between the social and the economic is conceived.

Attending to these debates, and investigating how these play out in practice, this study focuses on how so called social enterprises manage the relationship between their business goals and social and ethical aims, and whether it is reconciled. This study explores organisations in two UK city-regions, Greater Manchester and Tyne and Wear, where through the years significant policy effort and funding have gone into developing 'social enterprise' as a business with primarily social objectives (DTI 2002), providing business solutions for the public good (ibid, p.13). New Labour policies after 1997 sought to render the voluntary and community sector 'contract ready' and participate to procurement in order to deliver services, under the assumption that a "move away from grant dependency towards greater self-financing" (ibid, p.42) enables organisations to gain and sustain a market position, generate revenue from trading activities and attract funding from sources such as loan finance or outside credit (Lloyd 2007, p.82).

Since its election in 2010, the Coalition government has maintained the legacy of New Labour in many respects, including plans for developing social investment finance (Big Society Capital), further involving social enterprise in the delivery of public services through the Public Services (Social Value) Act 2012[2], and on-going inquiries into mutual and co-operative approaches to delivering local services[3].

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[2] The Public Services (Social Value) Act 2012 became law on the 8th March 2012 and it placed a duty on public bodies to consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and (how, in conducting the process of procurement, it might act with a view to securing that improvement (NAVCA, accessed: http://www.navca.org.uk/social-value-bill).

[3] The Communities and Local Government Committee carried out an inquiry into the potential for mutual and cooperative approaches to delivery of local services. The Coalition Government is supporting the use of employees owned mutuals across the public sector to deliver public services.

Whilst this mounting interest in social enterprise has been welcomed by many in the social economy, as it has familiarised mainstream public opinion to other ways of engaging in the economy, and secured resources for a traditionally underfunded part of the economy, it has also raised expectations of social enterprises to be efficient businesses along with meeting their social aims and ethical aspirations. The policy expectations were to develop organisations that under the label of 'social enterprise' (Nicholls 2010) would deliver the Third Way goals of unproblematically marrying economic and social goals, guided by a 'double bottom line' (Haugh and Kitson 2007; Teasdale 2010).

In contrast, as this thesis argues, business and ethical aspirations are not unproblematically related when social enterprises are confronted with a variety of motivations, values and pressures. It is an ambitious undertaking that of solving social and/or environmental problems, engaging with markets, covering costs, and making a profit for social and/or environmental ends. Therefore, I argue that to expect social enterprises to both remain financially viable and fulfil their ethical commitment is misguiding. One always tests the other, and any balance achievement is a fragile and highly contextual outcome. In addition I find that organisations are driven by different motivations - varying from philanthropy to the intention to demonstrate the viability of a socially and environmentally aware, needs-based economy - and that the differing needs and opportunities they respond to and the barriers they face throughout their life cycle, in the context in which they operate, shape their development in differing ways. Thus to expect them all to achieve the same result, or for the same result to have the same meaning blunts the reality of pragmatic negotiations on the ground.

Whilst the distinctiveness of social enterprises is thought to be their focus, I have found that for some it is a way to do a job, for some a way to deliver services with care and for others to affirm that a need-based economy is possible even in capitalist societies. There is a difference between being involved in the social sector and engaging in the economy enacting principles of solidarity. Social motives vary, and in many cases this influences pursuing profitability (even in a narrow sense of earning sufficient money to sustain operations) and efficiency. The time, dedication and care needed to fulfil social/ethical obligations often stand in contrast with pursuing financial imperatives. Assuming that the adoption of a specific legal form (or organisational type) or being led by a skilful entrepreneur are sufficient factors to successfully balance ethics and market imperatives is misleading. This study shows that throughout their lifecycle organisations are faced with often conflicting demands, varying opportunities and constraints to which they react

according to their motivations and circumstances at that moment in time. Managing this relationship is the product of constant trial and error and the results vary depending on the nature of the organisations involved, the context in which they operate - which as well as shaping their nature (responding to different needs) also provides a space (opportunities and/or constraints) for their development - and the recognition of their role within the economy and society.

My view is that the balance between business and ethical goals is not the result of 'being' a social enterprises, rather an on-going process of experimentation with different practices, of decisions on different issues, of negotiation among various interests, motivations and priorities. It is not a *fait accompli* (Gibson-Graham 2010, p.8) rather an experimental assemblage, an on-going process that evolves in time, alongside organisations' experiences and unpredictable contextual changes. Consequently, it differs from organisation to organisation, in different contexts and at different stages of their lifecycle. Policy demands and expectations should therefore recognise the difficulties and complexities organisations driven by ethical commitments face in balancing these with financial objectives, and should rebalance the emphasis on self-finance through trading and/or contract delivery accordingly.

This study shows that when organisations have not been assessed strictly in terms of economic criteria, rather on the basis of their distinctiveness, and/or they have developed relationships with public authorities, economic actors and civic society and work together for a common aim/public good, the opportunities to maintain a balance between their business and ethical aspirations increase. Conversely, when social enterprises are expected to fill the gaps of state and market failure, seek financial independence (at all cost), and develop a business acumen even when supposed to deliver services for the most marginalised of society, then the chances that business demands override social objectives increase, to the detriment of quality and innovation. When the distinctiveness of these diverse organisations and the challenges faced are recognised, then appropriate financial and political support are provided, creating an enabling environment for social enterprises to operate in line with their ethical commitments. In light of these considerations, this thesis is organised as follows.

Structure of the thesis

In chapter 2 I question whether ethical values and practices in capitalist economies should be thought as part of a separate, alternative system, such that markets, states and the third

sector can be bracketed as parallel systems. Endorsing this view means considering the economy as a space of distinct spheres characterised by unique motivations and values. Instead, I draw on conceptual openings in economic thinking that offer an alternative perspective that sees ethical values pervasive in every economic domain, constructed and constrained by existing institutions. This thinking unveils the dynamism that lies behind what Callon refers to as the 'on-going process of co-construction of the economy' (Callon 2007, p.139) involving a wide range of actors committed to different justificatory principles in 'battles of persuasion' (Amin 2008, p. 32), and opening differing opportunities for socially concerned groups to emerge (Callon et al. 2002b, p. 303) and call into question the ways markets are organised, challenging rules and procedures and experimenting with new modalities (Callon 2008). The more causes for concern - which are a natural by-product of the functioning of markets, producing what Callon (2002b) refers to as 'orphans' or 'affected' groups - increase the more we assist to the proliferation of evaluative criteria reflecting different needs and interests of social life. In the resulting (and most current) economy of quality (Callon 2002a) ethics is an evaluative criterion that pervades some markets and that has transformed the ways in which they are organised (i.e. fair trade, organic produce markets). Echoing Callon, Gibson-Graham (2006) suggest that depending on the mode of labour, transactional and entrepreneurial conduct, organisations called social enterprise can be located in different segments of the economy and work alongside other forms, enacting a variety of practices to fulfil their (individual) ethical aspirations, relating and connecting to varying degrees and ways to state and market (Amin 2009). This chapter argues that the relationship between business and ethical aspirations in social enterprises should be thought of as a differentiated and negotiated process, in which decisions have to be constantly evaluated based on necessity (Gibson-Graham 2006). These decisions in turn shape organisational trajectories, where new kinds of lock-in intervene to alter the ethical-business relationship. The model this study brings forward is one where the relationship between business and social goals is considered as one dimension of difference, unfolding into different typologies depending on organisational circumstances and motivations. Therefore it is an on-going process, an evolutionary practice that changes in time, and enacted through trial and error, that differs from organisation to organisation, as they deal with different circumstances throughout their lifecycle. By negotiating differing interests and debating contrasting viewpoints, in conditions of ambiguity and uncertainty, organisations adopt different practices which change over time.

In chapter 3 I detail how I empirically examined this model of evolutionary practice that varies in time and context. Given my proximity to Gibson-Graham's diverse economy framework, I sought to identify organisations adopting different entrepreneurial forms, labour and transactional modes of economic conduct. In order to look at changes in the relationship between business and ethical goals through organisational lifecycle, an equal number of relatively newly established (less than five years) and consolidated (more than five years) organisations were selected.

I decided to compare the experiences of organisations in two UK city regions: Tyne and Wear and Greater Manchester[4]. Despite sharing a common industrial past, and high levels of socio-economic deprivation, these two city regions have developed distinct approaches to social enterprise: managed versus laissez faire. This qualitative research has been carried out by engaging with 25 organisations (14 in Greater Manchester and 11 in Tyne and Wear) interviewing members of staff, managers and volunteers (see Appendix 1 for a full list) and carrying out participant observation in organisations that were willing to host me for few days and engaged in a variety of activities that stimulated an in-depth investigation on the relationship between their business and ethical aspirations. The chapter ends with some reflections on conducting the fieldwork in times of change, such as the election of a new government, the opening of new policy drives, the demise of the research funder, and considerations as to the limitations of this research, such as the influencing role of the researcher and issues around disclosure.

The findings from the first case study are presented in Chapter 4. It first provides a summary of social enterprises in Greater Manchester, revealing a variety of organisations engaged in diverse activities. It also shows how the presence of a long tradition of voluntary and community focused service delivery has shaped the institutionalisation process of (and thus framed) social enterprise in Greater Manchester. On the one hand, by recognising the distinctiveness of the many voluntary and community groups, the local authority has worked collaboratively with these organisations, providing funding for them to support the many diverse communities within the city. On the other hand, the local authority, by adopting a *laissez faire* approach towards other forms of economic engagement (particularly towards the new economic development agencies entering the

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[4] Since this research was part of a CASE partnership between Durham University and the (then) Regional Development Agency ONE North East, it originally had a North Eastern focus. However, Greater Manchester's laissez faire attitude towards social enterprise; the Cooperative past (and present); the presence of some of the 'big' names of social entrepreneurialism and my experience of working in this area rendered it a suitable candidate for a comparative investigation as to the nature of the relationship between business and ethical goals in social enterprises.

social enterprise market) has allowed many organisations to respond 'freely' to new opportunities, adopting and modifying market based approaches to fulfil their social/environmental aims. This duality is reflected in the experiences of the organisations in the Greater Manchester sample. This chapter shows that organisations have responded differently to opportunities and/or need, in line to their motivations, the drive (and skills) of the people involved, and the specific circumstances of their stage of development. Policy emphasis on financial independence and the changes in funding models have pushed many social enterprises to seek different sources of income, including more commercial routes. These changes have rendered professional business advice more readily available, and many newly established organisations have benefited from this support from the outset. However, not all have become more business focused, or have shifted their attention to profit making at the expense of social need. Some organisations have developed a market niche (organic, vegetarian food) or a trusted 'brand' of service for specific (ethnic) communities, which has enabled them both to grow and deliver social goals. However, this is the result of struggle, of long hours of work, low wages and constant negotiation. These social enterprises are constantly trying to maintain the balance. There are also many that struggle to balance their business and ethical aspirations. The push to seek financial independence can often limit the achievement of social objectives, particularly when small organisations are pushed to deliver specific projects in order to gain funding, that might only partially reflect their social scope whilst absorbing all their internal capacity, and thus limiting their ability to develop in line with their ethical aspirations.

The Tyne and Wear case study, which is the focus of chapter 5, reveals a similar story as regards to the importance of 'place' in shaping the development of particular kinds of social enterprises (see Amin, Cameron, Hudson 2002). Here organisations are fewer in number and have developed more in line with policy interventions. Many social enterprises have emerged from New Labour investment in regeneration programmes (Single Regeneration Budget, New Deal for Communities and the Local Economic Growth Initiative) and the Third Sector development, as a means to provide employment opportunities for local people. The evolution of social enterprises in Tyne and Wear is shown to have been more 'managed' by statutory agencies, in terms of funding, support and endorsement. They tend to be small businesses operating with a clear economic focus, within a market for social goods. The sample of social enterprises I studied in more detail reflects the tensions found in Greater Manchester in balancing economic imperatives with a social mission; the arduous, and constant, negotiations that often result in hard choices and trade-offs. The

variety of organisations encountered, here as in Greater Manchester, included some that were driven by the desire to help the community, others that wanted to engage in (mainstream) business activities driven by principles other than maximising personal/individual profits, but also some that were just 'doing a job', within a 'newly' developed market for welfare. However, in practice, the factors that contribute to balancing business and ethical aspirations unfold in different ways, reflecting the diverse economic geography of Tyne and Wear.

The evidence gathered from these case studies is discussed jointly in Chapter 6. This research shows that the process of balancing business and ethical aspirations generates tensions. The ways in which organisations deal with these tensions vary significantly, depending on the type of organisations, their motive and purpose. Organisations adopt different modes of economic conduct in line with the possibilities offered by the context from which they stem. Indeed the characteristics of 'place' play a crucial role in determining the range of opportunities available to organisations. The meaning of 'place' here, as in Amin, Cameron and Hudson's (2002) study, is as "social formations with varying geographies of connectivity" (ibid, p. 120). The nature and variety of networks of relationships found in a place determines the generation of different ideas and shapes the activities of social enterprises. They also influence the emergence of different institutional choices and their development more or less independently from the dominant social enterprise agenda.

Essentially, in each of the case study areas, a different framing of social enterprise has occurred, shaped by the actors involved, namely the organisations, their support groups, statutory agencies and local authorities, all contributing to forge the local culture of social entrepreneurship. This process has dictated the meaning of business and ethical goals reconciliation, and thus extended and/or limited the potential for development in line with (ethical) aspirations. Whether organisations see themselves and are framed as having a distinct social role, or consider themselves as alternative to the mainstream ha, and whilst accepting its dominance attempt to modify its rules in order to confirm the viability of a different alternative way of engaging with the economy or delivering services, have different implications as regards to the way in which they manage to reconcile business and ethical aspirations. For example, when social enterprises see themselves or are seen as adjunct to the mainstream capitalist economy, they either remain consciously in compliance with their ethos, socially focused, very small scale with lots of volunteers and few workers accepting low wages and precarious contracts. They operate within the

boundaries of this framing, negotiating the relationship between their social aims and the need to sustain the activities, in competition with other organisations and offering little more than a close end opportunity to their beneficiaries. This view seemed to be more common in the Tyne and Wear context, differently from Greater Manchester, where the ambivalent position of the local authority has created a space for social enterprise to develop more in line with their distinctiveness. Here organisations were found to be more attuned with their distinctiveness and existing sometimes in parallel and others in competition to the mainstream, carving a space for those with different views.

In light of these considerations, in chapter 7 the policy implications emerging from this study are discussed. Firstly a number of place specific suggestions are presented, reflecting the nature of the diverse areas and what is most appropriate in the specific context, at different stages of organisational development. Secondly, a number of generic recommendations are put forward, arguing for the need to rebalance the expectations on what social enterprises can achieve. The reality of struggle, trade-offs and enduring negotiations that social enterprises face is not the result of their inability to balance business and ethical aspirations, rather for certain organisations becoming a 'business' implies compromising their original social objectives. As organisations that put people before profits, trading or meeting contractual targets often compromises their social mission. This is not a consequence of (or at least not in all cases) organisational failure, but rather the product of mis-evaluation, or misplaced expectations. Indeed, successful examples of reconciliation, albeit vulnerable to unpredictable changes, show that when a venture is not evaluated strictly by economic, commercial criteria and supported appropriately to their abilities and possibilities, then business and ethical reconciliation is enhanced. Indeed, examples of organisations that have developed this recognition (particularly in the welfare market) have done so on the back of substantial public sector funding and policy support. Similarly when organisations operate in markets where ethical qualities are part of the decisive criteria of evaluation, such as fair trade, there is also a possibility for business and ethical goals reconciliation. However, these organisations have also to battle constantly the competition from mainstream, thus constantly having to find new avenues. This thesis ultimately argues for a plural economic approach that recognises the variety of organisational forms, the diversity of motivations and ideals leading social enterprise, and asserts the value of difference, as a resource that can contribute to positive change. Consequently, support should reflect upon this diversity, and recognise the strengths of different types. Since at each stage of development organisations face diverse

challenges, rather than forcing all into instrumental rationales, a more tailored approach would enable their development in line with social objectives that are beneficial to solidarity based economy. The support advocated includes fiscal policies that recognise the specificity of pursuing social goals rather than private financial gains, thus it includes different forms of financial cushioning for start-ups and appropriate social investment that recognises the multidimensionality of social enterprise. In conjunction with appropriate fiscal policies, this chapter argues for policy support that recognises the principles guiding social enterprise and modifies expectations in line with the social value expressed by these organisations.

In conclusion, with this kind of reading of social enterprises and the economy, this thesis departs from the main body of research on this topic. Focusing on the first hand experiences of social enterprises in managing the relationship between their business and ethical aspirations, it suggests that business solutions to social problems and expectations to measure social enterprises by their efficiency are limiting conditions. Both in Tyne and Wear and Greater Manchester, I have encountered examples of strategic and reciprocal collaboration between businesses, public and civic society actors. These indicate that when there is a favourable policy environment that stimulates democratic discussions, then working relationships are developed on a levelled playing field, and social enterprise can become (and is recognised as being) an integral part of socio-economic development.

2. Conceptualising the relationship between 'business' and 'ethical' demands in social enterprises

Successive welfare reforms, emerging markets for welfare and increasing demands for a fairer economy (Ecchia and Lanzi 2003) have positioned social enterprise centrally in public policy and academic debates. The term social enterprise attempts to capture a variety of organisational and legal forms, with different ownership models and motivations driving their engagement in economic activities.   They encompass cooperatives operating in mainstream markets; organisations delivering services to specific communities; community enterprises running shops in rural areas; charities operating through volunteers and engaged in small trading activities; and ethical/critical consumer groups.   Rooted in the traditional non-profit and cooperative movements, historically relegated to the margins of economic discourses, increasingly these forms of market engagement have been recognised for having an economic role (Hudson 2009).

Whilst some social enterprises have always been engaged in market activities (for example cooperatives, mutuals and community enterprises) others, in more recent years, have begun to be more involved in delivering services and selling products, and thus increasing their productive role (Borzaga and Defourny 2001). This is partly due to the changes in funding provision and partly to seek different opportunities in order to respond to the increasingly diverse demands in contemporary societies. Interest in their economic role has led many to consider these organisations as a coherent economic category[5] (Hudson 2009), one that is market oriented but driven by ethical values (Westall 2001) thus able to marry business and ethical demands. However, whilst the coexistence of an ethical and economic

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[5] It has been argued (see Teasdale 2010) that the European literary tradition linked to the EMES Research Network tends to consider social enterprise a specific organisational form, an economic category in its own right.   This is generally because in many European countries the changes in voluntary and community organisations and cooperatives have been framed in legalistic terms, that is new legal forms were created encompassing the social and economic dimensions of organisations. For example, in Italy Law No. 381 (1991) on social cooperatives introduced a new legal category, thus provided the legislative framework to acknowledge the involvement in specific activities (supply of social services or work integration) carried out beyond the boundaries of the cooperative membership (Galera and Borzaga 2009, p. 219).   Moreover, as Defourny and Nyssens (2006) noted, in the European context, the term 'social enterprise' does not represent a conceptual break with institutions of the third sector but, rather, a new dynamic within it – encompassing both newly created organizations and older ones that have undergone an evolution (ibid, p.9).

dimension is generally recognised, their relationship is a matter of contention amongst academics from different schools of thought.

The focus of this chapter is on understanding the nature of the relationship between ethical and market demands in organisations called social enterprises, and the first section focuses on how this relationship is discussed in the literature. Most authors recognise there are tensions involved in fulfilling both social and economic objectives, however, whilst for some these tensions represent important conceptual and practical challenges, for others these can be 'easily' overcome by the innovative practices enacted by skilled entrepreneurs or 'simply' by choosing the most appropriate commercial option available (Dees 1998). These two perspectives are underpinned by an understanding of the relationship between the economic (markets) and the social spheres (solidarity/ethics) as dichotomous. In section 2, I outline illustrative arguments, to suggest that the polarity of the views proposed, still dominant in current debates around social enterprises, locate ethics (and ethical behaviour) in a separate sphere of the economy, resulting in discordant conceptions of markets in our societies. However, this section also turns to conceptual openings that dispute this polarity. New thinking unveils a variety of motivations and values that drive market activity, not limited to maximising profits and instrumental exchanges (Bodini and Borzaga 2010). It also argues that markets become the site of ethical conflict, between actors committed to different justificatory principles (Fourcade and Healy 2007), and location of policy struggles over what counts, what is worth (Stark 2009). Here markets are perceived as disputed sites of ethical worth (Fourcade and Healy 2007), as sites of experimentation between heterogeneous values (Callon 2002). These propositions unveil an understanding that emphasises the diverse way in which we construct and 'perform' the economy (Gibson-Graham 2008), thus conceiving it as a field of difference.

Drawing on the work of Gibson-Graham (2006; 2008), section 3 begins by showing the diversity underpinning economic processes and uses the diverse economy framework and the theory of community economies to offer a new reading that supports the understanding of the economy as a site of ethical decision. I then turn to explore the implications of such an enlarged reading of the economy for understanding the relationship between business and ethical aspirations in social enterprises and argue that depending on the mode of entrepreneurial, labour, transactional, finance, and property conduct, social enterprises can be classified – along with any other market activity – as variegated, including in their ability to reconcile business and ethical aspirations. This shows that despite being classified as the same, not all organisations are motivated by the same drivers

nor do they react in the same way to circumstances. In unpacking this diversity, I suggest a typology of business and ethical relations and the challenges that social enterprises face depending on the segment of their location. The concluding section of this chapter offers a reflection on the factors influencing the balance between commercial and social goals in social enterprises, arguing that from a mode of conduct perspective, organisations that share a commitment to social and environmental concerns and remain focused on these, draw on this commitment to follow pathways that match their ethical obligations. The process of balancing business and ethical aspirations is a dynamic practice that evolves, as a product of constant negotiations, experimentation and conflict-resolution over needs and opportunities. It uses diverse economic practices as resources, that when guided by the principles of solidarity and reciprocity contribute to stimulate mutual recognition and working for the common good. This process is however is circumstantial and depends as much on the practices of single organisations, the individuals involved and the context in which they operate. By context, here I refer to the space of social relations (Amin, Cameron and Hudson 2002) emerging in and characterising different geographies. Thus, the context is here a social and material assemblage of the being in common (Popke 2009). Indeed, different geographical regions have diverse economic, social and cultural landscapes where there are choices to limit or support diversity or indeed promote uniformity (Gibson-Graham 2008, p. 624). It is within these diverse socio-economic landscapes that ethical orientations and possibilities are shaped.

1. Perspectives on the relationship between business and ethical aspirations in social enterprises

Despite the contested, politically laden and contingent definition of social enterprise[6], it is generally agreed that these are forms of market engagement that privilege meeting social needs before profit maximisation. However, different schools of thought propose different readings of the relationship between the market engagement and the fulfilment of a social need, thus whether the engagement in economic activity is to enhance social impact (Dees 1998) or whether the social impact is the motivation of the economic activity that involves a collective (Defourny and Nyssens 2006). In exploring these perspectives, the aim of this section is to reflect upon the notion of the economy that different approaches bring forward, noting that – albeit from different perspectives – they rest on a deterministic notion of what constitutes the economy, as organised into coherent categories. In

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[6] There is vast amount of literature on definitional issues and their implication for the understanding of social enterprise (for comparative reviews and discussions see Kerlin 2006; Defourny and Nyssens 2006 and 2010; Teasdale 2010)

presenting an alternative reading of the economy, this section begins to unravel the argument for the adoption of a different framework for the understanding of the economy and consequently, social enterprises.

Different schools of thought pose different emphases on the relationship between the economic and social dimensions in social enterprises. For example, some scholars see social enterprise as a means to enhance the social impact of productive activities, highlighting the innovative approaches taken generally by a single, skilful individual, who seizes opportunities and uses his/her entrepreneurial skills, to earn money to solve social problems (Dees 1998; Leadbeater 1997; Alter 2004). When philanthropy or subvention proves insufficient to provide enough financial support to pursue the social mission, the social entrepreneur is understood to adopt business practices and seize entrepreneurial opportunities to serve a social goal.

From this perspective, the relationship between business and ethical aspirations - intended as the relationship between making profits (the economic dimension) and the fulfilment of social or environmental objectives (the social/ethical dimension), is conceived as one of means to an end: better financial performance guarantees better social performance. The ability to create dual value (Dees 1998), around both economic and social impacts (Nicholls 2006) is considered as a distinctive features of social enterprises. Indeed, supporters of this view refer to a spectrum that ranges from purely philanthropic to unconstrained profit making, and consider social enterprises as occupying a middle position in the continuum, blending economic and social approaches (Dees and Anderson 2006). Whilst these scholars recognise an element of 'risk' (Dees 1998) in pursuing commercial routes to earn income, they do not dwell on whether this results in ethical trade-offs and tensions. Choosing the commercial route is seen simply as a means for exploring new ways of obtaining resources and as becoming more professionalised (Skloot 1983; Emerson and Twersky 1996), but also a means towards independence (Dees and Anderson 2006; Nicholls 2006). This perspective sees the utilisation of commercial sources of income as a 'rational choice', a better option to generate income, thus framing the relationship between business and ethical aspirations on groundings of efficiency (Dart 2004). Reflected in this view is an understanding of markets as solution providers (Zamagni 2003), able to solve social problems through profits and of social enterprises as the domain of energetic individuals who apply market efficiency rules to either create new ventures or generate wealth to help the most marginalised of society. Social enterprises are therefore seen as filling the gaps of state or market failure,

unlocking the entrepreneurial potential of communities and individuals damaged by the operations of the market or state (Hudson 2009, p.15).

According to Teasdale (2010) some elements of this 'business solutions to social problem' perspective have permeated the development of social enterprise policy and discourse in England, when legislative changes and policy interventions were made to encourage the formation and growth of social enterprise as a 'business with primarily social objectives' (DTI 2002). A narrative has emerged depicting them as exceptional, innovative and useful to convert the perverse effects of market and state failures. Moreover, the pursuit of income through commercial endeavours has been promoted as a way to "*reduce dependence on grants and enhance mission-related performance*" (Dees 1998, p. 60). Underpinning this view is the notion that market based approaches provides the best means to tackle social problems (Kerlin 2006).

There are many critics who dispute this position, seeing social enterprises as part of an alternative sphere that coexists in competition with the mainstream. They see social enterprises as organisations driven by distinct values and principles from the mainstream (Hudson 2009) and that in mobilising social and economic resources create a social space in which different (to the mainstream) propositions are formed (Arthur, Keenoy and Scott-Cato 2006). Indeed, as Laville and Nyssens (2001) argued, the hybridisation of the market, non-market and non-monetary resources provides a consolidation strategy for social enterprises, combining economic relations with the three poles of the economy (i.e. state, market and community) and creating collective benefits by enabling them to work together, (Laville and Nyssens 2001, p. 326). In so doing, they demonstrate the viability of a socially, needs based economy (Hudson 2009).

From this perspective, the relationship between business and ethical goals is seen as one and the same, that is the social purpose and its impact are not only a consequence or a side-effect of economic activity, but its motivation (Defourny and Nyssens 2006). The social purpose is embedded in the economic activity (Defourny 2001). The engagement in market activities occurs in line with the aim of the organisation, balancing economic relations through negotiations among partners. The process of balancing these relations enables organisations to hybridise[7] market, reciprocal and redistributive relations (Laville and

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[7] As Laville and Nyssens (2001) argued, hybridisation does not mean mixing an equal amount of market and non-market (state) and non-monetary (community) resources; rather it provides a consolidation strategy since a 'complementarity between monetary and non-monetary relations guarantees autonomy – based on multiple links – and economic viability' (ibid, p.325).

Nyssens 2001). This is often described as a 'different way' to do business when compared to conventional enterprises and also of providing social services when compared to public agencies (Borzaga and Galera 2009, p. 213). This is because it is seen as a collective effort to create and maintain a socially needs-based economy (Hudson 2009), where the generation of profits is for a collective purpose. Social enterprises, therefore, are seen to set up organisational structures that further the participation of different stakeholders, including those that are affected by the activity that is explicitly aimed at benefiting the community or disadvantaged groups of people (Borzaga and Galera 2009), in order to stimulate participation in decision making.

In policy terms, as noted by Hudson (2009a) and Amin (2008), this view of social enterprise is reflected in provision, in countries like France, Italy, and Canada, where it is recognised and accepted that a third system (Pearce 2003) should exist in parallel to state and market, sometimes overlapping with the mainstream through its market orientation (consumer cooperative organisations) or through the absorption of state welfare functions (as it is the case for social cooperatives in Italy) (Amin 2009, p.33). Conversely, in countries like the UK, where liberalisation of the state is more advanced, the expectations are, increasingly, for social enterprises to be run as efficient businesses, providing quality services at competitive prices (ibid). This is a cause for concern for some authors. For Pearce, "social enterprises may be absorbed into the value and practice frameworks of the other systems (private and public) and coupled to their purposes" (Pearce 2003, p.31). He advocates social enterprises preserving their distinctiveness and so being protected from the logics of the other systems.

Underpinning these distinctive perspectives on social enterprise and the relation between their business and ethical aspirations, is a consideration of the economy as organised in distinct spheres characterised by specific functions and driven by specific principles. The first system (private sector/market) is seen as driven by profit motives, efficiency and founded on competition, and is viewed, positively as a solution or negatively as a bad institution. The second system (public sector/state) is seen as being concerned with redistribution and planning, based on the principle of public service by democratically elected institutions (Pearce 2003, p.26) while the third system is seen as the realm of solidarity, reciprocity and ethical behaviour, distinct, and – for some – exceptional. Whilst according to Pearce (2003; 2009) the logics of the private and public systems can endanger social enterprise, other authors recognise overlaps between the three spheres - where they locate social enterprise activity (Leadbeater 1997; Ridley-Duff 2008; Seanor and Meaton

2008) - as areas of tensions[8] (Evers and Laville 2004) and ambiguity (Billis 1993 quoted in Seanor and Meaton 2008) in which principles and behaviours from each of the three 'worlds' are mixed.

This tripartite conceptualisation of the economy tends to see each system as being constituted by a "*discrete set of institutions, rationalities and conditions of existence*" (James, Martin and Sunley 2006, p.1). From this perspective, firms, markets, economic relations and behaviours within each of the spheres are seen to respond to and operate by specific values and norms. Thus, each economic category is represented as coherent, conforming to some abstract characterisation which defines their nature. Moreover, this reading of the economy introduces a dichotomous binary reading among different economic categories (Hudson 2004) by suggesting that what is 'social' and 'ethical' is limited to a specific sphere of the economic system.

However, such a deterministic and structural reading of the economy (Hudson 2004) has been at the centre of (relatively recent) academic debates, questioning the validity and justifiability of a systemic conceptualisation of the economy[9]. The rise of critical traditions in social and economic theories has favoured the advancement of a more relativistic, discursive, and contextual approach to economic enquiry (Leyshon and Lee 2003). Building on substantive accounts of economic action, illustrating its entanglements within everyday practices of human agents (Lee, Leyshon and Smith 2008, p.1), and borrowing and reworking concepts, theories and methods from a range of disciplines (such as economic sociology, feminist economics, and economic anthropology), new accounts of economic thinking have emerged revealing how capital, production, exchange, valuation and consumption operate within the spatially variable set of socio-cultural conventions, norms and beliefs of the societies in which economic practice takes place (James, Martin and Sunley 2006). Furthermore these economic categories are discursively as well as materially constructed, practiced and performed at different spatial scales (ibid, p. 1). The conceptualisation of economy proposed is as "[…] *context dependent, material and*

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[8] It should be noted here that Evers and Laville (2004) conceptualisation of the economy is based on Polanyi's substantive approach to economic theory which distinguishes three economic principles (market, redistribution and reciprocity) variously combined through historical periods. They advance the notion of a plural economy distinguishing the three poles of market, non-market and non-monetary economies. Whilst recognising the plurality of the economy and sharing some common ground with Gibson-Graham's proposition, her diverse economy framework problematizes further the understanding of the economy as diverse.

[9] As Lee, Leyshon and Smith (2008) argue, questions about 'how and with what consequences, we should think and re-think the economy' have been posed at least from Marx to recent post-structuralist accounts (ibid, p.2). In this section, I refer to the theoretical and analytical developments that from 1990 onwards have characterised what in economic geography is called the 'cultural turn'.

symbolic, evolving and emergent, structured and practiced, [...] *controlled and contested* […] *a living economy*" (Amin 2009, p.32).

From this multifaceted and interdisciplinary approach, the validity of a tripartite understanding of the economy is questioned, since every economic domain is seen to be variegated and hybrid (Amin 2009) materially and discursively constructed and performed. Thus to assume uniformity of values and principles specific to each sphere, and that organisations belonging to a particular system share all the same characteristics and all conform to their values and norms is disputable. Research in the behavioural economy field, for instance, shows that every economic practice activates a variety of different principles, albeit in different forms and proportions (Borzaga, Depedri and Tortia 2009). Different subjects come together and pursue productive activities with the aim of enjoying both material (monetary) and social, psychological and emotional results (ibid). According to Sayer (2004) the hybrid character of human action and the complex, mixed nature of motivations, the multiplicity of needs, emotions, values and norms defy categorical differentiations (ibid, p. 6). Economic action and relations are no exception (ibid, p.3) and also, consequently, the attempts to distinguish economic categories along discrete categories are met by the same complexity. More fluid approaches to economic thinking recognise the multifaceted character of each economic domain, with multiple registers of value (Gibson-Graham 2003) and where the presence of reciprocal, mutual and cooperative values is not specific to one system. The implications that this economic thinking has on the understanding of the relationship between business and ethics are the focus of the next section.

2. Locating 'ethics' in capitalist economies

In the previous section, I have explored two dominant views on business and ethical goals in social enterprises. Both perspectives, albeit from different and contrasting viewpoints, argue for an understanding of the economy as distinct into three separate spheres, all of which are characterised by specific values and principles. The principles of solidarity, care and mutualism are located in a separate system to which social enterprises belong. New theoretical and methodological streams in economic research show that firms, large and small, engage with varying degrees in social activities and/or have social objectives beyond profit maximisation (Halme and Laurila 2009), indicating that (to some extent) ethical practices can also be located in different spheres of the economy, including the mainstream. Whilst the extent of ethical behaviour in international corporate firms might

be debatable, as well as the motivations driving the renewed interest in ethics, we need however to be open to different views. This section starts by exploring different readings of 'ethical behaviour' in the mainstream economy. The increased business engagement in ethical issues is reason for a concern for some scholars, who see this 'ethical turn' as exemplifying the further legitimisation of neoliberalism and the commodification of social life. Whilst these are possible dangers, Gibson-Graham's diverse economy framework and theory of community economies suggest a different reading which locates ethics and ethical behaviour in all segments of the diverse economy. As Sayer (2004) noted "markets and associated economic phenomena both depend on and influence ethical behaviour and have ethical implications" (Sayer 2004, p.2), and it is the on-going negotiation between contrasting and competing values that according to Callon (1998) is part of the economic process, and underpins the way markets work and are (re)produced along different material and social relations of value in conditions of uncertainty and diversity (Lee 2006, p. 418).

'Market' ethics

Arguably, the rise of neoliberalism has rendered the world a more vulnerable place, both environmentally and socially. The global institutionalization of *laissez-faire* economics, that according to Fieldman (2011) is neoliberalism, has increased the risks of environmental degradation through careless business activities and worsened social and political problems. By gradually reducing social and employment rights (Della Porta 2013) and focusing on competitiveness above all else, wages have been pushed down and job insecurity has increased for the global majority. The centrality of international markets has enhanced the globalisation of capital (Hudson 2009), exposing local economies to the fluctuations and unpredictability of capital movements constantly (and increasingly hastily) in search for the most profitable productive locations. In the UK, the North East of England is a familiar example of fleeing successive industries, from ship building and mining, to electrical and car manufacturing (Hudson 2009). These processes of industrial change have left behind a trail of unemployment, social inequalities, ill health, and lack of opportunities. As employment and (consequently) financial security become subjected to market fluctuations, they are rendered commodities, with a monetary value attached to them, "*produced, distributed and consumed by a host of agencies, enterprises and non-profit organizations*" (Shamir 2008, p. 2). Operation "in a corporate-like form" (ibid, p. 2) is increasingly privileged also in popular culture.

The implication is that the relationship between public and private sectors and civic society is changing and the boundaries of their activities are redrawn (Hudson 2009) in a way in which what was previously thought of as a set of 'binary oppositions' (i.e. economy and society, rationality and emotions, ethics and profit, male and female) (Gibson-Graham 2006) are merged into one logic. Paradoxically, however, Shamir (2008) argues that the more the market moves into the spheres of the social, the more questions about its social responsibility and the responsibilisation of those involved are asked. Some contributors see this process as the result of ethical demands imposed on businesses, and thus their legitimacy, support and success are contingent upon enterprises becoming increasingly involved in social concerns (Ackerman 1975; Logsdon et al. 1990, quoted in Marinetto 1995; see also Handelman and Arnold 1999). But at the same time, the social spheres also become objects of marketization, something that can be produced, consumed and exchanged, as a drive for financial gain (Shamir 2008).

This paradox is evidenced by the increasing presence of market oriented thinking into aspects of life traditionally governed by non-market norms, in the sense of values and principles that privilege individualism, competition and maximisation of opportunities for private gain, and the dominance of 'enterprising qualities' in the evaluation and management of public institutions such as schools, hospitals, prisons, care homes, military and welfare provision. The institutionalisation of the 'game of enterprise' as a general principle for the organisation of society as a whole (Peter 2001, p.74) is the prime goal of neoliberalism. However, parallel to this is also the increasing 'moralisation' of markets, depicted by the increasing engagement of commercial companies in preventing harms that had been previously treated as 'externalities' (ibid). Some companies have assumed a more political role in support of social justice, for example by being involved in campaigns against inequality and exploitation. Such is the case of Benetton, the Italian clothing company that has long been involved in campaigns[10] to raise awareness on social issues such as ethnic diversity, AIDS, anorexia, the death penalty, war crimes and (most recently) youth unemployment (see figure 2.1). These social marketing campaigns have shocked public opinion by using controversial, harsh images and also linking debates on social concerns with corporate branding. Benetton was one of the first firms to assert an overt political role, intervening into a social sphere traditionally dominated by civil society groups and used a consumerist platform to denounce social issues (Tinic 1997). However, as Hertz

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[10] This involvement started during the years that photographer Oliviero Toscani, involved in the Italian Radical party, was the creative director.

(2001) argues, "Benetton shocked us to attention, but shock it is all it provided. It did not rally us into action. Nor did it try and address these issues itself." (Hertz 2001, p.4)

According to Scherer and Palazzo (2010), Corporate Social Responsibility (CSR) literature to date has been based on the assumption that politics and economy are separated, and thus reiterating that businesses focus mainly on profit, states provide public goods and civic society engages in the preservation of social good, and campaigns against unethical issues. From this perspective, these authors argue, the increased participation of businesses into social/political spheres is seen as an instrumental means to increase legitimacy, as pragmatic product of self-interested calculation. However, the growing evidence of cooperation between civil society organisations, businesses and states, (even when businesses could exercise their power (or use their resources to either move production elsewhere or operate otherwise and thus) not to get involved in self-regulatory behaviour) indicates that not all businesses operate the same way and, potentially, might also be driven by motivations that are not exclusively profit maximisation. Thus, Scherer and Palazzo (2010) argue, some businesses' social/political engagement may result (or be interpreted as) the consequence of ethical decisions, based on socially acceptable action.

Figure 2.1 Examples of Benetton Group's campaigns: youth unemployment (UnHate Foundation 2012) and Sicilian mafia killings (1992)[11]
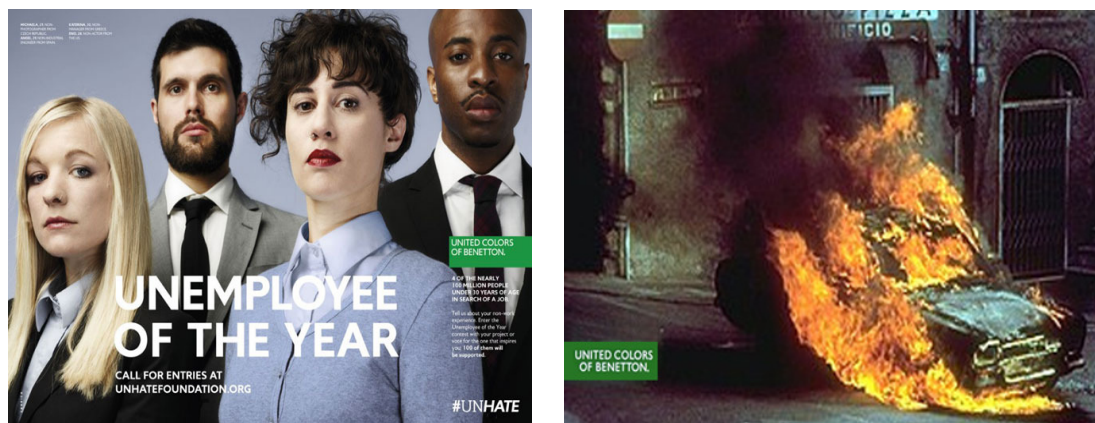
There are many who argue that the increased politicisation of businesses means that ethical principles have become the embodiment of the corporates' products and identity, thus symbolized as fashion or commodities (Tinic 1997, p.15). This 'ethical' turn is ambiguous. It can be read as part of the neoliberal 'transformative project' (Bourdieu 1998), aiming to reframe from within the rationality of capitalist markets, dissolving the

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[11] Source: http://d.repubblica.it/argomenti/2012/09/18/foto/benetton_disoccupati_provocazioni-1261754/7/#media and http://www.benettongroup.com/it/media-press/immagini/campagne-istituzionali/microcredit-africa-works

arbitrary distinction between economy and society by embedding the society in the market: *"with the corresponding penetration in almost every single aspect of our lives of the discourse of/or the practice of commodification, capital accumulation and profit making'* [...]"* (Shamir 2008, p. 3).

However, such expansion deployed at all level of the social spectrum, and attempting to '*build this liberal, market based utopia on the global scale*' (Leyshon and Lee 2003, p.4), does not result in uniformity, as the outcomes are not the same everywhere. Indeed as Peck (2004) noted, there are many varieties of the neoliberal model, institutionally mediated, and geopolitically specific. Whilst ideologically, neoliberal thinking conveys a message of uniform restructuring of state, market and civic society relations (Hudson 2009), in practice a multitude of different varieties (Sayer 2004) unfolds in the anti-statist stance of the American neoliberal model; the state authored market fundamentalism of China; the redistributive capitalism of Venezuela and the 'softer' European approach where neoliberal practices "coexists in a hybrid relationship with various forms of social democracy and residual welfare-statism" (Peck 2004, p. 393). Stark's analysis of change in post-communist Eastern European countries (in Callon 1998) provides a further example of this diversity. He argues that contrary to expectations the metamorphosis into a neoliberal model in Eastern Europe has not followed the US prototype, rather "actors in the post-socialist context are rebuilding organizations and institutions not on the ruins but with the ruins of communism as they redeploy available resources in response to their immediate practical dilemma" (ibid, p. 117).

These intrinsically geographical examples reveal the dependence of economic practice on the non-economic, such as culture, and "*challenge some of the established ways in which the spatiality of statecraft and the genealogy of economic discourses are thought*" (Peck 2004, p. 393). As Sayer (2004) argued, even assuming the power of market forces as real, they cannot escape their dependence on the non-economic or aspects of social life, and the potential to be countered by intentional action. By drawing attention to the shared (neoliberal) features of different phenomena, the performative effect of these representations is to contribute to the 'construction' of the neoliberal project, whilst neglecting the presence and meaning of difference (see Gibson – Graham 2006). This is exemplified by the uncritical acceptance of the assumptions that surround the neoliberal discourse, particularly the uniformity of behaviours and values. For example, according to Healy (2008), whilst the thesis that commodification of social life has displaced other forms of exchange is widely accepted, it is yet to be theoretically or empirically substantiated. He

refers to the research carried out in the UK by William (2003 as in Healy 2008) evidencing how barter, self-provisioning, and mutual aid are still widely practiced and integral to the lives of the middle and upper classes, and thus defying the notion that these non-market forms of transaction are either inexistent or delimited to specific spheres of the economy. The implication that such a finding has on the understanding of the economy is discussed in more details in section 3 of this chapter, however in this context, William's research findings highlight the 'dangers' of endorsing a deterministic reading of economic categories. Indeed, according to Healy (2008) "the persuasive power of the commodification thesis is itself a testament to operations of performativity […] when diversity is revealed is dismissed as unimportant, dependent upon capitalism, […] the perceived expansiveness and dominance of market exchange is performatively constituted even (perhaps especially) by those who are critical of it" (ibid, p. 11).

With these considerations in mind, how do we read the ways in which big corporations are increasingly engaged in the social world? On one hand the practical engagement in the production of ethical goods can result in beneficial social outcomes (Halme and Laurila 2009) or be instrumental to gain competitive advantage, by being seen as respecting the environment and society at large, in contexts in which ethical qualities are important evaluation criteria, and customers' preferences are aligned to both the material good and the reputation of the seller/producer (Amin and Thrift 2004). On the other hand, increased participation of businesses into the social sphere enhances their moral agent role, by standing for and representing collective interests and dealing with human rights and welfare issues (Shamir 2008, p. 2).

According to Sayer (2004), "we need to be prepared to be ambivalent" (ibid, p. 12), since one of the paradoxes of capitalism, he argues, is that "despite individualising tendencies, the welfare response side of the 'double movement' can produce not just unprecedented interdependence, but unprecedented economic responsibilities for and towards others" (ibid, p. 13). There are therefore different views as regards to how to interpret the social/political responsibilisation of firms. Whether this is considered positively or negatively, the recognition of the potential for ethical action in mainstream economy opens a space to economic diversity, a space where self-conscious and unconscious experimentation (Healy 2008) can be (at least) considered. This is not to naively consider any sign of public corporate social /political engagement as truly reflective of their ethical behaviour, but to consider the possibility for more fluid approaches to understanding economic practices, opening a space to different interpretations of the relationship

between profit making and ethical commitments, by recognising that any economic action can be potentially countered by intentional action and thus that ethical decisions can occur in any segment of the economy. To think in this way is to recognise that diversity is also characteristic of the mainstream economy and thus the diverse ways in which businesses reconcile their business and ethical aspirations.

A growing body of evidence is showing that firms, large and small, all engage with varying degrees in 'social' activities and/or have social objectives. Indeed, CSR represents an acknowledged way of reconciling business and ethical goals in 'mainstream' businesses. Castaldo (2009) goes to argue that social behaviour of firms also varies from business to business. Some companies disregard CSR altogether, since they have sufficient resources at their disposal to assert their own interests in the face of damaging external events (defensive strategies against potential negative externalities) (Utton 1982, in Marinetto 1995). Other firms are interested in the beneficial effects that CSR has on the financial bottom line, in so far that it attracts customers to the brand. In some cases, companies (small and large) voluntarily integrate social and environmental concerns in their business operations, and develop products that have socially desirable attributes (i.e. Café Direct or the Body Shop), resembling 'classic' social enterprises.

With such variety in mind, Halme and Laurila (2009) suggest an 'action oriented' typology of CSR (based on a typology of CSR actions) grounded in a more pragmatic perspective in order to assess the financial and societal outcomes of CSR activities. According to their typology, some firms attempt to combine social and environmental responsibility aspects with the firm's core business operations, thus integrating rules within the company and conducting business more responsibly. Companies engaged in this type of CSR action (integration) tend to focus on their responsibility towards their primary stakeholders, such as employees, suppliers and customers (Halme and Laurila 2009, p. 329). So reconciling business and ethics here is about ensuring quality products, investing in research and development and being fair to employees. Other firms are seen to engage in CSR action through philanthropy that is involving in charitable actions and using corporate resources for 'doing good' (ibid). An example of this type of CSR action is the Bill and Melinda Gates Foundation, as an attempt from the founders of Microsoft to 'give back to the community'[12]. The charitable activities are outside the core business of the firm and there is no intention to gain direct financial benefit from them, although the authors recognise

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[12] Available at: http://www.gatesfoundation.org/Who-We-Are/General-Information/History [Accessed: 30 May 2013].

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that these activities can improve the company's credential and market opportunities as a consequence. The final type of CSR action identified by Halme and Laurila (2009) characterises those firms that reconcile their business and ethical aspirations by developing new products and/or services that contribute to solve social, environmental issues, thus ethically valuable goods. Indeed, here the environmental or social problem becomes a source of business innovation and a potential for financial improvement, since "*to cater for the poor or to benefit the environment so that it also makes business sense*" (ibid, p. 330).

Halme and Laurila's (2009) contribution opens the debate to different interpretations of ethical business behaviour, beyond the altruistically, philanthropically motivated and the strategic approaches to CSR, which tend to be perceived as more self-interested behaviour. It moves beyond the binary opposition to a diverse understanding. Palazzo and Scherer (2010) argue that in a globalised world, the corporate environment consists of a plurality of values and a growing heterogeneity of social expectations. In this context of unpredictability, some firms cut costs to increase their productivity, whilst others explore new opportunities by entering new markets, or cut expenses by splitting the value chain and producing in low cost locations. However, since the risk to incur in environmental and/or social problems becomes higher, some firms intervene early in order to fill any regulatory gap, and manage social and environmental externalities by collaborating with other actors in global governance, thus assuming a social, political role.

Such contrasts raise the all-important question of what are markets in an economy of plural qualities (Callon et al. 2002b). According to Fourcade and Healy (2007), a number of rival views of markets have dominated intellectual debates. For instance, in neoliberal thinking, markets are seen as the best arrangement for satisfaction of human needs and efficient allocation of resources. Market institutions and their rules of efficiency have a positive effect on society and constitute both a solution to social problems and a civilising force. However, as suggested by Berndt and Boeckler (2009), much of modern economic thinking has explored, albeit from different perspectives, the effects that complicating factors have on models, such as imperfect and asymmetric information, incomplete markets, imperfect competition and transaction costs. Building on Marxist analysis many critics of neoliberalism consider markets as a destructive force, corrupting political life, commodifying social relations and producing repressive and coercive social policies based on and legitimised by moral arguments (Polanyi 1957, quoted in ibid). Others, drawing on the work of Granovetter (1985), tend to see markets as intrinsically linked or 'embedded' in the cultural, institutional or political contexts in which they emerge. Markets are

essentially dissolved (Berndt and Boeckler 2009, p. 536) in social relations and networks, and they do not exist outside particular social arrangements (ibid).

In these accounts, Fourcade and Healy (2007) argue, a diverse relationship between market and non-market phenomena is posited. The market has either a positive or negative effect on society (or its ethics), or it is overwhelmed by society's moral order/ethics (ibid, p. 286). In contrast, an important body of work has emerged arguing against this clear distinction between markets and ethics, to show that normative and analytical models make markets work in a certain way (Callon 1998), and an assemblage of material and technical devices, texts, algorithms, rules and human beings that shape agency and give meaning to action (Callon 2007) have to be in place to direct the alignment of actors' behaviour (whether individuals or corporations).

Economic practices are not simply the product of social relationships and cultural scripts, nor the product of some sort of universal human nature (the orthodox economic position) (Berndt and Boeckler 2009), but rather experimental assemblages, performed by a variety of actors, with differentiated means and ends (Amin 2012). Markets therefore are seen as the practical enactments of numerous agents who 'frame'[13] and perform them (markets) by defining standards, rules and behaviours, surveying exchange processes, benchmarking goods, and calculating prices (Callon 2005). However this process of framing is never complete, there are always material and intangible qualities that may support or interfere with the activities being framed (Sayer 2004). Individual and group interests, commitments, moral dispositions, character of the participants all have a transformative power that can spur new social identities and trigger the creation of unexpected social communities (Callon 2007). New economic subjects (e. g. businesses with a clear CSR function or producing ethical products, or civil society groups with a greater economic role), and new institutional arrangements and practices (e.g. ethical guidelines and more cooperative approaches in orthodox business) arise, as a consequence of what Callon refers to as 'overflowing'. The effects of which can be either positive or negative, but in all cases generate new identities. Callon refers to either orphan groups (i.e. not profitable groups that are neglected by the market) or hurt groups (i.e. groups damaged by economic activities). However the overflow can also be caused by changes in perspectives, when

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[13] Callon borrows from Goffman's frame analysis (1975) to describe the process of making sense, and setting the rules of economic activity. Callon (1998) argues that framing is necessary to make economic decisions, perform calculations and thus to achieve coordination between agents and goods involved in these calculations in conditions of uncertainty and diversity. In doing so, as Lee (2006) argued, the evaluation and distribution of value is legitimised among those who engaged in the process.

economic agents migrate to other frames - Berndt and Boeckler (2009) use Callon's example of researcher moving from an industrial to a University laboratory – or when new agents (NGOs and international organizations) are created which promote new forms of valuing goods that are explicitly attentive to relationships of solidarity (Callon et al. 2002b).

From this perspective therefore even markets defy categorical differentiations (ibid, p. 6) and thus cannot be understood as a 'natural kind' rather should be thought of as an abstraction of different (possible) dimensions of practice. The 'market' is not a unified category, there are various ways of organising concrete and specific markets, not because they are multiform, rather because they are the product of collective relations (Callon 2002), operating within a range of contradictory social relations of value (Lee 2006, p.426). In "*this on-going process of co-construction of the economy*" (Callon 2007) markets are constantly produced through temporary framings, exclusions that constitute always a potential new source (ibid, p. 140). The implication of this reading is that in "*some markets you have constant discussions or negotiations about ethical or political questions*" (Callon 2002, p. 298), which potentially may influence production, exchange and distribution. However, the outcome is heterogeneous, geographically and temporarily variable, as it involves numerous emerging groups that oppose and negotiate the structuring of markets, the type of product that is designed and sold, the property rights, multiple modes of evaluation and regulation involving several, simultaneously-practised forms and relations of value (Lee 2006).

Essentially, the complexity of markets reflects the complexity of ethical issues, constantly evaluated and contested, through the social relations that shape them (ibid). As Sayer (2004) argued, "the same behaviour could be benevolent with regards to one relationship (e.g. purchaser – consumer) but highly damaging with respect to another (e.g. rich consumer – poor consumer; or ecologically)" (ibid, p. 12), thus revealing the complex relations of value and the multiple ethical positions from which – at least in part – values are derived (Lee 2006, p.428).

What emerges from this discussion on ethical practices in mainstream economy is that 'ethics' cannot be conceived as belonging to an alternative sphere, rather an alternative category that is always present, but hidden and marginalised by dominant models. Therefore, as Zamagni (2003) argues, the economy is neither ethically neutral nor unethical, rather that every economic moment, on the basis of the presence or absence of enacted ethical principles, becomes civil or uncivil (ibid). As I discuss in more detail in the

next section, the conceptualisation of the economy brought forward is one that is performed by the practices of those involved, materially and discursively, thus diverse - as reflecting the heterogeneity of interests, motivations, organisational mechanisms - always in the making, emergent (as constantly looking for new identities) and evolving as a dynamic construct (Gibson-Graham 2006; Lee, Leyshon and Smith 2008), a living economy (Amin 2009), an arena of coexistence or competition between diverse values and organisational forms (Stark 2008). The implications this reading of the economy has on the understanding of social enterprises and the relation between their business and ethical demands are the focus of next section.

3. Understanding ethical practices in a diverse economy

The framework proposed by Gibson-Graham (2003) (see figure 2.2) is one way of representing the diversity of economic relations that make up our world (Community Economy Collective 2009[14]). It expands the understanding of what makes up the economy beyond the narrative that sees economic transactions as performed according to 'free' market exchange, with prices determined by the laws of supply and demand and salaried labour. This section explores the implications of this diverse economy reading for the understanding of the relationship between business and ethical aspirations in social enterprises. Indeed, whilst much of the political attention and the expectations posed on social enterprises tend to focus on the notion of the double bottom line - 'more than profit' (Ridley-Duff 2008) argument - the multiple ideologies, motivations, and aspirations enacted by these organisations through varied practices, generates heterogeneous relations. The theory of community economy (Gibson-Graham 2003) offers a lens through which these different relations can be read, as possible attempts to create a space (community) for ethical decision making. The emphasis here is however on the diversity of community economies possible, since the principles driving organisations (and individuals) are contingently articulated and continuously struggled over, in a specific place by the specific people involved with the organisation (Gibson – Graham 2006b). What emerges therefore is that the interplay between business and ethical goals is variable, depending on the organisations involved and the segment of social enterprise location within a diverse economy. In the final part of this section, I outline a typology of business –ethics relations and discuss the challenges faced.

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[14] Website information accessed from: http://www.communityeconomies.org/Home

Reading the economy as diverse

Drawing on a particular reading of Marx's class categories (Healy 2008, p.13), Gibson-Graham's framework shows that firms, households and community sites can be organised in any productive social relation which can vary from cooperative, to modern type slavery (see figure 2.2). This range of organisational forms unveils the multiple ways in which labour can be compensated, and the various types of transactions in which the exchange of goods and services can be negotiated, both in formal markets, and in markets where considerations other than supply and demand influence the process of allocation, including gift, state transfer, or barter (Gibson-Graham, and Roelvink 2010). The categorisation brought forward therefore considers the economy as organised around different modes of labour, transactional, entrepreneurial conduct, where each of the different elements can be considered as "*resources that can be drawn upon to increase social wellbeing*" (Graham and Cornwell 2009, p.46) and arguably also to increase economic wellbeing.

Conceptually, this representation based on modes of economic conduct shows that economic categories can be thought as more variegated than imagined, including activities that would otherwise be thought as categorically different (Amin 2009). There is no hierarchy between these forms, rather they coexist in cooperation and competition with each other at any given time and place. For example, faced with the crisis of the industry of credit, we can see how the world of finance is populated by a variety of practices. Within the mainstream market of finance we have as main actors the big banks, but it is also undeniable there are also other ways in which the financial system is organised. There are also ethical financial organisations (e.g. Ethical Bank in Italy, or Triodos in the UK), that is banks that operate along ethical principles; or banks that operate along cooperative principles (e.g. Cooperative bank) or groups of people in specific communities that pool their finances to fund specific activities (e.g. crowd funding) or provide credits at competitive rates to their communities (e.g. credit unions, or organise their spending (e.g. community based financial institutions) along principle of solidarity. At the same time, the financial system is also based on or can be organised around families, donating money to their members on the basis of their sense of duty, responding to a need of family members. However within the financial system the same space is also occupied by loan sharks and pay day lending companies that offer loans with very high rates of interest. This example offers an insight on how within the same economic space different motivations, principles and modes of conduct can determine different forms of economic engagement.

The diverse economy framework can be used interchangeably. It can be adopted to create an inventory, listing the range of activities that constitute economies in place (see Gibson-Graham and Roelvink 2011); however it does not claim to be comprehensive. It lists economic processes in each column, but it can also be expanded to include other economic processes and relations, such as the plurality of forms of property, finance (mainstream, alternative and non-market) and other dimensions of difference such as relationships to nature (Gibson-Graham 2008) and forms of power (see Allen 2004; Miller 2013).

Figure 2.2 Gibson-Graham's diverse economy framework

TRANSACTIONS	LABOUR	ENTERPRISE
Market	**Wage**	**Capitalist**
Alternative market Informal markets Barter Ethical fair-trade markets Underground markets Local trading system Alternative currencies Co-op exchanges Alternative credit sale of public goods	**Alternative paid** Self-employed Cooperative Indentured Reciprocal labour In kind Work for welfare	**Alternative capitalist** State enterprise Green capitalist Socially responsible firm Non-profit
Non-market Household flows Gift giving Indigenous exchange State allocations Gleaning Gathering Hunting, Fishing Theft, Poaching	**Unpaid** Housework Family care Neighbourhood work Volunteer	**Non-capitalist** Communal Independent Feudal/Peasant Slave

Source: Adapted from Gibson-Graham 2006a, p.71

The framework can also be used to understand the diversity within organisations, reflecting the multiple relations of value and evaluation in each economic activity (Lee 2006). This implies that a single organisation can be found to undertake multiple activities that shift across the framework, thus inhabiting multiple economic spaces, and creating in this way various connections with the disparate elements of the diverse economy (Healy 2008). This notion of connectivity underpins the concept of community economy used by Gibson-Graham (2006b), as the practice of making economic decisions in respect of ethics of care and solidarity with others and the environment, making connections that enable the advancement of a (positive) cause, which is opposed to the maximisation of opportunities for income (Healy 2008) and builds on interdependence rather than competition between different actors (Gibson-Graham 2008).

For example, Cameron (2007) uses the diverse economy framework to unveil the range of practices within a large mining and steel manufacturer company. She shows that a variety of relations is possible by framing some activities in the 'regular' economy and others in different segments. She explains that when a "capitalist enterprise commits staff time to volunteering in community organisations (unpaid labour); or sources inputs from companies with strong environmental or social justice policies (alternative market); or indeed employs community members who are usually marginalised or excluded from the labour market (alternative capitalist)" (ibid, p. 8), its economic activities contribute to nurture 'community economies'. In Gibson-Graham's (2006b) view, community economy is a practice. She writes: "[The] community economy is an ethical project of acknowledging relationships and making connections ...A community economy is an ethical and political space of decision, not a geographic or social commonality, and community is its outcome rather than a ground ... it is a recognition that there is no way not to be communal, not to be implicated with one another (Gibson-Graham 2006b, p.14). Thus there are multiple community economies nurtured by a variety of relations and economic activities, which may vary in scale (from activities in households to those of enterprises, from regions and nations), focus and purpose (from community sustainability as for example the Mondragon Cooperative group in the Basque region of Spain (see Gibson-Graham 2003, 2010), to specific social outputs). As Miller (2013) noted, Gibson-Graham exhort us to avoid posing positivity, a normative representation of the community economy, since there is no model to be universalised. Since the principles driving organisations (and individuals) are contingently articulated and continuously struggled over, in a specific place by the specific people involved with the organisation (Gibson- Graham 2006b), also the interplay between business and ethical goals varies.

Gibson-Graham's reading for economic diversity involves making credible those practices that satisfy needs and expand the commons, freeing them from the dominant view of their 'non-productiveness' (Gibson-Graham 2008, p 623). In this way, community economies where the interdependence between people and environment is ethically negotiated can be recognised and supported. This demonstrates that we always have a choice, even in policy, to nurture this diversity, limit it or opt for uniformity (ibid, p. 624).

The implications of this reading of the economy as diverse are twofold. Firstly, that it recognises the variety that permeates and constitutes as much the wider economy as social enterprise, which depending on the modes of transactions, labour, or entrepreneurial conduct adopted shape different understandings of the nature of the relationship between

their business and social goals, and thus their ethical aspirations. For example, some organisations may engage with the market economy as a reaction to the life conditions of its members, whilst for others it may represent a way to care about the public interest, or to consume more soberly, or to revolutionise property rights and relationships of production (Carlini 2011). Other organisations may want to change an economic system that does not work, whilst others, reflecting their religious faith, may see it as part of their moral duty to help others. This array of motivations is enacted in differing ways, making choices as regards to the organisational form, transactions and labour. Consequently, also the aspirations as regards to the business and social sides vary. Secondly, it shows that ethical decisions are practiced when choices are made about what is necessary for individuals and social life, thus openly engaging with the question of how we live together (Cameron 2007; Gibson-Graham and Roelvink 2009), negotiating:

•   what is necessary to personal, social and ecological survival;

•   how social surplus is appropriated and distributed;

•   whether and how social surplus is to be produced and consumed;

•   how a commons is produced and sustained (Community Economies Collective 2009).

Ethical decisions are made in all sorts of contexts (Gibson-Graham and Roelvink 2009) - not only in the social economy - and generate a variety of different 'communities' responding to multiple needs and opportunities and negotiating a complex ethical space, where multiple values and interests are at play. Gibson-Graham (2003) uses the example of the Mondragon Cooperative, in the Basque region of Spain, to depict the ethical debate underpinning a community economy where the material well-being of people and the sustainability of the community are the priority (ibid, p. 5). These are the guiding principles of this specific organisation. In over 50 years of existence, the Mondragon Cooperative example shows that what is necessary and what is surplus are "*neither given by nature nor decreed by a capitalist employer, they are constituted relationally by the co-operators, in the ethical process of balancing individual desires for consumption with their goals for the Basque people and local economy*" (Gibson-Graham and Roelvink 2009). I will explore these implications in more details in the next two sections.

Unpacking social enterprise diversity

A diverse reading of the economy recognises that it is not dominated by a single type of enterprise (driven by profit maximising), a single economic model (market fundamentalism)

and/or economic behaviour (self-interested) (Borzaga et al. 2009). For example, profit is not the only economic motivation that leads people to come together and create an enterprise to engage in the production of goods and services (Borzaga and Bodini 2011). There are many organisations that pursue different motivations, such as the intention to create employment (e.g. workers cooperatives, work integration organisations), or to enable users to purchase goods at lower prices (e.g. users – consumers cooperatives, ethical purchasing groups). Others are engaged in the production of goods and services for non-economic motivations, where workers are interested in the job itself rather than the remuneration they might obtain from doing the job (e.g. campaigning organisations) or organisations intending to help others (e.g. voluntary groups, charities, community organisations relying on volunteers or primarily focused on a social outcome) (Borzaga and Bodini 2011).

To think in this way is to recognise that like many other arenas of the economy, also what falls under the label social enterprise is a hybrid mix. Organisations experiment with the variety of economic practices available to them, in order to fulfil their social, environmental and /or economic aims. Gibson-Graham (2006) invites us to look beyond specific categories, or organisational types, and to question them, rather than unproblematically appropriate them as objects of knowledge and thus contribute to construct them as discursive subjects (ibid). For example, although it is recognised that the term social enterprise comprises a variety of organisations, the approaches presented in previous sections of this chapter tend to provide a uniform account of their nature, that by virtue of their chosen legal form assumes they are beholders of ethical principles and thus belong to a specific part of the economy. However, simply relying on the distinction of these organisational forms on the basis of their adherence to ideal criteria is no guarantee of certain (ethical) behaviour. For example, Defourny and colleagues (2001) have argued that in some countries enterprises are frequently co-operatives in name only, as associative and mutualistic legal forms sometimes provide a legal cover for para - public agencies and for profit economic activities (Laville 2011, p.7). Similarly, solely relying on a normative approach, that is distinguishing these organisations in light of their ethical drive, is misguiding. Despite the recognition that social enterprises are driven by principles of solidarity and reciprocity, assuming that in practice this is actually occurs in virtues of the fact that they are social enterprises is misleading, their enactment may differ in practice. As Negri argued 'ethics is the responsibility for the common' (quoted in Popke 2009, p 88) thus it unfolds in the practices of being in common.

According to Healy (2008) when the 'real' economy is seen as capitalism and anything different to capitalism is seen as self-conscious alternative, then the relationship between mainstream and alternative is considered as a binary opposition. So 'other' from the economy of businesses (Gibson 1999) are fragmented survivals of past experiments, tiny islands awash in a sea of capitalism (Healy 2008) or incubators of new capitalist development. This view attributes superior qualities to the mainstream and tends to reduce all the alternatives into sameness (ibid, p. 5). As Cameron and Gordon (2010) noted, "one problem with this framing is that the degree of separation from the mainstream becomes the critical defining feature, and initiatives that are closer to the mainstream are seen as having been weakened, and their alternativeness and integrity diminished" (ibid, p. 3). Whilst this is a possible danger, many social and economic conditions support the efforts of organisations enacting their ethical commitments. Indeed, as Gibson-Graham (2003) argued, 'in a growing number of intentional and un-intentional economies variously enacted ethics of social, cultural, environmental sustainability are actively shaping transactions and performances' (ibid, p. 4), injecting ethical sensibilities and practices in markets (e.g. fair trade) and thus enacting a variety of different community economies.

It is in light of these considerations that social enterprises should be conceptualised. Using the diverse economy framework (Gibson-Graham 2006a) to unpack the diversity within what is generally referred to as the 'alternative' or social economy, social enterprises appear in different segments of the economy, opening up to various opportunities to fulfil their social/environmental aims. Organisations can be seen as operating with paid and unpaid workers, trading and exchanging goods and services through market and non-market activities, thus connecting capitalist, alternative and non-capitalist spaces (Healy 2008, p. 14). Indeed, as Graham and Cornwell (2009) pointed out, "the various elements of what Gibson-Graham calls the 'diverse economy' are foregrounded as resources that can be drawn upon to increase social wellbeing" (ibid, p. 46). In order to maintain social and material sustenance (Lee 2006), organisations can and use a variety of different practices which is not tantamount to losing their integrity. Providing their ethos prevails, different practices can be modified in line with the principles held dear by each organisation.

Reading social enterprises through the lens of the diverse economy framework, we see that within the non-capitalist mode of entrepreneurial conduct where - differently from the capitalist mode where wage labourers produce a surplus that is appropriated and distributed by non-producers as they wish - the surplus is appropriated and distributed by the producers (workers cooperative or community enterprise), the emphasis is on the

collective dimension and the importance of the democratic decision making process. However, whilst profits are produced and shared by a collective, whether the drivers of the organisation are on the democratic ways of working and decision making processes underpinning employment conditions (workers cooperative) or the community benefit (often a geographical community of a community enterprise) opens up a diverse range of options. A crucial distinction is also the mode of transaction that is favoured. For instance, a non-capitalist enterprise can operate mostly through non-market transactions (e.g. a collective or a commune), or participating in alternative markets it can benefit from considerations other than supply and demand to influence the terms of exchange, and so products may be sourced directly from local producers, or through a network of fair trade providers (i.e. co-operative exchange; fair trade), and recognised for their ethical qualities. However, it can also operate in markets, if a product is developed that can be sold directly in the mainstream (e.g. a community garden selling its produce in local markets; or a workers cooperative selling toys; or running an artist studio). Thus we begin to see that depending on the mode of transaction favoured, differing possibilities and challenges may arise. Depending on the organisation and its circumstances, privileging one form of transaction over another and adopting certain wage setting mechanisms (i.e. salaried, in kind, waged according to workers' agreements or in exchange of welfare) or indeed non-monetary contributions (i.e. volunteering) can generate differing concerns, some of ethical nature. It is the way these are handled that it is important.

Similarly, the alternative capitalist mode of enterprise conduct takes different forms and may also operate in all sections of the diverse economy. Gibson-Graham (2006) consider environmental firms and socially responsible businesses as part of this category, since whilst they operate in a similar way to capitalist enterprises (with an owner employing waged workers) the private accumulation of surplus is not, or not the only, core business (Gibson-Graham and Roelvink 2010). Indeed surplus is distributed for social and/or environmental ends. For these businesses, the for-profit motive is moderated by an environmental and/or social commitment rather than a purely financial one. Organisations can be found to base transactions on other (ethical) values than the bottom line ethics (i.e. sourcing products/produce locally; or minimizing environmental impact). This means that alternative capitalist enterprises may also operate in all dimensions of the diverse economy and may combine wage labour with alternative wage and/or unpaid work. The state is also an economic actor in the diverse economy framework, as alternative capitalist enterprise (e.g. in the form of many regeneration partnerships or other statutory ventures) engaged in

the delivery of services. Non-profit organisations (such as charities or community and voluntary organisations) are also considered as alternative capitalist, in so far that the primary focus of these organisations is the fulfilment of social and/or environmental concerns but they may engage in remunerative activities even if making a profit is not the core interest. Similarly to the others, these organisations may also combine different elements of the diverse economy by operating like capitalist enterprises, thus employing waged workers (even if funded through grant funding, or by selling products or indeed by operating a café), and may transact in mainstream markets, as well as in ethical markets (e.g. fair trade). Organisations can also operate with different emphasis in non-market transactions, and the extent to which this takes prevalence may determine a shift in the relationship between their business and ethical aspirations, in so far that the ethical focus may override the intention to the engage in market transactions altogether.

This brief description provides an overview of the heterogeneity of organisations, exchange processes and compensation modes characterising what is referred to as social enterprises, highlighting both the difference among different organisational types as well as within each organisations considered. As discussed in the previous section, this implies that a single organisation can develop different linkages within the diverse economy, connections that are as diverse as the organisations involved and their modes of transaction, in so far that they reflect the diversity of motives and ethical aspirations driving them. Consequently, develop different community economies (Gibson-Graham 2006). According to Miller (2013) an important element of the community economy theory is the lack of determinism of what should be considered as the ethical moment, that is the '*collective exposure to question of ethics*' opens the debate to negotiation and/or contestation and it is through this process that individual and collective subjects (re) construct themselves (Gibson-Graham 2006, p. 10), as ethical subjects. From this perspective therefore there is no specification of what kind of values are decided upon, no ethical determinism (which appears implied in the notion of 'shared values') rather a process that involves interaction and negotiation around "*what is necessary for survival, how surplus is appropriated and distributed, how consumption practices relate to questions of surplus, and how commons are shared, cared for and defended*" (in Miller 2013, p. 8). The 'particularity and contingency' (Gibson-Graham 2003) of ethical practices suggests there is not a single set of ethical principles (Miller 2013) that should be considered as leading examples for guiding (ethical) economic decision, since these are specific to the negotiations within each organisation, contingently

articulated and struggled over in that specific place by those specific people (Gibson-Graham 2006b).

It is in light of these contentions that the next section argues for a diverse reading of the relationship between business and ethical goals in social enterprises. Social enterprise appears in different segments of the diverse economy, opening up to different opportunities to fulfil their social/environmental aims and in light of the segment in which they are located the nature of the relationship between their business and ethical aspirations varies.

Implications for the understanding of the relationship between business and ethical goals

Recognising the multiple ways in which organisations engage with the economy means also appreciating the various ways in which diverse ethical commitments can be and are enacted. There is not a unique example, nor a singular set of principles, rather a variety of ways in which multiple and complex (sometimes competing) ethical commitments are negotiated with the needs of being financially sustainable. Depending on organisations' intentions, and thus the segment of the diverse economy social enterprises are located, their mode of economic conduct, the ways in which the business and ethical goals are inter-related changes. Drawing on the diverse economy framework and learning from previous research[15] investigating the implications of the diversity within social enterprise types (see for example Alter 2004; Teasdale 2006; Laville, Levesque and Mendell 2007; Ridley-Duff 2008), this section argues for a differentiated approach to the understanding of the relationship between business and ethical goals in social enterprise.

At least three broad types of such relation can be identified depending on the prevailing mode of conduct chosen by different organisations. The first type characterises those organisations that are predominantly non-market based driven by a strong ethical commitment (whether humanitarian or religious) and with little interest in the expansion or the financial advancement of the organisation, thus no real business aspiration. Many non-

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[15] Alter (2004) suggested a typology of social enterprise based on the different ways in which their social programmes are related to business activities. This is a useful typology, however, Alter also argues for a dichotomous distinction between purely philanthropic and purely for profit, thus adopting a binary understanding of diverse economic realities. Ridley-Duff (2008) also proposes a typology of social enterprises, attempting to reflect the pluralism beyond the dualistic notions of non-profit and more than profit approaches. Laville, Mendell and Levesque (2007) differentiate between four major types of social enterprises depending on their orientation towards markets (predominantly market based or non-market based) and their response to either social needs or new opportunities. Finally, the typology proposed in this chapter also draws on Teasdale's (2006) work identifying social enterprises types on the basis of their proximity of focus on the community or individuals, and the profit or social orientation. The contribution of these authors is important in considering how diverse relations of business and ethical aspirations can unfold.

profit (alternative capitalist) organisations are characterised by this type of business-ethics relation, particularly in the starting phase when the ethical zeal overrides any financial aspiration (Laville and Nyssens 2001; Amin et al. 2002). Driven by a strong sense of ethical duty towards the most needy and marginalised of society, organisations carry out activities matching their ethos, providing services that are lacking in the mainstream (Hudson 2008). For example, many organisations supporting long term unemployed and/or people affected by (mental or physical) disabilities back into work could fall into this typology. Relying mostly on grants and donations (non-market finance) organisations are run with little costs, depend on volunteer labour (unpaid), and operate through state allocations or gift giving (non-market transactions), redistributing services according to the need. As long as the ethical drive is present, organisations strive to continue their activities with no real engagement with the mainstream economy. For these organisations the main challenges are about continuity and sustainability, when finding finances becomes more pressing. Relying solely on volunteering and grant funding, or donations, may be precarious and may offer few options for expansion, to the point that, as Ridley-Duff noted, "organisations stagnate or slowly bleed to death as a result of chronic underinvestment" (Ridley – Duff 2008, p. 4). However, since organisations consider the pursuit of commercial endeavours as potentially damaging for their ethical stance, they would rather continue - albeit precariously - with little funds or cease to exist, than change their ways.

The second type of relation between business and ethical goals in social enterprises is one in which the former is seen as a function of the latter. Similarly to the organisations depicted in the previous type, the main commitment is towards the accomplishment of a social and/ or environmental mission (alternative capitalist). However, these organisations consider engagement in income generating activities to sustain the mission as beneficial to, rather than undermining, their ethical stance. Many non-profit organisations (alternative capitalist) starting with an explicit social focus, and thus non-market based, may move onto experimenting with different financial approaches, driven either by the necessity to generate income or by the opportunity to increase their social impact through market-based approaches. For some social enterprises business aspiration can be a mere matter of survival, in a context of reduced public funding (i.e. grant) and 'contractualisation' of financial support, when covering the cost for running social programmes requires adaptation. However, given favourable circumstances/opportunities, in the form of people with the right skills and vision, political endorsement, or indeed policy openings (i.e.

changes in policies that favour social enterprise activity), for some organisations the business aspiration can further the social cause.

Many contributors (see Gibson-Graham 2003 and 2006; Alter 2004; Laville, Levesque, and Mendell 2007) argue that an increased interest in income-generating activities, even if commercialising elements of the social mission, does not imply that organisations become profit maximisers, since the main purpose remains the social impact. For example, whilst not advocating an incremental evolution - along what Alter (2004) suggests is a 'family of organisations residing along a hybrid spectrum' (ibid, p. 25) - from traditional non-profit to traditional for profit, Alter noted that non-profit engaged in income generating activities can, at times, become socially or environmentally responsible businesses. Alter's (2004) perspective resonates with elements of the diverse economy approach - albeit her understanding of the economy is ultimately still underpinned by a dichotomous interpretation of the economic and social - when she suggests that organisations can operate simultaneously in different markets, and develop a synergic relationship between business and social goals. However, many contributors also highlight the potential risks in becoming too business focused. In this sense, the social enterprise literature generally warns against the potential isomorphism (Laville et al. 2009) or mission drift (Borzaga and Santuari 2003; Bull and Crompton 2006). However, as much of the work carried out by Gibson-Graham, Cameron and colleagues from the Community Economies Collective (2003; 2006; 2011) shows, if there is the intention, even in the most arduous contexts social enterprises can manage to fulfil their ethical commitments, whilst engaging in commercial endeavours.

Indeed, whilst donations and gifts (non-market transactions) still represent an important source of support, some organisations may adopt different funding approaches. For example, some may commercialise elements of their mission, by selling their services to statutory authorities (alternative market) or use their 'ethical' credential to promote the sale of products or services to paying clients (market), which enables the subsidy of core social activities. Other organisations may instead be selling services and/or goods that are not related to their mission (as for example a charity supporting the homeless that sets up a café or a shop selling second hand clothes in order to raise funds or an environmental organisation pursuing funding through the sale of consultancy services on how to set up a social enterprise). In some cases, organisations also set up sister companies in order to enable sale of products and/or services in mainstream markets, as this can be seen to ease

the legal restrictions into which a charity might incur, thus limiting the direct impact of economic decisions onto the social aim.

However, when the particularity of the work carried out is recognised (thus when operating through alternative market transactions where values other than supply and demand are used as evaluative criteria), organisations are able to build credibility to offer a quality product/service with perhaps a unique selling point (Hudson 2008), or working collaboratively with statutory partners and/or mainstream businesses in delivering specific social outputs, and thus generating a community economy (Gibson-Graham 2006b). This is an economic space where relations of interdependence (rather than competition) are democratically negotiated by participating individuals and organisations (Gibson-Graham 2008, p. 627). If organisations are expected to operate applying market performance measures, forcing a commercial route that may not be desirable or consistent with the capacity of organisations – either because they rely on unpaid labour, or because they lack a valid product, or because the employees or beneficiaries might not be suitable (disabled) to work under increased pressure – then the possibilities of failure (either in producing a quality service or being financial viable) increase. When social enterprises are supported solely on business grounds, thus expected to compete for funding, to 'contractualise' elements of their mission and forced into commercial routes, then as Teasdale (2010) noted, organisations are seen to 'wear different hats' in order to please funders. They 'perform' their transformation into what may result to be more lucrative, in order to continue with the delivery a social activity that is deemed necessary or for the passion to continue with a project dear to their commitments, the emotional commitments to people as well as social norms, or causes (see Ridley – Duff 2008). It is therefore a fluctuating relationship, subjected to insecurity and where potential for trade-offs between the business and the ethical goals have a direct impact on the people in need. It emerges therefore that when the relationship between business and ethical goals is functional the main challenge is to ensure recognition, thus that operation occurs in markets where values of care for the others and the environment, and quality of social services are more important than price and efficiency.

The third type of relationship between business and ethical goals in social enterprises is one where the entrepreneurial element is central to the social mission and it is the mission, thus the business and ethical aspirations are one and the same. For example, for those cooperatives or Community Interest Companies (CICs) that aim to encourage healthy eating and lifestyles through the sale of organic, locally sourced (and grown) produce, the

economic and social objectives of the organisation are in synergy (Spear 2005). This means that increasing sales enables a wider social impact (i.e. more people eating healthy and also, in the case of a workers' cooperative, members benefits increase). This type of relationship characterises organisations that are predominantly market based, originating from a business idea, thus differently from the previous type they have a clear economic focus from the outset, and indeed this is the very reason of their being. Some enterprises privilege social outputs to profit maximisation (alternative capitalist), by doing business in respect of others, or producing services/products that have an ethical value. In other organisations, the producers of surplus are also those who appropriate it and distribute it among themselves (non-capitalist: workers cooperatives) or for the benefit of a community (non-capitalist: community enterprises), or for the benefit of consumers (non-capitalist: consumer cooperatives) that participate to the benefits by buying the goods through the enterprise (Ridley-Duff 2008). The economic objective is the means by which the social aim is pursued (Huybrechts and Defourny 2010). The notion of profit sharing suggests here a focus on the collective rather than individual gratification (Teasdale 2006) and governance practices emphasise association and mutualism, thus democratic decision making (Ridley-Duff 2008).

The challenges this type of business-ethics relation entail are the maintenance of the unique selling point within a market (alternative market) where ethically minded stakeholders are willing, or able, to pay for the cost of a product that is produced at higher standards (Tsukamoto 2007). Similarly, collective enterprises operating in mainstream and/or alternative markets need to maintain a favourable position that ensures enough earnings to benefit their communities. In both cases, the competition from capitalist enterprises can also have a negative impact. For example, the mainstreaming of healthy food and the availability of organic produce in supermarkets has challenged many alternative capitalist businesses involved in this trade. As a consequence, many of these social enterprises had to find new ways of publicising their produce, differentiate their offer and regain competitive edge. However, if the client base is well established, engaged and faithful, then the impact is less damaging. This goes to show that also in this type of relation therefore when the interdependence between producers, distributers and consumers is recognised and acted upon, it creates a community economy (Gibson-Graham 2006b).

What emerges from this discussion is that depending on where social enterprises are located, conceptually, within a diverse economy the ways in which their business and

ethical goals are related varies. It also reveals that a variety of aspirations and ethical orientations are at play, not reducible to one single set. Operating in conditions of uncertainty social enterprises are constantly engaged in a fluid, iterative process of defining and redefining their diverse ethical positions. As Clegg and colleagues noted, the ethics that organisations display have been forged in practice through an on-going process of negotiation, debate and contestation over different choices (Clegg et al. 2006, p.1), opportunities and needs.

It is through this lens, that this thesis is engaged with the understanding of how different types of relations are reconciled in practice, by different organisations. It does this in appreciation of the fact that since social enterprises are living entities they change over time. Consequently, even an attempt to devise a typology of business and ethical relations cannot be conceived as the ultimate status of any social enterprise, rather a stage in the process of continuous transformation and changing aspirations.

4. Concluding considerations

Alternative interpretations consider the economy as more heterogeneous than that depicted in a three-system approach, thus made by multiple registers of value, ethical principles, modes of production, transaction, ownership, labour, remuneration and consumption. From this perspective, ethical standards and values are shared and practiced by a variety of organisations, and empirically changing as resulting from relations that form, contest and transform ethical categories (Fourcade and Healy 2007). Consequently different ethical subjects are generated, reflecting the variety of motivations, hopes, aspirations, and concerns. In a diverse economy therefore there are also diverse 'community economies' (Gibson-Graham 2006b) nurtured by multiple relations and economic activities. This variety underpins not only the motivations that drive the diverse entrepreneurial forms, but also the practices enacted to fulfil their ethical complexity (Miller 2013).

It is through this lens that this thesis considers the relationship between business and ethical goals in social enterprises. In some cases there is an explicit intention to avoid any entrepreneurial aspiration, since it is thought this will have a negative impact on the ethical commitment. However, business aspirations can be functional to the needs and/or opportunities of organisations that whilst non-market based, experiment with different ventures in order to fulfil their ethical aspirations. Finally, in some cases, the business and

ethical goals can be embedded, and thus the aspirations are intertwined. Contrary to the assumption that considers the balance between commercial and social goals a determinant of social enterprise, this chapter has argued that depending on the segment of social enterprise location in the diverse economy, it is possible to distinguish between different types of relation between business and ethical goals, reflecting differing aspirations. In discussing this typology a number of factors have emerged that can contribute to the reconciliation of business and ethical aspirations in social enterprises. In this concluding section, I want to reflect on these factors.

Since not all organisations aspire to use market based approaches to fulfil their mission, I have argued in the preceding sections for a differentiated approach to the understanding of the relation between economic and social goals in social enterprises. Whilst ethical fidelity can be maintained even if capitalist methods are used, in order to reconcile rules of price and efficiency with the organisations' ethical orientation, there has to be an intention, a motivation that drives (economic) ethical decision making. Whilst in some cases the balance is the result of an intentional withdrawal from commercial endeavours, in other cases, where the aspiration to fulfil ethical commitments drives organisations to experiment with different modes of economic conduct, the balance is dependent on the constant negotiation between differing interests (e.g. overhead costs; wages of employees; continuity of activities; needs of beneficiaries etc.), principles, and consequently needs and opportunities organisations are faced with. Articulating ethical decision making around the coordinates of necessity, surplus, consumption and commons (Gibson-Graham 2006), means that organisations may shrink, grow or consolidate, depending on the circumstances, thus revealing the different pathways that match ethical aspiration. This means that the 'balancing act' is a dynamic practice evolving depending on the circumstances, open to deliberative ethical responses (Gibson, Graham 2003; Healy 2008) and thus inherently variable.

Secondly, and related to the first point, the ability to balance economic and social goals is also dependent on the individuals involved in the organisations, whether owners, directors, employees or volunteers. Not only because 'they are' the organisation, but their commitment to the cause drives the aspiration and the determination to continuously engage in economic decision making that respects the social and environmental commitments of the organisation. Previous ethnographic research (Amin 2009; Borzaga and Depedri 2009) has revealed the variety of motivations driving individual engagement with social enterprises. From the desire to fulfil an ethical commitment, to that of

developing an alternative career, and to the intention to engage in the economy in ways that respect and meet social and environmental needs (Amin 2009). Consequently, individuals' motivations, skills-set, and (previous) experiences all play a part in enabling organisations to identify (or not) different opportunities.

Finally, a third factor that contributes to enable social enterprises balancing their business and ethical goals is the external recognition of the many types of market engagement, social coordination and ethical orientation (Amin 2009) they pursue. As Borzaga, Ferri and Sabatini (2012) have argued, different entrepreneurial and organizational structures respond to diverse challenges and, in turn, impart different incentives to the involved players in order to address those challenges. Reading for diversity clarifies the choices we have in supporting the most appropriate organisational form, as assets and/or resources that contribute to quality of life and well-being, challenging the monoculture of capitalist productivity (Gibson-Graham 2008, p. 623). When this diversity is acknowledged, organisations may operate in a 'market of social qualities' (Ecchia and Lanzi 2003), that is a market in which the complexity of demands and needs organisations are attempting to address is recognised. In these alternative markets, transactions are underpinned by evaluation criteria that reflect principles of solidarity and where the interdependence between producers, funders, and beneficiaries is accepted and used as a basis for a joint collaboration, a common goal. To impose predetermined entrepreneurial forms (akin to capitalist enterprise) or to apply uniform market performance measures and expectations or indeed compliance with standardise public sector rules of price and efficiency, risks to undermine many organisations and exacerbate, rather than curb, the cost of social, educational and health services.

I want to conclude this section with a note on the expectations imposed on social enterprises, and the scope for a differentiated understanding that in respect for diversity enhances the potential for positive change. According to Mendell and Nogales (2009) depending on the nature of the state, the market and civic society, social enterprise takes certain (organisational) forms, and it is institutionalised in certain ways, promoted with differing emphasis on the social and the economic, which unfolds in the different readings of the relationship between their business and ethical aspirations. Indeed, they argue, the pressure to generate income in social enterprises is often felt in countries and/or regions where the disengagement of the state in social services is most present. In this case, social enterprises are a vehicle for the privatization of these services previously provided by the public sector. The nature of the support available and the conceptualisation of social

enterprise determine its permeability in contributing to a paradigm of economic development, thus whether the relationship between business and ethical aspiration is considered as a means to develop solidarity based approaches to economic development or simply as a means to expand entrepreneurship in social spheres. Consequently, depending on who is driving the adoption of a specific definition of social enterprise, the emphasis on expectations differ. International comparisons shed a light on diverse conceptualisations. For example, as Amin (2009) noted, in countries where social enterprises are seen as part of a welfare mix, then they may be considered as important actors in co-designing services, as in countries such as Quebec, Italy and France for instance, where the notion of, and presence of, a social economy is accepted and recognised and business demands are made in line with the principles of social inclusion, community or environmental care and social solidarity in mind (Nyssens 2006). Conversely, in countries like the UK more attention is posed politically to the entrepreneurial side and financial achievement of social enterprise, which has led many commentators to consider it as an example of a construct (Teasdale 2010), a political discourse used to pursue the privatisation agenda.

These considerations open up a realm of possibility for the development of an understanding that recognises and enhances variety. The approaches adopted in other countries denote that social enterprise can be considered as actors in a diverse economy, in respect of the challenges they face. By recognising that ethical subjects operate at their best in networks of recognition and support (Healy 2008), it is possible to identify the economic and social circumstances that support this 'ethical act' rather than considering them as unproductive forms of economic engagement or mere reproductions of a neoliberal project. This in a sense is the scope of the community economies action research project initiated by Gibson-Graham, as an attempt to support the emergence of 'other economies' worldwide (Gibson-Graham 2008, p. 628).

Practising what she refers to as a weak form of theory[16] (Gibson-Graham 2008, p. 619), the diverse economy framework opens to the understanding and learning from the various forms of economic engagement rather than judging them as unviable (i.e. either because costly, or too reliant on state donations, grants, long hours of work and unstable markets).

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[16] Gibson-Graham (2008) informs us that the term was coined by Silvan Tomkins arguing that a weak theory is 'little better than a description of the phenomena which it purports to explain' (ibid, p.630). In relation to the diverse economy framework she proposes it is viewed as a listing of heterogeneous economic practices which contains minimal critical content, a technology that reconstitutes the ground upon which a different economy can be identified and perform (ibid, p. 619).

This is not tantamount to abandoning any critical stance, rather to treat difference as social experiments of different ways of 'doing' the economy.

It is in line with these considerations that in the next chapter I discuss how I have empirically examined this model of dynamic, differentiated and evolutionary practice that is the balancing of economic and social goals in social enterprises.

3. Researching the relationship between business and ethical aspirations in social enterprise

In the previous chapter I have argued that depending on the economic segment in which social enterprise is located, the relationship between business and ethical aspirations varies and, so, the challenges faced. The variety of organisational aims is reflected in the diverse choice of mode of entrepreneurial, labour and transaction conduct. Consequently the relationship between business and ethical demands cannot be thought of as a unique model of balance or as a *sine qua non* characteristic of 'being' a social enterprise, rather as a dimension of difference which unfolds in a fluid process of deliberation, negotiations, and enactment of a variety of practices, evolving in time and with differing connotations for each social enterprise. According to Valera (1992), ethics should be thought of as praxis, one in which ethical action is conceived as a project of being rather than as a system of judgment, less a matter of rules that are universally applicable than a goal of expertise, or as Gibson –Graham (2008) paraphrase, a continual exercise of a choice to be/think/act in certain ways (Valera 1992 as quoted in Gibson-Graham 2008, p.618). Consequently, the process of reconciling business and ethical aspirations can be conceived as a differentiated and constant search (Stark 2009, p.2), negotiating multiple principles of evaluation, through a fluid iterative process of defining and redefining ethical positions (Gibson-Graham 2003, p.18). This process, however fluid, depends on the challenges that organisations face in relation to the segment of the economy in which they are located.

In operationalizing these concepts, I have drawn on Gibson-Graham's previous research and adopted their diverse economy framework to identify organisations. I also reflected upon the need to differentiate between different stages in the organisation's life, in so far that to understand the relationship between business and ethical aspirations as an evolving and differentiated process is to appreciate that at each stage in their life cycle, each organisation has to make decisions over what counts, what is valuable to them (Stark 2009). Social enterprises are an ambitious undertaking, subjected to high policy expectations, since the change of government (from New Labour to the Coalition) has not resulted in diminished emphasis on their role. For example, whether and which projects

are worth pursuing and which are not; and whether members, customers, targeted communities recognise and share the value of different projects. These organisations are expected to solve social and/or environmental problems, engage with markets, cover their running costs, and make a profit for social and/or environmental ends. Consequently, the decisions they make in the early days have an impact as to their course of action. With so much emphasis on growth, later on in their lives pressures of scaling up are also on the increase. Therefore, I argue, balancing business and ethical aspirations should not be thought of as the end result of being classified as a particular type of organisation (i.e. social enterprise), rather as the temporary result of constant negotiations between needs and opportunities, thus an evolutionary practice varying in time and across the various types of organisations.

Given the theoretical affiliations of this work, the methodology chosen has drawn from previous ethnographic studies (see Amin, Cameron and Hudson 2002; Graham and Cornwell, Cameron, Graham and the community economies collective, in Amin 2009) that saw the involvement of the researcher with (and within) organisations for a period of time and using interviewing and participant observation as principal methods of data collection. This qualitative approach enables an in-depth study of behaviours, relationships, and practices as they unfold in the everyday, focusing on the lived experiences of individual organisations, their motivations and drives and that of the people working for them.

Previous research has also revealed the 'power of context' in shaping organisations and their performance (see Amin, Cameron and Hudson 2002), and that local circumstances, such as the institutional environment, economic climate and the social-civic culture (Amin 2009, p. 12) play an important role in shaping the nature of social enterprises and their potential to contribute to wider socio-economic development. The context therefore, in the sense of shared history, socio-political and economic culture acts as a specific setting , a place where traditions, conventions and institutionalised customs (Stark 2009, p.32) shape the culture of the place and consequently may impact on the processes of evaluation over what counts and the decisions made over it.

With these considerations in mind, a case study approach was chosen to 'investigate the phenomenon within its real-life context' (Yin 1991 in Sarantakos 1998, p.191). In section 2 of this chapter I discuss in detail the choice of Tyne and Wear and Greater Manchester as case study areas, where, despite a shared industrial past and current centrality in northern sub regional economy, contrasting features have formed distinct cultural settings (Stark

2009). I then turn to the fieldwork and the process of collecting data combining primary and secondary sources. Whilst interviewing was the core method of data collection, observation (both semi and non- participative) was also crucial in supporting the process of 'sense-making'. However, there was significant variation in breadth and depth of interviews and observations from case to case, reflecting the specific organisational features, such as size and activities, as well as availability to take part to the research process. Whilst the fieldwork (started in March 2010) was underway, the general election campaign begun to unveil the political changes, which are discussed in section 4. One of the changes introduced by Coalition government was the abolishment of the Regional Development Agencies (RDAs). Since the North East RDA was (partly) funding this research, their demise had an effect on the research process, in so far that the interest was overshadowed by obvious other concerns. However, whilst in a sense the main policy interlocutor for this study was lost half way through the PhD journey, this has not limited the research process. As for any (qualitative) research, there are, however, limitations that need to be considered in relation to this study, which I address in the concluding section of this chapter.

1. The research design and operational categories

In this section I focus on how I have designed the research and devised operational categories from the concerns expressed so far. Since the aim of this study was to understand whether and how the relationship between business and ethical aspirations is reconcilable in social enterprises, I have adopted a qualitative approach where through descriptions, observations, and exploration of emerging themes, I could make sense of the heterogeneity of experiences and practices (Sarantakos 1998, Bryman 2001), of internal and external processes in different organisations (Edwards 2003; Bull and Crompton 2006). Whilst aware of the variety of definitions surrounding the term social enterprise, an interest of this study was to provide evidence of variety within the social enterprise label, considered here as organisations sharing the intention to meet social needs before maximising profits, albeit in different ways and following a variety of drives and motivations not reducible to one single set or concept. I have therefore adapted Gibson-Graham (2006) diverse economy framework to identify social enterprises on the basis of their entrepreneurial forms, modes of transaction and labour (see figure 2.2 in Chapter 2). On the basis of the entrepreneurial mode, the organisations selected included environmentally responsible, socially responsible, non-profit, state or local authority owned enterprises -

that Gibson-Graham (2006) identify as alternative capitalist in so far that like capitalist enterprises the surplus labour produced by the employees is appropriated and distributed by someone else, managers and /or board of directors, but rather than being driven by the imperative of profit maximisation, social and environmental commitments are the leading principles - and community and voluntary organisations and workers cooperatives - that the author defines as non-capitalist in so far that the surplus labour produced by the employees is appropriated by and distributed among the employees or the community (see table 3.1).

Table 3.1: The modes of entrepreneurial conduct of social enterprises in Greater Manchester and Tyne and Wear (sampled organisations)

ENTERPRISE	GREATER MANCHESTER	TYNE AND WEAR
Alternative Capitalist		
State/local authority enterprise	Community Heath Action Partnership (now Unlimited Potential)	East End Partnership (now Building Futures East) Ouseburn Valley Partnership (now Ouseburn Trust)
Environmentally responsible	Emerge/Fareshare Wesley	Commonwheels Sports Recycler
Socially responsible	Unlimited Potential Wai Yin Bubble Enterprise Union Street Media Inspired Sisters	Cyrenians/Fareshare Renew North East
Charities/non profit	Bolton Steps Benchmark	n/a
Non-Capitalist		
Sole proprietor	n/a	Dinamic Enterprises Acorn Computer North East Sport
Workers cooperatives	8th Day Unicorn	n/a
Community focused enterprise	Wooden Canal Boat Arcspace Neoartist Studio	Building Future East Ouseburn Trust The Foodchain Community Energy Solutions

Source: author's adaptation from Gibson-Graham (2006, p.71).

Looking at the mode of transaction, I have identified organisations operating in the market (or the quasi market of welfare) by selling services to clients; or operating in alternative markets where products are evaluated on the basis of ethical criteria such as fairly traded and/or environmentally friendly; or using non market transactions like philanthropic support, gifts, loans and donations. Finally, I sought to identify organisations on the basis of their labour arrangements, and thus included organisations paying employees a salary (wage); or on work for welfare, self-employed (alternative paid) or relying on volunteers (unpaid). The resulting diverse social enterprise economy of the case study area is represented in table 3.2. A description of the organisations selected for this study is provided in chapters 4 and 5, where I discuss in detail the findings of each case study area.

For this study, a total of 28 organisations were approached: 15 in Greater Manchester (where I also carried out a pilot to test the methodology) and 13 in Tyne and Wear. However, only 25 were selected for this study, 14 in Greater Manchester and 11 in Tyne and Wear.

Table 3.2: The diverse social enterprise economy of Greater Manchester and Tyne and Wear case studies (sampled organisations)

ENTERPRISE	TRANSACTIONS	LABOUR
Capitalist	**Market**	**Wage**
Alternative Capitalist State/local authority enterprise Environmentally responsible Socially responsible Charities/non profit	**Alternative Market** Sale of public goods Ethical 'fair-trade' markets Local trading systems Co-op exchange Barter Informal market	**Alternative Paid** Self-employed Reciprocal labour In kind Work for welfare
Non-Capitalist Voluntary and Community groups Workers cooperatives Sole proprietors	**Non- Market** Gift giving Loans/grants	**Unpaid** Volunteer

Source: author's adaptation from Gibson-Graham (2006, p.71). This table is not meant to be comprehensive, and a full inventory of all social enterprises in my sample, rather it intends to show their diversity.

Having established the criteria for identifying social enterprises, I then focused on the operationalization of the dynamism characterising the relationship between business and ethical aspirations, which reflects different typologies. Through the mission, I sought to identify organisational purpose, which I later corroborated through interviews with leaders, employees and volunteers, as well as external stakeholders. The ways in which income was generated served instead to ascertain both financial and transaction modes of conduct, the market in which organisations operate.

In order to understand whether and how the relationship changes over time, and (if that is the case) what triggers change, I selected organisations at different stages of their development, thus stratifying the overall sample to include an equal number of newly established organisations - in operation for less than five years - and in existence for longer than five years. Previous research has shown that when social enterprises become more established, they employ more staff and/or have developed more activities, their ethical practices are easily compromised by market demands and funders requirements (see Amin, Cameron and Hudson 2002; Bull and Crompton 2006; Seanor and Meaton 2008; Laville 2009). There is less agreement however to the extent by which responses to challenges and difficult periods are similar in all organisations. Pearce (2003) for instance argued that

social enterprises tend to assume different connotations in time, with varying degrees of size, business - social focus, financial dependence (or independence), functionalities and so forth. He identifies nine dimensions (or continua) along which individual organisations move along[17]. However, despite disagreeing with Pearce in the use of the notion of continuum, since the idea of a spectrum proposes a binary interpretation between opposites - understood in contradiction to each other - and tends to neglect the variety of connotations in each continuum, I support the underpinning idea of social enterprise as a living entity, changing over time and according to circumstances.

This study therefore explored the nature of the challenges encountered throughout organisational development, and the extent to which these affect social enterprise ability to reconcile business and ethical aspirations. This was explored through historical interviews, recollecting those situations in which decisions were made as regards to certain opportunities and/or need and how those impacted on the organisations and their evolution. By looking at social enterprises at different stages of their life therefore, my objective was to investigate their histories and development, in order to understand the motives that led them to choose certain pathways, and the main events, the circumstances that led to organisational change. Underpinning this was also the intention to understand whether, the issues affecting organisations set up in different (historical) periods differed. The meaning attached to social enterprise has changed significantly in England from 1999 onwards. As Teasdale (2010) noted, policy emphasis and expectations have shifted from an early cooperative rooting emphasising democratic participation (which he dates from 1999 to 2000), to social enterprise as a business providing solutions to social problems (see DTI official definition 2002), and more recently (2005 to 2010), reflecting the increased voluntary and community sector's involvement in delivering public services, to earned income strategies for third sector organisations (see Teasdale 2010).

My assumption was that in the past the policy expectations on social enterprise were not overtly commercial, that is to compete as businesses in a market for welfare, and consequently the 'space' for organisations to grow in line with their ethical commitments was less burdened with the commercial/business rhetoric that expects social enterprise development to be marked by growth in size, reduction of dependence on volunteers and

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[17] The dimensions Pearce has identified include: from small to very large; from voluntary enterprise to social or community business; from dependence on grants and subsidies to financial independence; from people orientation to profit maximisation; from informal to formal economic activity; from mono- to multifunctional; from voluntary organisation to social enterprise; from radical to reformist; and from individual to collective initiative (Pearce 2003, p.45)

financial independence (Pearce 2003, p.47). Arguably, with the increased emphasis on the business model, came more investment on business support for social enterprises, thus more opportunities for organisations to improve their business expertise. However, the extent to which organisations can thrive or fail is also dependent on whether they are recognised of their distinctiveness and the local circumstances, the environment in which they operate (Mendell 2009).

Previous research (see Amin, Cameron and Hudson 2002) has shown that the cultural and institutional environment of a place shape the type of organisations that operate in that context. This is both in terms of the support available to organisations in certain localities, such as networks, infrastructure support (Buckingham, Pinch and Sunley 2010; Thompson and Doherty 2006) and local authority endorsement (Lyon and Ramsden 2006) as well as the nature of the local market (Borzaga 2001; Hudson 2009), that can potentially enable both the differentiation of income streams social enterprises need to survive, thus the fulfilment of their social aspirations, and absorb their offer. In this sense the recognition is important, in terms of gaining customers that recognising their contribution, are then willing to pay for the cost of a product that is produced with higher standards (Tsukamoto 2007), whether in terms of services – and thus statutory bodies recognition – or in terms of products – individual customers purchasing ethical goods.

The decision to undertake research in two distinct sites was underpinned by these considerations as regards to the importance of the situated practices in place and what influences successful reconciliation. Two areas were chosen as main sites to observe and understand how social enterprises reconcile their business and ethical aspirations and what influences this process. The reasons for choosing Tyne and Wear and Greater Manchester as case study areas are discussed in the following section.

2. Why Tyne and Wear and Greater Manchester?

This research was funded through a CASE studentship[18] by the University of Durham and the North East RDA. Thus from the outset it was required to have a specific geographical focus. However, having lived and worked in Manchester for many years and being familiar with many of the local social enterprises, I was inclined to use this knowledge and previous

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[18] The now discontinued CASE (Collaborative Awards in Science and Engineering) Studentship scheme was funded by the Economic and Social Research Council (ESRC) to develop a link between an academic institution and a non-academic collaborating organisation from the public, private or voluntary sectors. The link was created by developing a suitable project with the collaborating partner that would combine the interests of both institutions.

experience to the benefit of the research. Since the details of the project to be undertaken were already outlined in the official proposal, I wanted to bring a personal perspective to the work. Mostly, I was interested in exploring the meaning and implications of difference between two otherwise similar regions.

According to Amin, Cameron and Hudson (2002) the distinctive characteristics of each place have "consequences for both the expectations placed on the social economy and for its capacity to meet those expectations" (Amin et al. 2002, p.79). Having previously researched the social economy of both regions through my consultancy work[19], I was familiar with the distinct local approaches to social enterprise support and development. For example, having previously worked on behalf of North East Social Enterprise Partnership (NESEP) on researching regional social enterprise support mechanisms and governance models, I was aware from the outset that whilst in the North East social enterprise support was planned at regional level, the North West had a sub-regional approach. Indeed, whilst still in receipt of core regional funding (until March 2008) NESEP was coordinating the work of sub regional partners (i.e. local authorities) in developing social enterprises and ensuring similar methods throughout the region. Conversely, in the North West each sub region had their social enterprise action plan and the role of the RDA was to ensure there was support for these.

Moreover, a review of Regional Economic Strategies[20] (RES) reveals varied regional approaches and understandings of social enterprises and their role in the regional economies. For example, the North East RES stated that "particular consideration will be given to social enterprise as a solution to social and environmental issues, as well as a source of employment and wealth" (ONE North East 2006, p.47). The focus on this region was on social enterprise as a source of employment, a route into economic activity (ibid, p. 96), particularly in deprived communities (ibid, p. 49) were the business start-up rate was low and comparatively with other English regions the proportion of disadvantaged areas

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[19] I decided to embark on this PhD after 8 years of academic and consultancy research. During my time at the Centre for Local Economic Strategies (CLES) I have been involved in projects on a variety of issues pertaining to the social economy in Greater Manchester and Tyne and Wear. These include mapping both Black and Minority Ethnic (BME) and 'general' social enterprises in Greater Manchester; a small piece of research on Italian (Tuscan) social enterprises and their relationship with local authorities; and the evaluation of numerous Groundwork projects across England. In Tyne and Wear I was involved in the rolling evaluation and business planning of the East End Partnership which later became Building Futures East (a social enterprise in my sample); an evaluation of the Pentagon Partnership programme - strategic partnership set out to enhance voluntary and community organisations involvement in the economic regeneration of Tyne and Wear – and an action research project with social enterprise support agencies in the North East in order to define the need for specialist support and provide suitable regional delivery solutions.

[20] I refer here to both 'Leading the Way' the ONE North East RES (2006 – 2016) and the Northwest Regional Economic Strategy (2006) publications.

was higher (ibid, p. 47). Conversely, the North West RES considered social enterprises as part of the programme to improve productivity and grow the economy alongside other forms of enterprise (North West RDA 2006, p.5). Moreover, in recognising the role played in supporting communities, social enterprise alongside Trade Unions and Faith Communities, were identified as important actors in developing community cohesion (ibid, p. 47), and providing high quality local services, through the development of local and regional Compacts with local statutory agencies (ibid, p.47).

From this brief consideration emerges that in the two regions a distinctive narrative was at play surrounding social enterprise and therefore expectations as to their role in the regional economy. In chapter 4 and 5 of this thesis I attempt to evidence this assertion, however it is worth noting here that the regional approach favoured in the North East reflected a centralised and 'managed' (Hudson 2005) way to develop social enterprise, considered as a means to stimulate employment creation in depressed local areas. This contrasted the pluralist approach adopted in the North West where sub regional partnerships had long established collaborative ways of working with a variety of local actors.

Whilst this initial reflection on regional distinctiveness was crucial in supporting the choice of the North West as a suitable comparator, the size of both regions discouraged opting for a regional focus. Since previous research (Amin, Cameron and Hudson 2002) has revealed the importance of local traditions and political culture in shaping the opportunities for the social economy, I wanted to focus more closely on the specific characteristics of main urban areas, where also the concentration of social enterprise activity was likely to be higher. Indeed, previous mapping exercises[21] had located most regional social enterprise activity in the North East within the Tyne and Wear sub region. A comparison between two major urban areas, both economic cores of their regions was therefore deemed appropriate. Indeed, in both cases the main cities (Newcastle and Manchester respectively) are also the economic centres of their sub regions and in some ways they share common misfortunes, in so far that both areas have experienced (and still are experiencing) high levels of multiple deprivation.

However, it is their distinctiveness that renders these two areas interesting comparators. For example, in economic terms, in Tyne and Wear the private sector is weak, manufacturing is still relevant but the economy is underpinned by public sector activities

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[21] Previous research (Angier 2007) carried out in the North East on behalf of the North East Social Enterprise Partnership (NESEP) had identified a total of 590 social enterprises in the region, of which 35% (207) were in Tyne and Wear and the rest spread across county Durham (18%), Northumberland (21%), and Teeside (30%).

and jobs, with little diversity (OECD 2012). Conversely, the presence of highly skilled labour force and high connectivity are all factors that the Organisation for Economic Co-operation and Development (OECD) recognises as important contributors to the mixed economy of Greater Manchester (ibid). In this city region, the coherent and long term governance structure provided by Association of Greater Manchester Authorities (AGMA) - now converged into the Greater Manchester Combined Authorities (GMCA) - has been acknowledged as an important feature for the local economic recovery and the development of a mixed economy, which instead has been lacking in the North Eastern sub region (ibid). Here, the fragmented internal market, the governance discontinuity and low levels of entrepreneurialism (e.g. compared to Greater Manchester (11.7%), the proportion of 16 to 64 years old people in employment who are 'self-employed' is significantly lower in Tyne and Wear (9.4%)[22]) have been recognised as having a negative impact on economic recovery (ibid).

As mentioned, also as regards to social enterprise development and support these sub regions presented distinctive approaches. Indeed, whilst in Tyne and Wear, NESEP liaised with the Tyne and Wear Social Enterprise Partnership (TWSEP)[23], an umbrella body for social enterprise support agencies; in Greater Manchester, Together Works (TW) - the sub regional support agency - was a members' organisation, resulting from the merge of long standing social economy networks (Manchester Progressive Enterprise Network (MPEN) and Manchester Social Enterprise Forum (MSEF). Many of the members' organisations of TW were social enterprises with a strong connection to the alternative, ethical business and environmental movements, which gathered around MERCI[24].

These distinctions led to the choice of the case study areas. The empirical chapters (4 and 5) provide a more detailed discussion as to these differences and begin to unravel the meanings and consequences these have in social enterprise development and support. It is worth noting here that whilst this distinction reflects the diverse tradition, history and characteristic of place, it also unveils different understandings of social enterprise. Indeed, the cultural and institutional contexts have shaped the expectations as to the role of social enterprise, as their institutionalisation (Mendell and Nogales 2009) as functional to mainstream provision and organised accordingly, in Tyne and Wear, or as rooted in a

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[22] These are Annual Population Survey October 2011-September 2012 data. Accessed via NOMIS: http://www.nomisweb.co.uk
[23] In 2008 TWSEP was rolled out to create the region wide body called SENE (Social Enterprise North East).
[24] MERCi (Manchester Environmental Resource Centre initiative) was set up in the early 1990s with the initial aim to coordinate the work of environmental organisations around the city interested in 'green and social issues' and in doing so propose a cohesive alternative to sustainable living.

culture of political activism, dipping in and out of the mainstream in Greater Manchester. The implications of this reading are discuss in more details in the chapters to come. I now turn my attention to the fieldwork and the process I followed in collecting the data.

3. Fieldwork

As I set out to research the real practices enacted by social enterprises in managing their business and ethical aspirations, I was unsure as to what I was going to find. Despite having worked in both areas before, the topic of this research was new to me and similarly the approach, since in most of my previous projects I had tended to explore the perspectives of organisations supporting social enterprises, without truly questioning whether and how in practice these organisations manage to fulfil both their economic and social objectives. Given my vicinity to Gibson-Graham diverse economy framework (2006), I wanted to approach the fieldwork with a view to learn and question the 'inherited givens' about social enterprises and their ability to marry business and ethical aspirations. In this section I explore how I approached the fieldwork and the decisions I made whilst researching northern social enterprises. However, before I move on to discuss the process in more details, I would like to firstly reflect on the methods I have chosen to collect data.

In line with the exploratory nature of this research, the techniques of data collection adopted were a combination of primary and secondary sources. Generally, the use different methods and/or data sources (i.e. triangulation) is thought to support the process of validation of the findings (Hall and Hall 1996; Stake 1998), in so far that the researcher can probe and further investigate real time information and issues as they emerge from the field. Moreover, in order to provide a picture of the local areas, the local economy and scale of need, referring to secondary sources was necessary to evidence the socio-economic circumstances in which social enterprise operate, whilst primary sources were used to gather views, perceptions and information around the real time and historical experiences of the organisations in my sample.

Indeed, in order to outline the characteristics of the place, the demographic, socio-economic and historical perspectives of the areas in which the social enterprises studied operate, I analysed publicly available national and regional datasets, such as the Annual Population Survey and the Inter-Departmental Business Register[25] (IDBR). Moreover,

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[25] The Inter-Departmental Business Register (IDBR) is a list of UK businesses maintained by the Office for National Statistics (ONS). Since at the time of starting this PhD the ONS had a regional presence, I was provided with an ad hoc analysis by the ONE ONS officers, which forms part of the analysis in the empirical chapters.

documents pertaining to the researched organisations were also collected, both prior to approaching the organisations (through web searches) and during the visits. This included available Annual Reports, Business Plans and various marketing materials that could support the understanding of the studied organisations and a basis for evidencing change. For example, in many cases organisations Annual Reports provided a good starting point to gather information about activities carried out, projects developed, and funding issues and in some cases they also offered an initial discussion as to the adherence to original mission. The secondary information gathered also enabled the researcher the cross reference (i.e. check) what was discussed during the interviews.

The primary data collection was based on (semi structured) interviews and unstructured participant observation (Gilbert 1993). By combining interviews with observations, and thus both exploring organisations perceptions and seeing interaction as it happens and within the specific of the context in which it takes place, my objective was to gain insights on the dynamics of organisational culture, and identify potential dilemmas and tensions that were not openly expressed in consultation. According to Ardichvili and colleagues (2009) organisational culture is a function of both individual characteristics and contextual factors. These combine both formal aspects such as leadership, policies, rewards systems and decision making processes and informal ones such as implicit behavioural norms, role models, historical anecdotes and language (Cohen 1993 in Ardichvili et al. 2009). Whilst appreciating that my engagement with the organisations was going to be only temporary and short lived, by observing and experiencing as a participant, I was hoping to 'open a window' on the natural setting of the social enterprises taking part to this study, looking at how the activities were carried out, sensing the atmosphere and the internal dynamics and the interactions as they were unfolding in real time. In this sense, I was hoping to (at least partially) unveil whether and how ethical values permeate within the organisation, and are shared among employees and volunteers (Borzaga 2001). Moreover, through interviews and informal discussions with members of staff and other stakeholders I wanted to gather views as regards to the lived experiences of the people involved, their own impression of the organisation, the ways of working and the ways in which they act and react to natural conditions.

However, despite the combination of methods, it is worth noting here that there was a significant variation in their use, particularly as I moved between participant and non-observation, in conversation, Board meetings, staff meetings, clients meetings, workshops, and sometimes more active participation into daily organisational tasks. I have sought to

evidence this unevenness (see tables 3.3 and 3.4) in relation to the specific case study areas. However these lists are not exhaustive, since interaction and exposure occurred in different ways difficult to capture schematically. Having outlined the methods of data collections used for this study, I now turn to consider the fieldwork in each of the areas, with a view to discuss the process and the methodological choices made throughout the time spent in each location.

Greater Manchester fieldwork

The first part of the fieldwork started in Greater Manchester at the end of March 2010. This initial stage focused on developing a sample of organisations[26] to include in the case study and pilot the methodology with a smaller number of organisations. I firstly approached organisations via email, describing the project, outlining the purpose and specifying the requirements, in order to provide sufficient information for organisations' consent. Four agreed to take part, so the research methodology was piloted with them from April until May 2010.

The pilot work entailed spending two/three days within each organisation, interviewing members of senior management, employees, volunteers and external stakeholders as well as observing directly their operations and ways of working. I had initially outlined some broad questions I was wishing to cover. Through the interviews I was keen to explore the characteristics of each organisation, such as their history and evolution, identifying the crucial moments that had led to internal changes, and what was guiding the decision making process, the intervening factors that had triggered the process of change. Moreover, I was gathering information as regards to the organisations' aims and objectives, the mission, the funding, and structure of governance, ensuring that this corresponded to the secondary data. I was also explicitly asking whether and how the organisation managed the relationship between the business and social goals, and whether they used specific strategies to balance this relationship (i.e. democratic deliberation, ethical codes). Inevitably the questions were tailored to the person I was interviewing, whether the director/founder, employee, volunteer, or Board member.

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[26] As discussed in section 2 of this chapter, for the Greater Manchester fieldwork, the initial sample comprised 15 organisations. This list was developed by using information gathered from the work on 'Mapping the Social Enterprise Sector in Greater Manchester' (2006), I carried out whilst working for the Centre for Local Economic Strategies, and the ESRC supported project on 'Ethnographies of the Social Economy' (2007) Geography Department, Durham University. These were reviewed in line with the criteria devised for this work and organisations' availability to take part in this research.

I had decided to focus on unstructured observation practices (Gilbert 1993) in order to be flexible as to what opportunities were emerging from the field (Sarandakos 1998), whether a meeting, the interview location, organisations' headquarter, or the office. Since I had made clear from the outset that part of the research entailed observing activities and practices as they happened, I also suggested volunteering with the organisations, by exchanging my skills for their time. I felt it was important to give something back to the organisations that were agreeing to participate. This was going to be beneficial for both, since my contribution to their activities was also an opportunity for me as researcher to observe more closely their practices, and thus gather more in-depth understanding of the organisational culture.

The pilot highlighted some issues with the ways in which I had presented the methodology, particularly as regards to the proposal of volunteering to spend time within organisations. Indeed, by declaring my intention to volunteer – albeit specifying I wanted to give something back to the organisations who agreed to participate to my research – I had raised expectations as to what my involvement with the organisations entailed. I found that this caused confusion in a number of ways. Among those organisations that did not use volunteer labour, the idea of exchanging time and skills was discarded as inappropriate, and limited the possibility of gaining access to conduct observations, since the activities delivered were thought as too specialised (i.e. consultancy work; or work with vulnerable groups) for external support. Conversely, organisations used to working with volunteers sought to find a project they needed support for, and whilst useful for the research scope, it became soon apparent that managing organisations need with those of the researcher was going to be problematic, as requiring longer term commitment than the 2 days I had originally envisaged. These issues were addressed by allowing more flexibility in my approach, ensuring better communication of what could be expected of me and also tailoring the observation to the specificities I was encountering.

With this important finding in mind, during the summer the pilot study progressed into the fieldwork, continuing the work started with the initial four social enterprises and adding further organisations to the initial sample[27].

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[27] A total of 15 organisations were consulted in Greater Manchester (of which 14 were chosen), all with different levels of involvement. As well as using the list of organisations compiled from the sources outlined earlier in this section, I also used 'snowballing' techniques in conversation with social enterprises and stakeholders, in order to identify other potential participants. See Appendix 1 for the full list of interviewees.

The methods of data collection outlined were used extensively with all the organisations involved in the Greater Manchester sample, however their diversity dictated varying degrees of intensity[28] (see table 3.3).

Table 3.3: List of social enterprises in Greater Manchester sample and variation in depth of engagement

Name	N. of visits	Type of interaction	Loci for observation	People interviewed
8th day	More than 3	Face to face (F2F); Email	Shop	Worker
Wai Yin	1	F2F; Email	Headquarter; working experience.	Senior management (mng)
The Wesley Community Furniture	More than 3	F2F; Email; volunteering (vol)	Headquarter; meetings; shop; away day; workshops; Board meeting	Board, manager, volunteers (vol)
Wooden Canal Boat Society	2	F2F; Email	Headquarter	Senior mng
Unicorn Grocery	More than 3	email	shop	Worker
Emerge	More than 3	F2F; Email; vol.	meetings; away day; workshops ; Board meeting	CEO, mng, vol, workers
Bolton Steps	1	F2F; Email	Headquarter	Director
Phone Coop*	1	F2F; Email	n/a	Business Manager
Levenshulme Inspire*	1	F2F; Email	n/a	Director
Benchmark	2	F2F; Email	Headquarter	Mng
Unlimited Potential	3	F2F; Email; shadowing	Headquarter and shadowing ; board	CEO, Board (all), mng, staff, vol
Inspired Sisters	3	F2F; Email	Headquarter	Senior mng, operation, c.d.
Bubble Enterprises	1	F2F; Email	n/a	Director
Neoartist Studio Bolton	1	F2F; Email	studio	Director
Arcspace	3	F2F; Email	Headquarter; meetings	Director
Union Street Media	3	F2F; Email	Headquarter; meetings	Director

Source: Author's notes (the organisations identified with an* are those that I have contacted but only had a sporadic interaction and thus not fully included in the sample)

Getting to the final sample of organisations was a lengthy process. Partly due to the time involved in waiting for a reply (e.g. emails and successive telephone calls), and delays in organising a favourable time for an initial meeting, partly due to the approach I had chosen,

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[28] Indeed, some of the organisations comprised only two members of staff (and not even volunteers) particularly some of the 'younger' ones. In only one case (Unicorn) the consultation was based exclusively on email exchanges. With all the others at least two interviews face to face were carried out with the senior management, as well as many email exchanges and visits.

probably being too accommodating in suggesting suitable dates. It was however a valuable lesson and learning curve, that enabled me to improve the approach for the next phase of fieldwork. Indeed, realising this towards the end of the Greater Manchester fieldwork (November 2010) I began to establish contacts with social enterprises and support agencies in Tyne and Wear, as I will discuss in more details in the next section.

During the months spent researching social enterprises in Greater Manchester, I also engaged with wider stakeholders, including support organisations, local authority officers, and professionals specialised in social enterprise support (see Appendix 1). I wanted to explore the networks social enterprises were involved in, but also the views that statutory agencies and other actors had of social enterprises and understand their perceptions as to the focal issue of reconciling business and ethical aspirations. In the meantime, I also continued to attend national and local conferences and events focused on themes such as social enterprise, social economy and business ethics (see Appendix 2) in order to explore how these topics were discussed in wider academic and policy circles.

Since the general election in May 2010 and the establishment of a Coalition government, the social enterprise impetus spearheaded by New Labour gradually began to dissipate and the tone of the debate changed, in the midst of the worsening spending cuts. Whilst this is discussed in section 4 of this chapter, it is worth noting here that in 2009 – when I started the PhD journey – numerous debates were underway as to the role of social enterprise in the UK economy, and a national Summit[29] was organised to seize the momentum and suggest ways to enable social enterprise to maximize its impact on the recession. This changed with the political and ideological climate introduced by the Coalition government (Macmillan and McLaren 2012). In my view, albeit backed with no consistent evidence aside of what I noticed throughout this part of the fieldwork, by the autumn of 2010, national conferences and social enterprise events became more focused on procurement (i.e. Manchester social enterprise and procurement conference, 23rd September 2010) or on 'enterprising for change' (i.e. MERCi event, 24th March 2011), and less on their

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[29] The Social Enterprise Summit was a discussion held in May 2009. It involved the Cabinet Ministers, Social Enterprise Coalition, social enterprise officers in the RDAs and other experts about the short and longer terms issues and barriers to maximising the contribution of social enterprises to economic recovery in the UK. The event was chaired by Director General of the Office of the Third Sector (Robb Campbell) and the ministers attending were: the Minister for the Cabinet Office (Liam Byrne); the Secretary of State for Business Enterprise and Regulatory Reform (Peter Mandelson); the Secretary of State for Communities and Local Government (Hazel Blears); the Secretary of State for Work and Pensions (James Purnell); the Minister for the Third Sector (Kevin Brennan) and the Economic and Business Minister, (Ian Pearson). Following from the Summit, and the recommendation stemming from the discussion, the government announced new investment plans, more cross departmental collaboration and the production of a new Guide to Social Return of Investment to equip public service leaders to understand the social value that social enterprises can bring to local society (Bland 2009).

contribution to the wider economy. This shift in political thinking is also noted by Macmillan and McLaren (2012) who argue that since the 2010 General Election "[…] much of the sector's conversation appears to have shifted towards a rather defensive emphasis on survival and 'resilience', along with an intensified focus on collaboration and merger, and increasingly desperate attempts to demonstrate impact and value for money" (ibid, p.2).

This changing political and economic landscape underpinned much of the fieldwork. However, the spending reviews announced were well underway when I began the fieldwork in Tyne and Wear.

Tyne and Wear fieldwork

Between November and December 2010 I began to approach organisations in Tyne and Wear. I wanted to start the fieldwork in January 2011, with a clear idea of the organisations that were going to be part of the study. Reflecting upon the length of time involved in selecting organisations and agreeing visits in Greater Manchester, I decided to adopt a more systematic approach to the sampling process, in order to ensure the best use of my time whilst in the case study area.[30] I started by contacting organisations I became familiar with through my previous work experience, and also involving from the outset the regional support bodies for the voluntary and community sector in the North East (VONNE) and NESEP.

Since, as discussed in section 2 of this chapter, the North East social enterprise agenda was planned and managed mostly at regional level, the relevance of these two agencies was greater in this context than in the North West (where policy was managed sub regionally). Moreover, since the research was (partly) funded by the local RDA, I wanted these agencies to be aware of it prior to the fieldwork, in order to gain an early insight on their views of social enterprise activity in the region and advice on potential candidates for this study. Indeed, by approaching NESEP and VONNE and presenting my research (including the diverse criteria used to select organisations, i.e. age, different modes of entrepreneurial, labour and exchange conduct) I was able to obtain a list of 28 social enterprises operating in Tyne and Wear, from which I could select my sample.

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[30] I rented a room in Newcastle whilst carrying out the fieldwork and I was spending three to four days a week there. It was important therefore for me to manage my time effectively and ensure that interviews, observations and visits were concentrated in the days I was going to be in Newcastle.

I began by sending an introductory email to these organisations and then followed up the responses with brief telephone interviews in which I explored the more descriptive questions earlier left to the first meeting. By January 2011, I had a list of ten organisations with which I had timetabled the first visits (later in the fieldwork, a further three organisations were included under suggestion from the RDA supervisor). Having learnt that observations and volunteering were not suitable for all organisations, I decided to adapt these options to the single cases, after the initial visits. Consequently, as for the Greater Manchester sample, the depth of investigation has varied significantly (see table 3.4).

Table 3.4: List of social enterprises in Tyne and Wear sample and variation in depth of engagement

Name	N. of visits	Type of interaction	Loci for observation	People interviewed
The Cyrenians/FareShare	3	F2F; Email	Headquarter; shop	Ass. Director, Director; mangers; volunteers; employees
Ouseburn Trust	3	F2F; Email	Board meeting	CEO, Chair of Board
The Northern Pinetree Trust*	1	F2F	n/a	Director
Renew North East	1	F2F, email	Centre	CEO
The Food Chain (North East)	n/a	F2F	n/a	Development worker
Building Futures East	3 (plus past exp)	F2F; Email; participation	Headquarter;, training , meetings	CEO, ,staff
Sports Recycler	2	F2F; email	Centre	Director
Dinamic Enterprises	2	F2F,email, shadowing	Office, meetings with clients	Director, board member
Community Energy Solutions	1	F2F	n/a	Operation director
Acorn Computer Recycling	2	F2F	Headquarter	Director, staff
Commonwheels	n/a	F2F, email	n/a	Director
NE Sport CIC	1	F2F	n/a	Director
The Phone Coop North East *	n/a	F2F	n/a	Director

Source: Author's notes (the organisations identified with an* are those that I have contacted but only had a sporadic interaction and thus included in the sample)

Benefiting from the RDA support, already in the first year of the PhD I had established contacts within the Agency with enterprise programme specialists and support teams, economic inclusion teams and Business Link officers. This enabled me from the outset to gain a better understanding of the regional social enterprise policies and also provided me with useful contacts for further key stakeholders' consultation. Following the same methodology as for the previous cases study, I wanted to understand the nature and the structure of support available to local social enterprises, so building on the strategic interviews I was carrying out to develop a picture of the local social economy and its main

actors. I was also investigating the networks to which social enterprises locally connected to, in order to understand the relationships that organisations build to support their mission and activities (Cameron 2009).

The fieldwork officially ended in June 2011; however I maintained contacts with organisations in both case study areas for longer than the established time. It was my intention to build the fieldwork on the basis of a trusted relationship between me and the participants – that is why I was exchanging my skills for their time – in order to facilitate disclosure and thus gain open access (Hornsby-Smith 1993, in Gilbert eds). I will discuss in section 5 of this chapter my reflection on whether disclosure has occurred and the limitations of my approach. It is worth noting here, however, that this approach has enabled me to maintain a long lasting conversation (mainly email based) with some of the organisations and in time built the basis for further discussions.

As mentioned before in this section, the fieldwork took place in a time of significant policy change. Whilst during the New Labour years the relationship between government and third sector developed significantly (Alcock 2012), to the point that as some contributors argue that the English social enterprise was a New Labour construct (Teasdale 2010), with the general election in May 2010 the economic and political landscape in which social enterprises operate begun to change. The deepening of the economic crisis, announcements of severe budget cuts were (and still are) dominant themes in the public debate and many organisations were beginning to worry about the impact it might have had on funding their operations. A new policy agenda was emerging, which restructured governance - by abolishing RDAs - and introduced a new economic policy narrative, which I turn to in the next section.

4. Making sense of the data

In this section, I want to briefly reflect upon the process of making sense of the data gathered through the fieldwork. I consider the practicalities of data recording and analysis and the conceptual development underpinning the fieldwork and the writing up of this thesis. With a large sample of organisations, it was important that I could concentrate on the conversations once they occurred and probe the interviewee throughout our discussion. By using semi-structured interviews i intended to let interviewees speak freely, describing in their own words the relationship between business and social goals and what affects it, and thus reflecting the interpretative stance of the epistemological orientation of this research.

I wanted to be able to be aware of the context, of the expressions used by the interviewee and their reactions to questions and probing. Mostly, I wanted to capture the responses faithfully, recording the words and the narrative used by each interviewee to present the organisation and their understanding of the relationship between business and ethical aspirations. I therefore asked each interviewee whether I could record our conversation electronically. As a way of introducing the process, I sought participants' consent by explaining the reasons behind my request of recording the conversations and the confidentiality of the interviews, using data for the sole purpose of the research. At no point did I find any opposition, since all the interviewees agreed to the recording and also granted me the possibility to quote them directly in the text without anonymising their identity.

I used my mobile phone as a recorder, saving the files as mp3s I was later transcribing. In my view, a mobile phone was less intrusive than a recorder which, despite the size, acts as a visual reminder that the conversation is being tapes and thus might lead to 'staged' answers or impact negatively on the fluidity of the conversation. As far as it was possible, I transcribed the interviews after they occurred (or shortly afterwards) in order to keep up-to-date records of the conversations had with every organisations, and thus manage the process efficiently. Moreover, keeping up with the transcriptions, enabled me to reflect on emerging patterns, interpret them and move from description of empirical data to interpretation of meaning (Sarantakos 1998). At different stages in the research process, the emerging themes were discussed with key representatives among the researched organisations, those I had developed a closer relationship with. This enabled me to probe my understanding as well as guarantee openness in the process.

However, not in all cases recording was not possible. Particularly when carrying out observations or simply involving members of staff, volunteers and/or beneficiaries in conversation, the dynamics of interactions required a fluidity that would have been jeopardised had I recorded or indeed taken notes. In those cases I used to note down the conversation and my impressions after its occurrence. Indeed, keeping notes on the impressions that each situation triggered was particularly important for the process of making sense of the data. After most visits to the organisations (or interviews) I used to write few comments on the event and my impressions on the people and the place. During the analytical phase this proved useful as it helped in the process of making sense.

Once all the fieldwork notes were transcribed and saved, I used a piece of software to analyse the data (i.e. MAXQDA). Through this qualitative data analysis software I was able to highlight the emerging themes from all the interviews carried out and being the process of analysing their recurrence, and distinctions among different organisations. This part of the analysis underpinned the understanding the key factors at play in reconciling business and ethical aspirations at different stages in the organisations lifecycle. Moreover, these themes also provided the material to enrich the process of sense making and the conceptual development of this thesis.

Coming new to this field and, in a sense, returning to academia after years in practical consultancy world, the process of making sense of the data and the use of theories to facilitate the understanding was for me similar to a conceptual journey. Having worked with social enterprises, and being familiar with the two case studies areas it was the theoretical framework that enabled me to refine the understanding of what the data was suggesting. The diverse economy framework enabled me to understand the various dimensions of difference to include the relationship between business and social goals between and within organisations. However, it is through the readings on economic geography and cultural economy that the power of context was brought to the fore. Despite being familiar with the case study areas, without this theoretical lens I would have not been able to understand the diversity within the areas and realise the importance of place in shaping institutions and in creating a space for organisations to develop. The cultural and historical legacies that shape the relationships people develop in a place.

5. From New Labour to the Coalition: implications for the research

The social enterprise agenda in England moved very rapidly following the election of New Labour in 1997, as a subject of research, public discussion and policy intervention (Lloyd 2007). With the general election of May 2010 the situation changed, or at least the emphasis. The fieldwork for this research was carried out in the period leading up to the general elections and it concluded whilst the new Coalition government had already introduced policies that were to affect (directly and indirectly) social enterprises. Whilst this research did not evidence the impact of change on the social enterprises studied, underpinning the fieldwork was an appreciation of the incumbent transformation. Reflecting upon the new policies introduced by the Coalition government, this chapter considers the implications change had on this research.

Whilst in the period leading up to the general elections, all parties' manifesto mentioned social enterprise, once the Coalition government took office, the language of the new government changed: from regionalism to localism, from state intervention to Big Society. As Hall (2011) noted, the legislative avalanche began immediately with reforms predicated on the need to clear up "*the mess the previous government left us*" (Hall 2011, p.23) but designed to retrench the state from social affairs, through increased responsibilisation of individuals and communities (i.e. Big Society), severe reductions in local government budgets - which resulted in redundancies, wage freeze, and diminishing public services - and a two tier privatisation system targeting health, criminal justice and employment welfare. Social enterprises feature in the Coalition policies, albeit with less emphasis on the term, and more on specific types of organisations (i.e. linked to their legal status) that together with mainstream businesses are seen to have a role in the delivery of public services (Teasdale 2010).

However, by decreasing spend on welfare provision, privileging big corporates in procurement processes, expecting organisations to be paid by results and not recognising third sector's dependency on public funding, Coalition policies risk to jeopardise the existence of numerous organisations. Indeed, as Alcock (2012) noted, the intention to improve social enterprise work with the state, promoted through a White Paper (2011) on 'Open Public Services', had no legislative propositions and was overshadowed by the contested introduction of the Work Programme (June 2011). Central to the Coalition Government's plan of welfare reform, this programme was promoted as major example of outsourcing services to the benefit of diverse provision - delivered by a range of private, public and voluntary sector organisations (DWP 2011). It replaced previous New Deal programmes but favoured major corporations as prime contractors and introduced a 'payment by result' mechanism that put many organisations in financial difficulty[31]. Indeed, as discussed in the following chapters, some organisations that took part in this study, found the shift from Flexible New Deal to the Work Programme damaging, in terms of the resources available and (mostly) the quality of their offer.

The most significant action that the Coalition government implemented when it took office in 2010, was the drastic reduction of public resources, with all government budgets cut between 20% and 60% (see Alcock 2012), and local authority budgets also significantly

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[31] Syal, R. (2012), Government's employment scheme faces stinging criticism from auditors, The Guardian, 24th January, accessed: http://www.guardian.co.uk/society/2012/jan/24/government-unemployment-scheme-criticism-auditors

reduced in order to tackle public deficit. The autumn Spending Review in 2010 raised serious concerns for many of the organisations in this study, since most rely strongly on public funding, whether from contracts, grants or small ad hoc payments for projects. A survey of social enterprises in the North West carried out by IPPR North (2010) revealed that most of the respondents (93% of 101 organisations) relied on funding from public sector sources such as local government, quangos, or Big Lottery Fund. It is understandable therefore that the announcement of spending cuts, the uncertainty about the future of the main government programmes that had long supported social enterprise activities in both case study areas were recurrent themes, mentioned throughout the fieldwork.

The Coalition government also set out to change governance across England. In 2009, when attending a conference on local economy resilience (CLES Summit 2009), the then shadow minister for local government (Bob Neill) declared that his party was going to abolish RDAs[32]. Indeed, following the General Election, the Government announced - through the Decentralisation & Localism Bill and the Public Bodies Reform Bill - the closure of the nine agencies and their replacement by Local Enterprise Partnerships (i.e. voluntary partnerships between local authorities and businesses to promote local economic development) to carry out some of the functions previously undertaken by RDAs (with the exception of inward investment, business support, innovation and access to finance which are under Government remit).

The demise of the RDAs meant that the various strategies that had been developed over time, to strengthen social enterprises and their contribution to the economy - albeit with the caveats discussed earlier in this chapter - fell into disregard and lacked political clout. Certainly, in the immediacy of the fieldwork, it contributed to the general sense of worry about the future. RDAs were important funders for many of the activities delivered by social enterprises in the case study areas, thus the preoccupation was beginning then to emerge.

From a personal perspective, the closure of the RDAs had a direct impact on my research, since once the announcement was made the interest in my project was overshadowed by other priorities (i.e. supervisors'[33] jobs and future). Whilst this occurrence was not detrimental to the fieldwork, it certainly had an impact on the analytical phase and

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[32] Bob Neill also declared that the funding available to RDAs was to be managed by the proposed Local Enterprise Partnership.
[33] My supervisor was the Business Strategy Manager part of the Strategic Economic Change Team. Later in the course of the first year, the Senior Specialist from the same team joined as a supervisor. I had a desk at ONE North East and access to policy documentation and real time decision making.

implications for future use of the findings. The former, since once the data collection activities were over, the supervision from ONE North East ceased (as both supervisors were made redundant). In terms of the latter, the demise of the RDA meant this research had lost its main audience and a potential platform for future discussion as to how the findings were to inform future policy development. The RDA interest in this research and their participation in this work reflected an interest in developing a more informed regional debate about social enterprise. With the changes occurred from the announcement of their closure, a gap was created that could not be filled by the newly established LEPs, since at the time they were still in their infancy, with no budget allocation, nor political influence. However, whilst the changes had an impact on the research, they are not what I envisage being the limitations of this study, which are instead addressed in the conclusive section that follows.

6. Conclusion

I have mentioned in section 3 of this chapter that I wanted to approach the fieldwork with a view to learn and question the 'inherited givens' about social enterprises and their ability to marry business and ethical aspirations. Underpinning this was the reason why I decided to give up my job to undertake this PhD, because I wanted to learn more about social enterprises, a phenomenon that whilst working as a consultant I had helped to map and evaluate, but I had not really understood in depth. This research represents a step towards this process of understanding, but by virtue of its exploratory nature, it can only offer but a window into the varied size and shape of social life/organisation (Scott 2012) and the dynamic and contradictory processes at work in voluntary associations and organisations (Scott et al. 2000, p.4).

I have discussed in section 3 how the data collection methods were used with varying degrees of intensity. This raises issues as regards the 'openness of access' (Hornsby-Smith 1993 in Gilbert eds) to the organisations studied. Hornsby-Smith (1993) refers to the power of those being studied to exclude intrusive inquiry and to negotiate disclosure when communicating overtness of methods (ibid, p. 53). According to Scott (2010), loyalty to the organisation, to colleagues, and reluctance to be responsible for 'making things worse', all play a part in determining whether uncomfortable truths may be discussed with a researcher. As regards to this study, I feel that questioning the assumption that social enterprise's prerogative is that to marry business and ethical aspirations, might have been a cause of discomfort for some organisations. Many have embraced the social enterprise

label as a means to obtain funding (see also Teasdale 2009), and thus in some cases there might have been reticence in unveiling failure to meet social objectives or financial shortcomings.

From the outset I was presenting the research and the methodology, thus declaring the overtness of the methods, including observation. I have sought to develop a relationship with the organisations studied in order to stimulate openness, even by asking awkward questions about the organisation, openly debating the information I was provided with, in an attempt to demonstrate interest without judgment. Benefiting from successive visits I also tried to further probe emerging doubts, however I cannot state that this has evenly occurred with all the organisations part of this study. Similarly, I cannot be sure that during the visits, the meetings and interviews all organisations have disclosed equally and truthfully.

This brings me to the second concern as regards to my positionality in the research and my ability as a qualitative researcher to capture and make sense of what I was witnessing. Whilst I am confident of my research skills, I endorse Scott's view that it is inherent of qualitative research where a fieldworker operates alone that intensive involvement in one corner precludes comparable access to another (Scott 2010, p.17). Focusing on some aspects might preclude the observation and the understanding of others, and the skills of a researcher are always at disadvantage compared to the complexities of real life. Moreover and perhaps more practically, to obtain a reliable picture, the observation often has to continue for a long time, and the unevenness of the observations carried out and perhaps the size of the sample might have precluded this happening in this study. However, since this study aimed at understanding whether diversity impacts on the ability of social enterprises to reconcile business and ethical aspirations, it was deemed necessary to have a wide sample.

Critical reflection upon the positionalities (Hopkins 2007) of my role as a researcher, such as my level of involvement with organisations, the consultation process, and the participation afforded to the different groups involved in the research has underpinned much of this work. I feel that throughout the research process I have kept in mind and acted upon the participatory and openness values I envisaged for this study. I am aware that perhaps in the North East my identity as researcher funded by the RDA and that of friendly interviewer might have interfered. Since I was aware of the potential perception of my role as adjunct to a funding institution, I also sought to ensure all the participants about the ethical and

confidential treatment of data, findings, and personal details. However, none of the participants asked for anonymity or for pseudonyms to be used. It is my choice however in some cases to maintain secrecy about specific individuals and/or organisations I have dealt with that have triggered reflections which might have negative connotations or reveal unpleasant truths.

However, there have been instances during which I felt that my role as a researcher and the topic I was investigating was influencing what I was indeed observing. For example, as part of the fieldwork I have attended Board meetings during which I was asked (prior to the start of the meeting) to introduce myself and my research. There were two particular meetings during which my presence influenced the tone and the debate around issues that were unveiling the ways in which the relationship between the economic and social dimensions is complexly managed. In one instance the specific debate was about the Chief Executive's decision to raise ticket prices for a local attraction the organisation managed. This decision was discussed at length during the meeting and I was referred to it as an example of a behaviour that could have been labelled as 'unethical', since it might have prevented many local people to access that amenity. I felt this was an example of the influencing role of the researcher in enabling the 'performance' of the ethical organisation. The implications of this performativity can be both negative and positive. For example, according to Gibson-Graham (2009) as researchers we can choose to perform an innovative social economy through our work by fostering examples of economic activity that are alternative to capitalist or non-capitalist forms, or we can undermine it by ignoring or downplaying its successes and potentials (thereby performing its marginality) (ibid, p.9). Implicit in her words is the ultimate ability and possibility to transform the reality in which we live. So it can be argued that a positive way to interpret the influencing role of the researcher in the context of the example provided is to influence future operations and debates that reflect more ethical economic decisions. However, performativity in this sense can also be the intention of the studied organisation to comply with the researcher's idea of an ethical social enterprise. In this case, as Scott and colleagues (2000) noted, loyalty to the organisation or reluctance to disclose or unveil certain traits of the organisation's decision making process lead the participants to perform what they perceive is expected of them.

To complicate the matter, in the specific of the example mentioned above, further investigation enabled me to understand that the relationship between the board and the Chief executive was problematic, so in that situation, the Board member who firstly raised the issue as unethical behaviour, could have used that occurrence as the platform in which

to discredit the chief executive's work. This goes to show that data collection and analysis is never unproblematic (Scott et al. 2000, p.4) and the issue of disclosure and understanding whether what has been disclosed has direct bearings on the focus of the study or not is also problematic and a potential limitation of a research such as this. With these considerations in mind, the next two chapters (4 and 5) present the findings of the empirical investigation.

4. The diverse pathways of business and ethical reconciliation: Greater Manchester

Paradoxically, with so much emphasis that, through the last two decades, has been put into developing social enterprises as organisations able to marry business and social objectives, there is little evidence as to whether and how they manage to operate and develop through the years in line with their ethical aspirations. Qualitative, empirical evidence is beginning to emerge from ethnographic studies of singular organisations in places like the United States, Australia, Philippines and Spain (see the work of the Communities Economies 2001, 2009; Gibson-Graham 2003; Amin 2009; Cameron 2010). In the UK also a number of relatively recent qualitative studies are beginning to address issues such as learning from failure (i.e. social and/or financial achievements) and making sense of the variety of approaches to social enterprise (Seanor and Meaton 2008), arguing for the recognition that failure is not solely an organisational matter and needs to be understood in reference to the wider environment within which organisations operate (Scott and Teasdale 2012). Other studies have also begun to explore the issue of balancing the tensions between business and social goals in organisations dealing with homelessness (Teasdale 2012). This research has sought to understand the implications that different contexts have in the process of reconciling business and social demands within a wider sample size and share some light on the implications for such a varied group of organisations. In this chapter I explore the findings from the first case study area, that of Greater Manchester.

The evolution of social enterprises in Greater Manchester stems from strong networks of support centred around three main groups: the Cooperative Movement; the environmental activist business network and the civic society initiatives at the heart of many community based organisations. In parallel, a dynamic, diverse population and the attitude of the local authority have all contributed to shape the context in which social enterprises have been able to develop. Indeed, it is the diverse mix of relations that characterise the local social economy and that has shaped its diverse developmental pathways. In all cases, the process of managing the relationship between business and ethical orientations, in my study, is depicted as an arduous, continuous process. Generally based on 'trial and error', experimenting different ways in which to reconcile economic productivity with social and

environmental responsibility. As the evidence from Greater Manchester suggests, formal support and recognition, coupled with appropriate funding to support activities enable organisations to operate in a favourable environment where the possibility to develop in line with ethical commitments is enhanced. In this sense it is as much the product of individual experiences as it is of enabling circumstances.

This chapter begins by setting the scene, with the initial section exploring the recent levels of social enterprise activity in Greater Manchester[34]. Official statistics on the regional and sub-regional presence of social enterprise activity reveal the complex task of measuring and mapping, as different data sources provide different counts, as previous research (Buckingham et al. 2010; Lyon and Sepulveda 2010) has also demonstrated. However, the data derived from the National Survey of Third Sector Organisations (NSTSO) enable a finer grained reading of the local characteristics of a plethora of organisations defined as social enterprises, including Charities, Community Interest Companies (C.I.C.), Companies Limited by Guarantee and Industrial Provident Societies, revealing that in attempting to homogenise the social enterprise category, in reality, the affiliation to specific legal forms prevail. This emerges more clearly when looking at the origins and evolution of social enterprises in Greater Manchester (section 2), which unveils their rootedness in cooperativism and in diverse forms of civic engagement (i.e. voluntary and community based organisations and political activism, in the form of associations, and/or collectives), a distinction clearly depicted by numerous European literary contributions (see the work of the EMES network; also Laville, Levesque and Mendell 2007).

Social enterprises, as other organisations, are the product of their environment (Nohria and Gulati, in Smelser 1994; Amin, Cameron and Hudson 2002), they shape their activities and focus in line with local needs, and cultural and environmental characteristics. In section 3 I explain how the socio-economic characteristics of Greater Manchester, the network of formal and informal support and the recognition that different forms have received through the years, have all played an important role in supporting the development of a variety of organisations and their differing examples of experimentation with economic

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[34] Throughout this chapter I try to maintain the sub regional focus depicted in the title, thus considering Greater Manchester as the focus of my investigation. Nevertheless, often it emerges that there is indeed a Manchester's bias. There are two reasons for this. Firstly, Manchester is the location of most of the organisations in my sample, which is indicative of the greatest concentration of social enterprises in this city (compared to the other nine districts of the Greater Manchester city region). Secondly, Manchester's centrality in the policy and economy of the city region has shaped its capacity to influence conformity and leadership across the nine authorities. This is reflected in much of the Association of Greater Manchester Authorities (AGMA) and (more recently) Greater Manchester Combined Authority (GMCA) literature that depicts the importance of a 'common story', binding all ten authorities in achieving the shared objectives for the sub region.

engagement, thus unveiling a specific process of institutionalisation reflective of this cultural and policy context (Mendell and Nogales 2009).

In section 4, moving from the characteristics of the 'place' to the experiences of the social enterprises in my sample, I begin to unravel the developmental dynamics underpinning the mixes of social and business orientations of the organisations selected for this study. The histories and trajectories of these organisations unveil the continuous changes they undergo throughout their life, adapting to circumstances, and responding to openings and/or disruptions (whether in the form of discontinuation of funding, or changes in the product they deal with), however, all in their own ways and with differing implications depending on the segment of their location in a diverse economy. For example, organisations born out of a business idea strive to make a profit in the most ethical way, without taking advantage, or being greedy. Their business and ethical aspirations are one and the same but this synergy needs constant monitoring and maintenance of high standards, in order to compete in the mainstream market (e.g. what is now a mainstream market of organic produce). These organisations want to (more or less explicitly) demonstrate that economic productivity can be reconciled with social and environmental responsibility. *"Ethics is more than aspirational - as one of the interviewees noted - it is embedded within everything the organisation does and the high ethical standards of all the members"* (Britta Werner, Unicorn, September 2010). However, there are also organisations that are born out a business idea generated by new opportunities in the welfare market (e.g. health care reforms). Their aspiration is not to demonstrate the viability of fairer ways to engage with the economy, rather that of 'doing a job' (Teasdale 2006), to provide a service. The social value is functional here, it becomes the product.

Conversely, some organisations rooted in voluntary and community action for the most needy of society have not a business aspiration per se, rather a functional approach to income generation, operating within a context that has increasingly resembled a market based approach. For these organisations, the potential synergy between financial and social demands is also a process of constant monitoring and experimentation, when they try and mould business practices to their ethical commitments. In some cases the presence of dedicated and skilful leaders enables organisations to spot opportunities, build organisational credibility and therefore utilise business practices at the benefit of their ethical commitment. However this is not a *fait accompli*, it requires constant attention, time, skills, and negotiation among various stakeholders. Many organisations decide in fact not to experiment with economic ventures that might end up jeopardising their ethical

commitment. Thus they either consciously an openly decide to restrict their activities and rely solely on voluntary work, or they maintain their position supporting the marginalised of society by offering (at their best) semi-employment or volunteering opportunities to the people they are trying to help, relying on the continuity of core statutory funding to deliver services.

Some underlying factors emerge throughout this discussion, distinguishing the experiences of new and more established organisations in the ways in which their diverse relationship between business and ethical aspirations have been supported. Section 5 of this chapter discusses how the personalities of those involved, the support and finance available in the start-up, contribute to a development that is akin to organisational aspirations, whilst, during the consolidation, embeddedness of values, the ways of working and the presence of 'right' product support the continuous development. The chapter concludes with some reflections, leading the way to the second empirical chapter of this thesis, focused on Tyne and Wear.

1. Scale and characteristics of social enterprise activity in Greater Manchester

"*Greater Manchester is home to some of the UK's most successful and dynamic social enterprises, and is the seat of the internationally renowned co-operative movement. At present, however, there are no realistic estimates as to the overall size and structure of the social enterprise sector in Greater Manchester*." (Greater Manchester Social Enterprise Action Plan 2004, p.6)

Attempting to provide an exact number of social enterprises presents numerous challenges, firstly due to the contentious nature of the definition (see Kerlin 2006; Defourny and Nyssens 2006; Lyon and Sepulveda 2010; Teasdale 2010) and the diversity it represents, which implies that the choice of a specific definition over others, determines the overall size and scale (Buckingham et al. 2010; Lyon and Sepulveda 2010). Secondly, and linked to the previous point, the lack of a cohesive data repository for social enterprises forces reliance on either specific legal status registries (e.g. Charities, C.I.C. or cooperatives), which can be incomplete, due to frequent changes in the way data are recorded[35], on data on membership to specific support organisations, which is limited as not all organisations take

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[35] For example, the Charity Commission holds information on the number of organisations awarded Charity status, but only in 2011 they have been able to link up charities' area of operation to a particular financial year, thus enabling a longitudinal understanding the total numbers by geographical areas. Changes to way data is recorded and changes in the database itself can raise comparability issues.

up memberships to either national and/or sub regional bodies, or on survey data, which may present issues of statistical representativeness of the sample and thus limit inference to the wider population.

Mindful of these limitations, this section aims to provide a picture of social enterprise activity in Greater Manchester, presenting the evidence gathered through the analysis of secondary data and to reflect upon the findings of the interviews with local stakeholders, when they reveal general views.

I firstly turn to the regional figures, where according to data from the Inter-Departmental Business Register[36] (IDBR), the North West has the second largest proportion (10.5%) of 'non-profit and mutual association[37]' organisations outside London (13.9%) and the South East (13.3%) (see table 4.1). In this region, non-profit bodies and mutuals amount to 1.8[38] per capita (1000 people), which compares to the national figure of 1.9.

Table 4.1: Proportion of non-profit and mutual associations by English region (IDBR 2009)

Regions	Non-profit and mutual association (% of UK total)
North East	3.8
Yorkshire	7.7
North West	10.5
East Midlands	6.8
West Midlands	7.5
East of England	8.5
South West	9.6
South East	13.3
London	13.3

Source: Author's analysis of IDBR data

Comparatively, in the region (see table 4.2), the 'non-profit and mutual association' group is proportionally higher (4.8%) than other groups, such as public corporations and/or nationalised bodies (0.3%), central government (0.8%), and Local Authority (3.2%).

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[36] The IDBR data was provided to me by the Office for the National Statistic (ONS) Regional Officer based in ONE North East in 2009. It was an ad hoc analysis of extracts from the Inter-Departmental Business Register (IDBR).
[37] According to the IDBR, the 'non-profit bodies or mutual association' category includes organisations such as charities, community councils, community based organisations and also CICs. The IDBR recognises that whilst the category is comprehensive and should be reflective of the real numbers, there are however margin of error.
[38] I have used the midyear estimates of population (2009) for this calculation. Downloaded from NOMIS: http://www.nomisweb.co.uk/

Table 4.2: The North West IDBR business make up (numbers and % of regional total)[39]

	Company (incl. Building Society)	Sole Proprietor	Partnership	Public Corporation/Nationalised Body	Central Government	Local Authority	Non-profit Body or Mutual Association	Total
NW	160,230	49,140	31,540	695	2,215	8,555	12,720	**265,095**
NW (%)	60.4	18.5	11.9	0.3	0.8	3.2	4.8	100
UK total	1,529,505	555,935	322,640	7,310	26,385	81,010	120,430	**2,643,215**
UK%	57.9	21.0	12.2	0.3	1.0	3.1	4.6	100.0

However, the highest proportion is nevertheless that of companies (60%), followed by sole proprietors (18.5%) and partnerships (11.9%). These figures compare to the UK average proportions, as shown in table 4.2. Since the categorisation used by IDBR relies partly on self-classification it could be argued that many social enterprises may appear in both the 'company' and/or the 'sole proprietor' status, depending on their legal status but also on the way they perceive their operations to be located in the mainstream market as businesses, or whether they see their remit as being non-market based, and community focused. However, whilst not faithfully representing the total population of social enterprises in the North West, the IDBR figures indicate the diversity of the business composition (i.e. legal status).

The complexity in obtaining a clear picture of the 'real' number of social enterprises in an area is best exemplified by the diverse results that the analysis of different datasets provides. For example, in 2010, the National Survey of Third Sector Organisations[40] (NSTSO) identified a total of 4,968 third sector organisations in Greater Manchester, which amounts to 1.89 organisations per 1,000 people, a figure well below the English average of 3.01 per capita[41]. Ipsos Mori carried out this survey on behalf of the Office for the Third

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[39] This table derives from an extract of the regional count of UK businesses by status including total for VAT and/or PAYE –from the IDBR. When a business registers for VAT or PAYE, they are asked on their registration form what status they classify themselves as. If they say they are a company, they are also asked their company registration number as they must be registered with Companies House before they can have this status. If they are a partnership, then they must list all partners etc. The data presented result from the ONS regional team analysis of the IDBR (2009) and the proportions are the result of the author's analysis.

[40] The NSTSO was a longitudinal survey carried out by Ipsos MORI on behalf of the Office of the Third Sector (2008 and 2010). This survey has drawn its sample from a database collated by Guidestar including a wide range of legal forms, such as registered Charities, Community Interest Companies (C.I.C.) Companies Limited by Guarantee and Industrial Provident Societies. This survey was part of the process of measuring the National Performance Indicator 7: 'An environment for a thriving third sector'. A requirement for all Local Strategic Partnerships and which local authorities were responsible for delivering.

[41] The per capita figures are available via IPSOS Mori local authority headlines report. Mori used Guidestar data to calculate the total number of registered third sector organisations, however it is not clear which data source they used to calculate the per capita number of registered organisations (per 1,000 people). http://www.nscsesurvey.com/

Sector (2008) and defined 'third sector' as being inclusive of Charities, CICs, Companies Limited by Guarantee and Industrial Provident Societies.

However, other datasets offer different accounts of the total numbers in Greater Manchester. For instance, 2010 data from regulators (e.g. Charity Commission and Community Interest Company) and members based organisations, like Greater Manchester Centre for Voluntary Organisations (GMCVO) and Cooperatives North West, account for a total of 10,132 organisations, with the following breakdown[42]:

- 3,455 Charities;
- 6,400 Voluntary organisations;
- 127 Cooperatives;
- 261 Community Interest Companies.

It is evident therefore that the numbers are significantly different. It is possible that data from regulators and/or members' organisations are subjected to double counting, as organisations can assume different legal forms and also be members of different associations. Nevertheless, this difference (in total numbers) reiterates the difficulty in providing a clear picture of the scale of social enterprise activity, an issue that has been noted by many commentators and explored in details by Buckingham, Pinch and Sunley (2010) in their work on the regional geography of social enterprise in the UK.

In this section, the NSTSO data are used, in absence of other (robust) datasets, to provide a picture of the characteristics of the local social enterprise activity, particularly as regards to its geography, main areas of activity and their level of engagement with statutory partners. Indeed, the NSTSO was part of the process of measuring the National Performance Indicator 7: 'An environment for a thriving third sector'. As a requirement for all Local Strategic Partnerships which local authorities were responsible for delivering, this not only provides data at local authority level, but also measures whether the impact of local statutory bodies was perceived as positive or negative by the surveyed organisations.

The social economy in Greater Manchester is localised, with pockets in each of the ten local authority districts, but concentrated in the main urban areas (see table 4.3), namely Manchester, Salford and Stockport. This distribution reflects both the population levels and the scale of need (more people means proportionally there will be also more diverse groups in need for support or wanting to experiment with different ways of engaging with the

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[42] Aside of GMCVO data, which are for 2009, all the other figures are for 2010 and were collected from the sources mentioned in the text.

economy). However, as discussed in section 3, the presence of numerous organisations in certain areas can also be related to the presence (and commitment) of specific development workers and support agencies, targeting specific groups and encouraging the establishment of social enterprises. For example, it has been noted (notes from Cooperatives UK meeting[43], 1st December, 2011), that in areas like Manchester, where there are active Cooperative Development Workers, there are more cooperatives (79)[44] than, for instance Salford (9), where instead the Council for Voluntary Service (CVS) has traditionally had a strong (er) presence.

Table 4.3: Third Sector organisations in Greater Manchester (2008)

2008	Total number of registered Third Sector organisations	Per capita number of registered Third Sector organisations (per 1,000 people)
Bolton	453	1.71
Bury	361	1.97
Manchester	1387	3.14
Oldham	365	1.67
Rochdale	364	1.76
Salford	552	2.55
Stockport	605	2.15
Tameside	334	1.56
Trafford	555	2.6
Wigan	349	1.14
Greater Manchester	5325	2.06
England	**170,552**	**3.38**

Source: IPSOS Mori National Survey of Third Sector Organisations (2008)

The city of Manchester has the highest proportion of third sector organisations in the sub region (26%), with 3.14 per capita, which compares to the national figure (3.38 per capita). Manchester has also the highest number of people employed in third sector organisations (6,166), which amounts to the highest per capita figure (13.9), both across the sub region (7.1) and nationally (12.7)[45].

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[43] The participants to this group interview were: Giles Simon, Communication Officer; Petra Morris, New Venture Project Manager; John Atherton, Membership Officer; Sundeep Grewal, Membership Development Officer; Sarah Alldred, Project Manager; and John Goodman Head of Policy and the Regions.
[44] This data are derived from Cooperatives UK membership data for 2012.
[45] All the figures presented here are derived from the NSTSO 2008.

Table 4.4: Employees working for third sector organisations in Greater Manchester (2008)

	Number of employees working for third sector organisations	Per capita number of employees working for third sector organisations (per 1,000 people)
Bolton	1620	6.1
Bury	1266	6.9
Manchester	6166	13.9
Oldham	1594	7.2
Rochdale	984	4.7
Salford	1614	7.4
Stockport	2275	8
Tameside	659	3
Trafford	870	4
Wigan	1377	4.4
Greater Manchester	18425	7.1
England	640198	12.7

Source: IPSOS Mori National Survey of Third Sector Organisations (2008)

Looking at the activities carried out by social enterprises, in 2010, six of the ten local authorities in Greater Manchester had the highest proportions[46] of respondents to the NSTSO indicating 'education and lifelong learning' as their main area of work, reflecting what some local commentators consider as being the main focus of social enterprise activity within the sub region. Indeed, the legacy of many organisations in the sub region – and Manchester in particular - is linked to the Intermediate Labour Market (ILM) programme focused on the provision of in job training. In Manchester this was delivered through a partnership between the Manchester Solution (the Chamber of Commerce's service delivery arm) and the (then) Training and Enterprise Council (TEC), with 500 places run by the voluntary and community sector[47].

One of the local stakeholders interviewed noted:

"*Social enterprise has been more linked to the regeneration teams in Manchester City Council, as dealing with developing employment opportunities, up-skilling individuals, and*

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[46] Question 4 of the NSTSO asked; "which are the main areas in which your organisation work?" The number of respondents to the 2010 survey was of 1,799. In order to identify the main areas across the ten districts, I selected the answers with higher proportions of respondents. The results gave a rating of most popular responses. So the first was 'lifelong learning' with Bury (30%), Manchester (26%), Rochdale (24%), Salford (34%), Stockport (26%), and Trafford (30%) having this area of work as the most popular among the respondents. Bolton (28%), Oldham (28%) and Wigan (26%) had higher proportions in 'leisure' whilst for Tameside was 'community development' (26%).

[47] The programme was funded by a combination of European money matched by Jobcentre Plus (JCP), TEC, and local authority regeneration funds. As Paul Mooney, ex director of Third Sector Enterprises (3SE) noted, the programme provided a long term, secure source of funding for many of the local social economy organisations involved in wage based work experience provision to numerous unemployed of the city (Interviewed on 12th December 2011).

providing work placements for local residents" (Atiha Chaudry[48], Director of Equal Access Consultancy, 25th November 2011).

Other areas of activity in which social enterprises in Greater Manchester are involved include:

- Health and wellbeing – this is the second most popular area of work in Bolton (23%), Rochdale (23%), Bury (22%), and Manchester (21%). It is also the third most popular in Oldham (22%), Stockport (23%), Salford (18%) and Trafford (19%).
- Leisure, including sport and recreation – is the second main area of work by organisations in Wigan (26%), Stockport (25%), Rochdale (23, same as health and wellbeing), and Trafford (21%).
- Religious and faith activity – is the second most popular area of work for organisations in Salford (23%), and it also features as third main area of work for organisations in Bury (18%), Manchester (17%), and Tameside (20%).
- Community development and mutual aid – is the third main area of work for organisations in Wigan (22%), Rochdale (21%) and Manchester (17% same as religious activity).

Other areas of activity such as 'environment and sustainability' are covered by smaller proportions of organisations, mainly based in Manchester (7%) and Rochdale (5%), with higher rates than the England figure (4%). This is not surprising, as it will be discussed later in this chapter, social enterprise activity in Manchester is strictly connected to the environmentalist movement, whilst Rochdale is home to the first Groundwork Trust in the country, that through the years (mid 1980s) has developed widespread connections and has been involved in the delivery of numerous projects and programmes across the area.

Another aspect revealed by the NSTSO data is the propensity of organisations to be involved in service delivery. Indeed, the highest proportion of respondents in most local authorities identified their main role as being the delivery of public services, such as social

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[48] Aside of her role as Director of a Consultancy with expertise in equality and diversity, Mrs Atiha Chaudry has long standing expertise in the local voluntary sector and BME community gained through years of direct involvement and volunteering. Atiha Chaudry is currently the Chair of the Manchester BME network and has held voluntary directorship positions within a number of local organisations and networks, such as the Greater Manchester BME Network, the Asian Senior Citizens Association and the Community Network for Manchester. In light of her expertise in the local social economy, Mrs Chaudry was also appointed as an Associate Consultant by the Centre for Local Economic Strategies to work on the mapping social enterprise activity in Greater Manchester project (2006). Throughout this research, I have had the opportunity to talk to Atiha in several occasions. In this particular quote I have noted her role as Director of Equal Access Consultancy, since the discussion linked with her research experience on social enterprises locally. Elsewhere in this chapter (see section 3) I have quoted her as the Chair of the BME Network, reflecting her views as a member of a support organisation.

housing, health care, counselling, community safety, education, and childcare. Organisations in Manchester (31%), Bury (26%), Rochdale (28%) and Salford (24%) had higher proportions of respondents identifying these as their main roles. The propensity to deliver public services as main area of activity is consistent with the identified propensity of third sector organisations to rate more positively (18.3%) than the national average (16.2%) the influence of local statutory bodies in organisations' success (as for National Performance Indicator 7: 'An environment for a thriving third sector').

In reality the positive rating reveals the substantial reliance of organisations on public funding. For example, a survey carried out by the Institute of Public Policy Research (IPPR) North (2010)[49] showed that the majority of social enterprises (in their study 93 out of 95) relied on public finance as main source of income, whether in the form of grants, funding from local government, or funding from other government body or the Lottery (Cox and Schmuecker 2010).

This finding resonates with the comment of the one of local stakeholders interviewed, who noted:

"[...] *the underlying element is that it is a sector (the social economy) heavily dependent on public funding, contracts and grants. Even when people advertise the work of a social enterprise the funding still comes from the public sector. There is more public sector delivery than there is enterprise. People will argue that "we're doing it better, we are more responsive, we are doing it in more innovative ways", but the business model itself is about selling specifically to the health authorities or local authorities.*" (Ian Taylor, Community Enterprise Manager, GMCVO, 8th December 2011).

Despite the political rhetoric of financial sustainability through commercial endeavours, and the push to become more 'business like', the reality of many social enterprises in this sub region is still one of strong reliance on public sector funding. It emerges that many organisations are involved in the delivery of public services and see their relationship with the statutory bodies as very important for their success. However, data from Cooperatives North West show another side of the local social economy. The 127 cooperatives in Greater Manchester (2010) include many successful examples of self-sufficient businesses,

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[49] The survey was carried out in 2010 on behalf of North West Together We Can, a regional partnership encouraging collaboration, learning, practice and research about community empowerment. The survey was distributed by a number of organisations including umbrella organisations for social enterprise and cooperatives in the North West of England. There were a total of 101 respondents, 95 (out of 101) of which agreed with being defined as social enterprises using the DTI (2002) definition.

not involved in the delivery of public services, but rather operating mostly in mainstream markets such as football (FC United); sales of toys (Busy Bee); banking (credit unions such as Association of British Credit Unions Limited); sale of bicycles (Edinburgh Bicycle Co-operative Limited) and garden centres (Hulme Community Garden Centre Limited).

The distinction between cooperatives and other organisations adopting the social enterprise label is not new. It is central to theoretical debates as regards the very definition of social enterprise, and whether the term should be used for any market-oriented economic activities serving a social goal, or for the entrepreneurialisation of non-profit (Dees 1998) or extended to for profit organisations (Nicholls 2005) and indeed cooperatives (Borzaga and Defourny 2001). To an extent, this distinctiveness emerged throughout the fieldwork in this sub region, since the various stakeholders interviewed generally tended to emphasise the distinctiveness of the various organisational types, rather than endorsing the uniformity of the social enterprise label. Frequently, they distinguished between workers cooperatives, charities, small social businesses (often with an environmental focus), and health and social care spin offs[50]. It soon became apparent, that this distinction was rooted in the specific connotations of the social economy in Greater Manchester, the contexts from which social enterprise was debated in this case study area, as different organisations responded to the attempts of implementing the 'social enterprise agenda' locally, as I will discuss in the next section. Therefore, by underlining the distinctiveness, different stakeholders intended to convey the message that behind different types of organisations (not legal status) laid a variety of different motives and aspirations, not reducible to one single model.

2. Origins and evolution of social enterprise in Greater Manchester

"*Social enterprise is nothing new in Greater Manchester. After all, Rochdale was the birthplace of the Co-operative movement and despite pundits' views on the multi-billion pound business that exists today, it played a prominent role in the lives of ordinary working class peoples*." (Greater Manchester Social Enterprise Survey Report 2003, p.8).

The origin of social enterprise in Greater Manchester cannot be understood in isolation from the cooperative history of this city region. As many contributors have noted (see Borzaga and Defourny 2001), in Europe the roots of social enterprise are indeed to be

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[50] Author's notes from the interview with Mike Bull, Senior Lecturer, Business School Manchester Metropolitan University, Board member of Together Works, 28th November 2011; Ian Taylor Community Enterprise Manager, Greater Manchester Centre for Voluntary Organisation, 8th December 2011 and Mick Sheldon, Director of Insidetrack and previously employed at Coop College, 19th March 2010 and 23rd November 2011.

found in these 'solid and long standing traditions as well as that of self-help movements and association-based economic initiatives (ibid, p. 3). The case of Greater Manchester is no different in this sense from other European examples, since social enterprise here emerged from three contexts specific to the social economy,[51] namely cooperatives, community based charitable organisations and civic associationism (in the form of political activism), mostly of the environmental form. In this section I explore how these three contexts have shaped the local debate about social enterprise and contributed to the development of organisations that whilst sharing the same 'name' reflected very distinctive motivations and ultimately, diverse relations of their business and ethical orientations.

The Rochdale Society of Equitable Pioneers founded the first consumer cooperative in 1844, giving birth to the UK cooperative movement[52]. Since then, the cooperative tradition and legacy have influenced the development of numerous organisations, small and large, with varying degrees of success. Aside of the Cooperative Group itself and other well-known examples such as the Phone Coop and FC United, there are a plethora of smaller cooperatives that have been effective for years in this city region, working in housing, finance, recycling, wholesale food retail and creative industries[53]. In line with the founding principle of 'cooperation among cooperatives'[54] these organisations have traditionally relied on inter-trading and mutual support, thus liaising with similar (legal) types and their own support network. For instance, the vegetarian, fair-trade, organic, ethical products cooperative movement in this city region has strongly relied on the support provided by SUMA[55] (notes from the group interview at Cooperatives UK, 1st December 2011).

The motivations for setting up cooperatives can be linked both to external influences, in the form of support agencies, and ideological motivations. Support organisations such as Cooperatives and Mutual Solutions (CMS) and Cooperatives North West are recognised as having been "[…] *very active in local development and support compared to other support*

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[51] I use the term social economy here specifically to underline the theoretical approach that distinguishes the European school from the mostly US one of non-profit.

[52] The Shore Porters Society claims to be one of the world's first cooperatives, being established in Aberdeen in 1498, although it has since demutualized to become a private partnership.

[53] A full list of the Cooperatives North West members is available at: http://www.cooperatives-nw.coop/members-co-operatives-north-west

[54] The other six founding principles include: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; concern for community. More on the principles is available at: http://www.cooperatives-nw.coop/co-operative-values-and-principles

[55] The SUMA Triangle Wholefoods Collective Ltd was set up in Leeds in 1975 and following its success and longstanding establishment, it has supported many other similar wholesale cooperatives in Greater Manchester.

organisations" (Mike Bull, Senior Lecturer, Business School Manchester Metropolitan University, Board member of Together Works, 28th November 2011).

This resonates with what Spear (2006) noted as regards to co-operative development agencies (CDAs) in the UK and in Sweden, as being central to the creation of large numbers of worker co-operatives (Spear 2006, p.400). The ideological orientation motivating the formation of specific types of cooperatives (e.g. workers cooperatives) is very strong, particularly as regards the democratic members control, fair pay, and members' ownership. These principles are endorsed to challenge political and business systems that seek to divide people into social classes (Ridley – Duff and Bull 2011). Many political activists, particularly in Manchester, found in the cooperative model the best conduit to express and implement their ethical stances, through sustainable and ethical ways to engage with the economy. Indeed, in Manchester, the presence of an established network of environmental activists (led by MERCI)[56] has contributed to the creation of many organisations, including the so called 'green – eco – lifestyle based' cooperatives, mostly located in those parts of the city where sympathetic residents supported their offer, namely Chorlton, Hulme and Whalley Range (notes from the group interview with representatives from Cooperatives UK, 1st December 2011).

The links between the cooperative movement and the local environmental network are exemplified in the support that the Cooperative Group has provided through the years to many local organisations.

"*The Cooperative Group is a national group but it has been involved in the local cooperative movement but perhaps behind the scenes, funding credit unions, supporting directly organisations such as the Ethical Consumer Magazine and lobbying for the recognition of social goals*" (ibid)

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[56] MERCI (Manchester Environmental Resource Centre Initiative) was set up in 1995 with the intention to provide a space for likeminded individuals and organisations to share information and experiences on what was happening around the city. It was only in 2001 that MERCI was able to employ staff, after successfully receiving funding from the National Lottery Community Fund (£370,000), and from the Esmee Fairbairn Trust (£100,000). This enable the conversion of a disused mill in Ancoats, East Manchester, into an eco-building that could offer office spaces to likeminded people and organisations working towards sustainable living, through education, community works, and enterprise development. The first tenants were indeed a mix of voluntary groups and small green businesses. In 2001 the 'enterprise stream' project was developed and it was involved with the development of Manchester Bio-diesel Co-op and of Manchester Progressive Enterprise Network (website: http://www.merci.org.uk)

In Manchester, cooperativism is linked to working class tradition and political activism, which is reflected in the experiences of some noticeable examples, such as FC United. As one of the interviewees commented:

"The working class roots and its confidence and cohesiveness are reflected in the experience of FC United. This is the beacon for the cooperative movement nationally. Mainly because this club can reach parts that the Cooperative movement cannot. […] There are many cooperatively owned football clubs in the UK but they are based on the traditional model of managing a club, whereas at FC United 1500 people came together explicitly wanting to abandon that style, that traditional way of managing the club. Essentially they wanted a new model, not commercially exploited where fans are not informed about anything, and not be a parasite of communities but part of it" (Phil Frampton, FC United and member of the Board of Director of Cooperatives North West, 9th December 2011).

However, environmentalism and sustainable, fair ways of engaging with the economy have not been pursued only through the cooperative model. Many other organisations have stemmed from political activism and particularly environmental activism. Indeed, this is the second context from which social enterprise has emerged in the sub region. In Manchester in particular, the concept of social enterprise arrived firstly in the form of ethically run and environmentally conscious businesses like the Manchester Futon Company, an organisation that since 1990 operated by the principle of planting a tree for every wooden futon frame made[57]. Many other local eco-friendly, ethical businesses sprang out of protest groups, community activists and alternative lifestyle seekers, particularly concentrated in Hulme, in the south part of Manchester. This is explored more fully in section 4 of this chapter, since some of the organisations in my sample come from this background. However, here it is worth noting that these initiatives were examples of both self-help provision, since the areas were they emerged were deprived of many amenities, and intentional alternatives to mainstream. As Ramwell and Saltburn (1998) noted in their analysis of the City Challenge programme and regeneration of Hulme, during those years, despite (or because of) the high levels of deprivation, around 40 businesses were operating out of residential

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[57] The Manchester Futon Company also looked at other ways of supporting green spaces in the Manchester area by taking part in some sponsorship schemes where they financed areas of neglected park/woodland in the city to help with their clean-up and management (from email exchange with Sarah Williams co – director and founder of Manchester Futon Company).

accommodations in Hulme, including Ethical Consumer Magazine and a supplier of organic fruit and vegetables[58].

In the late 1990s, when the debate about social enterprise accelerated and the policy agenda was outlined, these organisations gathered around the Manchester Progressive Enterprise Network (MPEN), spearheaded by MERCI (partly through their SEED project[59]) and participated in the promotion of the social economy as a means to deliver maximum environmental, community and economic benefit. MPEN was one of the Community Networks for Manchester[60], part of the Local Strategic Partnership, and was formed by "*over fifty community enterprises, workers co-ops & not-for-profit businesses working to make Manchester greener, healthier and more equitable by developing and promoting economic working practices in line with our values*" (MERCI website: http://www.merci.org.uk/).

Reflecting the rise of social enterprise in the national political agenda, many new organisations have been formed locally, driven by the zeal of individuals as well as the development work of many support bodies. For instance, the sub region social enterprise network, Together Works,[61] has experienced a growing number of registrations since its establishment. The numbers have grown from nine in 2008, to 21 new members in 2009 and since then seven new members per year. But despite this trend, it is nevertheless difficult to establish whether these organisations manage to survive after the inception years. Also the number of annual new incorporations of Community Interest Companies in Greater Manchester shows a significant increase, with one in 2005 to 53 in 2010. Data from NSTSO show that the average proportion of newly registered organisations (3.6%) is lower than those dissolved (4.1%), thus suggesting that the survival rate of third sector organisation is low.

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[58] Ethical Consumer Magazine, Futon Company, Unicorn, and EMERGE, are a few of the longstanding examples that are still in existence and lately thriving from the renewed interest in environmental activities, such as locally grown produce, recycling and re-using products.
[59] One of MERCI's projects focusing on action around community enterprises that provide employment through environmentally friendly and ethical practices
[60] Community Network for Manchester (CN4M) ceased to operate from June 2011 after eleven years of working with, and supporting, voluntary and community sector (VCS) groups in Manchester. The closure was primarily due to the end of relevant funding streams but also reflected the changing priorities locally in the way that community engagement and empowerment initiatives are to be delivered. Although CN4M's role in Manchester has come to an end, a number of the networks previously funded by CN4M continue to operate independently, including Faith Network for Manchester, Environment Network for Manchester and the Voluntary Sector Mental Health Forum (http://www.cn4m.net/site-offline.html)
[61] Together Works was formed in 2007 by the merger between MPSEN (Manchester Progressive Enterprise Network) and MSEF (Manchester Social Enterprise Forum). MPEN was set up as a network accountable to its membership of social enterprises in 2001, whilst MSEF was set up as an independent forum of agencies that supported social enterprises, in Manchester in 2003, by the Deputy leader of Manchester City Council.

The third context in which many social economy organisations in Greater Manchester originate is civic participation, particularly through voluntary and community groups' action. Many organisations started as groups of individuals who voluntarily entered into an agreement - whether in the form of an association or a society - in order to fulfil a social purpose. This stems from the demands and needs of the diverse communities of this sub region and the formulated responses of its residents. Findings of the regional IPPR North survey (2010) on social enterprises indicate, many social enterprises (42.1% or 40 out of 95 respondents) were set up by community groups, originally funded through grants (60.2% or 50 out of 83 respondents) or donations (26.5% or 22 out of 83) (Cox and Schmuecker 2010), and later adopted the label social enterprise.

Reflecting national trends, thus responding to the increasing focus on service delivery as a way to generate income, many voluntary and community sector organisations have become more 'enterprising', in the sense of essentially selling their services to public authorities in exchange of funding. Some of these have benefited from the legacy of substantial regeneration funding that has provided them with valuable assets on which to base future activities. St Peter's Partnership[62] in Tameside and Douglas Valley Community[63] in Wigan serve as examples. Both organisations work for the residents of their communities and embrace social enterprise in order to generate an income. For many of these the patronage of regeneration agencies has been crucial not only for their establishment, but as a guarantee of support and funding. For some organisations this support has in some cases triggered wider recognition, as noted by one of the interviewees:

"*START in Manchester is an example of acquired recognition. It is an Arts and Mental Health Project for Adults that used to operate from a shed and what the regeneration team did was to secure them decent premises. Having a base was their turning point, for the Health Authority and everybody else to consider them as a player, somebody that could be a*

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[62] St Peter's Partnership originates in a partnership between a group of active residents of the St Peter's ward in Ashton under Lyne and the council led regeneration team, who aimed at finding a community approach to address the range of environmental and social issues affecting the area. It was registered as a Charity in 2001 and a significant proportion of the services delivered are through contracts with the local authority. The Partnership is now formed by the Charity and (since 2003) a separate trading company (St Peter's Trading Partnership) generating income for the charity through activities such as landscaping, community safety (in partnership with Greater Manchester Fire and Rescue Service) and managed workspace for hire. They operate from a number of local community centres and have benefited from the recognition as 'partners' from local statutory bodies.
[63] Douglas Valley Community became a charity in 1998, entering into a formal agreement with Douglas Valley Properties and Wigan Council, in order to refurbish, manage and utilise community spaces/centres across the borough. The Board of Directors is inclusive of local councillors and representatives from the local business community, VCS and statutory bodies.

partner rather than a small group […]" (Ian Taylor, Community Enterprise Manager, Greater Manchester Centre for Voluntary Organisation, 8th December 2011).

Endorsing the work of local voluntary and community organisations was a (indirect) remit for some regeneration programs. Indeed New Labour policies were focused on the idea of partnership working, developing a 'new relationship between state, market and civic society' (Haugh and Kitson 2007), which found its expressive channel through the philosophy of the Third Way (Giddens 1998). By empowering communities, it was argued, individuals had an opportunity to become active citizens and contribute directly to the identification and alleviation of social problems in their areas. For example, the New Deal for Communities (NDC) programme was committed to developing local partnerships and social enterprises (Amin, Hudson and Cameron 2003), with the aim to get local people involved in the organisation and delivery of local services, forming community based organisations, and working in partnership with public sector agencies.

Indeed, the New Labour government introduced the idea of an 'entrepreneurial' voluntary and community sector involved in the delivery of public services, a notion that underpinned the development of Compacts, as "[…] *an unparalleled step in the positioning of the third sector in public policy*" (Kendall 2000, p.542). These were established in 1998 (and renewed by the Coalition government in 2010) as a way to 'improve' and strengthen the working relations between government and the voluntary and community sector. Almost every local authority in England stipulated a Compact, setting out their agreed principles for a relationship that reflected local circumstances and shared goals.

In Manchester, the priorities of the Compact were widened out beyond the local authority to other statutory bodies, through the Local Strategic Partnership (LSP) in order to encourage mutual understanding and increase the opportunity for joint working. Manchester City Council was one of the first local authorities to produce a dedicated Community Engagement Strategy (2003-2008) setting out four key themes underpinning the relationships between public and voluntary and community sector organisations, namely: governance, VCS delivery, social infrastructure, and social capital and cohesion (CLES 2010).

Many organisations serving the very diverse communities of the sub region have benefited from developing a rapport with the local authority and other statutory bodies, formalizing the recognition of their contribution to the local economy. Particularly as the local authority invested in building the capacity of the third sector and in its support

infrastructure, both by enabling representative groups, such as the Community Network for Manchester (CN4M), to sit on the Public Service Board as representatives of the local social economy and through the Sustainable Procurement Strategy which opened up access to contracting opportunities for the VCS (CLES 2010, p. 33).

When the social enterprise agenda was introduced in the late 1990s, it was initially considered as carrying a lot of potential for social economy organisations, in so far that it could be a way to reverse the top down approach endorsed by previous governments. It was seen as a chance to develop an independent, grass root response, led by organisations and guided by the principles of reciprocity, and cooperation. However, a combination of criticism towards what it represented (as a tool to further privatization and a top down approach to sustaining the sector) and the competition among different support organisations for the funding available, brought to a lack of a cohesive response and instigated more partisanship across different groups. Indeed, many of the local intermediaries shared a critical view as regards to the social enterprise agenda and its local implementation. From the GMCVO perspective:

"The politicians (nationally) got a handle on this (social enterprise promotion) and then everything stems from there: farming out public services, creating pseudo voluntary sector organisations leisure trusts, ALMOs. They hijacked the term social enterprise to make them sounds like they were not just the public sector. That is when it all started becoming a bit blurry. Nationally, as well as locally, local authorities were following, dragged behind, and forced to go down a path they were going through reluctantly. [...] With MPEN you could understand what social enterprise was, the bike repairs, recycling, Emerge *but then when it started becoming a new term for any trading Charity or any trading public service then [...] instead of being something that individuals are aspiring to, it becomes a method to delivery public service that sounds better than privatization, but it is privatization"*. (Ian Taylor, Community Enterprise Manager, Greater Manchester Centre for Voluntary Organisation, 8th December 2011).

What emerges from this overview is that the evolution of the local social economy is linked partly to the contextual changes, mostly linked to the move from grants to contracts and the privatisation agenda introduced with the government review. In order to implement these, nationally, a programme of third sector infrastructure review and promotion of social enterprise as a model to deliver both social and economic outcomes was set in motion. Local authorities had to follow, but in Greater Manchester the liberalisation

agenda was not fully endorsed resulting in an attempt to work with the VCS in order to deliver services jointly, and provide social businesses with the support available to any other business in the sub region. This has shaped the ways organisations have begun to deal with change and thus evolved accordingly, some aligning with public sector policies and priorities, others battling with competition both from private and voluntary organisations, but continuing to promote their values and principles.

3. The local culture of social entrepreneurship

Previous studies (see Amin, Cameron and Hudson 2002) have shown that the character of an area contributes to shape the nature of the local social economy and paves the way for its development within the constraints and/or opportunities offered by the institutional context (ibid, p. 121 and 122). In this section I explore how the particularities of Greater Manchester have shaped the environment in which the local social economy operates. The socio-economic characteristics of this area (i.e. levels of deprivation, local economy, and the people living here), the presence of specific networks, the type of statutory support and recognition have contributed to create the local culture of social entrepreneurship. The high levels of deprivation characterising this sub region, have driven the demand for services and support for the most disadvantaged of society. Indeed, the English Index of Multiple Deprivation (IMD 2010), which was generally used to ascertain the level of need and consequently distribute funding across the country, revealed that four out of the ten local authorities of Greater Manchester are amongst the top 50 most deprived in England. In 2010, Manchester ranked at as fourth (out of 326) most deprived local authority in England, Salford fifteenth, Rochdale 25th, and Oldham 42nd. High levels of social and economic exclusion combined with a skilful political elite rendered this city region, and particularly Manchester, the beneficiary of significant regeneration funding (Peck and Ward 2000). In the heyday of the New Labour government the city received funding from successive rounds of Single Regeneration Budget, New Deal, and European funding, which successfully coordinate a strategy for the city renaissance (Robson 2000). As mentioned in the previous section, many of these regeneration programmes were based on the vision to create new partnerships for service delivery, but also on tackling social exclusion by re-training unskilled unemployed. The analysis of the NSTSO data, reported in section 1 of this chapter, has unveiled that many social enterprises are indeed delivering ILM programmes and in job training. So high levels of deprivation have generated demands for social enterprise activity, but the presence of also specific funding and interest has contributed to

the growing appetite for this business model. Combining data from a number of sources (i.e. C.I.C. regulator, members of Cooperatives UK and Together Works) with IMD ranking (see figure 4.1) reveals that comparatively C.I.C.s appear more likely to be located in the most deprived parts of the sub region, then other social enterprises types (cooperative and generically self-defined social enterprises). Certainly, since the map below is based on post-coded data, many organisations may be found to operate in areas of high deprivation, even if not based there. However, this finding resonates with the results of Gordon's (2007) research based on a regression model of CICs (taken as a proxy for social enterprises) and deprivation levels, which revealed significant statistical relationship between these two variables.

Figure 4.1: IMD rankings and location of C.I.Cs and Members of Cooperatives UK and Together Works (2012)
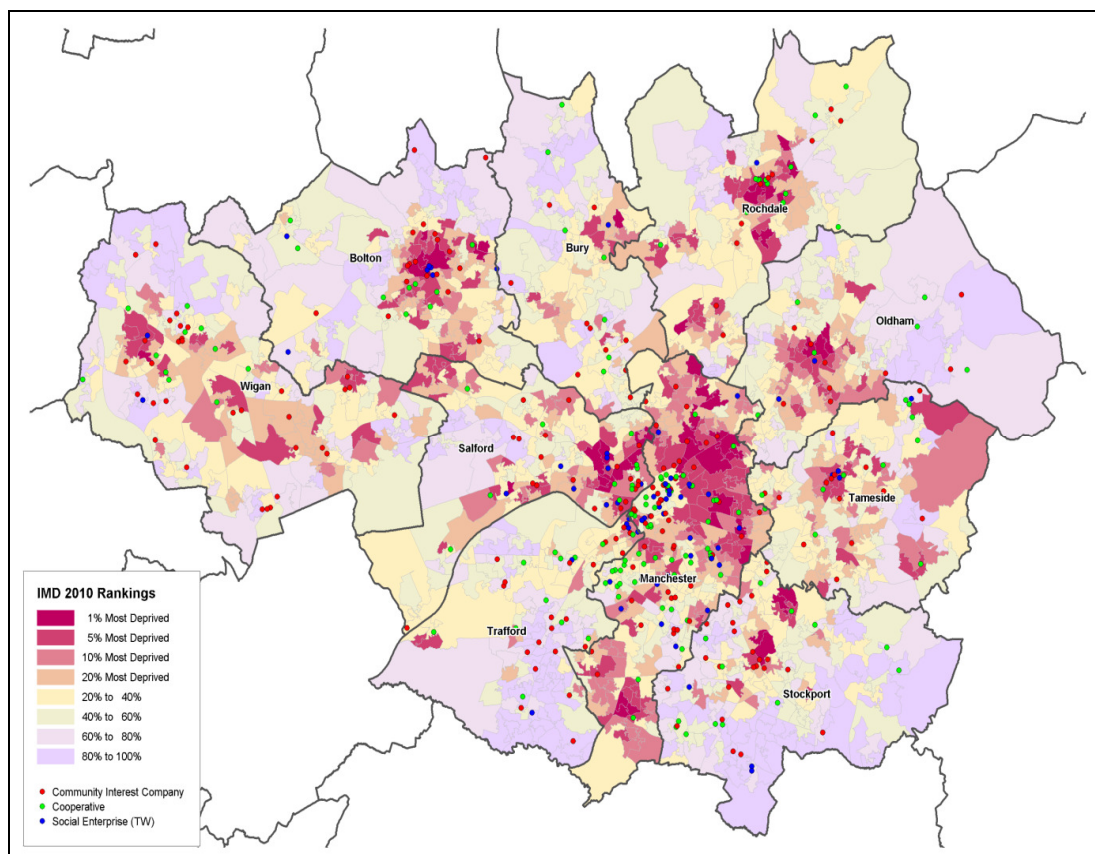
Source: author's map and postcode from C.I.C. regulator, Together Works members (here named social enterprises) and members of Cooperatives UK

Essentially, Gordon's analysis found that the more deprived a local authority area, the more CICs per 100,000 adult population it will have (or, conversely, the more affluent the local authority area, the fewer CICs per 100,000 adult population). However, it is not clear whether this trend is the product of innovative responses to social needs or indeed the

product of support and prompt by public authorities and EU funding, as also noted by Buckingham et al. (2010) as regards to the two countervailing forces at work in the field of the social economy. For example, Gordon (2007) also found no significant relationship between the formation of CICs and Small and Medium Enterprises (SMEs), so the rate of CIC start-ups appears not to be a product of local entrepreneurialism, nor it is a substitute for a lack of local entrepreneurialism: the two things are unrelated. There was instead a significant relationship between the rate of CIC start-ups and both EU Objective 1 and EU Objective 2 funding. Taken with the previous point, this suggests that CIC formation may have more to do with the availability of certain types of funding, and the policies which accompany that funding, than with enterprise culture (Gordon 2007). This is an important point and one that will also reflect some of findings from the Tyne and Wear case study, where equally the number of CICs was significant, and particularly in areas of high deprivation levels, characterised by significant amount of regeneration activity (see chapter 5).

However, what also contributes to generate demands for services (not covered by the market and/ or the local government), or for products that are not sold by the mainstream is also the presence of a variety of ethnic communities whose diversity may call for specialist rather than universal services. This is reflected in the number of VCSOs serving the ethnically diverse communities of Greater Manchester. The membership of the Manchester BME network alone comprises 150 organisations working with the diverse communities within the city and offering services to tackle language needs (160 languages spoken in Manchester's schools[64]), and to access services that are not covered by the mainstream provision[65]. This sub region has always been the focus of migration, hosting one of the most ethnically diverse populations in the country. The presence of different ethnic groups has triggered through the years increasing demands for equality and recognition, but also constitutes the basis for the generations of ideas, expression of diversity of values that ultimately contribute to shape the activities of groups focused on meeting social demands and diverse economic objectives (Amin et al. 2002). For example, one of the stakeholders interviewed as this to say about the local social economy:

"[...] *Special food, services like hair braiding, products people cannot find in the main shops, this is the social economy, meeting unmet needs. If we look at the new African migrants or*

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[64] School Census, January 2010.
[65] Greater Manchester Mapping of Services and Support for Refugees and Asylum Seekers,' 2009, Refugee Action and Manchester Refugee Support Network

indeed the new communities of Easter Europeans, the number of new shops set up by new migrants caters for a social need. This is the social economy, the economy that serves the need of people. These are examples of enterprising groups that constitute a form of the social economy. It was the same for the communities now settled. When I first came to this country (from Kenya) I could not buy the food I was used to eating back home. Eventually a local guy set up a 'van' service, delivering food imported from India. As the population grew then shops opened and now it is found everywhere. This is how social enterprises start" (Atiha Chaudry, Chair of Manchester BME Network, November 2011).

Indeed, the type of people living in an area influence both the services needed, the type of products social economy organisations might offer, and the types of social enterprises, which reflect different needs, motivations and goals. There are numerous theories as regards to lifestyle and consumption. Analysing data from the Health and Lifestyle Survey (1985-1992), Tomlinson (1998) showed that clustering of behavioural patterns tends to be strongly associated with traditional categories such as class and gender. The geography of many organisations reflects this (see figure 4.2). Combining the available data on social enterprise location (as in figure 4.1) with the ONS area classification[66] categorisation it emerges that many organisations in Manchester are located in the 'professional city life[67]' clusters, reflecting areas populated by young professional, highly qualified, and home owners: the middle class. The rest of the organisations are mostly located in the 'multicultural city life' clusters, that is areas with high proportions of ethnic minority groups (ONS 2008). The map also shows the characteristics of areas like Chorlton and Hulme, clearly identifying the preponderance of 'professional city life' clusters in one (Chorlton) and the mixed enclaves of multicultural and professional city life in the other (Hulme). This was also discussed by some of the stakeholders interviewed:

"*In south Manchester, Hulme and Chorlton are the enclaves of white, middle class people who want to buy local, organic food and handmade toys. In the North of the city people would rather buy in Asda and Tesco as they are cheaper, there is no motivation there to set up a locally sourced produce wholesale cooperative*" (group interview with representatives from Cooperatives UK).

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[66] This ONS area classification groups areas according to key characteristics common to the population (ONS 2008).

[67] The 'professional city life' category comprises three groups: educational centres, young city professionals and mature city professionals. As suggested by the name, it can be found in most UK cities with largest concentrations in London, Birmingham and Manchester. Essentially, students, professionals and people with higher educational qualifications are found in this category, working in routine or semi-routine occupations and who live in flats and/or semidetached houses (ONS 2008).

The analysis of the Census (2001) social grade indicates that Hulme is an area of contrasts, where the relatively high proportions of 'higher and intermediate managerial, administrative, professionals' (22.6%) and 'supervisory, clerical, junior managerial, administrative, professionals' (28%) are matched by similar proportions (21.5%) of people on 'state benefit, unemployed, lowest grade workers'. In Hulme there are pockets of social economy activity particularly associated with the 'yellow bricks' (Homes of Change Housing Cooperatives), which by offering a physical space for likeminded individuals – the Manchester's radical culture scene – acted as a catalyst, spearheading the establishment of many organisations[68].

Conversly, in Chorlton where there are high proportions of 'higher and intermediate managerial, administrative, professionals' (32%) and 'supervisory, clerical, junior managerial, administrative, professionals' (34%), with a small (13%) proportion of people on 'state benefit, unemployed, lowest grade workers', the presence of 'lifestyle' cooperatives is predominant. As Amin, Cameron and Hudson (2002) had noted, as resulting from their in-depth study of the UK social economy, the presence of an ethical middle class contributes to the development of a diverse social economy, less dependent on state support. In Manchester, and Chorlton in particular, the presence of middle class type interested in the vegetarian and vegan diet and lifestyles consolidated around and supported the growth of specific social enterprises, as social and environmental businesses. The wholesaler Unicorn and the various 'grow your own' and healthy eating projects (e.g. Cracking Good Food) it has developed through the years were all supported by community shares. Moreover, the mix of activists, professionals and social entrepreneurs characterises also the 'connectivity' of the place (Amin, Cameron and Hudson 2002), with high socio-economic mobility and external linkages. According to Amin, Cameron and Hudson (2002) these movements and relations enable the sustenance of a local social economy, freeing from connections established and/or appropriated by the state (ibid, p. 122).

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[68] These include MULE (an independent media project aimed at promoting social justice), Ethical Consumer Magazine, the Yellow Brick café (a vegetarian café now called Kim by the Sea), the Open Space Cooperative (offering office spaces to rent), and the Hulme Community Garden.

Figure 4.2: Location of social enterprises in Manchester by social class area classification (2012) [69]

Legend (within map):

ONS Area Classifications, 2001
- Countryside
- Professional City Life
- Urban Fringe
- White Collar Urban
- Multicultural City Life
- Disadvantaged Urban Communities
- Miscellaneous built up areas

- Community Interest Company
- Cooperative
- Social Enterprise (TW)

Map labels: City Centre, Hulme, Chorlton
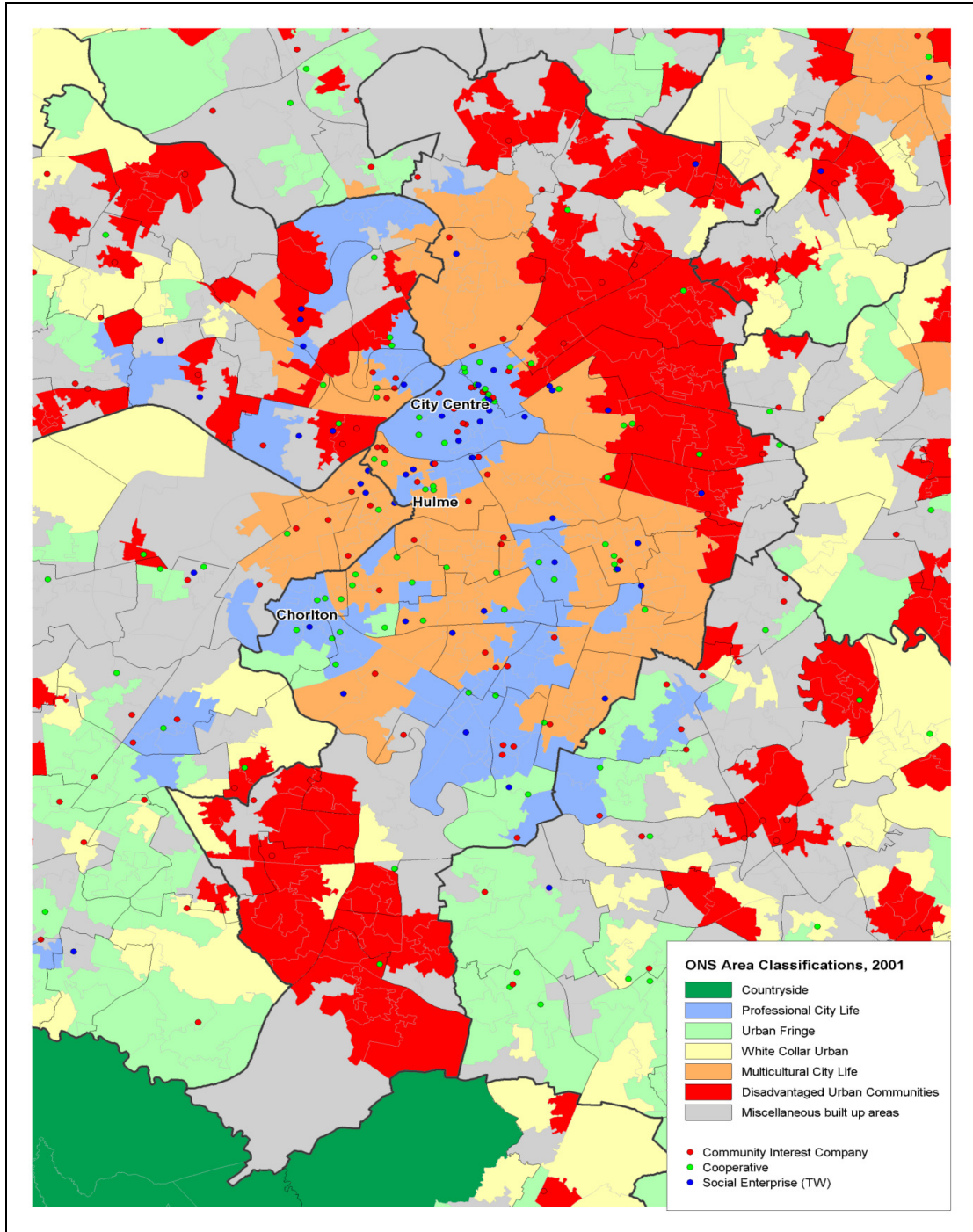
[69] Source: author's map and data from C.I.C. regulator, Together Works and Cooperatives UK

A second factor influencing the typology of social economy organisations in the sub region is the presence of networks and associations. Johannisson and colleagues (1994) argued that different types of networks enable organisations to access resources and knowledge and contribute to the creation of various types of entrepreneurship models. In Manchester, environmental networks have shaped part of the local social economy. In the earlier section I have mentioned that many collectives and organisations gathered around MERCI to express and promote green and social issues. MERCI was at the centre of the development of the Manchester Progressive Enterprise Network (MPEN) and interested in nurturing the development of social enterprises, as part of their core activities. The aim was to promote social enterprise as a different, fairer, environmentally friendly way to engage with the economy and in so doing, it attracted and united many of the environmentalists of the city around the theme of social enterprise.

MERCI was at the centre of the networks that Johannisson et al. (1994) described as both 'social and business', "*where social and business ties are equally as important, social arenas […] used to discuss business matters*", but also acting as "*professional exchanges problem-opportunity oriented competence*". These networks provide support to the "*entrepreneurs politically and practically in their venturing activities*" thus both contributing to the making of a context for entrepreneurship (Johannisson 1994, p. 334 and 335).

Spear's (2006) research on cooperatives in London and the South East points instead to network relations that are less instrumental, thus he refers to these as forms of social capital, which provide political support, expertise, assistance, contacts, and advice and that link a variety of different actors, from landlords to customers, to various types of business advisor, to neighbouring businesses, and family (Spear 2006, p. 406,407). This was indeed the idea behind the formation of MPEN as an active circle of relations, exchanges, support and information sharing among organisations and individuals wanting to develop and promote economic working practices faithful to ethical values. MPEN was one of the Community Network for Manchester (CN4M), an organisation with charitable status specialised in enabling voluntary and community sector (VCS) groups to use their knowledge and understanding of local communities to make a difference in the city.

Each network of CN4M focused on a particular community of interest / identity, mirroring the themes of the Thematic Partnerships forming the Manchester Partnership[70]. This included a faith network, a BME network, and a Voluntary Sector Mental Health Forum among the others, thus representing the variety of organisations operating in the city's social economy. An important element to note here is that whilst these networks were formalised through LSP participation, they were led by activists and thus neither established nor appropriated by the local state (Amin, Cameron and Hudson 2002, p. 122), which as we will see in chapter 5, was instead the case for the networks in Tyne and Wear.

A third element that contributes to the local culture of social entrepreneurship in this sub region and it is the nature of the local structure of support. The presence of specific agencies and bodies and the endorsement by local authorities, as noted by Amin, Cameron and Hudson (2002) play an important role, both in influencing the choice of institutional forms, thus developing certain types of organisations over others, and in supporting the entrepreneurial activity over a considerable time, and as Spear also noted, in providing resources and expertise (Spear 2006, p.406). Greater Manchester is no different in this sense. In the previous sections I have already mentioned that the presence of specific development workers (whether from the cooperative movement or from the CVS movement) is considered as crucial in influencing the formation of certain types of organisations. This was also exacerbated by the ways in which different funding streams generated competition among different social enterprise support groups.

For example, the New Labour policies attended to the creation on the one hand of growing social enterprises and on the other hand (or in tandem) the professionalisation of the support services available to the voluntary and community groups (CLES 2010). This inevitably created a climate a competition among support providers locally. Indeed, both the programme aiming at mainstreaming the business support to social enterprises (funded by the Regional Development Agencies through the then Office for the Third Sector) and Capacity Builders - Change up (focused more on VCS) created competition among different providers. The former gave the opportunity to Business Link and the Chamber of

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[70] Local Strategic Partnerships (LSPs) were established in England in 2000 as non-statutory bodies that bring together the different parts of the public, private, voluntary and community sectors, to work at a local level. The lead role in the LSP is taken by the local council, while other major partners include the local police and the Primary Care Trust (PCT). The LSP helps different organisations work together to improve the quality of life in an area and deliver public services. The main task of the LSP is to oversee the delivery of the area's Sustainable Community Strategy (SCS) and Local Area Agreement (LAA). Since the establishment of the coalition government in 2010, the future of the LSP is at stake, as so far a number of the mechanisms for monitoring the progress of partnership based outcomes for local areas (including Local Area Assessments and Comprehensive Area Agreements) have been abolished.

Commerce to capture a new emergent market for business support by providing 'packages' to the Third Sector – which in Greater Manchester was implemented via the establishment of Third Sector Enterprises (3SE) – and reinforcing the view of social enterprises as a business model. The latter generated a Greater Manchester Infrastructure Consortium including 38 organisations that satisfied the criteria to be primarily providing support services to the third sector, but even within that funding there was still fragmentation, as noted by one of the local stakeholders:

"*The Tameside Third Sector Coalition got some funding to look at enterprise support, Rochdale CVS got some for social enterprise support. Even within that community of people with the same interest there were fragmented pieces of work. If I had been from MERCI* (leading on the support for social enterprise work via the Greater Manchester Infrastructure) *I would have said we need to do it together to get consistency across […]*" (Ian Taylor, Community Enterprise Manager, GMCVO, 8th December 2011).

This is echoed by others:

"[…] *in the early days there was too much competition among different support groups that has not been beneficial to the development of a unified sector*" (Interview with Atiha Chaudry, Chair of the Manchester BME Network, 25th November 2011). Indeed, this competitiveness among local support infrastructure bodies is reflected in fragmentation within the local social economy and the resulting separation into specific groups, such as cooperatives, VCS, and ethical, social enterprises. Underpinning this distinction was indeed the emphasis that each support group was putting forward, on their understanding of social enterprise. Each reflected the motivations that led people to set up the specific organisations in the first place, ranging from the intention to 'do business' in a fairer way, to advancing the causes for a different economy, more sustainable and environmentally safe, and to a strategy to survive and continue to provide needed services. As Teasdale (2010) noted, these debates reflected much of the national discussions underpinning the 'construction of social enterprise', where different agencies lobbied for the recognition of their perceptive in the wider policy arena. However, almost all of the local stakeholders interviewed noted that through the years, the dialogue among different support providers has improved. This is reflected in the increased cooperation among for example Chamber of Commerce, GMCVO and the cooperative movement. Paul Mooney, previous director of 3SE, noted:

"[…] *by the time 3SE was wrapped up (around 2008/09), it had managed to successfully build up relationships with other enterprise agencies and also other third sector partners"*, (Paul Mooney, Director of Blue Orchid, 12th December 2011)*, thus overcoming the initial barriers that had led to much infighting for the scarce funding available[71].

Underpinning the discussion above is the role that the local authority, particularly in the case of Manchester, has played (and continue to play) in shaping the environment in which social economy organisations operate. Initially, the statutory support for social enterprises in Greater Manchester followed the requirements set out by the various regeneration programmes and European funding, targeting particular regeneration areas. Only with the publication of the Social Enterprise Action Plan (2006) the Government expectations for local authorities to have a central role in developing social enterprises within their areas, became clear, as in order to implement the national action plan, local authorities were required to link this agenda to other local strategies, including Local Area Agreements, Economic Development Plans, Neighbourhood Renewal Strategies, and Local Procurement Plans (Office of the Third Sector 2006).

In Manchester, where most of the city region's organisations are based, some local stakeholders have noted that the City Council's attitude towards the social economy has been ambivalent. On the one hand, guaranteeing the VCS role of representing the diverse communities of the city, by supporting the sector through the years both providing help for the various support agencies and directly resourcing organisations[72]. This nevertheless has introduced a relationship of power, seducing (Allen 2004) organisations with funding, providing they remained faithful to Council's priorities, as noted by Prof. Brian Robson (Director of Centre for Urban Policy Studies, University of Manchester, 28th November 2011). On the other hand, adopting a 'laissez faire' attitude towards support organisations and economic development agencies that were entering this 'new' market (i.e. social

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[71] The relationship between Manchester Solution – 3SE - and other support organisations was tense because after the restructuring of the ILM programme - as mentioned earlier in this chapter, the ILM saw the cooperation between, Manchester Solution (the Chamber of Commerce's service delivery arm), the TEC and the voluntary and community sector - the delivery of placements was left to private sector organisations rather than the local VCS. This was very costly for the VCS as numerous organisations suffered for the lack of funding gained through the ILM programme. This also affected negatively the image of 3SE – set up to open new market opportunities for Manchester Solutions (Chamber) - as it was tasked to engage and support the very sector suffering from lack of funding (Paul Mooney, Director of Blue Orchid and ex director of 3SE, 12th December 2011) .

[72] Up until the last budget review, the MCC had committed £70m to the VCS a mixed between grants and service provision contracts (Atiha Chaudry, Chair of the Manchester BME network, 25th November 2011).

enterprise development and business support), by providing funding and at the same time leaving them to organise their offer. For instance, when developing the local Social Enterprise Action Plan, the Council made available the sum of £100k and requested 3SE, MPEN and MSEF to work together in devising a programme, in order to deliver the work to support social enterprises in the city (Paul Mooney, former director of 3SE, 12th December 2011).

Underlying this attitude is what Brian Robson defines "the two features that characterise Manchester's local political culture: dominance of the local authority and assurance that the city has of its understanding of what it is best for Manchester" (Director of Centre for Urban Policy Studies, University of Manchester, 28th November 2011). Indeed, the pragmatic and consistent leadership provided by three decades of powerful Labour figures has enabled a vision for Manchester to be put in place and effectively adhered to across the wider Greater Manchester city region (CLES 2010, p.13). The Greater Manchester Strategy (2009) fails to mention 'social enterprises' as a potential economic and strategic actor (CLES 2010), which may reflect a perception of the local economy as strongly based upon big businesses, in higher education, financial services and tourism – mostly linked to football supporters. Consequently, the space for recognition of the local social economy is relegated to small scale entrepreneurship or co-option in service delivery. However, the document recognises the potential for "*innovation throughout the city region by encouraging the genuine exchange and cross-pollination of ideas and actions across a diverse mix of public, private and third sector players*" (Greater Manchester Strategy 2009, p. 39).

Arguably therefore, the lack of recognition of a strategic role might have worked in favour of a more diverse local social economy, providing a space for it to develop more independently from local state influence and able to nurture connectivity of ideas, approaches and tactics (ibid). By working with community based organisations, arguably in cases also exercising power through financial incentives and/or seduction of independence (Allen 2004), the local authority has however guaranteed funding for organisations to deliver services needed by their communities of interest, collaborating in the development and achievement of shared objectives (e.g. shared LSP targets and Compact agreements). Moreover, by letting emerging and established social enterprise support agencies work together to sustain organisations, with little interference, has enabled organisations to develop in line with their ethical concerns, albeit vulnerable to mainstream markets fluctuations.

In summary, the high levels of socio-economic exclusion, the ethnically diverse population and the presence of an ethically minded middle class have contributed to form the demand for a diverse social economy in Greater Manchester, ranging from tackling unmet social needs to articulating the demands for more sustainable and ethical production, distribution and consumption systems. This variety has had the dual effect to both enable conversations in communities of difference (Gibson-Graham 2006), enabling generated ideas to be expressed in their diversity and shared, stimulating 'connectivity' among different groups (i.e. conventional businesses, public authorities, civic movements) in various locations (in and outside the city), thus contributing to change attitudes. Consequently, this variety also contributed to develop a diverse understanding of social enterprise. This was brought forward by a variety of networks, mostly activists led, stimulating circles of relations, diverse choices of institutional forms, support and information sharing among their members and externally. This, as discussed in section 4, has enabled organisations to rely on various forms of support, not solely monetary and/or commercial, forging working relationships and alignments in conjunction with organisational needs. Particularly in Manchester, the tradition of self-help has strengthened community assets, the resources that have led people to guide the development (e.g. Hulme and the BME) of their communities, so that when New Labour partnership working agenda was brought forward, in this city region it involved the active participation of a variety of stakeholders, articulating the needs and motivations of their representatives. In this diverse institutional context, the continuity of the political leadership (which has guaranteed that policy approach was followed through) and its ambivalence towards the local social economy have also favoured a more independent development of the social enterprise agenda locally, than in Tyne and Wear (see chapter 5). In a sense therefore, it has produced recognition for a varied understanding of social enterprise and mitigated expectations to be 'business-like'[73]. Having discussed the contextual characteristics that have contributed to the development of the local social economy in Greater Manchester, in the next section I turn to the experiences of the social enterprises in this area.

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[73] As one of the interviewees noted, 'the language used by social enterprises and their support agencies is to be challenged. What does being business like mean? Which business type does one refer to: Tesco or a corner shop, L'Oréal or the Body Shop, Café Direct or a community coffee producer?' (Andy Peers, Peers, Love Enterprise, 21st February 2011)

4. Developmental dynamics of diverse business and ethical orientations

The ways in which the tradition and culture of the place, together with its institutional settings have shaped the development of the local social economy, enabling different types of social enterprises to emerge and in some cases supported the reconciliation of their business and ethical aspirations, are only part of the process of understanding how the relationship between business and ethical demands plays out in practices and what influences it. In this section, the focus of the chapter turns to the enterprise specific factors that support the understanding of the nature of this relationship and what affects it. Underpinning much of the previous discussion is that the diversity of the social economy in this sub region has been nurtured by an environment that has enabled organisations to grow (not so much in size but in consolidation of activities) only partly with the statutory support. Indeed, even when the financial support has come from the local state and been recognised (see the results of the NSTSO in section 1) as important, it has been so in a context of partnership working between local authorities and organisations, within a tradition of strategic collaboration between different actors. Moreover, the various agencies and organisations involved in the design, delivery and governance of social enterprise in this city region have contributed to lobby for the recognition of the diverse nature of social enterprises and contributed to the recognition of the multiple motivations and challenges. In this section I firstly present the organisations part of the Greater Manchester's sample (section 4.1). Drawing on the typology I have outline in chapter 2 of this thesis, in section 4.2 I show that depending on where social enterprises are located conceptually, in relation to the diverse economy, their business and ethical aspirations change, affecting and shaping their developmental dynamics.

4.1 The sample

In chapter 3 I have outlined the criteria I used to identify organisations to include in this study. I was particularly interested in finding organisations that were sufficiently 'entrepreneurial', that in my view meant organisations engaged in (mainstream and/or alternative) market transactions, thus at least partly generating income through some form of commercial endeavours. I also deliberately selected organisations at different stages of their life cycle. In Greater Manchester this resulted in five newly established (i.e. existing from 2005 onwards) and nine well established (i.e. set up prior to 2005). The intention was twofold, both to consider the experiences of organisations at different stages of their lives and to verify whether and how the contextual peculiarities of the time in which they begun

operations (by which I mean policy changes mostly) compared. The resulting sample of 14 organisations[74] (see table 4.5) includes all organisations I approached as part of this case study's fieldwork, however, as indicated in chapter 3, all with differing degrees of intensity.

Table 4.5 Year of establishment and type of organisations in the sample

Name	Year of establishment	Type
8th day	1970	Workers cooperative
Wai Yin	1987	Charity and Company Limited by Guarantee (CLG)
The Wesley Community Furniture	1993	Charity and CLG
Wooden Canal Boat Society	1996	Charity and CLG
Unicorn Grocery	1996	Workers cooperative
Emerge	1996	Charity and CLG
Bolton Steps	1998	Charity and CLG
Benchmark	2000	Social firm
Unlimited Potential	2000	Community Benefit Society
Inspired Sisters	2005	CLG
Levenshulme Inspire	2005	CIC
Bubble Enterprises	2007	CIC
Neoartist Studio Bolton	2007	CIC
Arcspace	2008	CIC
Union Street Media	2008	CIC

Source: author's notes from fieldwork and secondary data review

All the *newly established* organisations in my sample are C.I.Cs, reflecting the upsurge of this legal status since its introduction in 2005. They are all involved in different areas of activities, including the arts (Neoartist Studio), employment skills and ESOL courses (Inspired Sisters), media production and community development (Union Street Media) and consultancy supporting the development of self-employment ventures among people with mental health disabilities or organisations working with this target group (Bubble Enterprises). Using Gibson-Graham's (2006) distinctions in modes of economic conduct, most organisations were found to operate only with waged members of staff, with the exception of Union Street Media and Inspired Sisters that sometimes, particularly for specific events, benefited from the help of volunteer labour. All organisations operated mostly in the welfare market, aside of Neoartist Studio that instead sold artefacts produced by its members, in an essentially mainstream market. As regards to the entrepreneurial mode of conduct, two organisations in the sample were found to collectively producing surplus and adopting a democratic governance model to support a community, be it a place (Arcspace) or the members (Neoartist studio), thus regarded as non-capitalist enterprises.

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[74] As indicated in chapter 3, I excluded from the final sample two organisations, namely Phone Coop and Levenshulme Inspire. After interviewing the Business Manager of the former and the director of the latter I decided not to pursue them further. The Phone Coop since it was too big in size and thus it was thought it would have skewed the results – although having learnt they opened a North Eastern office I later interview the manager in Tyne and wear to compare results - and the latter since, at the time of conducting the fieldwork, the building from which the various activities were going to run was still not opened.

The other social enterprises were considered as alternative capitalist, mostly as socially responsible businesses where the for-profit motive was moderated by a social commitment rather than a purely financial one. However, whilst some were born out a business idea – at least as a means to provide an entrepreneurial solution to the openings offered by the NHS modernisation agenda (Bubble Enterprise) - the others were rooted in a social interest. The implication of this distinction for the understanding of their business and ethical orientation is explored in more details in the following section (4.2).

These organisations were set up, more or less, at the height of the 'social enterprise era' in policy terms. A time during which, funding availability was abundant as well as the availability and access to specialist support, mostly of the 'business type', that could guide the organisation in making important decisions as regards to avenues of income generation. This is most evident in the case of Union Street Media (USM), a film production, community development organisation in Old Trafford, established in 2008 by a young couple who wanted to use their skills (media and community development) and knowledge to benefit the Black and Minority Ethnic (BME) communities of the area (where they also live). Initially the activities of the organisation were self-funded, with the help of personal savings and family assets (i.e. the house from which the organisation operates). So far the experience of this organisation is similar to that of many other community groups set up in the early 1990s as a response to a local need. What differs however is that Union Street Media Arts is the product of an era in which the business side has been nurtured alongside the social side. So only a year into their existence, Union Street Media has become a C.I.C. with two strands: media and film production and delivering activities which aim to engage represent and meet the needs of the community. The social enterprise network for Greater Manchester, Together Works, introduced this young organisation to business advisors, enabling them to benefit from mentoring schemes and support that have nurtured the income generation side of the organisation from the outset and enabled the process of organisational strategic development. At the same time, the BME network has supported the development of the community focused side of the organisation, since the area in which they are located (Old Trafford) was lacking BME association. Therefore, in a short time, USM has developed a product, a structure and also gained the all-important recognition that attracted the interest of senior local authority officers, including the leader of Trafford council, and enthused local commissioners.

The group of *established organisations* in the sample includes those set up before 2005 (between 1970s up to 2003) and comprises organisations involved in a range of activities

varying from recycling (Emerge and Wesley), to the sale of organic vegetarian food (8th Day and Unicorn), provision of employment skills training (Wai Yin), preserving a common heritage (Wooden Canal Boat) and the delivery of health (including mental health) and social services (Unlimited Potential, Bolton Steps and Benchmark). These organisations were found to adopt a variety of modes of labour conduct, employing waged staff but also relying on volunteers for many aspects of their delivery. At the time I conducted the research it was clear that some organisations adopted a non-capitalist mode of entrepreneurial conduct (8th Day; Unicorn; Wooden Canal Boat) being focused on the collective of their workers, members and/or community of interest, whilst the others had assumed an alternative capitalist mode of conduct, either as non-profit (Bolton Steps; Benchmark) or as social (Unlimited Potential; Wai Yin) or environmental (Emerge; Wesley) businesses.

The historical interviews soon revealed an important differentiation within this group between those organisations emerging from community (ethnic, interest and geographical) groups (Unlimited Potential, Wooden Canal Boat Society, and Wai Yin); those originating from a business idea, and set up with a clear intention to provide an alternative to the mainstream (8th Day, Wesley, Emerge, Unicorn) and spin offs of statutory agencies (Bolton Steps and Benchmark). In this respect, this group of organisations is indicative of what happens to social enterprises during their consolidation period, when the ways in which they face up to the challenges and opportunities presented to them, shapes their developmental dynamics. In this way, their ethical decision making guides their propensity to growth, survive and/or demise, and thus shapes the differing trajectories, revealing that there is not a unique way to reconcile (equally as diverse) business and ethical orientations, as discussed in section 4.2 of this chapter.

The histories of these organisations provide a comparator contrasting their experiences of being set up at a time when social enterprise was not at the top of the policy agenda. An example of the different support and endorsement available to organisations set up at a time in which social enterprise was not common knowledge is provided by Emerge. This environmental-social business was established in 1996 by a voluntary group of individuals who wanted to oppose to the plans of building an incinerator in Manchester. Their intention was to develop a "*recycling company set up to get rid of waste without incineration*" (Lucy Danger, Chief Executive, Emerge, 15th June 2010). It was only in 1999, that the organisation found enough money to pay a salary, for one member of the group, by having successfully developed and delivered a pilot project to recycle and collect waste

in the high rise flats of Hulme. Differently from USM, Emerge relied only on local connections and support networks. Through these connections, and strong of the support from local environmentalists Emerge was able to visit a similar organisation in Bristol in order to learn from their example. Despite having an enterprising idea, no dedicated business advisor was available to them then. These local connections provided them with the opportunity to gradually built credibility in the local area and eventually win contracts to deliver waste collection services for a variety of clients (e.g. local authority offices; schools; businesses) across the sub region. However, operating now in a largely mainstreamed market for waste disposal, maintaining their position is 'sometimes jeopardised by (their) ethical commitments' (ibid) of delivering a quality service and ensuring that all items collected are appropriately disposed of. Since the market in which they operate is driven by price-cost, they often have to compromise the organisation's well-being (e.g. low wages, precarious contracts of employment, long working hours as it was the case in some of the organisations researched as part of this work) in order not to affect the quality of the service delivered and thus stay truthful to their ethical commitments.

For most of the established organisations in my sample, getting to their consolidation has been a lengthy and strenuous process, during which attempts to build credibility and agree among members/staff the organisations' direction and purpose have taken varied turns. The temporary failures, successes and growth indicate idiosyncratic developmental pathways rather than the expected linear growth. Indeed, from the moment they are set up organisations, as living entities, are constantly in a process of 'movement', navigating through the challenges they face, and reacting to opportunities and/ or identified need. So whilst the diversity of organisational forms and the motivations driving them reflects the diverse mix of business and ethical orientations, throughout their lifecycle the process of negotiation may trigger varied results.

4.2 The diverse pathways of business and ethical reconciliation

The various programmes set out to support social enterprise creation and development have nurtured the assumption that, after few years into their establishment, social enterprises should become like 'businesses', financially self-sufficient and seeking always new opportunities to pursue financial independence. So much of the support focused on developing their 'business' side, in order to enthuse their aspiration. However, in this section, I argue that not all social enterprises are that way inclined. The experiences of the organisations part of this study reveal a diversity of business and ethical orientations that

has shaped different developmental pathways, reflecting their propensity to be (at least at the time I conducted this research) either socially oriented, functionally responding to the needs of generating income, or being oriented towards their specific business approach. Throughout their lifecycle, organisations undergo changes, responding to internal and external occurrences, on the basis of their aspirations and circumstances, often resulting in idiosyncratic developmental trajectories. Drawing on the diverse economy literature, as discussed in chapter 2 of this thesis, I have outlined a typology of diverse relations of business and ethical aspirations, which is reflected here in experiences of these organisations, and their propensity through time and opportunities to be more socially, mixed or business oriented.

Socially oriented

Some organisations in my sample tend to focus more on helping people and privileging social inclusion in light of a strong ethical commitment that quiets any business aspiration. These organisations tend to see aspirations to improve their finances as potentially damaging their ethical stance, either because it would mean being subjected to contractual requirements, which may not fit their ethos, or because it could put pressure on their beneficiaries. These organisations (see table 4.6) derive their income from non-commercial sources (mostly) and their main purpose is to help people and the community. Some of the organisations in this group (Bolton Steps and Benchmark) have at their disposal core statutory funding that provides them with the security and stability needed to pursue their social objectives. These organisations are focused on enhancing the life of individuals they are seeking to support and their entrepreneurial side is linked to providing their beneficiaries with working/training opportunities, thus their 'entrepreneurialism' is strictly limited to the ability and possibilities of their clients, and shaped around their needs, as opposed to being a means to earn income.

Table 4.6: Socially oriented organisations in my sample

Organisations	Mission	Purpose	Income
Bolton Steps	To give people with mental health issues the opportunity to move forward through training and employment.	Social value creation driving financial gains	Core funding from NHS and trade: sale of products/services
Benchmark	Providing training and work related opportunities to people experiencing complex and enduring mental health issues	Social value creation driving financial gains	Core funding from NHS and trade: sale of products
Arcspace	Promoting cultural exchange and skills sharing by maintaining a virtual and physical space; using existing materials, ideas and technology innovatively	Social value creation driving financial gains	Grants and small ad hoc statutory services delivery (project based)

Source: author's notes from fieldwork and secondary data review

Among the newly established organisations, is Arcspace. The aim of Arcspace is to provide a bridge between diverse communities, mainly academia and residents in Hulme. It seeks to promote joint working for the benefits of Hulme, developing skills sharing opportunities and open source data. Arcspace is partly funded through public resources, in the form of ad hoc project funding, but it has not at its disposal a core amount. It is an organisation that prioritises the creation of social value above the financial objectives and it is centred on the 'collective', promoting democratic decision making processes and focusing in community work. For the likes of Arcspace, the funding relationship with statutory agencies, initiated as a means to sustain wider mission related activities risked to jeopardise the ethos of the organisation and its future development. Indeed, as a small organisation run mainly through voluntary labour, delivering training for local unemployed through IT courses has concentrated all the manpower available and moved the attention away from generating alternatives to grow the organisation in line with the holistic mission. In light of this, Arcspace has made a conscious decision not to pursue statutory contract work any further and has preferred to maintain its small size and little funding, continuing to bid for grants, in order to maintain its ethos intact.

Among the more established organisations, Benchmark and Bolton Steps provide support to people recovering from mental health issues, wanting to develop a pathway back into society and employment. These organisations are funded by Public Health to deliver specific services part of the recovery process. As a means to engage their beneficiaries into re-training and providing in job experiences, these organisations have developed services such as the Eden Café for Bolton Steps and the catering company alongside it, or the furniture workshop for Benchmark. Whilst these activities operate in some respect as mainstream market ventures, where the products are sold and bought by paying

customers, they can be seen as part of an alternative market, whereby different, ethical evaluation criteria dictate the exchange rather than efficiency and cost effectiveness. The income generated through these serves to recover the costs of running these expensive activities, which require constant supervision and time. Indeed, the time involved in producing the goods here is longer, but the welfare of the beneficiaries comes first. Both organisations work with people who suffered as a consequence of the pressures of a busy working environment, so the demands on their beneficiaries cannot be the same as those of a mainstream business. This means that production and distribution processes are moulded around the needs of the beneficiaries.

The decision to maintain a strict adherence to their ethical commitment of supporting people back into the community, through either volunteering or employment opportunities, has determined the choices made throughout these organisations lives and thus shaped their development, as the Director of Bolton Steps noted:

"*There was a point in which the organisation thought about going down the social firm route, but it was decided not to as the wellbeing of staff would have been compromised had the organisation become too business focused*" (Ruth Haigh, Director, Bolton Steps, September 2010).

Whilst Bolton Steps is an established organisation (in operation from early 2000), it has not got ambitions for expansion beyond the current offer, unless this can be safely subsidised by external grants. The risk associated with increased business aspirations could jeopardise the same people they are trying to help, as the quote below indicates:

"*Some of the people working/volunteering for Bolton Steps cannot handle a 9 to 5 job. Many have suffered mental health problems exactly for the job environment they were in before, thus it would not be viable to be more demanding and ask too much of them or turn into a purely commercial organisation, that is why the core funding is necessary*" (Ruth Haigh, Director, Bolton Steps, 30th September 2010).

However, their ability to sustain their activities is strictly connected to their relationship with statutory agencies, and any change to their provision could affect the very nature of these organisations. Receiving core funding from the public health authority is crucial and it is exactly what enables them to reconcile their business goals and ethical aspirations, by providing continuity of services for the patients, whilst enabling them to offer something

that reflects a 'real life' work experience, but with all the cushioning of a mental health service.

Mixed aspirations

Similarly to the typology previously presented, many organisations in my sample originate from the desire to help the most marginalised of society or to help their communities, thus an explicit social objective. However, the changes in funding mechanism have driven their necessity to consider their approach to income generation. Generally, their engagement in commercial activities, such as the sale of services, is a consequence of the marketization and privatisation of welfare, but their mission is to help people. Since the availability of funding is what enables these organisations to deliver their social mission, they have to navigate the changes in order to sustain their delivery. So whilst their purpose is primarily social, their interest in revenue is functional, a means to sustain their activities.

Table 4.7: Organisations with mixed aspirations in my sample

Organisations	Mission	Purpose	Income
Wai Yin	Providing education and social welfare services to minority communities in the North-West of the UK.	Social value creation driving financial gains	Trade: sale of services and small grants and fundraising
Unlimited Potential	Supporting people to lead happier and healthier lives	Social value creation driving financial gains	Mix: core funding for services inherited by the NDC and now exploring different commercial avenues
Wooden Canal Boat Society	Preserving canal boats and waterway heritage	Social value creation driving financial gains	Trade: sale of products; services; grants, fundraising
Neoartist Studio Bolton	Supporting emerging artists to develop their practices by providing a membership network, affordable studio spaces, and exhibition opportunities.	Generate economic value with social value embedded in the product	Trade: studio rental packages and small ad hoc grants
Union Street Media	Increase people and organisations' capacities by developing professional media content and projects	Generate economic value with social value embedded in the product	Trading: sale of services and small grants for community projects

Source: author's notes from fieldwork and secondary data review

Newly established organisations like Union Street Media and Neoartist Studio have however been able from the outset to devised ways to fulfil their mission whilst generating income, partly because of the nature of their offer and the skills of the two directors (founders), but mostly because of the support that business and development advisers, and community networks have provided them with. So Union Street Media has created two entities (media and film production and community development consultancy) that support each other and enable the organisation's mission to be reinforced by different activities.

Neoartist studio has been helped in devising a membership package that enables to enlarge its offer in line with their mission.

The process of adapting internal structures to the changing context has been less strategically focused for the more established organisations but rather the product of 'learning by doing', investing through the years, time and resources in developing the organisation to fulfil both business and social objectives. The story of Wai Yin is indicative in this sense. Wai Yin is a successful social enterprise with high turnover and widespread recognition within the local authority. It was originally set up (1987) as the Chinese Women Association, the trigger that determined the move from small voluntary group to a 'professional' service delivery organisation was a combination of visionary new members of staff able to capitalise on favourable funding opportunities and openings in the policy context.

Figure 4.3 Changes in Wai Yin's position throughout its lifecycle[75]
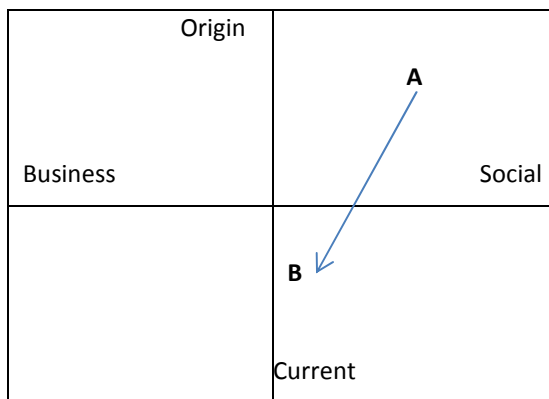
After years into their establishment and the combination of 'right' people, funding opportunities and favourable policy context (e.g. the transformation of health and social care services and the introduction of the Race Relation Act in 2000), the position of Wai Yin has changed from a socially oriented to a mixed type of aspiration (see figure 4.3). For Wai Yin, the impact of the changes implied a shift from being a small group of volunteers to an

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[75] Whilst the theoretical affiliation of this thesis rejects the notion of a spectrum between assumed opposites (e.g. business and social), the depiction presented serves only the purpose to graphically show the changes in organisations' orientation. This figure (and the following figure 4. 4) draws from the social enterprise typology devised by Teasdale (2006). Drawing from the literary debates on social enterprise, Teasdale recognises the importance two dimensions: the shift in focus from the community to the individual (individual - community); and the notion of a tension between the social and the economic (people and pound). Approximating loosely to Dees' (1998) social enterprise spectrum (Teasdale 2006, p.66), he represents graphically the emerging four dimensions. This initial depiction is later modified to include a temporal dimension, to map changes in social enterprises, following the findings of his pilot study. In this thesis, I use this depiction to show (graphically) the changes in social enterprises orientations (see rest of this section and chapter 5).

organisation able to deliver services. This triggered internal restructuring but also a change of culture, a shift from the association's mission to mainly focus on raising awareness of Chinese culture, to deliver services for the community.

Organisations with mixed aspirations tend to operate (partly, albeit increasingly) in mainstream markets and are faced with the challenges of maintaining sufficient income to enable delivery, whilst also competing with similar organisations and increasingly private contractors. As the lack of funding often means ceasing the delivery services, these organisations are forced to consider financial reasoning, and are faced with the tension of organisational versus clients' well-being, challenged to monitor costs whilst ensuring quality of services.

Managing this process is seen by many organisations as "*not all the time fairly balanced, but we have to be business like otherwise there would not be 'us' anymore*" (Fiona Jones, Development Worker, Wooden Canal Boat Society, June 2010). Conscious of the changes in funding provision and lacking a continuous source of funding, or service level agreement, these organisations have to 'play the game', as one interviewee noted:

"*We play the game with local authorities and other funders that is the compromise we make. But selling the service or product is not a compromise between ethics and business*" (Fiona Jones, Development Worker, Wooden Canal Boat Society, June 2010)

The type and availability of funding dictates the approaches that have to be taken. However there is also awareness of the risk that reliance on one single pot of money can generate. Indeed, for these organisations the relationship with public funding is also seen as potentially limiting, and thus one that requires skilful and strategic engagement, since "*dependence on public funding, dictates delivery*" (Sylvia Sham, Director of Wai Yin Women Society, June 2010).

This does not mean that organisations fail all the time in meeting their social objectives, or that the trade-offs are always negative towards the client (i.e. poor quality of services or no services at all). However, trade-offs do occur, and since these organisations are dealing with people, services and often very difficult situations, the trade-off is costly in human terms. However, the ways in which organisations try to work and the partnership they try to develop is indicative of their intention to pursue their social aim as opposed to any form of maximisation of profits. The words of the director of Wai Yin explain further:

"[…] *it is about getting resources and working in partnership, engaging with other organisations, local authorities and being truthful when something cannot be done to say that it cannot be done. Sometimes we have to modify services in order to deliver what is needed, if funding is not there it is a chicken and egg situation: users benefit versus the suffering of the organisation* " (Sylvia Sham, Director of Wai Yin Women Society, June 2010)

In many cases, as discussed in section 5, organisations are seen to be adopting ways of working that enable them to modify statutory requirements or lack of funding, adapting therefore economic practices to their ethical aspirations. Among the examples are the acceptance of low wages, long hours of work, being honest and transparent about 'what can be done' and developing social relations with the officers, commissioners and other stakeholders in order to build commitment towards a shared goal.

Business oriented

The remaining organisations in my sample are characterised by an 'embedded' relation between their business and ethical aspirations. What distinguishes these organisations is that they are all born out a business idea. Organisations are seen to derive most their income from commercial activities, thus trading by selling products (e.g. organic, vegetarian, healthy food, second hand furniture) and services (e.g. waste disposal, training and self-employment support), and their transactions occur mostly in mainstream or alternative markets (e.g. fair trade).

However whilst for some the business idea - or economic activity - is the means by which the ethical aspiration is pursued to create social value and it is part of every aspect of the organisation, for others the social activity is a product to pursue an economic activity. For example, among the newly established organisations depicting this typology are Bubble Enterprises and Inspired Sisters. These are examples of organisations that have emerged from the privatisation of welfare services and have assumed enterprising forms within social markets - one is a company (Inspired Sisters) providing employment skills training to the BME community in Longsight, and the other is a management consultancy that operates within the mental health sector (Bubble Enterprises). These organisations are found to be 'doing a job' (Teasdale 2006), a business opportunity within a social market for welfare, rather than rooted in civic engagement or activism.

Table 4.8: Business oriented organisations in my sample

Organisations	Mission	Purpose	Income
8th day	Encourage health of customers by providing good quality vegetarian food; democratic working environment	Generate economic value with social value embedded in the product	Trade: sale of products
The Wesley Community Furniture	Providing furniture at the lowest possible prices to those in greatest need; providing jobs, volunteering, training; recycle and re-use	Generate economic value with social value embedded in the product	Trade: sale of products and small ad hoc grants
Unicorn Grocery	Providing affordable, wholesome food, organic, fair-trade and local sourcing	Generate economic value with social value embedded in the product	Trade: sale of products and a small part of community shares for other projects
Emerge	Improving the economic, social and environmental well-being by collecting waste; promoting the understanding and practice of the 3Rs through educational and operational activities.	Generate economic value with social value embedded in the product/service	Trade: services and small (30%) grants and fundraising
Inspired Sisters	Developing measures to help people overcome barriers	Generate economic value with social value embedded in the service (as it is a 'social service)	Trade: services and small ad hoc grants
Bubble Enterprises	Working with individuals and organisations in the mental health field to develop and deliver opportunities for social and economic inclusion	Generate economic value with social value embedded in the service (as it is a 'social service)	Trade: services and small ad hoc grants

Source: author's notes from fieldwork and secondary data review

The main driver for organisations like Bubble Enterprises is the generation of new ventures using skills and expertise gathered through professional experience gained by working in the field. Here the emphasis is less on social inclusion or change, and more on generating economic value, producing an income for the organisation through service provision. In the words of one of Bubble Enterprise Directors:

"*The success of the Laughing Buddha Bubble Incubator* (a pilot project) *brought to the decision for to develop further this new stream of business, an add-on to our management consultancy package. It was the opening of new markets enabled by policy changes - such as the NHS modernisation agenda (2003), the Health and Social Care Act - that has opened opportunities to develop new business […] market opportunities are greater in this sector if one is set up as a social enterprise […] being a social enterprise is an extra selling point*" (Leigh Wharton, Bubble Enterprises, 31st August 2010)

This quote exemplifies the intention to operate in a market where there are opportunities, rather than wanting to change a market. Similarly, Inspired Sisters originally was set up (in 2003 by Tara Hussain), as a culturally sensitive women's organisation growing out of the founder's own knowledge of the problems many BME women face in modern society. The aim was to support inspirational skills, deliver training, and provide employment services. Two years later the organisation changed (staff, legal status and mission) and was set up as a Company Limited by Guarantee providing services addressing the barriers people from

different ethnic groups face in accessing employment opportunities in Manchester. In this transformation the organisation was re-born as a social business, a CLG delivering services on behalf of statutory bodies.

Conversely, the established business oriented organisations are focused on ethical aspirations that are centred on the cause (i.e. organic, vegan food for Unicorn; recycling for Emerge and Wesley) and/or the workers (8^{Th} Day). Indeed, some organisations (particularly the workers cooperatives) see the cooperative principles as being their main ethical aspiration (8th Day more than Unicorn). However the ways of working are (generally) reflected with the ethical aspiration of these organisations that try to make a point about a fairer, more sustainable way of engaging with the economy. These organisations tend to focus on making a profit; however this is done along very strict ethical guidelines, of fairness, democratic decision making and respect for the environment. This is the case for organisations where the mission focuses on pursuing an economic outcome, whether by selling organic vegetarian produce, second hand furniture or waste collection services, the product sold carries a social value, from its production to distribution and consumption, thus business and social mission are highly interconnected. As one of the interviewees noted:

"*It is a social business, which means a good and honest way of making a living*" (Richard Lockwood, (Richard Lockwood, Volunteer and Service Development Worker, The Wesley, 1st April, 2010)

In their origins, all these organisations were set up with the express aim to be entrepreneurial, but the distinction here is between those that represent the expression of an alternative way to engage with the economy, either through working practices that emphasise the development of secure, democratic employment conditions - expressed through the workers cooperative form (Unicorn and 8th Day) or through the development of 'innovative' ways to tackle environmental issues, such as waste disposal without incineration (EMERGE) and recycling unwanted furniture by selling at low prices to those in need (Wesley). The histories recounted by these organisations indicate a tendency to change over time, reflecting the different responses to opportunities and challenges faced in their lifecycle. Some organisations like 8th Day and Unicorn have benefited from the mainstreaming of healthy, locally sourced food, and thus have grown organically, seeing an increase in demand. However, with differing scales and approaches, since Unicorn, faithful to their ethical drive and intention to engage with sustainable living, have diversified their

offer and reach buying some land to develop an organic farm as well as supporting spin outs, as for example the delivery of organic and vegan cookery course (i.e. Cracking Food). They are part of a wider national movement of 'grown your own' and 'making local food work' and thus participate to national debates and lobbying campaigns. 8th Day has instead capitalised on their location (Manchester Metropolitan University) to focus on the student community. Since their focus is on generating profits for the benefit of their workers, they are more customer driven, than Unicorn. For example, 8th Day is less strict in the type of products they sell, than Unicorn. Faithful to their vegan beliefs, Unicorn does not sell honey, whilst 8th Day despite being marketed as a vegan store, follows customers' demands and sells honey, despite issues of bee exploitation.

Other organisations that instead have not benefited from the mainstreaming of their product, have undergone several changes in order to survive, following decline in demand due to decreased of their beneficiaries (Wesley) or changes in their client base and customers' interests (e.g. more interest in bric-à-brac than second hand furniture). The example of Emerge best represents organisational changes. Emerge originates from a group of conscious activists wanting to propose alternative ways to dispose of waste, through a community business pioneering new environmental services (see position A in figure 4.4). Through the years, with the increased centrality of 'social enterprise' in public policy debates and the increased availability of funding targeting third sector organisations, Emerge decided to seek Charity status, in order to benefit from further funding to explore different offers and benefit from tax breaks. Responding to external changes, such as the end of a contractual agreement with Manchester City Council, the organisation was pushed to look at different avenues to generate income, which resulted in the development of complementary environmental education activities. Additional Lottery funding enabled Emerge to experiment the offer of free environmental education workshops in schools. In this way expanding its mission and supporting organisational development by pursuing other relevant areas in which to be involved. This change corresponds to the move from the top left to the right hand bottom quadrant of figure 4.4 (B) as a socially and environmentally focused organisation adapting a mix of models and borrowing resources of public, private and voluntary nature. It is only in recent years that Emerge's attention had to shift towards its business side, adopting models and strategies more akin to mainstream business in order to survive, and thus moving towards the bottom left hand corner of figure 4.4 (C).

Figure 4.4 Changes in EMERGE's position throughout its lifecycle
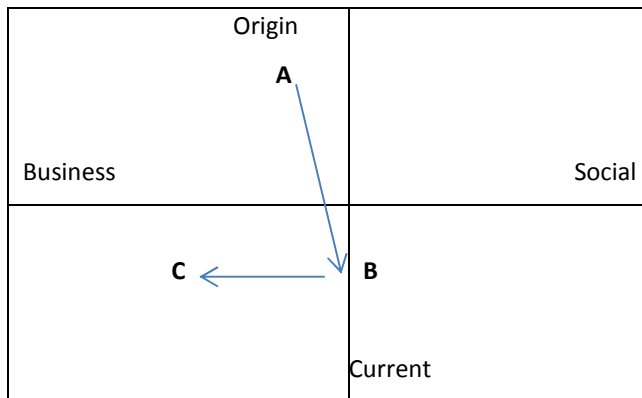
This change has been triggered by a number of occurrences. Firstly, the local market for waste disposal is now almost dominated by private sector firms that are able to keep low overheads and compete on prices. Whilst Emerge is conscious that its unique selling point is indeed its ethical stance, in order to maintain operations, thus generate income, they have to be mindful of costs, savings, enhancing the offer and marketing better and more profusely.

Secondly, although the education programme (developed through grant funding) has proven very successful with schools, there is no further funding for it to continue, so Emerge are left with the choice to cease the activities or getting schools to pay, thus commercialising the service. The spending cuts and general unavailability of public funds means that schools' budgets have also been reduced and environmental education is not a priority. Emerge is now negotiating with schools and attempting to cooperate with them in order to find a mutually workable solution, - an example of a non-instrumental way of engaging with the market (Cameron 2009), but the lack of institutional endorsement means that there are no intermediaries supporting this initiative.

Thirdly, in the process of experimenting with new opportunities, the organisation engaged with the national Charity FareShare and it soon became the regional FareShare franchise for the North West. The FareShare model is to link with food retailers and manufacturers in order to provide a solution to their food waste management. Essentially, all the unwanted food collected is then given to local charities and other voluntary organisations that provide food and catering for communities in need. From 2008 to 2010 all food provided to organisations was free of charge, as subsidised by FareShare national with a minimal contribution by the franchiser (Emerge). As FareShare nationally experienced a reduction in funding, from 2010 Emerge had to fundraise in order to cover the costs. In order to meet

the needs of the recipients, Emerge has devised a membership package with different levels of fees but the dilemma still remains:

"*The membership fee introduces a purely commercial relationship between* Emerge *and the voluntary groups in need of food. Basically if you don't pay you don't get the food. But food needs to be shifted as that is the purpose of the programme. But how does this sit with the ethos of Fare Share that is indeed to give food away?*" (Sebastian Serayet, FareShare manager, Emerge, 14th October 2010).

Whether new or established, business oriented organisations operate in markets, where they compete with either private sector companies newly entered into these traditionally marginal social markets and from other social economy organisations that are equally trying to establish their offer or expand their social entrepreneurship to wider fields. And because of the high levels of competition and the need to respond to the imperatives of the market (cost benefit, risk management, full cost recovery, performativity), they have to generate demand. Those operating in a purely commercial market, need to maintain a close control over their (ethical) offer, as this constitutes their unique selling point, what differentiates them from other companies, and forms the basis of customers' choice: trust. One of the 8th Day's workers explained:

"*People coming to the shop want a trusted brand; a trusted provider where they know what they are getting is certified. […] It is fundamental to always keep a close eye on things, monitor and in this business keep on top of information. In the shop for instance, it is about always being informed on what happens, take overs. Therefore it is fundamental to always monitor sources, of all types not only products sold but those used within the shop, down to the cleaning products. Our clients are well informed, so it is important to keep up to date*" (Brenda Smith, Marketing and PR, The 8th Day, 29th September 2010)

Those instead operating in a 'commercialised' social market need to build credibility but also monitor their offer in terms of profitability thus need to privilege activities that do not jeopardise the business objectives, the finances of the organisation. This means that if there is no funding a service is not delivered. In the words of an employee of Inspired Sisters:

"*The company needs not to make a loss as it needs to pay wages, staff salaries. Whenever the organisation costs a project or a service it takes into account all the costs that might occur in order to ensure covering all its overheads and potential others, like bus tickets for*

clients to go to an interview. Every project is considered on how it fits with the wider remit of the organisation and its sustainability. Underspent goes back to the commissioner so all the costs need to be considered, but mainly it is about not working at a loss." (Mariam Ahmed, Operation Manager, Inspired Sisters, 1st September 2010).

In summary, this section has shown that there is no single pathway of social enterprise development and that depending on organisations' orientation and circumstances the trajectories followed vary. So for example, changing in funding mechanisms has triggered transformation for some organisations, as Wai Yin example indicates. However, unexpected disruptions, such as the changing to contractual agreements Emerge experienced have inevitable immediate impact on operations. How they respond to these challenges and manage to reconcile their diverse business and ethical aspirations, depends on a number of factors, which as discussed in detail in the next section, include the stage of development, the people involved and their ethical imprint, the support and advice available to them in that specific moment, the nature of the product and the market in which they operate. What emerges therefore is that reconciling business and ethical aspirations is not the *fait accompli* of being a social enterprise, rather a process of continuous negotiations, debates, and experiments with whatever economic and not economic resources are available to organisations.

5. Reconciling business and ethical aspirations

The evolution of social enterprises, as recounted through the experiences of the organisations in my sample, reveals the diversity of pathways followed in order to fulfil the diverse ethical commitment organisations hold dear. Whilst the successful adherence to diverse ethical commitments stems mostly from the determination of those engaging with the economic activity in a certain ways, this research has found that a number of key factors have also played a role in supporting organisations' development in line with their ethos. These factors tend to vary through the different stages of organisations' lifecycles. During the start-up phase, the commitment of the individuals involved, for what the organisations is trying to achieve, is obviously paramount to steering the course of action. However, a number of external factors appear to contribute to early years' development, such as the accessibility and the type of funding and the support available. Later on, when organisations have consolidated their position and are more or less established, the complexity of relational associations with funders, public bodies, and other social enterprises, have the potential to steer organisations in different directions, sometimes

enabling reconciliation, whilst others hindering the fulfilment of social or environmental commitments. During this phase, the factors influencing the course of action include some internal characteristics such as the embeddedness of values in all aspects of the organisation and the way in which this is translated into action through their ways of working. However, underpinning the propensity to act upon the shared values that characterise organisations is also the nature of the 'product' offered by the organisations.

I start this section by looking at the experiences of organisations during the initial phase of their lifecycle, discussing how the different factors presented can affect the process of reconciling business and ethical aspirations and thus shape organisational development. The second part of this section focuses on the next phase in the life of the organisation, once settled and consolidated and looking to maintain or expand their position within the local economy.

5.1 The factors at play in the inception years

Drawing on the experiences of newly set up organisations and the historical accounts of those more established, in this section I explore the key factors that mediate the ability of organisations to reconcile their diverse business and ethical aspirations during the inception years. Three key factors emerged from the analysis, combining the personal characteristics of the individuals involved, their charisma driving the organisations and guided by their ethical zeal, and a favourable environment of unrestricted funding and support to grow in line with the mission. These factors are not mutually exclusive, rather their interconnection shapes the practices of organisations to manage their financial and social objectives, and thus provide the possibility to evolve in line with original ethical aim, however all with differing consequences, reflecting the diverse business and ethical aspirations characterising the organisations involved.

Personalities

"Reconciling business and social/ethical aspirations is possible but it takes personal character. The predisposition of wanting a fairer society" (Neil Turton, 1st July 2010, Chief Executive, Salford Health Matters).

The commitment, ethical zeal and emotions of the founders are the drive for the creation of social enterprises, and also what keeps them going in the early years. The determination of seeing the initiative working, following the initial ethos, drives the decision making process and ensures that the organisation moves along the ethical coordinates that reflect

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their mission. The initial members, the founders, act as moral agents within the organisation, and armed with good intentions and strong values they steer early development following the original (ethical) vision. These ideals and emotions are what constitute the resources of organisations used to guarantee conformity. According to Etzioni (1975) it is indeed conformity that guarantees the existence of organisations, even when they are not profitable (Collins 1988). By ensuring that the values the organisation embodies, what it was set out to achieve, are shared among its members, the organisation generates voluntary, auto-motivated conformity and a level of normative, internalised control. This is evident in the quote below from one of Unicorn's employees, stressing the power of control that shared beliefs and ethos have in maintaining conformity within the organisation:

"M*ost staff are not here because of the money, so job satisfaction is high, completely transparent, not only within the coop but within the community and the movement […] Unicorn's ethics is more than aspirational, with 40+ members who have all got very high ethical standards it is nearly impossible to get away with anything unethical*" (Britta Werner, Unicorn Employee, September 2010).

The charisma of the people involved, particularly in the early days, shapes the organisation and gathers around it individuals that share the same beliefs and vision and contributes to developing a motivated workforce, building up a shared vision. As one of the interviewees noted:

"*I would also say that having everyone working with a collective vision and as part of the overall team is the main thing that keeps us all singing from the same hymn sheet*" (Ian Stewart, Director, Benchmark, March 2010).

However the personalities of those involved can also trigger change within organisations. Many social enterprises, particularly those born out of community based organisations, have experienced the most significant transformation with the arrival of new, motivated individuals armed with the skills that have enabled them to 'spot' opportunities. These social entrepreneurs are those that move the organisation from non-market based, reactive positions to organisations able to appeal to funders, by developing the 'right' product and structure and strategically positioning their services. They are seen to introduce more formalised ways of working and taking advantage of the changes in the policy context, bidding for further longer term funding to enable time and resources to plan the way forward. This was the case for Wai Yin, when the recruitment of the current Director

signed the beginning of a new era for the organisation. Indeed, the main contribution of Sylvia Sham's skills and enthusiasm was to transform Wai Yin from a small Women Association supporting the Chinese community of Manchester into a multi-cultural centre and service provider. The combination of personal drive, vision and skills and the changes in the political agenda meant that the situation was ripe for Wai Yin and Sylvia provided the strategic vision and motivation for the organisation to grow and enhance its offer. The changes triggered internal reactions, as this quote reveals:

"*The appointment of Sylvia as Director, setting out a clear strategic vision for the future of Wai Yin, marked a transition for the management committee. Over a twelve months period, several of the original Committee members left to be replaced by Chinese women who were more at ease with the new sense of professionalism that came to Wai Yin. The atmosphere changed, as some women felt that Wai Yin was not the small intimate group of volunteers supported by a few members of staff* [rather the opposite] " (Greenwood 2008, p.62).

It could be argued that the changes introduced by new arrivals may shift the focus of the organisation, as indeed occurred in Wai Yin, where the impact of change implied a shift from being a small group of volunteers to an organisation raising awareness of Chinese culture to one that as well as raising awareness used its credential to deliver services to an expanded community. Not all the original members accepted this change and many left to set up another Chinese Women Association, since their ethical commitment was indeed to continue to operate as a representative body, rather than deliver services. Arguably therefore the dynamic of change disrupted the original aims, however the resulting new 'identity' was able to build its reputation and enhance Wai Yin's scope of action, in line with its ethical commitments. Working with what was available (i.e. more commercial approach to service delivery) in order to fulfil its ethos of serving the community (Chinese and other ethnic minority groups) rendering the organisation a leading example of BME women led social enterprise.

Funding: availability and type of funding

Most organisations manage to survive with very little funding in their initial years. Overheads are low, since there are virtually no paid members of staff, and the founders work overtime, borrowing privately or getting small grants and donations in order to continue operations. The primary interest is the ethical commitment of the organisation. At this stage the availability and type of funding organisations can rely upon contributes to

devise a 'product', shape their offer and consequently their development. Essentially, the less constrictive the funding, the more able organisations are to develop in line with their ethical aspirations.

Many of the organisations that are part of this study have benefited, in their early days, from funding from the National Lottery which has provided them with the opportunity to try out their ventures and thus verify whether or not their offer was viable. This was the case for the Wesley Community Furniture project for which the four years of Lottery funding constituted a fundamental enabler, as it supported delivery for a reasonable length of time and helped the organisation to develop. In the words of one of the Board members:

"*The Lottery was a great help for the Wesley, for three main reasons: firstly it guaranteed the opportunity to employ full time staff. Secondly it provided longer term financial security and thirdly, through the organisation of the funding and its requirements, it provided structure and purpose to the Wesley*" (Rob Ramwell, Board Member, Wesley Community Furniture, June 24th 2010).

The availability of funding shapes delivery and can contribute to establishing the credibility of the organisation in line with its ethical focus. Mostly, it enables organisations to try out their activities and begin to build recognition and credibility. For Neoartists Studio in Bolton, the membership fee charged to joining local artists constitutes the main source of funding, which enables the organisation to finance the material made available to members. Nevertheless, right at the start it was a combination of grants from the Arts Council (£5,000), the Foundation for Sports and the Arts (£10,000), donations (£3,000) and the Providential Insurance Trust in Bolton (£500) that financed the initial purchase of equipment. The caveat that comes from this funding is that in return Neoartists Studio has to deliver workshops open to the wider public.

Some funding comes with specific requirements, that can act as burden to a newly establish organisation and shift the attention to the delivery of specific outputs rather than pursuing the primary interest for which they set up. This is the case for Arcspace where the ad hoc funding for the delivery of projects focused on recycling computers and providing IT courses for young unemployed has contributed to slowing down the process of organizational development in line with the original vision. For this small organisation delivering these specific projects has meant that no time was left to develop the activities it set out to in line with its mission, which is to promote social and creative interaction between diverse

individuals and communities (particularly the neighbouring academic and local communities in Hulme). So the idea of using the funding to build up recognition and networks has instead slowed the process down, to the point where the directors are now questioning the future development:

"*If other funding does not materialise then Arcspace will still only recycle computers and provide IT courses. We can still work with Future Jobs Fund people, computer brokerage and skills sharing, but this is not reflective of our vision. So we are seriously questioning our future*" (Victoria Sinclair, Director, Arcspace, 15th October, 2010).

Other organisations in my sample were set up as part of specific regeneration programmes, thus from the outset they had already an established remit and funding to support development and delivery. The New Deal for Communities (NDC) programme for instance was committed to developing local partnerships and social enterprises (Amin, Cameron and Hudson 2003). The aim was to get local people involved in the organisation and delivery of local services, working in partnership with public sector agencies. Unlimited Potential (UP) was originally the Community Heath Action Partnership (CHAP) for Charlestown and Lower Kersal in Salford. CHAP was established in 2000, when 20 local residents became involved in planning and delivering a new health services for the local area stemming from extensive public consultation. The NDC team was providing the financial support and the structure to help the community getting 'ready' to deliver the services designed. In 2002, the community group was already a Company Limited by Guarantee and began to deliver services, employing a project coordinator, three family support workers, an exercise referral advisor and an expert patient coordinator. By 2004, CHAP had a £650,000 budget. This meant that right from the outset what then became UP had at its disposal, funding, skills and a client base to begin operations. Up to this day, the core activities of UP are the services developed as part of the NDC programme, that has provided the organisation with the stability, resources and credibility to now consider potential growth in newly opened up sectors of the welfare market (e.g. prison services and healthy pubs) and to now look at different opportunities, in line with the ethos.

Support available

The type of support available at the time an organisation begins to actively deliver activities is crucial in shaping their development. Most organisations rely on local networks. These can be either informal networks of relations among different members of the community and other local stakeholders, including capitalist enterprises, or thematic networks (e.g.

BME network) - that in the case of Greater Manchester, as discussed in section 3, have emerged from the developing links between communities, local authority and intermediaries and later 'formalised' in representative structures but not appropriated or established by the local state. For example, organisations like Wesley Community Furniture have benefited from the availability of rent-free premises thanks to the relationship developed by the founder, Sheridan McLaughlin, with Bellway Homes - the construction company engaged in the physical regeneration of Hulme. The deal was for the Wesley to follow the physical regeneration of Hulme, moving from building to building, when these were due to be demolished in exchange for a peppercorn rent. However, this support was not completely disinterested, as the developers were interested in building new homes and selling them quickly with no oppositions from the local community. So in order to achieve this, they needed the support and endorsement of local organisations. Since the Wesley was recognised at the time as the 'voice of Hulme', it was in the interest of the company to develop a working relationship with them.

"*The Wesley was at the centre of the [Hulme] community, responding to its needs directly or indirectly. It was the time when Hulme was called the People's Republic as people were looking after each other. This (The Wesley) was an example of the many initiatives at the time going on here*." (Sheridan McLaughlin, Board member and founder of the Wesley, 21st September 2010)

Moreover, the Wesley was rooted in Hulme's activism, and embedded in a network of social relations that supported the initiative through the initial years. A network of environmentalists and activists shared this same location and through their connections supported each other and mutual activities. Similarly, it was through these personal, informal, relations that Emerge initial members also started liaising with like-minded regeneration officers working in the Hulme and Moss Side areas. This informal relationship led to grant them the opportunity to pioneer a hi-rise flats recycling service and to pilot the first Pedestrian Controlled Vehicle (PCV) multi-material collections for 5000 households, both unheard of within the city of Manchester. This pilot has enabled Emerge to establish its credential and be recognised as an environmental business of its own right. Similarly, for other organisations born out of a business idea (e.g. 8th Day and Unicorn) the presence of a sympathetic professionals, a captive audience in specific areas of the city (e.g. Chorlton) where already the ideas of vegetarianism and environmentalism were ripe, contributed to provide the support needed to try out their offer in the early stages of their development.

Local support also comes from the level of endorsement organisations gather from public authorities during their start-up phase. For instance, the Wooden Canal Boat Society developed a strong connection with Tameside Council. Upon approaching the local authority, the organisation was granted the possibility to moor the boats in the Tameside Council's Portland Basin Museum's wharf, in exchange for free educational tours for the wider public. As the local authority recognised the potential of cooperating with this organisation, it also provided it with the initial support that enabled the Society to later consolidate in line with its aims to both preserve traditional canal boat building skills and the history surrounding the operation of these boats, and also to help people experiencing loneliness and social exclusion (generally as result of mental and emotional distress) by providing volunteering opportunities. The cooperation among different actors can bring mutual and wider benefits, as explained by the Wooden Canal Boat Society's development worker:

"*Tameside Council's commissioners have been supporting the Hazel project, which is a wellbeing and social inclusion project. Hazel fits in well with the current 'wellbeing', 'recovery model' and 'social inclusion and social cohesion' agendas, and benefits the local authority and the community as a whole if we enable people with low levels of physical and mental wellbeing to access canal boating*" (Fiona Jones, Development Worker, Wooden Canal Boat Society, 25th June 2010).

However, the recognition from the local authority can also trigger a functional relationship of support, that is in order to gain funding organisations purposely align their activities with Council's priorities and deliver the services they are asked, particularly if operating in areas of need, where any service is better than no service. Organisations are found to act as adjunct to local authorities and to do their work with the communities they serve. For example, Inspired Sisters' ethos to "*work together with the city council for the community*" (Mariam Ahmed, Operation Manager, Inspired Sisters, 1st September 2010), has guaranteed their expansion in two areas beyond their original remit of Longsight (Chorlton and Cheetham Hill), responding to a need identified by the statutory authority that also provided them with the space (buildings) from which IS was delivering the employment training skills services.

The growing popularity of social enterprise in the policy arena has had the effect to increase the interest in developing new organisations (as preferred model). This has enabled some of the newer organisations to benefit from mainstream business advice and

mentoring, accessing funding for training and devising a business plan, thus become 'contract ready' in a shorter time. Armed with the support provided by skilled business advisers, organisations come to have a clear business idea from the outset, but sometimes this seems to target the funding available and thus it has potentially the risk to force an alignment with local priorities, rather than a response to an identified need, particularly as statutory authorities approach organisations to deliver specific projects, and support financially only specific activities. In this sense, the example of Union Street Media (see section 4.1) is indicative of an organisation that through the collaboration with a business advisor from an early start, less than one year into their establishment had already a business plan and a marketing strategy enabling the organisation to look for funding opportunities in Old Trafford. However, the growing popularity of social enterprise has also meant that organisations have been pushed to adopt 'this form' (using legal status akin to the model) as a means to get funding, rather than resulting from an organic decision making process rooted in the intentions and vision of the original members. Neoartist Studio in Bolton for instance, became as a C.I.C. (in 2008) under the advice of a lawyer. They needed a legal form to access a lease on a building and were advised to choose this legal form as a way to access funding and pay less tax (Christine Hardman and Lisa Moore, Directors, Neoartists Studios, 19th August 2010). Whilst in the end this legal status appealed to them, it was not the result of an agreed and informed decision.

This section has highlighted three factors that contribute to shape organisational development in the early years of their existence. Firstly, the personalities of those involved, that is their commitment to the cause and their ethical zeal, drive the organisation in developing a shared vision and begin the process of translating it into practice. However, whilst this is common to most organisations in the two case study areas, the emphasis on the importance of appropriate skills, that is the expertise in spotting opportunities, is more common among those organisations that have developed mixed aspirations, and thus want to improve relationships with statutory bodies to deliver contracts on their behalf. This trend, as discussed in chapter 5, appears more strongly in Tyne and Wear, where organisations' reliance on statutory support is stronger than Greater Manchester. Secondly, the type of funding organisations can rely upon from the outset contributes to shape their development in different ways. When unrestricted and long term (e.g. Lottery), it enables organisations to test their ideas and formalise their internal structures. For many organisations included in the Greater Manchester sample, grants and donations play an important in the early days, particularly among those stemming from

community action rather than spinning out of statutory enterprises (i.e. regeneration partnerships), where the pathway to development is determined from the outset. In Tyne and Wear, where most organisations researched were formed with statutory intervention, this trend is more common than Greater Manchester. Finally, the third factor that contributes to social enterprise development in line with its social goals is the support available to organisations in the early days. Local networks play a crucial role in connecting emerging initiatives and enabling a process of skills and expertise sharing that helps organisations formulating their offer independently from statutory intervention. However, whilst in Greater Manchester these networks have borne out civic activism and thus nurtured a culture of self-help, in Tyne and Wear support and recognition from statutory partners appear to play a more important role, leaving little space for experimentation beyond recognised policy priorities and tested approaches.

The interplay of these variables contributes to shaping the developmental trajectories of organisations, by opening up differing opportunities for them to become more established. In the constant process of reacting to the continuously changing circumstances, challenges can always emerge that organisations have to consider, and which can affect either the financial side of the organisation or the social/environmental side, if not both. The next section explores the factors at play during the continuation years.

5.2 The factors at play during the continuation years

Once activities are more consolidated, organisations tend to face up to complex challenges that can put strains on the ways in which they operate and consequently, on their ethical commitments. The challenges of financing the activities delivered and staff wages, the more sophisticated internal coordination, the diverse relationships with various stakeholders, and the increased competition from mainstream businesses as well as other social enterprises, render the process of balancing shared but competing goals and commitments (Graham and Cornwell 2009) more arduous. This study has identified three - mutually inclusive - factors that influence the process by which social enterprises reconcile their diverse business and ethical aspirations. During the consolidation phase, a different number of factors - combining social enterprise specific characteristics with external influences - appear to contribute to shaping the diverse possibilities for organisations to operate in line with their ethical commitments. Firstly, the ethical steadfastness of organisations is important to develop a culture that respects the guidelines and ensures that the values are shared and lived. Secondly, it is important that the values also

permeate the ways of working, which in turn enables organisations to obtain recognition with external partners. Organisations working in the welfare market were seen to have developed collaborative ways of working with statutory partners, whilst those operating mostly in mainstream markets had gained customers buy-in by staying true to the values they hold dear. These relationships have enabled organisations to develop the right product for the market (the third element) and thus have maintained a favourable position. However, this would not be possible, if the political culture was not open to different experimental approaches and if there was not an ethical middle class interested in the same values as those held dear by the organisations. In the discussion that follows, each of these factors is described in more details.

Embeddedness of values within the organisation

"*When it comes down to it, it is all of us (from trustees to volunteers) who define the relationship between the Wesley's 'social enterprise' goals and our social/ethical aspirations.* [...] *It is possible to be entrepreneurial and fulfil a social mission, but it depends on the staff motivations and their good will*" (Richard Lockwood, Volunteer and Service Development Worker, The Wesley, April 16th 2010)

As social enterprises become more established and employ more staff, the rootedness of their values in the structure, that is how the values are shared and 'lived', can make a difference in the way decisions are made. Whether opportunities/threats organisations face are dealt with in line with their social/environmental concerns. The more values are shared among the members, the more they counteract the manpower needed to raise funds and thus contribute to reconciling the business drive with the ethical aspirations. In a sense, this reflects the culture within the organisation, which shapes the ways in which opportunities and challenges are evaluated, guiding the ethical decision making process and sustaining the organisation through good and bad times.

Although all social enterprises in my sample appeared to adopt deliberative approaches to embedding values within the organisations' structure, that is discussions among all members tended to be encouraged, two methods emerge from the experiences recounted. In some cases the management has taken the lead in ensuring that the values permeate all aspect of the organisation's life, which in practice is carried out by developing policies which reflect standards of behaviour and monitoring adherence to these.   In other organisations instead whilst the adherence to charitable aims/ principles is seen as a

guideline of behaviour, the approach chosen is one that privileges exchanges of views, debates and staff involvement, a purely deliberative approach.

In the first instance, the example of Unlimited Potential (UP) clarifies. UP was developed as a social enterprise when Chris Dabbs became the Chief Executive. He involved the Board in a process of self-appraisal in order to identify the most appropriate form the organisation needed to evolve into. The choice of Community Benefit Society as a legal form imposed a framework for action focused on evidencing the benefit to the community. From this basis, UP re-wrote its constitution that set the ethical guidelines against which all operations are monitored both internally and externally through Social Audits. By monitoring social performance and impact, the organisation is therefore able to demonstrate its adherence to their ethical principles and use this to the benefit of organisational culture, building credibility both internally and externally. The words of the Chief Executive explain further:

"[…] *Ensuring that the values are built into everything that the organisation does, every policy, every sub area should be subjected to UP values applications. It sends out a signal to staff as it is a cultural issue. UP transmits the values through talking to staff and repeating all the time what the organisations is about and believes in. Also what is monitored is related to our values. Survey of staff, surveys of customer satisfaction all ask questions about the performance of UP in relation to its values and the fact in itself that they exist and are repeated every year reflects the values of the organisation […]*" (Chris Dabbs, Chief Executive, Unlimited Potential,28th October, 2010).

The strict framework of ethical guidelines is implemented both through dialogue and through consistent performance monitoring. Indeed, a way in which UP ensures that values are respected and therefore contribute to their embeddedness within the organisation is by carrying out annual social audits. The results of this are then used to inform the organisation's development, as reflected in the words of the Chief Executive:

"*Social accounts have the same attention as financial accounts [...] I use some of the input of the social audit panel members to help inform the forthcoming Board annual review, which leads also into the next business plan*" (Chris Dabbs, Chief Executive, Unlimited Potential, email, 22 July 2010)

The view that this approach is beneficial is also shared by the board members, who see the importance of social auditing both in terms of a learning, self-evaluation, and adherence to ethical principles, as reflected in the quote below:

"*The focus on externally executed social audits is a means to learn and improve. This is one of the strengths of UP, as it reflects the organisational ability to translate ideas into practice*" (David Dawes, Chair of Unlimited Potential Board, 4th October 2010)

And also as an important tool in leading the conversation with commissioners, as it reinforces the organisation's unique selling point, and makes them appreciate its commitment.

"*At the moment is more a matter of building the relationship and positioning the organisation in a way that enables influencing commissioners. The aim for the organisation is to be able to influence rather than be reactive. There is a high degree of risk in having an ethical strategy, review of providers being one of them. There are easier ways of making more money but a track record of ethical strategies put in practice might enable opportunities for the future. The challenges are creativity and innovation – introducing evaluation and audit to measure outcomes and develop indicators that might encourage change in thinking from the commissioners' perspective.*" (Author's notes, Unlimited Potential Board Meeting, 28th August 2010)

The second approach that established social enterprises tend to adopt in order to develop and maintain an organisational culture that reflects their ethical values is one that privileges direct deliberative processes, nurturing debates and critiques about what an organisation does or should do rather than instigating formal processes. This type of approach fosters diversity and encourages individuals to understand, challenge, own and share the values they bring to the organisation (Sinclair 1993, p.70). The Wesley, for example, prides itself as an organisation led by their members and where individuals are valued. Staff and volunteers are involved in the development of procedures and mechanism (e.g. databases) to improve the running of the organisation as well as in the decision making process, with all the meetings open to staff and volunteers alike. Since the Wesley nurtures a shared sense of ownership, encouraging democratic participation and where differentiations between staff, volunteers, board of directors is almost inexistent, people participate fully to the life of the organisation, sharing the 'good and bad times', willing to take on the risks and the potential impact that certain choices may have on the organisation. Indeed, since all the decisions made prioritise the Wesley's ethical commitments to recycle and sell low cost second hand furniture, sometimes decisions made have had a negative impact on the organisations finances. However staff and

volunteers alike have stayed faithful to their principles and safeguarded the organisation, by accepting monetary sacrifices, as the quote below indicates.

"*There is loyalty, commitment and identification with the place (the Wesley) […] in moments of crisis people have worked without getting paid. Also the volunteers reflect this commitment*" (Richard Lockwood, Volunteer and Service Development Worker, The Wesley, 1st April, 2010)

The organisation grows in line with those involved, through their participation and engagement and through the deliberative process that enables values to become embedded. For example, as part of the Wesley's aim to provide the cheapest furniture in Manchester for people in need, questions about the stock have emerged through the years, particularly as to whether the principles of recycling should be or should not be prioritised over the principle of providing people in need with furniture. Essentially, some members of staff wanted to buy new furniture (e.g. beds and white goods) in order to fulfil its social aim without penalising or marginalising its customers, and avoid the creation of a 'market for the poor'. However, other members of staff see the move to purchase new items as a drift from their environmental aim to recycle and reuse unwanted goods. This debate, on-going at the time this research was carried out, formed the basis of the democratic, ethical decision making process. All the proposals are vetted on the basis of the ethical framework of the organisation, and in seeking evidence on whether this route should be pursued or not, all members of staff and the board participate to the wider debate about organisational values. It is through this process that organisations pursue their ethical commitments, and make decisions as regards to the future activities. In the case of the Wesley, the process of vetting different options brought to the decision of limiting the purchase of new items to those goods requested by the clients and not in stock. An economic decision made in respect of the ethical values held dear.

Both approaches presented as to embedding values with an organisation reveal that this is a continuous process, as organisations react to the unpredictability of everyday life and the tensions inherent to every decision that has to be made, as regards to the organisation, its staff, the supply chain, the quality of the product/service, and so on. In some cases, it is indeed the engagement with the front line staff that proves more challenging in ensuring that what the organisation stands for, its ethos is understood and implemented (e.g. the way workers deal with the clients). For instance, in Emerge there is a sense of separation between the drivers of the vans collecting the waste and the people in office, the 'white

collars'. Indeed, the drivers feel that 'they are just doing a job', and for them the job is to collect waste, working their hours and receive a salary for it. The office workers, instead 'feel they are more ethically driven', they work for Emerge as the organisation embodies the environmental principles they want to disseminate more widely and implement pragmatically in their ways of working. Since however the drivers are the 'face' of the organisation, when asked about what Emerge stands for they feel unable to respond, and operating in a competitive mainstream market for waste disposal, their ability to market the organisation correctly is seen as crucial, since the ethical stance of Emerge is indeed its unique selling point. This mismatch is being addressed by encouraging interaction among staff and topical workshops in which all employees and volunteers are encouraged to express their view of the values the organisations represents, in the hope that a shared identity can be consolidated and then lived through this shared approach. The open discussion about what in their views the organisation represents serves the purpose of gradually crystallising Emerge identity and develop a shared vision that eventually all will work towards.

Ways of working

Whether a social enterprise is born out of a business idea and thus its economic and social aspirations are embedded, or whether it functionally engages in economic activities with the aim to fund its social mission, it is recognised that there are tensions in reconciling business and ethical aspirations. The nature of these tensions however varies and so do their implications. For example, in previous sections I have alluded to a distinction between organisations that deal with 'needs' and those that instead deal with 'wants'. Essentially, organisations providing services to individuals (i.e. needs) are faced with challenges that have the potential to either jeopardise the wellbeing of disadvantaged clients or that of the organisation. Whilst organisations providing products/services that are more an expression of a desire (i.e. want for fair-trade, organic products) incur in challenges that impact mainly on the wellbeing of the organisation rather than threatening that of others (at least in the short term). As one interviewee noted:

"*There is a great difference between businesses with ethical principles and organisations delivering services on behalf of Local Authorities - or NHS - forced down the route of procurement. These are dealing with real people coming through their door with significant needs*" (Atiha Chaudry, Chair of the Manchester BME Network, 25th November 2011)

In order to maintain faithfulness to their diverse ethical commitments and at the same time ensure funding availability, organisations are seen to adopt different ways of working in attempting to mitigate the effects of these tensions. Organisations dealing with people' needs, providing services to the most disadvantaged are faced by critical strains when it comes to make decisions (financially rooted) that impact either their clients or their organisations (staff numbers, wages). In section 4.2, I have discussed how this ultimately affects the pathway to business and ethical reconciliation, where some organisations – particularly those receiving core statutory funding (e.g. Benchmark and Bolton Steps) – choose to limit their operations to work within the limits of their core (public) funding, and others instead aligning their delivery to policy priorities. This however has not been tantamount to isomorphism, since in some cases this strategic alignment has developed the potential to influence statutory authorities in the design of services that can benefit their communities. For example, Unlimited Potential's chief executive and Board members were found to work closely with the local NHS and Salford City Council to influence the commissioning process. Strategically capitalising on the interest in social enterprises, they are able to negotiate the delivery and development of services for the local community and by working in partnership with commissioners, also keeping the costs down for statutory agencies. In this way, the working relationship can develop on the basis of cooperation and mutual benefit.

Similarly, many organisations born out of a business idea and which are more business oriented are seen to work cooperatively with other stakeholders, being truthful, honest, to their beneficiaries and/or customers. They engage in market relations on the basis of trust, stimulating a connection with consumers/beneficiaries. For instance, when Emerge had to introduce fees for the beneficiaries of the FareShare food parcels, it instigated a process of dialogue with its members and devised a membership package that could suit their consumption. Moreover, Emerge also increased fundraising as a means to keep the membership fees down reflecting the interdependence between organisations alongside the supply chain (Cameron 2007). Similarly, when in the past the funding for the education programme ceased and Emerge was not successful in finding a replacement to the Lottery fund, it began a dialogue with the interested schools attempting to provide workshops on a more ad hoc basis and also changing some of the other activities to cover the costs of providing awareness raising sessions to local schools. So the economic decisions that Emerge made were guided by the environmental and social ethics of the organisation, the

intention of fostering a fairer economy where decisions are made on the basis of reciprocity and mutuality, thus ethics of care.

For organisations selling 'ethical' products - thus fairly traded and produced - maintaining the trust of the customer is fundamental, as shows that they are true to their values and are credible. From a business perspective it is their unique selling point, and from a social, ethical perspective it is indeed their ethos. In the words of one of Unicorn employees: "*we have set a very high ethical standard from the beginning and we have to constantly work hard to live up to customer expectations […] Tesco or Morrison's down the road easily undercut our prices and people will go there not thinking about their ethics, whilst we want to compete on that*" (Debbie, Unicorn, September 2010).

Organisations tend to opt for transparency and sharing information among the various stakeholders, redefining market relations on the basis of trust, thus creating a space for longer lasting, fairer relationships to emerge. For example, in the case of the 8th Day the tension between the choices of ethical products, profitability and keeping abreast of the constant changes in the corporate world (e.g. buy outs), mean that the organisation has to adopt flexible ways of working, experimenting with different ways of doing things and learning through 'trial and error'. The strategy adopted is to liaise and cooperate with network organisations such as Ethical Consumer or Corporate Watch, as well as local informants, groups and movements in order to share valuable information. 8th Day has developed their buying policy on the basis of that of the SUMA COOP, to ensure that all members of the workers coop are aware. Moreover, they adopt a transparent approach towards their customers, by adopting a 'did you know?' policy which informs the clients about chances in the product so that they can choose whether they want to purchase a product that might have been bought by big corporate with negative CSR assessments (e.g. Innocent Drinks was bought by Coca Cola and 8th Day had them in stock). In this way, it is also possible to introduce alternative products with better credentials whilst ending the stock of those compromised by changes in their status, leaving the choice to the customers.

The right product for the market

Given the contextual changes, particularly the move from grants to contracts and the reduction in public spending, the need for social enterprises to have resources to operate, and sufficient demand to survive has become more pressing. This introduces the final factor influencing organisations ability to reconcile their business and ethical aspirations that is the presence of a viable product for the market in which they operate. For example,

the growing popularity of healthy, locally sourced, vegetarian produce has benefited the operation of many the local social enterprises involved in this trade. Organisations like the 8th Day and Unicorn have experienced a significant growth in their customer base thanks to the popularisation of locally sourced, healthy vegetarian diets. As Unicorn's website[76] reads:

"Predictable food scares and Gillian McKeith inspired national dietary fervour in 2004/5 brought waves of new faces to Unicorn. This led to growth beyond any forecasting, and a national shortage of sunflower seeds. Reacting to the demand we continued to find more quality products to sell and squeezed more in to our now crammed storage space."

However, with the mainstreaming of healthy diets came also increased competition from supermarkets selling cheaper organic and vegetarian options, and also other smaller businesses entering a potentially remunerative trade. So maintaining a niche position is crucial for these organisations, as relying on a customer base that shares the same beliefs and that is willing, or able, to pay for the cost of a product with 'higher' ethical standards (Tsukamoto 2007). Both Unicorn and the 8th Day have responded to the increased competition by diversifying their offer, growing their business in reflection of their ethical commitments. For example, Unicorn has become involved in organic farming, purchasing land and establishing satellite activities supported by the local food network and national movement. 8th Day has maintained the vegetarian café and developed an ethical beauty product line, in an attempt to distinguish its offer also from the likes of Unicorn. They have therefore used the benefits of the increased client base to develop further economic activities that complement their missions.

However, it is not in all cases that the market in which social enterprises operate has provided organisations with an advantageous position. For example, the recycling and waste disposal market pioneered by Emerge in Manchester was in its origin an example of an alternative market (Gibson-Graham 2006) where the principles of re-using, recycling and reducing waste dominated the exchanges mechanism. Through the years, the mainstreaming of recycling has rendered it a highly competitive and profitable market now dominated by private sector companies. These are now imposing a fierce competition and low prices that are slowly driving Emerge out. Whilst the organisation has tried to differentiate its offer in reflection of its interest in environmental issues of different kinds (e.g. wood, glass and computer components), it is still finding it hard to translate the

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[76] www.unicorn-grocery.co.uk

interest in environmentalism into 'new products'. Since the effects of the spending cuts introduced by the Coalition government have worsened the finances of many families, there has been a significant interest in the growing problem of food poverty. This has had the effect to increase demand and interest in the FareShare model, reflected in more donations and growing membership base. Emerge is currently making more money out of FareShare operations than it is of the recycling, which is running at a loss. So the original product (i.e. recycling services) has now been almost overshadowed by another one (food provision), which by chance the organisation had previously developed. However, changes in the market influence social enterprise provision and ability to maintain a position for its products.

Paradoxically, organisations operating in the welfare market can benefit from an increasing numbers of unemployed people, in need of support to access training and work related education. However in this case the 'customer' cannot afford to pay direct and needs the state to subside the provision. The implications for this are threefold. Firstly, the need for local government to recognise the work of these organisations and the challenges they face, in order to provide appropriate remuneration for services that are costly in time and resources. Secondly, the need to recognise the risk of market saturation, should social enterprise development focus solely on the specific themes of interest to local government's targets. Consequently, the third implication is the appreciation of the local market, thus an understanding of whether the local economy can absorb social enterprise offer. All these elements are important to ensure organisational survival in the welfare market. For instance, organisations specialised in programmes for specific ethnic groups, need a local labour market that enables their trainees to be employed. In the case of Inspired Sisters, operating largely from and in Longsight, the main recipients of their trainees' programmes have been big local employers like Asda. Despite the high business density of Longsight, the small ethnic shops and local market cannot sustain their supply, so their relationship with big private sector companies is essential for their accomplishments. However, the increased competition from mainstream businesses as well as other social enterprises in this field has meant that in order for organisation to ensure their product was viable they had to adopt different means to survive. Some organisations have aligned their activities and operations to local/policy priorities and operate through SLAs and contracts delivered on behalf of the public authorities (NHS or Council). Organisations have built relationships that recognise the benefit of working with statutory partners in delivering share objectives and in this way, influencing the understanding of the real costs of

delivering a quality service, thus maintaining a favourable position in the market in which they operate and, if they have significant recognition (e.g. Wai Yin and UP), influence service development. Other organisations work in partnership in order to fulfil their social objectives and still maintain financial viability. Inspired Sisters and Wai Yin for instance have worked cooperatively in delivering training and employment programmes, and their collaboration and that of similar organisations has been formalised in the creation of thematic Consortia that enable bidding for bigger contracts. However, depending on the availability of public funding, the offer can shrink with compromises to be made between service provision, wages of staff, or even potential time/resources to develop alternative, different services.

6. Conclusion

The Greater Manchester case study has revealed that the variety of organisational forms and their diverse motivations pursued reflect a varied mix of business and ethical orientations. Not all organisations want to engage in commercial activities to raise funds and some prefer to limit their business ventures to small initiatives that suit the needs of their clients rather than fundraising. In some cases this is supported by the availability of secure core funding that allows them to experiment with a variety of personal services, without compromising the well-being of their beneficiaries or that of the organisation. However, there is also a determination to adhere to their ethical goals, purposely restricting operations within the frame of the finances available, working with volunteers and keeping the overheads low. These organisations have no desire to grow beyond their remit and maintain their offer in line with their ethical stance. Among this group are also organisations that do not have a reliable source of funding they can benefit from, but that are not willing to compromise their ethical aspiration by delivering services that are not part of their mission, or engage in trading activities in order to generate income. Their drive is to maintain an ethical commitment that they consider endangered by any business aspiration. Even if the choices available to sustain their mission are few and far between, they would rather cease to exist than submit to a logic they do not agree with (i.e. Arcspace).

This strong ethical commitment is common to many organisations, particularly in the initial phase of their existence. However there are organisations that, in a context of increased commercialisation of welfare services, have instead decided to experiment and utilise these commercial means in their favour. Benefiting from the presence of skilful leaders, these

organisations see financial opportunities as a means to enhance their social mission, and try to accommodate the need to gain funding with their ethical commitment. Being driven by mixed aspirations, these organisations face numerous challenges, as any change to their financial situation can put the well-being of their beneficiaries at risk (i.e. withdrawing a service) or that of the organisation having to cope with restricted funds and thus impacting on wages, hours of work and ultimately the well-being of its employees. Recognising the importance of skilful leaders able to spot opportunities and build networks of support, new organisations have been guided and mentored in their early years. For instance, Union Street Media benefited from the help of the BME network, specialist business advisers and funding available from the outset to guide the process of 'entrepreneuring' elements of the mission. However, when these are not available in conjunction, it is possible that organisations become a 'stereotyped' answer to an identified need (e.g. just doing a job) or an extension of a statutory body, rather than a locally nurtured initiative borne out a shared awareness of a problem. In the case of the former, when a service is created solely as a result of market or social needs analysis, then organisations are found to functionally deliver services, just as 'doing a job' without engaging in wider debates about the value of the outcomes. Organisations that, like Inspired Sisters, end up resembling statutory provision by focusing on service delivery within an area of need end up responding to the outputs imposed on them by funding requirements. Engaging in work based programmes on behalf of Jobcentre Plus, Inspired Sisters found that since contracts were all targets based (i.e. payment on achievement), they had not sufficient liquidity to deliver other activities. They therefore experienced serious financial difficulties and ceased to deliver all extra courses (e.g. ESOL) and services (e.g. childcare), to focus only on the work programme. Moreover, whilst struggling to cover staff wages, they relied on the ethical commitment of its employees in delivering the work (for free). In the end the quality of the service offered dropped, since it was not delivered with care but through service level agreement, meaning that rather than dedicating time to build relationships with local employers in order to secure jobs opportunities, (e.g. working more closely with the many small and medium enterprises in Longsight and involving them in a shared project, committed to the development of the local area), the organisation relied on the likes of Asda to take on their trainees, and thus relegating their working experiences to menial, poorly paid and precarious job experiences.

However, tensions can always arise, even if the 'right' support is available and the people involved have a strong ethical zeal and the right skills to spot an opportunity. Among those

organisations that have developed mixed business and ethical aspirations, the process of balancing financial and social objectives is a 'constant battle'. Whether the tension lies in delivering contracts and/or developing new services; or in ensuring that the service delivered targets the identified need rather than the funder requirements; or between adjusting the service to both the funding requirements and the identified need whilst attempting to work with commissioners in order to advice on the changes needed. Ultimately, what organisations can deliver and the quality of what is delivered, depends greatly on the funding they have at their disposal and the recognition of their contribution.

This study reveals that there is no single solution to the process of reconciling business and ethical aspirations, as tensions always arise with varying degrees of intensity depending on the circumstances. Recognising the importance to diversify income streams, in order to avoid a dependence that dictates delivery, and to build strong relationships with other partners and stakeholders, in order to gain recognition, organisations invest time and resources in refining the skills to gain a market position. However this requires significant internal capacity, experience and a network of support that not all organisations have at their disposal. Generally, the organisations that most successfully managed to obtain a favourable position to build up a dialogue with commissioners and network strategically to influence service development were those that (like Unlimited Potential) had at their disposal secure funding and expert leadership familiar with social enterprise policies at national level.

Among the business oriented organisations, even those that have successfully benefited from changes in the mainstream market cannot claim a secure position. Despite establishing their offer through a solid client base and expanding organically by investing in ventures in line with their ethos, these organisations are still vulnerable to market changes. For example, organisations like Emerge are now victims of the fluctuations in the waste disposal market. Once pioneers of the recycling market, the competition from big contractors is now driving Emerge out what originally was its core business. This organisation had successfully established a position in this (then) new market and developed exchanges mechanism that recognised the multiple value of their activities, such as employing low skilled local people and providing a quality services (i.e. truly following recycling rules to the book) thus responding to their multiple ethical principles. Since price is now driving the exchange value in this market, the cost of being truly environmentally caring is higher than that proposed by other competitors (with arguments that these companies may indeed not treat the waste along the standards required by environmental

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practices). Emerge is therefore almost subsiding the 'company' through the charitable side of the organisation (i.e. the Fareshare franchise). In order to develop new ventures, such as alternative waste collection products like wood and electrical items, to differentiate their offer from their competitors, the organisation requires capital, which is currently being sought at the expense of resources, manpower and long hours of work. Whilst the determination to sustain environmental principles is present, the risk of going bankrupt is pushing financial reasoning to the fore.

The evidence gathered through the Greater Manchester case study reveals that reconciling business and ethical aspirations is a process, a constant negotiation between different, often competing interests. It is in constant evolution and always in the making, whilst organisations attempt, more or less successfully to use the economic practices available to fulfil their social, environmental and economic commitments. The experiences of the organisations studied reveal many examples of economic practices that reflect their diverse ethical commitments. However, there are also limitations and trade-offs.

Whilst it is clear that the intention to organise economic practices in ethical ways is the driving force, various internal and external factors were seen to contribute to the development of organisations in line with their principles. This research has found that the availability of certain type of funding (i.e. secure and long term and no specific requirements) and support (i.e. formal and informal) that recognises the value organisations are trying to achieve and that, in the appreciation of diversity, stimulates different approaches rather than pursuing familiar and stereotypical routes, can sustain organisations during their start-up phase in developing their identity, structure and products in line with their ethical commitments. When this does not occur, then organisation (e.g. Arcspace) risk to lose their identity and in the quest for funding become instrumental to funders requirements rather than pursuing their vision. The more organisations are connected to a variety of actors from across the diverse economy, the more likely it is they find alternative ways to develop recognition. This condition is as much the product of enterprise specific characteristics as of the nature of the 'place' (see chapter 6).

During the consolidation phase, the process of reconciling organisational multiple and diverse business and ethical aspirations can be influenced by the embeddedness of values in all aspects of the organisation and consequently its ways of working. In this sense, organisations that adopt a deliberative approach are found to be constantly (re) negotiating

their position, assessing the validity of different viewpoints and thus enabling a shared decision making process, which in turn contributes to crystallise a common understanding of what the organisation stands for. It is also through this deliberative process that the nature of the product is constantly reworked and refined, alongside the identified need or customer preferences. However, the presence of a viable product requires also a favourable market position. This is underpinned by the very nature of the context in which organisations operate, that is the local economy and the local connections that make up that economy. Ultimately, these factors reflect the importance of the ethical buy in for successful performance, of their users (customers) and staff (producers). The more widespread the ethical buy in (wider recognition) the more opportunity to develop in line with organisational ethos. Conversely, when these conditions are not in place, organisations tend to follow the funding, increasing competition with similar social enterprises (which may cause market saturation) and incurring in financial pressures from funders (the case of Inspired Sisters delivering the Work Programme, as discussed in chapter 6, serves as an example).

In summary, the factors contributing to reconciling business and ethical aspirations combine a mix of enterprise specific and contextual conditions. The local context and culture determine institutional choices and shape their evolution by providing and nurturing diverse relational assets that can benefit the development of a more independent social economy. This study has identified a number of distinctive features that have led the process of social enterprise institutionalisation in Greater Manchester. Firstly, the presence of an established cooperative movement and environmental network that have enabled an understanding of social enterprise as a 'different way of doing business' that is for profit but guided by strong ethical principles, reflecting the long alternative business tradition existing in this area. This includes both cooperatives and the many small scale local ethical business initiatives that emerged from Hulme, even prior to any regeneration programme. Indeed, local social entrepreneurship existed in this area prior to regeneration funds, and perhaps because of the lack of funding, people inclination to self-help was stronger. This alternative civic engagement is coupled by a long standing community based approach to service delivery, that through years of negotiation and contestation, in order to guarantee services for their specific communities, had managed to develop strategic connections with and recognition from public authorities and statutory agencies (e.g. NHS and the former PCTs). The presence of these forms of civic engagement has shaped the relation that social enterprises in this sub region have with statutory authorities. Indeed, in a context of

institutional pluralism the local state has to be more imaginative about its role and ways of working with the social economy (Amin, Cameron and Hudson 2002, p. 121).

Underpinning these features is the nature of the local population and the area's tradition. Indeed, the second factor emerging from this study is that what determines the diversity of the local social economy is the presence of alternative life style seekers, political activists, BME communities and an ethical middle class, that have determined demand and supply, also enabled by the nature of the local economy and the variety it can sustain. Thirdly, the ambivalence of the local authority (towards these organisations and subsequently the social enterprise model as it came to the fore through national policy interest) has contributed to free the various networks from statutory appropriation and left more space for different experimentations to occur. As it will be discussed in the next chapter, this did not occur in Tyne and Wear. It is through these lenses that chapter 5 considers the experiences of social enterprises in Tyne and Wear. Indeed, in Greater Manchester, local and city region authorities recognised (at least nominally) "*the creative potential of exchange and cross-pollination among independent and decentralised networks*" (Greater Manchester Strategy 2009, p.39). And further stated: "*It's not enough simply to improve social capital - the type of networks operating and how they are used and connected is crucial. By supporting more conversation, connectivity, collaboration, and challenging ideas in a constructive environment, MCR has an opportunity to lead the way as a city region that really gets it right for the 21st century*" (ibid).

5. The diverse pathways of business and ethical reconciliation: Tyne and Wear

Northern English regions share a common industrial past, working class tradition and struggles, and despite of years of economic decline and geo-political marginality, the strong sense of community and belonging has never ceased to exist. However, despite these similarities, the North Eastern economic context, local politics and policies and their implementations, have contributed to shape a particular type of local social economy, one that is more dependent upon state support and intervention and aligned to policy priorities than the one of Greater Manchester. Underpinning this contention is the idea that wider forces (such as the promotion of the social enterprise agenda nationally) inevitably interact with the local circumstances and thus generate differing ideas and institutions. In this chapter the understanding of the local context is central to reflecting upon the development of particular associations and the manner in which institutional forms have been shaped by the lived experiences of the 'place' (Purvis 1990).

Adopting the same format as the previous chapter, the first section of chapter 5 provides an overview of the scale and characteristics of social enterprise activity in Tyne and Wear. Despite some known names such as the Cyrenians and Traidcraft, Tyne and Wear is not generally considered as an area of high social enterprise activity. Indeed, compared to other areas of the country, this is a smaller and a relatively younger phenomenon. There are more organisations set up in recent years compared to the rest of the country. Mohan and Wilding (2010) link this trend to the greater availability of public funding in the North East, that from the 1990s onward has had an impact on the structure of the third sector, by both increasing the number of organisations and their tendency to focus on development associated with regeneration. Indeed, as discussed in section 2 of this chapter, reflecting upon the origins and evolution of social enterprise in this sub region, it becomes apparent that here social enterprises emerged from a policy attention to the particular 'business model', one that emphasises the involvement of communities in regeneration and service delivery and as a means to employment generation (either directly through self-employment or indirectly by providing training and/or employment opportunities). Many

organisations stem from New Labour investment in the third sector or in response to the investment in regeneration programmes such as the Single Regeneration Budget (SRB), Local Economic Growth Initiative (LEGI), and New Deal for Communities; all targeting to some extent employment generation and entrepreneurialisation. It is indicative that the trend here is for social enterprises to be more strongly reliant on public funding than in other parts of the country, and that despite the overall diversity within this sector, they tend to focus on community development and social service delivery.

However this facet cannot be understood in isolation from the specificities of Tyne and Wear that shaped the local culture of social entrepreneurship. Section 3 explores how the characteristics of the 'place' have contributed to shape the process of institutionalisation of social enterprise in Tyne and Wear and in outlining some of the emerging variations from Greater Manchester, provides the basis from which stems the comparative discussion presented in chapter 6 of this thesis. What is particularly distinctive regarding the Tyne and Wear context is the lack of strong networks of activists articulating the need and the possibility for a 'different way of doing business' which instead underpinned the Manchester experience. Moreover, the presence of a more ethnically uniform population and the legacy of support provision by the state (which in many cases was also the employer) have also contributed to shape the evolution of social entrepreneurship in this city region. Since the intermediation of the local government in this sub region is more pervasive, the local social entrepreneurship appears more 'managed' than in Greater Manchester. This can be traced in the statutory propensity of 'using' the community 'sector' as a potential economic development tool, particularly where major deprivation and worklessness are essentially the main issues, as it is the case in the North East. This tendency has influenced the dynamics of social enterprise development, aligned with the economic priorities for the city region. This resonates with what Amin, Cameron and Hudson (2002) refer to as the corporatist social economies of Glasgow and Middlesbrough, which although different in many respects, share common elements of local government direct intervention with limited community participation.

Looking at the development dynamics of the social enterprises selected for this study (section 4), there is a clear distinction between new and established organisations. The former present many characteristics that recall a 'business approach', thus they tend to satisfy a market demand for a good/service (that someone is willing to buy), rather than emphasising the satisfaction of a social need (Borzaga et al. 2010). The latter instead, in virtue of their rootedness in their communities of interest (as well as geographical) and

their original reliance on statutory financial support, have through the years devised mechanisms that have enabled them to develop into hybrids, mixing sources of income, practices from both mainstream business sector and civic society, as well as combining economically and socially focused approaches.

Similarly to the Greater Manchester findings, during the different stages in the organisations' lifecycle, a number of internal and external factors influence social enterprises' ability to reconcile business and ethical aspirations. The passion and motivations, of those involved in the early days, drive the commitment to see the 'idea working'. However, for organisations in the Tyne and Wear sample, the skills of those leading the venture are crucial in shaping its development. Here the alignment with policy priorities is important from the outset, since most have indeed stemmed from statutory intervention rather than community action. Whilst availability of funding and a supportive environment help organisations to sustain their activities in line with their mission, the nature of the support networks is here directed or created by statutory intervention, rather than originating from civic organisation. The approaches chosen tend therefore to privilege tested methodologies rather than experimental ventures.

The importance of developing strategic alliances, mostly with statutory partners, recurs in the experiences of more established organisations. Whilst modifying their offer to reflect policy and funders' priorities, many organisations rely on the Board of Trustees as the moral agents of the venture. In successful examples this reflects a formative deliberative process that helps embed the original values within the changing structures. When this does not occur, tensions between management and Board may become a serious issue. By adhering to the principles held dear, organisations gain credibility, which is as important for organisations here, as it was for those in Greater Manchester. Indeed, credibility motivates employees to even accept lower wages and temporary contracts, as their 'pay off', the incentive, is contributing to the social aim of the organisation. It also provides external recognition, which can lead to organisation's strategic positioning within the local, sub regional and also national contexts. Credibility also serves to attract funding and to ensure recognition in otherwise potentially crowded local markets. However, since the local government here is the main 'customer' of social enterprise services, it is important for organisations to align their activities to policy priorities and funders requests. Only in areas (like Newcastle) where there is marginally more economic dynamism, is the offer more imaginative than the tested approaches proposed by many.

1. Scale and characteristics of social enterprise activity in Tyne and Wear

"*The North East has a lot to offer in terms of Social Enterprise expertise. However, the region does not have the strength and depth of Social Enterprise activity that is occurring in most regions of the UK*." (North East Social Enterprise Framework 2010, p.9)

The lack of a unique data repository for these types of organisation, as noted in previous parts of this thesis, renders any attempt to provide a faithful representation of the scale of social enterprise activity in a region an arduous task and mostly one that is never complete, since all the data sources investigated come with numerous caveats, most of all related to definition and self-identification. Consequently, each data source tends to provide different numbers and totals, making any judgment as to the extent of activity difficult to judge. However, the merit of using the same data sources is that at least, starting from the same basis, some ideas as regards the geographical differentiations can be formed. Conscious of the limitations of each data set, this section attempts to provide firstly an idea of the extent of regional social enterprise activity, to then focus on the sub regional characteristics of organisations defined as part of the 'third sector'.

One common feature of much analysis and policy literature (see the North East Social Enterprise Framework 2010) is that in comparison to other regions, the North East has a smaller social enterprise 'sector'. Indeed, according to the Inter-Departmental Business Register (IDBR) calculations for 2009, the North East is home to 3.8% of the total UK non-profit bodies, the lowest proportion in England[77]. Nevertheless, it appears to be a growing sector as evidenced by the increased number of organisations identified in successive mapping studies. One of the first official mapping exercises carried out in the region was commissioned by the North East Social Enterprise Partnership (NESEP)[78] and it identified 313 social enterprises. Using a similar methodology - NESEP membership data, regulators databases, programme and events participants' details - five years later, Angier Griffin (2007) counted 590 social enterprises. Both these studies, as well as many other mapping exercises across the country, have recognised gaps in data collection and analysis, but despite the limitations, they can represent a way to evidence general trends and changes in time.

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[77] As discussed in chapter 4, the proportions of non-profit organisations for other regions are: 10.5% North West; 7.7% Yorkshire; 6.8% East Midlands; 7.5% West Midlands; 8.5% East of England; 9.6% South West; 5% Wales; 9.6% Scotland and 3.3% Northern Ireland.
[78] Brown, J. (2003), Mapping the Social Enterprise Sector in the North East, NESEP, July

However, as discussed in the previous chapter, the main limitation rests on the lack of overall clarity as regards the true figure. For example, Kane and Mohan (2010, p.49) argue that according to the data from the Third Sector Trends study[79], in 2007/08, there was a total of 6,624 third sector organisations in the North East, comprising:

- 4,763 Charities (3% of all Charities in the UK);

- 71 Housing Associations;

- 693 Companies limited by Guarantee(CLG);

- 652 Industrial Provident Societies (IPS);

- 163 Community Interest Companies (C.I.Cs) and

- 282 faith groups (with no specification of their legal status).

Moreover, the estimated 9,000 'below the radar' organisations operating in the region at the time, constituted 4% of the national total (estimated 225,000 in the UK). Depending on the data source one refers to therefore, the numbers can be substantially different. However, the aim of this section is to provide a snapshot of the overall activity and its geographical location, with no real intention to argue any faithful overall representation.

According to the Third Sector Trends Study (2008), around 38% of the third sector organisations in the North East were located in Tyne and Wear, which compared to the figures for Durham County (23%) and Northumberland (19%) reflects the tendency of third sector organisations to be located predominantly in urban areas. Newcastle dominates the regional distribution (897, that is 13.5% of the regional total and 3.8 per capita) across almost all types of organisations, except IPSs which are slightly more numerous in Gateshead (0.29 per capita) and North Tyneside (0.25), than in Newcastle (0.24), as shown in table 5.1. Overall, the distribution of different types of organisations is similar in Tyne and Wear than to the rest of the region, with only a slightly over representation of C.I.Cs (0.10 per capita) compared to the rest of the North East (0.06).

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[79] The Third Sector Trends Study is a research programme (2009-2012) funded by the Northern Rock Foundation looking at the scale, dynamics, role and contribution of the voluntary and community sector in North East England and Cumbria (additional funding from Involve Yorkshire and Humber extended some parts of the programme to that region). One element of the study comprised developing reliable estimates of the numbers, scale and scope of all types of third sector organisations in the region, whether registered charities, other third sector organisations or 'below the radar organisations' (not regulated by specific bodies or not incorporated). This part of the work was carried out by the consortium led by Professor John Mohan, Southampton University, alongside NCVO and (until 2010) Guidestar. The other element of this work includes a longitudinal study of the dynamics and changes over time of the sector. This part of the research is led by Professor Tony Chapman, University of Teesside and Professor Fred Robinson, Durham University.

Table 5.1: Third sector organisations per capita in Tyne and Wear local authorities (2007/08)

	Charities	Housing Associations	Companies Limited by guarantee	Industrial provident societies	C.I.C.	Faith Groups	Total
Gateshead	1.73	0.02	0.17	0.29	0.07	0.11	**2.38**
Newcastle	2.13	0.06	0.59	0.24	0.12	0.14	**3.28**
North Tyneside	1.6	0.02	0.2	0.25	0.09	0.12	**2.28**
South Tyneside	0.96	0.01	0.15	0.20	0.09	0.05	**1.46**
Sunderland	1.22	0.04	0.24	0.22	0.11	0.11	**1.93**
Tyne and Wear	**1.53**	**0.03**	**0.27**	**0.24**	**0.10**	**0.11**	2.27
North East	**1.85**	**0.03**	**0.27**	**0.25**	**0.06**	**0.11**	2.57

Source: Adapted from Kane, D. and Mohan, J. (2010), data from NCVO, Southampton University, Northern Rock Foundation, Guidestar Data Services

Despite some discrepancies, the messages conveyed by the Third Sector Trend Study (TSTS) data are consistent with the findings from the National Survey of Third Sector Organisations (NSTSO). According to Mohan and Wilding (2010), the 2008 NSTSO left out a number of relevant organisations by virtue of the exclusion criteria used in their framework (e.g. undercounting of Industrial Provident Society organisations). However, the difference in total numbers for Tyne and Wear is negligible, since the total population of third sector organisations as calculated by the NSTSO is of 2,527 in Tyne and Wear (2008), whilst the TSTS (2008) counted 2,563. In order to maintain consistency with the analysis carried out in the Greater Manchester case study, I have used the data from the NSTSO to show the geography and characteristics of social enterprise activity in this city region. The comparison between the two case study areas has revealed that Great Manchester and Tyne and Wear register similar per capita (per 1,000) figures: 2.06 in the former and 2.25 in the latter.

Table 5.2: Third Sector organisations in Tyne and Wear (2008)

2008	Total number of registered Third Sector organisations	Per capita number of registered Third Sector organisations (per 1,000 people)
Gateshead	472	2.46
Newcastle	870	3.15
North Tyneside	442	2.3
South Tyneside	231	1.53
Sunderland	512	1.8
Tyne and Wear	2527	2.25
England	170,552	3.38

Source: IPSOS Mori National Survey of Third Sector Organisations (2008)

The trends are also similar, as regards the concentration of social enterprise activity in the main urban areas (see table 5.1 and 5.2). The highest number of employees (per capita) working for third sector organisations (see table 5.3) is in Newcastle (17.3), which is higher than the city region average (7.8), the English average (12.7) and that of Manchester (14).

Table 5.3: Employees working for third sector organisations in Tyne and Wear (2008)

2008	Total number of employees working for Third Sector organisations	Per capita number of employees working for third sector organisations (per 1,000 people)
Gateshead	1078	5.63
Newcastle	4797	17.36
North Tyneside	1472	7.65
South Tyneside	364	2.41
Sunderland	1799	6.34
Tyne and Wear	9510	7.88
England	**640,198**	**12.69**

Source: IPSOS Mori National Survey of Third Sector Organisations (2008)

According to the NSTSO, in 2010 the main areas of activity of third sector organisations in Tyne and Wear were education and leisure, with the highest proportions among the respondents (43% and 45% respectively)[80] and almost double the English average (28% and 21% respectively). Indeed, more than half of the responding organisations in Gateshead (53%), Newcastle (50%) and almost half in Sunderland (40%) mentioned 'education and lifelong learning' as being the main area of occupation, which is higher than the English proportion (28%). As discussed in chapter 4, 'education and life-long learning', which comprises employment skills and other types of work based training, is also popular among Greater Manchester social enterprises.

This is not surprising since initially job creation and training provision were seen as the core activities to be delivered by social enterprises and a significant amount of European Social Fund (ESF) money went into the development of initiatives that tackled discrimination and disadvantage in the labour market. For example the EQUAL[81] programme (2000-2008) was purposely designed for this scope, combining ESF and members states funding to develop, test and support labour generation and inclusive entrepreneurship projects.

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[80] These figures are the result of the author's analysis of NSTSO (2010) responses to question 4: "Which are the main areas in which your organisation works?" As in the Greater Manchester case study (see chapter 4), the proportions are calculated on the basis of the number of respondents to the survey in 2010, which for Tyne and Wear were a total of 967.
[81] See http://ec.europa.eu/employment_social/equal_consolidated/

Education and training are not the only activities delivered however. Organisations in North and South Tyneside are mostly involved in the delivery of leisure (53% and 44% respectively) and education (27% and 22% in South Tyneside) activities. Health and well-being is also significantly higher than the English average (17%) in this sub region, with high proportion of organisations in South Tyneside (39%), Sunderland (36%) and Gateshead (35%). Overall, Tyne and Wear organisations are also found to be significantly more involved in environmental activities (16%) than the English (4%) and the Greater Manchester (3.3%) averages. Some commentators have linked the presence of many environmental activities to the employment agenda, thus developed as a consequence of investment in training young to gain skills in gardening (mostly working for Housing Associations, like Your Homes in Newcastle) or related to recycling (e.g. furniture or sport equipment). Moreover, as it is discussed in section 2 of this chapter, this may be reflective of the significant policy drive on low carbon and renewable energy business activity, initiated by the Regional Development Agency (RDA) ONE North East.

A distinctive feature of many organisations in Newcastle (34%) and Gateshead (31%) is their involvement in cultural activities, which is significantly higher than the English average (13%). Interestingly this data reflect the views of some of the local commentators:

"*Among the existing social enterprises in rural areas there is more activity around renewable energy and Development Trust model, whilst in urban areas is a mix. Mostly borne out the legacy of the SRB - policy drive - somehow there are more organisations about sport in South Tyneside and Sunderland, and more art based in Newcastle. Health and social care organisations are almost everywhere but comes in line with the needs of the areas, for instance there are many homeless organisations in Newcastle*" (Rhiannon Bearne, Social Enterprise Executive, Business Link North East, 26th January 2011)

What is common to organisations in all five local authorities is their focus on the delivery of public services (22% in the sub region as a whole), compared to the English average (of 24%). This proportion is higher in Gateshead (27%), and only in North Tyneside is significantly lower (14%) than the English average. There is however a higher propensity to rate positively the influence of local statutory bodies in organisational success across the sub region (18%) than the rest of England (16%), particularly among organisations in Newcastle (22%), Gateshead (20%) and South Tyneside (18%).

According to Mohan and Wilding (2010), local government is a particularly important source of funding for the third sector in the North East, with half of the organisations with

an income above £60,000 receiving grants or contracts from local authorities as part of their core budget. The National Lottery is also an important source of finance in this region, making up a larger proportion of income for charities in the North East than for the UK as a whole (Kane and Mohan 2010, p.36). Essentially, both regional and sub-regional data indicate that the third sector here is heavily reliant on statutory funding, with an over representation of organisations providing social services. As I have argued at the beginning of this section, the analysis of available data sources pertaining to social enterprises aimed to provide a brief snapshot of the activities carried in this sub region, and whilst the data in itself is laden with problems (starting from the chosen definition of the very object of investigation), it has revealed some key features that are to be considered in conjunction with the very context from which they stem. Indeed, the origins and evolution of social enterprise in Tyne and Wear provide a key to understanding why organisations in this region are heavily reliant on public funding and why also the regional numbers are lower compared to perhaps those in the sub region as whole. In the next section I explore these issues which are connected to the process of institutionalisation of social enterprise in Tyne and Wear.

2. Origins and evolution of social enterprise in Tyne and Wear

Arguably, despite the cooperative tradition of this region, as both an exercise in working-class collectivism and a commercial operation, and thus rooted in its industrial past, trade unionism and labour political affiliation, the regional cooperative movement has not participated to the development of the social enterprise debate in Tyne and Wear, or at least not to the same extent, as it has occurred in Greater Manchester. This, by no means, signifies a lack of cooperative organisation in the city region or indeed of cooperative support and development. There is a long tradition of this, reflected in the work of the likes of SES (Sustainable-Enterprise-Strategies) with over 25 years of practical business experience in supporting and developing co-operative and community enterprises within North East England,[82] or the Cooperatives North East Council. However, differently from Greater Manchester, the cooperative model was mostly adopted by young artists, rather than politicised activists. As noted by one of the local commentators, "many theatre companies were formed using the cooperative model in Newcastle, as groups of left wing art students found in this organisational model their preferred mechanism to obtain what

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[82] To testify this, in 2010 Sustainable Enterprise Strategies (SES) became the lead delivery partner for the Cooperative Enterprise Hub in the area, a business support service designed to create and grow member-owned enterprises part of a £5 million, UK-wide, investment in the sector by The Co-operative Group.

wanted" (Bob Webb, SES, 27th January 2011). This implies that the cooperative model was not chosen necessarily as a quest for a 'fairer way of doing business' – as the many environmentalists in Manchester had done – or as a means to challenge the mainstream, rather as a communal approach to working.

Undoubtedly, the reasons for this are many and complex. Whilst these considerations form the discussion in section 3 of this chapter, it is worth noting here that partly the lack of a network of 'alternative' activists, in Tyne and Wear, contributed to the development of cooperatives as models of 'working together' rather than means to challenges the dominant economic debates, since much of the political dialogue in the city region was dominated and driven by a strong sense of alliances with trade unions and political parties, as well as Churches, and conducted through more traditional channels (Hudson 2005). Partly it can be ascribed to the underpinning low levels of entrepreneurialism within the region as a whole. Whilst in Manchester examples of ethical businesses were underway long before the term social enterprise was used, in Tyne and Wear these examples of local entrepreneurships were scarcer. An analysis of the GEM[83] UK (2006) figures shows that entrepreneurial activity in the North East began to grow from 2002 (Harding 2006), almost following increasingly positive perceptions about entrepreneurship in general. Prior to this, it was concentrated in rural areas of the region, where in 2006 was higher (10.7%) than the UK average (8.4%) (ibid).

Instead, in this city region, much of the debate around social enterprise and the consequential institutionalisation of this 'model' have occurred within policy driven, regeneration focused and charitable activity contexts, as a response to the national drive for social enterprise development. So on the one hand, (regional and) local policy drove the conscious effort to develop a 'business model' (i.e. setting up a social enterprise as a means to get people employed and at the same time develop a business) and thus funding and support were targeted to its generation. On the other hand, existing community based organisations have adapted to changes in funding mechanisms and engaged in social enterprise activity as a way to obtain funding.

For example, looking specifically at the data from the Charity Commission, Mohan and colleagues (2010) found that from the early 1990s onwards, the proportion of charities in the North East has grown significantly above the national average (see figure 5.1). This

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[83] Global Entrepreneurship Monitor (GEM) is an annual assessment of the entrepreneurial activity, aspirations and attitudes of individuals carried out across a wide range of countries (see http://www.gemconsortium.org/What-is-GEM)

indicates a higher proportion of 'younger' charities, founded in recent years compared to the rest of the country. As one of the local commentators noted: "*Mostly they (social enterprises) have developed in the last 2/3 years here, from changes in the funding to the VCS [...] Fundamentally there are two reasons for this: one is a greater understanding of the business model and two the change of funding to the CVS*" (John King, Business Support Team, ONE North East, 17th November 2009).

Figure 5.1: Trends in "foundation" dates: charities in the North East, 1963 - 2006
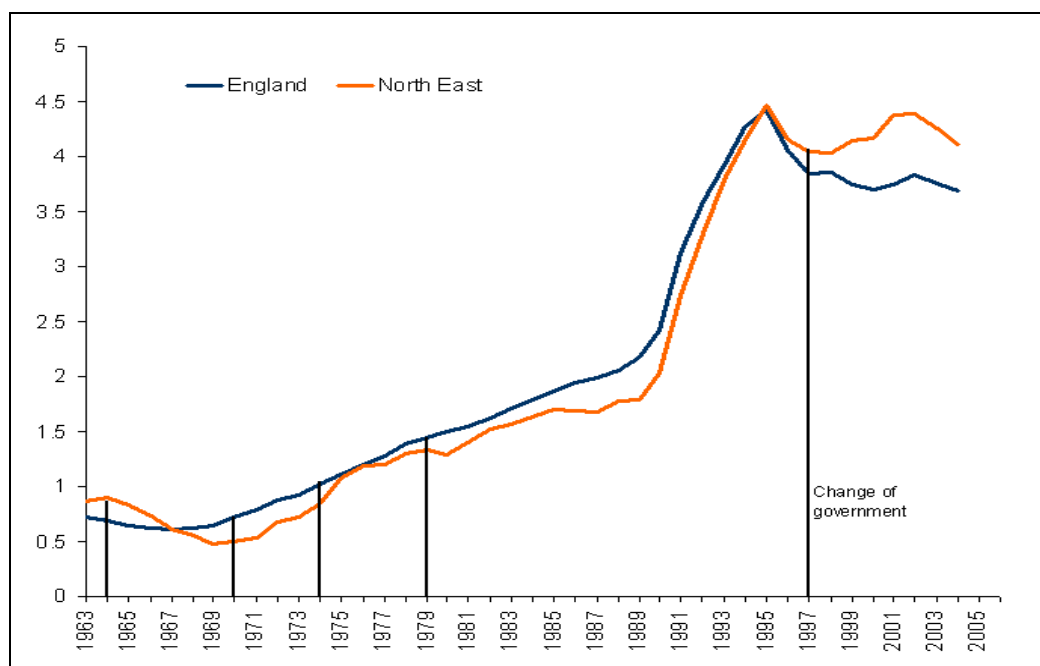
Source: Mohan J. Wilding, K., Kane, D. and Clark, J. (2010), Trends in the North: what we have learnt from the quantitative programme of the Third Sector Trends Study, p15

New organisations have come to the fore from early 2000s onwards, following the drive to set up new social enterprises and stimulate enterprise development in a region where employability and worklessness have always been major issues. Mohan and Wilding (2010) attribute this trend to the greater availability of public funding in the North East, due to the scale of need and consequently, greater investment. Kane and Mohan (2010) also found that nearly half (49%) of charities' income in the region comes from statutory sources, a figure that is much higher than the rest of the UK (38%). As Tracey Mellor, Enterprise Programmes Senior Specialist at ONE North East, pointed out:

"*Regionally there has been a significant amount of funding going into social enterprise development. ERDF (European Regional Development Fund) funding mainly at local authority level has a social enterprise element, including pre start up activities and also*

some social enterprise support. Then there is the LEGI[84] programme which has also a social enterprise element […]" (Interview with Tracey Mellor, Enterprise Programmes Senior Specialist at ONE North East, 17th November 2009).

Essentially, the drive to create jobs, provide opportunities and skills for local people to take up (or create their) employment opportunities have pushed the social enterprise agenda forward in this region and linked it to wider enterprise development programs. Indeed, in 2005 the Newcastle Partnership (i.e. the local strategic partnership) determined that worklessness was the main priority in Newcastle, and it then instigated action to try and address this. As discussed in the previous section, this is reflected in the high number of organisations operating in 'education and lifelong learning'. This trend also indicates that whilst community based and charitable activities were present, they have been channelled through a policy framework that strategically has devised their development, by 'seducing' (Allen 2004) through funding and strategically devising the 'rules of the game'. Indeed, according to some of the local commentators, whilst involvement in voluntary and community activity has a long tradition in this region – and in Tyne and Wear – the "*voluntary sector is fragile and fragmented […] there is not enough strategic alliances and more should be done to facilitate partnership working among VCS organisations*" (Michelle Duggan, Economic Inclusion Team, One North East, 17th November 2009).

Many support agencies, both regionally (e.g. VONNE) and sub regionally (Voluntary Organisations Development Agency – VODA) have sustained the development of consortia, such as the Pentagon Partnership. The Pentagon Partnership was established in 2002/03 as the strategic partnership to enhance voluntary and community organisations' involvement in the economic regeneration of Tyne and Wear. In particular, it was to be the interface between the VCS and the TyneWear Partnership, that investing in the role of the VCS hoped to gain its involvement in the development of the economic life of the VCS (CLES 2007). The steering group of the partnerships included local CVSs, community empowerment networks, regional representative bodies (e.g. VONNE) and representatives from the TyneWear Partnership. Differently from the networks and support agencies like Together Works (or MPEN from which it derived) in Manchester, therefore in Tyne and Wear these representative structures have emerged from a 'top-down' approach to community involvement, rather than emerging from the 'bottom-up', from activism and then formalised as a result of years of negotiations.

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[84] In Tyne and Wear only South Tyneside successfully obtained £27m LEGI funding to spend on boosting employment opportunities by developing new businesses and supporting existing ones that were struggling.

A further indication of the policy drive behind the development of social enterprise stems from the fact that in the North East, there is an evident over representation of third sector organisations providing social services. Kane and Mohan (2010) noted that one in five of all charities in the region work in fields associated with regeneration, employment, training and young people, compared to the distribution for the UK as a whole (Kane and Mohan 2010). Interestingly, the authors argue that this trend is also present in the analysis of other third sector organisations (including Housing Associations, Companies Limited by Guarantee, Community Interest Companies, Industrial and Provident Societies and faith groups), thus indicating the impact local (and national) government investment has had on the structure of the third sector in this region.

This is further evidenced by Mohan and Wilding's (2010) analysis, that shows that whilst during the 1990s, most of newly founded regional Charities were involved in education (45.2%), a decade later, environmental ones were predominant (36%), reflecting the increased support for low carbon and renewable energy the Regional Development Agency ONE North East introduced, with the intention to create market opportunities in this field. Indeed, the energy sector was one of the 'key pillars' of the Regional Economic Strategy, - together with 'chemical pharmaceutical' and 'health and social care' - with a Gross Value Added making up a bigger proportion of the North East economy than at national level (Roberts 2009[85]). An example of the consequences of the growing interest in low carbon industry and social enterprise is the creation of organisations like Community Energy Solution C.I.C. This is a business venture between the Department for Trade and Industry, TRANSCO and ONE North East (based in Tyne and Wear) aimed at tackling fuel poverty through the installation of solar panels and reinvesting the margins for community benefits by developing Community Funds. This pilot expressly sought to open market opportunities for micro renewable companies.

The attention to social enterprise in this city region has emerged with the national focus on the business model and the consequent funding. This was noted by one of the interviewees who criticised the work undertaken by support organisations in the sub region, highlighting concerns as regards to the role some organisations have had in 'inflating' the number of actual social enterprises, as a means to provide credibility to their own organisations. At that time, he argued, the focus was strictly in developing social

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[85] The regional growth sectors were low carbon and renewable energy; Health; Bio fuels and the digital sector – both users and producers (notes from the first meeting with the Strategic Economic Change Team, part of the Strategy & Development department, June 2009)

enterprises (for support organisations to hit their targets) even when the social element had to be 'constructed'.

Since alternative input was lacking in this city region, as to develop a diverse understanding and interpretation of the role that organisations called social enterprise could play in a diverse economy, the dominant view was that of social enterprise as 'any other businesses'. This has influenced the nature of support delivered and the wider understanding of social enterprise in this region. In order to co-ordinate the activities of the various support agencies and manage the numerous funding streams with the purpose of stimulating enterprise creation, ONE North East developed an 'Enterprise Framework' which sought to raise awareness and interest in the enterprise culture by building the capacity of individuals to start a business and developing the support offer accordingly (CLES 2008).

Each element of the framework saw the contribution of specific teams within ONE North East coordinating national and local funding and drawing on the expertise and presence of support providers. This coordinated effort and significant public investment have had an effect on the structure of the third sector locally. Partly in terms of the areas of activity delivered by third sector organisations, and partly in terms of volume, often resulting from the push to generate more social enterprises as a measured outcome for support agencies' funding. One commentator noted:

"*There is rhetoric of supporting social enterprise as a kind of panacea for creating regeneration. The reality is that its crumbs on the table. Often, an agency will be concerned with outputs and they will come with social enterprise but not immediately. You have to build on the soft capacities first before dealing with hard outputs*" (Interview with Tony Curtis, NESEP Director, June 2008[86]).

The statutory intervention has directly (i.e. through the investment in support and development agencies) and indirectly (i.e. through organisations necessity to align with policy priorities as the only areas that attracted funding) contributed to the development of a certain type of social enterprise responsive to the local priorities and cooperating in delivery. In summary, in Tyne and Wear the origins of social enterprise are to be sought in the community focused regeneration and policy driven charitable activity contexts, that reflecting changes in funding mechanisms have developed (more or less) in line with policy

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[86] The author carried out this interview as part of a project on "Action Research with Social Enterprise Support Agencies in the North East" carried out by CLES and commissioned by the North East Social Enterprise Partnership in June 2008.

expectations. This is evidenced by the increased number of registrations post 1997 and the prevalence of activity in themes of policy interest. The lack of articulated alternative views for different economic approaches has influenced the debate about social enterprise in this city region, which, coupled with the top-down attitude towards community involvement, through formalised channels, have resulted in the view of the social enterprise model as a policy mechanism to deliver services. Whilst local authorities in Greater Manchester were also keen to engage with community groups to ensure that local services are delivered in line with community needs, the diverse culture of the place has meant that social enterprise evolution differed in this city region. Indeed, here (and particularly in Manchester), the tradition of alternative, ethical businesses and the bottom-up approach to community initiatives development have later influenced the processes of their formalisation (i.e. into LSP thematic networks), in so far that the activists presence remained and influenced the strategic alliances with various partners. Thus, to an extent, contributing to the development of a more levelled playing field for a diverse social economy. In Tyne and Wear, where instead the lack of institutional diversity has skewed the balance of power towards mainstream organisations that have an instrumental view of social economy (Amin, Cameron and Hudson 2002), has meant that the model of social enterprise was driven by and aligned to the local state. Before considering these issues further, in the next section I want to focus on the characteristics of the 'place' as setting for the development of the local social entrepreneurship.

3. The local culture of social entrepreneurship

In order to understand what determines the presence and development of particular types of associations and institutions in a place, it is important to consider the political, social and economic background to institutional development (Purvis 1990, p.315). It is therefore important to look at the 'place' as a space in which material and social, cultural characteristics are interlinked and shape responses to local needs. This section focuses on the peculiarities of Tyne and Wear, the characteristics of the area that have contributed to shape the local culture of social entrepreneurship. Whilst the area's socio-economic make up has driven the demand and supply of local social entrepreneurial activity, this process has been moulded by the presence and character of different actors, the people living in the area, the networks they have formed and the institutions that have supported the social economy in different ways. I have alluded to some of these characteristics in the previous section, when looking at the origins of social enterprise activity locally and its

evolution, however here I want to focus on a number of specific and defining characteristics that stand in contrast to those recounted in the chapter about Greater Manchester (see chapter 4).

Whilst the presence of high levels of deprivation is a common characteristic of both case study areas, local authorities in Tyne and Wear are not ranked as high as those in Greater Manchester. Tyne and Wear has, however, a higher percentage of deprived areas compared with the North East, in terms of overall deprivation, income, employment, health education and crime. For example, according to the Index of Multiple Deprivation (IMD), in 2010 Newcastle was the 40th most deprived local authority in England (out of 326), Gateshead the 43rd, Sunderland 44th South Tyneside 52nd and North Tyneside 112th. Whilst in terms of overall deprivation levels these areas were not as severely suffering as others in the rest of the country (e.g. Manchester was 4th), income and employment rankings showed a different picture, locating Sunderland and Newcastle among the 20th (28th and 29th respectively in terms of income and 11th and 20th respectively in terms of employment) most deprived in the country.

These high levels of income and employment deprivation have triggered the interest in social enterprise and generated demand for social entrepreneurial activity, particularly focused on Intermediate Labour Market initiatives. However, in a context of widespread economic depression, low wages and income deprivation, the possibilities for organisations to develop a differentiated offer was limited to the parameters of local state support. The policy attention to employment creation and stimulation of entrepreneurship are reflected in the priorities set out in the Regional Economic Strategy (RES) (ONE North East 2006). These priorities were transmitted to the sub regional partnerships - set up to deliver the RES locally and with a membership including local authorities, business leaders, and some representative bodies of the 'third sector' - and shaped funding provision. For example, using RDA funding (Single Programme) the sub regional partnership funded the Tyne and Wear Social Enterprise Partnership (TWSEP) - comprising Social Enterprise Europe, Social Enterprise Sunderland and Gateshead MBC - to deliver Tyne and Wear wide social enterprise development and start-up support projects, in line with the objectives of the Single Programme, in this way outlining the specific pathways of development for many organisations operating in the local communities.

However another factor contributing to the development of a local social entrepreneurship aligned to policy priorities is to be found in the legacy of the North Eastern industrial past.

Whilst each of the five local authorities part of Tyne and Wear have a slightly different industrial traditions (e.g. ship building in Wallsend), they all share a heavy industry past, with manufacturing and construction being the most prominent sectors. All these industries were predominantly externally owned and controlled (e.g. KOMATSU, DUNLOP, and FINDUS) and whilst poorly integrated with the local economy, both in terms of inputs and outputs, they provided a major source of employment. In this sense the move from a manufacturing to a service economy has triggered profound changes in the regional labour market, and the wealth and wellbeing of the local communities (Robinson 1988, p. 84). This legacy has shaped the labour expectation of much of the work force that used to rely on big employers for work, wages and support, and consequently weakened attempts to local entrepreneurialism. As Hudson (2005) noted:

"[…] *People by and large expect to be employed in either private or public sector workplaces rather than to become self-employed, let alone employ others. This is not to say that there is an absence of entrepreneurial attitudes and ambitions* […] *but it is to recognise that there was also general awareness that the possibilities to succeed were slim* […]" (Hudson 2005, p.18)

Indeed, in a context of economic depression and working class tradition (see figure 5.1), the channels through which social entrepreneurship could emerge were more about tackling need than activist led 'alternative' proposals to economic engagement, as instead occurred in Manchester. Indeed in this city region there are fewer examples of alliance of individuals and groups who have come together to assert the right of people to act collectively and independently from Government and other powerful political, business and financial interests. The organisations encountered throughout the fieldwork and previous experience of working in this city region are not borne out of dissent or civic activism, rather they have conformed to the policy priorities of the local area. According to one of the commentators, this is mostly due to the different class system characterising the two areas, as indicated in the quote below:

"In Tyne and Wear there is not a well-developed middle class strata as in Greater Manchester. Not as many professionals and a rather more landed gentry tradition in Northumberland as reflected in the names at Newcastle University. These historical characteristics have inevitably triggered different approaches to the development of local social economy" (prof. Brian Robson, Centre for Urban Policy Studies, 28th November 2011)

Indeed, comparatively to Greater Manchester, the 'professional city life[87]' group is less widespread in this city region. According to the ONS (2008) area-classification, Manchester has the highest concentration of this group, together with London and Birmingham. Interestingly however, the largest concentration of Community Interest Companies (CICs) in Tyne and Wear appears exactly in the areas (blue areas in figure 5.2) characterised by the presence of young and mature city professionals. Moreover, there are none in the widespread 'white collar urban' areas, which comprise well-off mature households and some in the disadvantaged urban communities. More people live in the 'disadvantaged urban communities' group in North East England than in any other group (ONS 2008). This comprises struggling urban families and blue collar urban families, the manual working class. However, in these areas (red pockets in figure 5.2) there are some CICs, resonating with the findings of the Greater Manchester case study. This may reflect the propensity to set up this type of organisation in areas of greatest need but also where more funding is available through targeted programmes and regeneration money.

The map (figure 5.2) also reflects the homogenic composition of Tyne and Wear population, with small pockets of 'multicultural' groups, mostly in Newcastle (small parts also to be found in Sunderland and South Tyneside). Indeed, until recently the population of this city region has been mostly white-British, with few exceptions emerging in recent years as a result of the changing in residence allocation occurring from the introduction of the Immigration and Asylum Act (1999). This Act stimulated the allocation of Refugees and Asylum Seekers across different parts of the UK. The lack of diversity in the population is reflected also in the scarcity of Black and Minority Ethnic (BME) social enterprises in this city region and the "*fragility of the BME network regionally*" (Rhiannon Bearne, Social Enterprise Executive, Business Link North East, 26th January 2011). One exception is the BME women led Angelou Centre in Newcastle. However even in this case, the centre was opened in early 1990s as a result of a feasibility study commissioned by the then Employment Services (1992) which established the need for engaging with and progressing BME women into further education/training and employment[88]. Thus, this is an example of a statutory led, top-down, approach to social enterprise development. In this sense, the lack of an ethnically and culturally (e.g. alternative life style, ethical middle class) diverse population within a context of economic depression - low income and employment levels - have all contributed to shape the nature of the local social economy.

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[87] The ONS area classification based on the Census 2001 considers the professional city life group as inclusive of educational centres, young and mature city professionals.
[88] http://www.angelou-centre.org.uk

Whilst in Manchester the presence of activist-led networks has provided other ways to support social enterprise, by connecting them to other, similar initiatives elsewhere or indeed connecting sympathetic professionals, thus deviating from mainstream, in Tyne and Wear these networks have been established or appropriated by local government (Amin, Cameron and Hudson 2002). Reflecting the needs of the local area and the availability of funding, organisations have grown more aligned to local policy priorities, in the absence of other types of support.

Indeed, the local thematic networks in the sub region stem from a formalised relationship between established organisations supporting the third sector and the various statutory agencies. For example, the Black, Ethnic Minority Community Organisations' Network (BECON) and the Pentagon Partnership were formally established rather than being borne out local civic initiatives. Moreover, and differently from Greater Manchester, many local stakeholders considered these networks as fragmented in their activities and impetus. Rather than being part of a cohesive strategy, or vision, for the sub region, embodied – in theory – by the COMPACT, the various thematic networks revolved around the core funding that sustained their activities up until the change in government in May 2010. Once the funding ceased, the networks begun to suffer, to the point that, as one commentator noted: "they are now falling apart" (Anthony Woods-Waters, Chief Executive, Building Futures East, 19th March 2012).

Figure 5.2: Location of CICs in Tyne and Wear by social class area classification (2012)
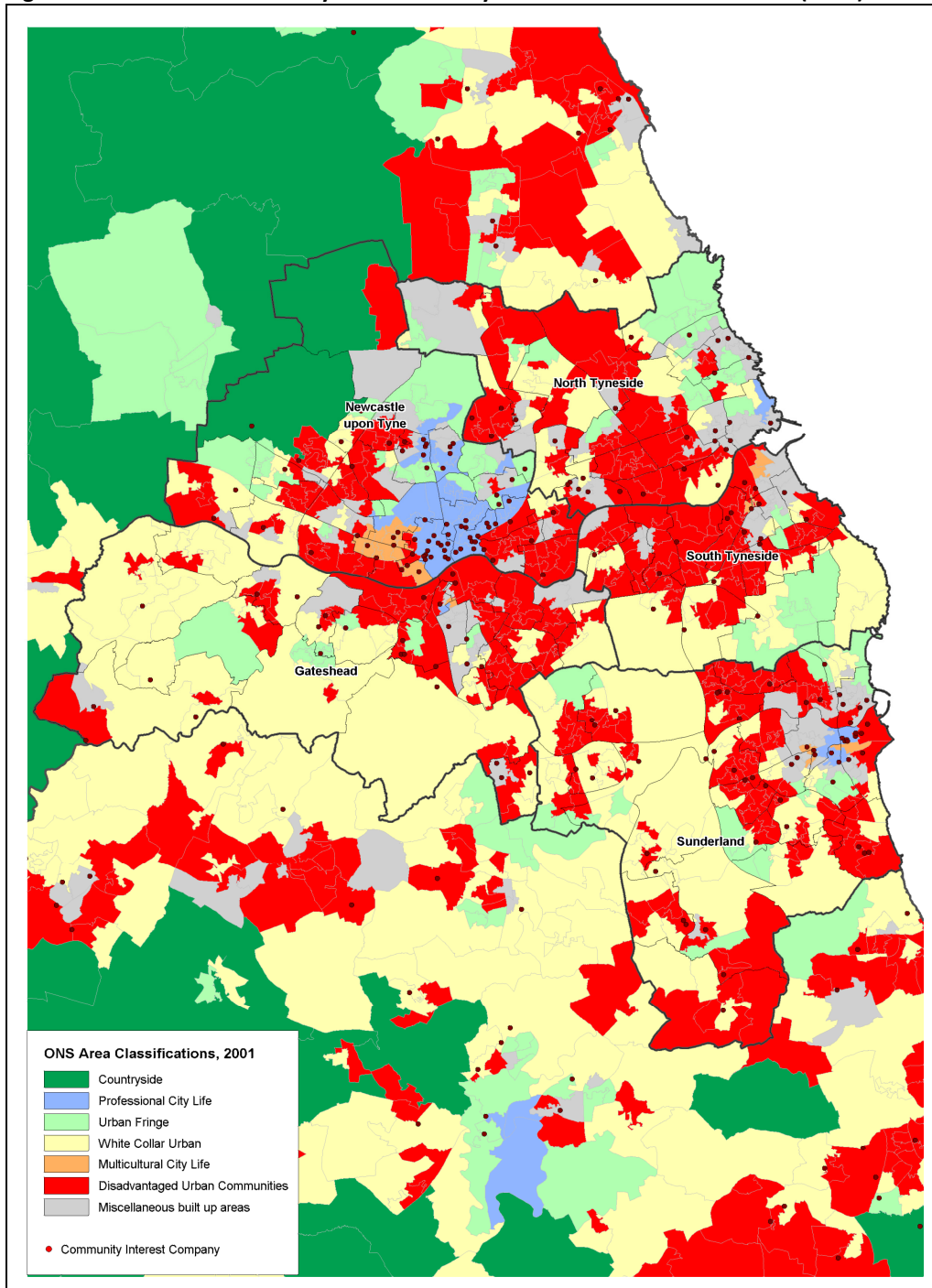
Source: Author's map and data from C.I.C. regulator

There are numerous and complex reasons behind the low levels of formal civic participation and political activism. However, the results of the Place Survey (2009) showed that the National Indicator 3 (NI 3) (i.e. % who have been involved in decisions that affect their local area in the past 12 months) score for the North East Region was the lowest of all the English regions. The reasons participants to the survey provided as regards to low levels of civic engagement were many and included the presence of experienced (albeit stereotypical north eastern labour) councillors that paternalistically looked after their communities, in the same manner as the region's traditional industries before them. Some of the survey participants also recognised that the lower levels of aspiration and attainment, associated to unemployment and deprivation, and a smaller middle class compared to other regions, had resulted in a lack of confidence to advance requests and ideas, in the form of political, civic activism (see NEEP[89] 2010).

Indeed, the approach to social entrepreneurship in this sub region has been 'top down', driven by statutory agencies seeing social enterprise as part of the solution to a range of issues, and support agencies in need of funds. Since increasing employment and stimulating entrepreneurial activity were key priorities, the RES saw social enterprises as a business that needed encouragement, like other small and medium enterprises. This set the focus of many support organisations in developing social enterprises, and enthusing individuals in seeking self-employment in certain fields, and thus having the effect of developing a managed social economy. By managed social economy I mean the initiatives supported and indeed created by statutory agencies in order to intervene in tackling social (and mostly economic) problems. This concept is taken from Hudson's (2005, p.8) description of the North East as "*state managed*" when after the Second World War the major industries were nationalised and then later subjected to "*neo-liberal politics of privatisation and pre- and post-privatisation rationalisation*" (ibid, p.8).

Two elements of managed social economy come to the fore in Tyne and Wear. Firstly the fact that the social economy is, in many cases, strongly local authority driven, particularly by Council's economic development departments, as development efforts associated with regeneration initiatives that for decades have tried both to raise employment and reduce social exclusion. This is evidenced by the increasing significance of this 'sector' as an employer (see section 1). Indeed, according to Mohan and Wilding (2010) analysis, the

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[89] North East Empowerment Partnership (NEEP), published the 21st Century Citizen Civic Activism in the North East Region report in March 2010. Available to download from: http://www.cdf.org.uk/nep-microsite/files/resources/Research/FINAL_REPORT-21c_Citizen_1i.pdf

proportion of people employed in the Third Sector is higher in the North East (3.8%) than the rest of the country (2.5%). In Gateshead for example where the development team has been working on social enterprise for decades, numerous organisations have been created and supported by the local authority. In their words[90]:

"*As a Council we've been supporting social enterprise activity for a very long period of time, I think over ten years. It's something we've been delivering with a number of offices and we have a team to do that in the Gateshead area. [...] We have a focus on food poverty issues – one of our drivers in Gateshead is around food co-ops and community café [...]. We couldn't provide support without the community and voluntary sector, in terms of engagement and specialist training/services for social enterprise*" (Interview with Heather, Economic Development Manager; Narinder team leader for social enterprise and enterprise development; Chris Senior economic development officer at Gateshead Council, May 2008)

Secondly, the social enterprise agenda was promoted and supported by mainstream regional statutory organisations like the Business and Enterprise North East[91] (BENE) that had a vision to make the "North East synonymous of social enterprises by 2015", thus rendering it mainstream activity (BENE 2010, p.6). The support and endorsement by mainstream agencies has given way to 'managed' experiments, new ventures, set up as collaborations between private, public and voluntary organisations as a means to test new ideas that have the potential to open new markets. For example, following the push to promote a low carbon economy within the sub region, activities were spearheaded by local authorities, the RDA and private sector companies. Comparatively, in Greater Manchester the pioneers of the green economy were civic organisations, whilst in the Tyne and Wear city region it was mostly RDA led. The results of these efforts have generated a local social economy aligned with labour market goals and designed to tackle social exclusion, developing in line with the policy drives for the area and thus following the funding priorities of the time. This has also given rise to organisations that, although with a specific legal status (e.g. CICs), carry forward purely commercial propositions with a lack of "[...] *true understanding of the social value, the social impact of what organisations are trying to deliver*" (Anthony Woods- Water, Chief Executive, Building Futures East, 19th March 2012).

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[90] This quote derives from the transcript of a group interview held in 2008 as part of the "Action research with social enterprise support agencies in the North East". A project I worked for whilst employed at CLES.
[91] BENE, which held the Business Link contract regionally, employed a Social Enterprise Executive and Specialist Sector Broker as members of the team, but also witnessed the personal commitment of the Chair in social enterprise matters (notes from the telephone interview with Anthony Woods –Waters, Chief Executive, Building Futures East, 19th March 2012).

Local commentators[92] have indeed noticed an increase of new forms of entrepreneurialism, resulting from the drive to promote self-employment particularly within 'social' areas. In a way the investment in social enterprise creation has enabled individuals to develop their (business) ideas and therefore contributed to the creation of an enterprising culture that perhaps was unlikely in the past. In more favourable economic times, with the support of enthusiastic development agencies and mostly the opening of 'new' (social) markets, there are more possibilities to start a (social) business. This is evidenced by the increased number of third sector organisations in recent years, charities and CICs alike and depicted as new forms of entrepreneurial activity. In the words of a Business Advisor:

"*The changes we are experiencing in the social enterprise sector are that more individuals think of social enterprise as a way to do business, softer, less risky and with subsidies. Generally, they choose CICs as a legal form because they can be run as a business but with a community focus*" (Interview with Peter Dean, Business Advisor, 15th February 2011)

In a context of low employment opportunities and economic depression, the space for social entrepreneurship to emerge and develop is therefore within the parameters of the priority policy areas, where there is enough funding to sustain the activities, the product is designed from the outset and the client base is already in place. As discussed in this section, the managed approach to develop the local social entrepreneurship results from the socio-economic characteristic of the area, its culture and tradition, but also significantly from the interventions of public authorities, their investment and recognition. Having outlined these characteristics that have shaped the social entrepreneurship of Tyne and Wear, in the next section I begin to unravel the experiences of the social enterprises part of this study in attempting to reconcile their business and ethical aspirations.

4. Developmental dynamics of diverse business and ethical orientations

The characteristics of the local contexts, its socio-economic and cultural nature and the people living in the area, all contribute to shape the 'space' in which social enterprises can develop. In Tyne and Wear, where traditionally social entrepreneurship has been low, where activism was lacking, probably as a consequence of the legacy of the industrial past, which guided civic expression through formal channels of representation (e.g. local councillors and trade unions), and where local government has therefore taken the lead in

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[92] I refer here to the interviews held with local intermediaries such as: Rhiannon Bearne, Social Enterprise Executive, Business Link North East, 26th January 2001; John Goodwin, Pentagon Partnership, 26th January 2011 and Peter Deans, Business Advisor, 15th February 2011. For a full list of interviewees see Appendix 1.

debates about economic development, the space for social enterprise to advance has been within the parameters set by the policy priorities. Many organisations here stem from statutory intervention and funding, and have developed in line with the support available. Considering the high levels of need caused by economic depression, particularly as regards to employment and income, when social enterprise became central to the national policy agenda, it begun to be recognised here as a potential means to solve problems. In so far that it could enhance entrepreneurialism and thus tackle employment issues, indirectly by training people for the jobs available, and directly by offering an opportunity for employment to those who could use their skills in an entrepreneurial way. Consequently, the policy effort driving this agenda has created new markets (e.g. low carbon and training provision) in which these organisations could operate, albeit managed from the top-down, rather than more deliberatively, as instead has occurred in Greater Manchester. Here, the different forms of activism for social justice and ethical businesses benefited from radical support both locally and more widely (e.g. being part of national debates), from previous experiences of auto-determination, self-help, as in the example of Hulme and where the local tradition of interagency working was more developed, through years of negotiations between local groups (often BME) and statutory agencies.

Reflected in the experiences of the social enterprises part of this study is often the conformation to policy priorities and funding availability, with few examples of organisations that benefiting from the opening in the national policy agenda (e.g. homelessness) have managed to acquire recognition, through years of negotiation and consequently grow their offer in line with their ethos (I refer here to the Cyrenians). Emerged from the specific policy context recounted in section 3, many of the organisations in my sample have developed within the parameters set by their institutional setting. Consequently, using the means available to them, their offer is often formulaic, resembling mainstream provision. There are however few exceptions, of newly established organisations that instead want to affirm their environmental convictions, combining them with the levels of need created by an economically depressed context (e.g. Commonwheels). I begin this section by providing a description of the organisations selected, all with differing business and ethical aspirations, which, as discussed in section 4.2, have contributed to shape their differing developmental dynamics.

4. 1 The sample

As explained in chapter 3, reflecting on the leanings from the Greater Manchester fieldwork, particularly the lengthy process of identifying organisations through snowballing, I decided – for this part of the fieldwork – to organise the sampling process slightly differently. Firstly I contacted the regional support bodies for the voluntary and community sector in the North East (VONNE) and the North East Social Enterprise Partnership (NESEP) in order to present my work and to obtain early information on social enterprises to include in the study. This provided me with a list of 28 organisations for potential selection in Tyne and Wear, which constituted the population from which I then chose the sample of organisations I worked with[93]. When contacting these support agencies, I specified two criteria for the organisations to consider. Firstly, a degree of entrepreneurialism, that is involved in income generating activities, and secondly at different stages of development (i.e. the more and less than five years criteria).

Since the same methods of data collection were used in both case studies, organisations here, as in Greater Manchester, were involved in the research with varying degrees of intensity[94]. Overall, the sample includes eleven organisations (see table 5.4). Five newly established organisations (i.e. set up from 2005 onwards) and six established between the 1970s and 2004.

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[93] This approach to sampling was thought to be more systematic and enabled me to engage with the various social enterprises support agencies from the outset. However, two organisations in the sample (i.e. Northern Pinetree Trust and Community Energy Solutions) were suggested to me by the ONE North East supervisory team, who were keen to involve them in this research. Once I received the list of 28 organisations, I proceeded, by sending out an introductory email to present the research, and ask whether the organisations were interested in taking part. Following the email, brief telephone interviews were conducted in order to explore some of the descriptive questions earlier left to the first meeting. Once the organisations were selected, the process of data gathering started.

[94] All managerial (and/or) staff were interviewed several times (once over the phone, during the preparatory stage of the research and then face-to-face during the fieldwork) and some organisations like the Cyrenians, Ouseburn Trust, Building Futures East, Dinamic Enterprises, and Acorn Computer Recycling all agreed in letting me spend time with them, observing their ways of working, attending Board meetings (Ouseburn Trust), participating in their trading activities (Cyrenians), and shadowing business meetings (Dinamic Enterprises).

Table 5.4: Year of establishment and legal status of organisations in the sample[95]

Name	Year of establishment	Legal status
The Cyrenians/FareShare	1970	Charity and Company Limited by Guarantee (CLG)
Ouseburn Trust	1996	Development Trust
Renew North East	1998	Charity and CLG
The Food Chain (North East)	2004	Community Interest Company (CIC)
Sports Recycler	2004	CIC
Building Futures East[96]	1996/2006	Development Trust, Charity and CLG
Dinamic Enterprises	2006	CIC
Community Energy Solutions	2006	CIC
Acorn Computer Recycling	2008	CIC
Commonwheels	2008	CIC
North East Sport CIC	2009	CIC

Source: author's notes from fieldwork and secondary data review

There is a prevalence of CICs in the sample of organisations selected, particularly among those *newly established.* These organisations were found to be involved in a variety of activities, ranging from the provision of training for young people in manufacturing and enterprise development (Dinamic Enterprises); the provision of low carbon emission energy for both individual households and bigger agencies such as housing associations and Universities (Community Energy Solutions); car clubs (Commonwheels); recycling of IT components and timber mostly re-used for training provision and private sale (Acorn Computers) and the provision of after school sport activities for local children (North East Sport). The origins of these organisations included examples of joint ventures between statutory bodies (i.e. One North East) and corporations like TRANSCO (gas distributor) (Community Energy Solutions), or among individuals and local statutory agencies (Dinamic Enterprises) or examples of individual responses to new market openings (Acorn; North East Sport and Commonwheels). For example, in the case of Commonwheels, the words of one of the directors explain the motivations behind its establishment:

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[95] As well as the 11 organisations listed, I also interviewed the Director of the Northern Pinetree Trust and that of Phone Coop North East, which however I have not included in the sample, as I thought their contribution was more appropriate as commentators (i.e. stakeholders).

[96] Despite being 'established' in 2006 as Building Futures East, this organisation grew out the Single Regeneration Budget (SRB) East End Partnership for Walker and Byker in Newcastle, which was set up around 1996. The first few years as Building Futures East reflected much of the ways of working, internal structures, activities and employees of the East End Partnership. In 2009 that the organisation changed more 'radically', as the original funding were coming to an end and new avenues had to be explored, which required a different structure, different job descriptions and skills. So whilst it is identified among the new originations, it cannot be categorised as such, exactly for the continuity of most staff members and longevity.

"*The drivers for our organisation have been the growth of social enterprise agenda and Local Authorities taking more notice of this model, which is preferable as it ring-fences money for other social activities rather than being private profit driven. Secondly the environmental agenda, in fact the previous government* (Labour) *transport minister had already considered car sharing schemes and car clubs. Thirdly, our commitment and expertise, me from a policy perspective and knowledge of the available loans/funds, and Paul as a business person […]*" (Richard Falconer, Director, Commonwheels, 27th January 2011). Indeed, Richard Falconer was also the social enterprise specialist sector broker at BENE, thus aware of the various opportunities available to social enterprises, both in terms of funding and policy drivers.

All newly established organisations employed waged staff, but in some cases they used also alternative paid labour, particularly when training young people. For example, Acorn Computer was providing IT maintenance and repair courses, as well as wood working training and sold the goods produced by students in mainstream markets. With the exception of Commonwheels that adopted an alternative capitalist mode of entrepreneurial conduct, as an environmentally responsible business, all other newly established were found to being focused on and driven by their communities of interest (e.g. Community Energy Solution) or being examples of sole proprietorship, such as Dinamic Enterprises, Acorn Computer Recycling and North East Sport[97]. Thus, according to the diverse economy framework considered as non-capitalist enterprises. However, whilst these organisations had a Board of Directors, their presence was mostly a response to the requirements of the legal status chosen, since the organisations were essentially managed and run by the founders, the owners of the company. Indeed these were examples of individual forms of entrepreneurialism, where the legal status choice had been driven by external advice in order to facilitate access to funding. The director of Acorn Computer Recycling explains:

"*I was a labourer in the shipyard. I was working on short term contracts and then I had an accident so I had to go on sick leave. During that time I rekindled with my interest in computers. I was helping people out with IT problems, and then as I was so keen on working on IT maintenance and repairs I decided to use these skills to open my own*

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[97] The non-executive directors of North East Sport were the wife of the manager and a friend, and had a nominal presence in the organisation. In the case of Dinamic Enterprise, the Board of Directors had been selected by the Chief Executive who was essentially the founder and sole proprietor. The previous Board was more socially focused, and the Chief Executive felt it had to inform it on commercial changes. It was also more numerous, thus the decision to make it smaller, formed by specialists in different topics, and changeable every two years.

business. Once the business was set up and running, I realised that I was still missing something. I was in close dialogue with my business advisor and at the time the CIC came out, and the business advisor suggested I looked into that, as a form of bringing the 'social/community' side in what I was doing […]" (Ernie Nolan, Acorn Computer Recycling, 9th March 2011).

And further, in the words of the director of North East Sport:

"*The legal form enabled me to receive a salary, and also opened up opportunities of further funding. I received help from Kevin* (Social Enterprise Sunderland), *which determined the choice of becoming a CIC, which had the potential to attract funding as my business model is based around delivering work in the community*" (Peter Curtis, North East Sport, 17th February, 2011).

The emphasis here is on the role played by support agencies in pushing the social enterprise model as a means to obtain financial support from the outset or indeed the awareness of the opportunities that choosing this model would bring. As discussed in the previous section, this represents one facet of the managed local social economy of Tyne and Wear. What characterises most of these organisations is that, by and large, they tend to be individual responses to opportunities, be it openings in the social market that enable for instance the provision of specialised training to different cohorts of the population, or after school sport clubs, or indeed the identification of a niche markets, which carries a 'social/environmental' label – as it is the case for the recycling of sport equipment (which focuses also in cycle to work schemes) or the opportunity to stimulate car sharing.

The more *established organisations* in my sample tend to be involved in more 'traditional' activities such as supporting homeless people (The Cyrenians); preserving the character of local areas (Ouseburn Trust); training provision and recycle of white goods (Building Futures East and Renew North East); and the promotion of healthy diets and local sourcing (The Food Chain). Their modes of entrepreneurial conduct include both non-capitalist organisations that like Ouseburn Trust and Building Futures East have a strong geographical community focus and connections (e.g. Ouseburn Valley and Walker Riverside in Newcastle), or like the Food Chain a community of consumers and producers. The other organisations were found to work as alternative capitalist enterprises, in the form of environmental (Sport Recycler) or social (Cyrenians and Renew North East) businesses.

In Tyne and Wear, as in Greater Manchester, there are differences between established organisations and those set up at the height of social enterprise policy interest. Differently from the newly established, these were all set up by groups of individuals in response to an identified need that affected a particular community, whether geographical (Ouseburn Trust and Building Futures East) or of interest (the homeless for The Cyrenians and the disadvantaged for the Food Chain and Renew North East). They also tend to be managed by groups of individuals or indeed within their governance structure the presence of a medium sized (between 5 to 10) Board of Directors is an important feature. The history of these organisations also reflects another facet of the managed social economy of this city region, in so far that they generally all stem from specific regeneration initiatives. The Ouseburn Trust emerged from the East Quayside Group (EQG) - a response to proposals made by the Tyne and Wear Development Corporation (TWDC) for the east part of Newcastle quayside. The EQC was an ecumenical church initiative employing a part-time worker with the view to stimulate local responses to the regeneration proposals (Langley and Robinson 2000).

Similarly, Building Futures East emerged from the East End Partnership (EEP), a local council led SRB partnership promoting education, employment and training. Whilst the Ouseburn Trust stemmed partly from the Church's awareness raising work, the EEP was a more traditional SRB partnership, but both had Church personnel involved in their Boards, together with local councillors, employers and local authority officers, thus, the traditional channels of community engagement. The words of one of the Ouseburn Trust founders explain:

"*It was around 1991, when we got together informally as group of people interested in the preservation of the local area (Ouseburn Valley in Newcastle). This group was backed by the Church of England, which drove the development of the original group of people, despite none of the participants had any religious inclination. The group got momentum in the summer of 1993 when a local toffee factory caught fire and the council wanted to knock it down. The intention was to demolish the building and keep the ramp over the river/canal. There were local discussions to lobby the council not to demolish the building. As discussions were on-going and they were successful, it was realised that there was a need to capitalise on the strengths of that union. The formalisation of the group came with the SRB. The SRB* (round 3) *determined the establishment of the Ouseburn Partnership, a 5 years programme of regeneration, mainly physical, for the area. The Development Trust status reflected the 'flavour of the month' at that time, but originally the organisation was a*

Company Limited by Guarantee, to deliver services in the area as part of the SRB […]" (Ray Bland, Vice Chair Ouseburn Trust, 8th March 2011).

The Cyrenians is the only organisation in the established group that whilst benefiting from policy openings, has not been established as a result of regeneration programmes and/ or funding. It is an example of a financially successful (£9million turnover in 2010/11) organisation that has managed to expand its offer, entrepreneurially, but also organically from its core ethical principles of supporting vulnerable, disadvantaged people. It was started by a group of people concerned with the lack of facilities in Newcastle and Gateshead for people who were "sleeping rough". Initially it operated as an evening soup run and two years later it developed its first hostel with 24 bed spaces. Since then, building up its relationships with local housing associations and the City Council, it has grown steadily, expanding its provision. By the end of the 1990s, the organisation looked like many other large service providers across the UK, sheltering vulnerable people and helping them access basic services. This successful growth has not been equalled by others in my sample, despite the availability of funding and support that many had throughout their start-up and consolidation phase. Indeed, responding to their motivations, their business and ethical orientations have guided their development in differing ways. The next section, in discussing the developmental dynamics of these organisations, reflects on the diverse pathways of business and ethical reconciliation these organisations have sought throughout their lifecycles.

4.2 The diverse pathways of business and ethical reconciliation

Organisations evolve throughout their lifecycle, as living entities, using the resources available to them, reacting to opportunities they are presented with and/or to identified need. Thus depending on the circumstances and the propensity to follow their motivations, the pathways of development differ. Through the lens of the diverse economy literature discussed in chapter 2, this section focuses on the experiences of the organisations part of the Tyne and Wear case study. From the histories recounted by these organisations, it emerges that the context, that is the local culture and traditions, have shaped both the types and the development of these organisations. The policy focus given to social enterprise as a 'business model' to deliver welfare services and training/employment opportunities has shaped institutional choices and activities, whilst the lack of debates about other, alternative models has determined little connectivity among wider support groups, rendering most organisations preoccupied with trading and mostly commissioning.

Those that have been set up during the crucial years of social enterprise policy recognition tend to adopt a more business oriented approach, either because they stem from a business idea, or have been persuaded about the viability of a business model to deliver services. In a similar fashion, also more established organisations, rooted in regeneration programmes - that from the outset had the intention to create independent bodies of governance and eventually self-sustained financially - have embraced a functional approach to their sustainability, nurturing a business side that was not the main intention, but has come to be perceived as the only option available. These organisations tend to display mixed business and ethical aspirations, by maintaining a community focus but also pursuing commercial ventures in order to sustain the delivery of services they were set out to from the beginning of the venture. In this section, I explore the differing orientations the organisations in this part of the study have exposed.

Socially oriented

Arguably, many of the organisations in my sample, mostly the more established ones, in their origins were socially oriented, that is they stemmed from the - sometimes charitable - intention to help people in need, marginalised by society and the economy, with little interest in the financial aspect, thus with no real business aspirations. This is partly because most of these organisations were rooted in well-funded regeneration programmes (e.g. various rounds of the SRB), or indeed represented a multi-agency attempt to tackle unemployment and low skills base in the younger population of this sub region (e.g. Renew North East). An appropriate example is that of the Cyrenians, a charity set up in 1970 by a group of local people concerned about homelessness. The founders were dedicated people driven by a charitable, religious sense of duty towards the most disadvantaged of society. In order to tackle the identified need for support of the homeless, they decided to provide an evening soup run, catering for those "sleeping rough". This service was entirely based on volunteer work, from production to distribution. However, it soon became apparent to the founders that providing food, albeit welcome, was not sufficient to support homeless people. Thus they started working with local stakeholders, such as the local housing associations and the City Councils, in order to sustain their mission of sheltering vulnerable people and helping them access basic services. It was through this cooperation with statutory agencies that the Charity sustained its offer for successive years and expanded to different sites across Newcastle and Gateshead providing accommodation, as the first port of call for the most marginalised in society.

The Cyrenians operated in this fashion, focusing on their mission of providing accommodation to the homeless, for more than twenty years. However, the changes in homeless policy and the increasing links between the social enterprise model and the provision of employment to the homeless (see Teasdale 2012) had a major impact on the running of this organisation and eventually contributed to modify its relationship between business and ethical aspirations. Indeed, it was in the late 1990s that the charity began to develop 'business' aspirations, changing its attitude towards service provision and thus become more 'entrepreneurial', evidencing a shift from a social orientation to a mixed aspiration by "*looking beyond merely providing accommodation to think about more strategic approaches to the issue of homelessness […] it opened a Day Centre to help people access services and productive activities, training and educational opportunities to develop skills and improve chances of employability*" (Keith Nicholson, Assistant Director, The Cyrenians, 10th March 2011).

As for most organisations in the sample, changes in the policy context have triggered a process of internal transformation, driving the need to act and develop more 'entrepreneurially' in order to sustain their activities and continue to fund their social mission. Thus the drive to modify the attitude towards income generation for many was the result of external changes rather than an original intention to engage in market based commercial activities.

Mixed aspirations

Most established organisations in the Tyne and Wear sample (with the exception of Renew North East) fall within the mixed aspirations category of business and ethical relations, in so far that whilst their emphasis and focus are linked to their communities of interest - so their purpose is predominantly the production of social value - the changes in funding mechanism and marketization of public services have induced their entrepreneurialisation. Their engagement in commercial activities is generally a function of the changes in the funding culture and thus the financial objective is the constraint that needs to be overcome in order to survive. In order to fulfil a more economic, productive function, these organisations tend to transform their operations and their structures, with differing consequences and levels of success.

Table 5.5: Organisations with mixed aspirations in my sample

| Organisations	Income	Mission	Purpose
The Cyrenians	Contracts with Local Authority; trade; grants; donations	To integrate socially excluded individuals back into society and improve their lives	Social value creation driving financial gains + generate economic value with social value embedded in the product
Ouseburn Trust	Trade (rent and guided tours); grants	Socio –economic and physical regeneration of the Ouseburn Valley's community	Generate economic value with social value embedded in the product
Building Futures East	Contracts with various public bodies; work programme sub contract; training; grants	Retraining people, re building communities	Generate economic value with social value embedded in the product +Social value creation driving financial gains
The Food Chain (North East)	Trade; grants	To encourage healthy lifestyles in deprived communities and promote environmental sustainability through the distribution of local food and supporting local producers	Social value creation driving financial gains+ generate economic value with social value embedded in the product

Source: author's notes from fieldwork and secondary data review

They tend to operate in different markets, deriving their income from a variety of sources, combining grants (non-market transactions), with income from contracts to deliver services on behalf of statutory agencies (alternative market) and in some cases direct sale of products/services (market). For example, I have already introduced the Cyrenians to describe their changes from a charity focused on providing accommodation to the homeless, into a social business (alternative capitalist) offering training and employment opportunities to all service users. A series of events opened up opportunities for the organisations to grow and establish itself as a key player within the local context. The changes in homeless legislation, that since the mid-1980s had increasingly put greater responsibility on local authorities provide accommodation, had led many legislators and local leaders to pay greater interest to the work of voluntary groups tackling the homeless problem. With the New Labour government's push to involve third sector organisations into the delivery of public services and the establishment of the Rough Sleepers Unit (RSU), tasked with reducing rough sleeping by two-thirds within a three year time frame, significant amount of funding went into the design and delivery of projects tackling the complexity of homelessness and its interrelated problems. Having established strong working relationships with local authorities and housing associations through the years, the Cyrenians were in a good position to capitalise on this favourable funding environment. The employment of a new Chief Executive[98] accelerated the process of change into a period

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[98] In 2001, Stephen Bell was appointed. He joined the Cyrenians in 1995, from a previous position as an accountant in the private sector. He started as Finance Manager, then became Operations Manager in 1998 and then, finally, Chief Executive.

of rapid growth. Depicted in figure 5.3 is the graphical representation of the developmental dynamics of this organisation, from a charity to a social business with three commercial subsidiaries: a maintenance service provider company (TCUK); the regional branch of the food redistribution Charity FareShare (which they purchased and established as a CIC) and a second hand clothing shop located in Newcastle city centre (Thrift Boutique).

Figure 5.3: Changes in the Cyrenians' positions throughout its lifecycle

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         Origins
                           A

Business                        Social

           C  ←   B


         Current
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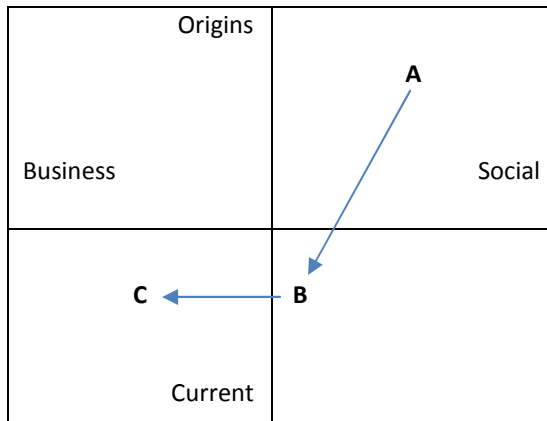
In order to generate income, the Cyrenians have segmented their provision to the homeless and developed a comprehensive framework of services: from emergency intervention, to stabilisation and progression, developing the skills of beneficiaries through volunteering and potential employment opportunities (e.g. in TCUK, FareShare, or Thrift Boutique). In this way the Cyrenians have adopted mainstream business practices to accomplish their social mission.

For other organisations the transition to entrepreneurial forms has been integral to the evolution of the regeneration partnerships from which they originated. For example, organisations like the Ouseburn Trust and Building Futures East, stemming from the SRB programmes targeting specific geographical areas, evolved from partnerships formed by numerous local stakeholders (religious, statutory officers, councillors and community representatives) and accountable to the City Council (Newcastle). The regeneration of the areas was meant to be both physical (i.e. housing stock) and socio-economic and both partnerships had at their disposal either a dowry (Building Futures East) or the capital asset (Ouseburn Trust). In both cases, the succession plans of the SRB partnerships included a commitment to 'institutional continuation' beyond the programme and through local authority support, the expertise of the members and the availability of funding, they had

sufficient time and resources to plan their transformation. This resulted essentially in beginning to charge for the services they were delivering and rather than relying on seconded council officers and volunteers, they began to look for people with the 'right' skills to deliver projects. The Ouseburn Trust for example, began to let their properties in the Valley, to Registered Social Landlords in order to generate revenue, organised guided tours of the area charging those visiting the local amenities (e.g. city tunnels used as air raid shelters by the local community). Moreover, (in 2005) they employed a full time manager to oversee the delivery and develop their offer. However the move to commercial endeavours was not without problems, particularly between staff and the Board of original members. In the words of the Vice Chair:

"*The move to contract based work created tensions between the Board and the staff. The Board is concerned that the Trust is moving away from the mission following funding, whilst staff are looking for potential sources of funding to maintain the work going. There is an inevitable risk of being moved away from the original mission but the debate about sustainability and need of alternative sources of funding has made the Board more concerned about mission drift. Since the mission is 'sense of place' and 'well-being of the valley', the question is now: how do we make money with that? The debate is still on-going, as none wants to see the ethos of the Trust disappear, but ultimately there needs to be enough to butter the bread*" (Ray Bland, Vice Chair Ouseburn Trust, 8th March 2011)

The 'on-going debate' cited above, constitutes a crucial feature for organisations with mixed social and business aspirations, in so far that it is through this constant deliberation that the ethical decision making (Gibson-Graham 2006) process is developed, underpinned by negotiations between risk and viability, the differing expectations, interests and motivations of the collective that is the organisation. It is through this process that the identity of the organisation is constructed and maintained in line with the ethos.

Similarly, the move to a more entrepreneurial form had costly implications for Building Futures East. Focused on providing training and employment opportunities for young people in the Walker area of Newcastle, a remit that stemmed from a community consultation exercise carried out at the outset of the SRB programme and that set the priorities for the original East End Partnership, the organisation developed in line with the openings offered by the local policy landscape. So when the funding landscape began to change and statutory funding shifted into contractual arrangements, Building Futures East had to modify accordingly. It therefore changed its legal status and evolved from a

partnership into a Company Limited by Guarantee (in 2007). A year later it became a member of the Development Trusts Association and was awarded Charitable Status, all in preparation for a more active engagement in service delivery. The Chief Executive commented:

"*The Charitable status was gained to formalise the legal and financial status of the organisation and also gain credibility, and the Development Trust status to gain access to a network of similar organisations, with charitable intent and commercial focus*" (Anthony Woods-Waters, Chief Executive, 8th March 2011).

In 2009, under the advice of a business development consultant, the organisation decided to re-engineer provision and create a sister company (Future Build) that employed trained youth to carry out commercial building and environmental maintenance work for housing associations and private households. In this way the organisation aimed at capitalising on their offer to access the mainstream market of maintenance provision, building on the working relations previously established with local housing associations. The transition costs are explained in more details in the quote below, reporting the words of the Chief Executive:

"*When we started up we simply moved over the remnants of the old EEP Team - including their old job descriptions. However what became a problem, as we continued to develop, was that we were not well prepared, the old jobs demanded specific skills sets that were not the skills sets the new organisation needed and the systems and procedures were simply added to or modified alongside growth and eventually became too complicated. So we could have stayed the same but this would not have allowed BFE (*Building Futures East) *to deal with customers, and thus failing to meet our mission. So we took the risk and opted for change rather than fail. [...] The transition had a human element – people were made redundant – and this caused a lot of dilemmas, but the route chosen was to support the outgoing staff in their transition and people were made redundant but only when they found a new place. There were also personal financial sacrifices as the remuneration is not high, so people who work for BFE are here for the commitment to the cause - personal outcomes - not for the money!*" (Anthony Woods-Waters, Chief Executive, Building Futures East, 17th February 2011).

Whilst it was recognised that the transition was necessary for survival, as service providers these organisations had to formalise their offer, focus on performance management and quality assurance in order to compete with other providers. The process of managing the

relationship between the business and the ethical aspirations of the organisations is considered as being conflictual, and in need of constant flexibility on the organisation behalf, in order to be able to change according to the needs and opportunities presented to them. Since the aspiration to generate income is functional to the mission, sometimes it runs as a loss, a trade-off between organisational and/or beneficiaries wellbeing. Constant compromises have to be made, sometimes accepting low wages as a means to continue to deliver the mission (as mentioned in the quote from Building Futures East Chief Executive). Other times, if capacity is lacking, organisations have to turn down offers in order not to jeopardise the quality of the service, even if this would potentially tackle an identified need. As the Chief Executive of the Ouseburn Trusts noted:

"*It* (reconciling business and ethical aspirations*) is about managing the finances correctly, and ensuring that there is enough income to cover the programme and this in itself is a dilemma. It is not easy to fulfil a social mission and continue the commercial reality. Sometimes we have to make tough decisions, like having to turn down offers that evidently respond to a 'need', other times it is about managing the expectation that a Third Sector organisation is not going to ask a price, the cheap option!* […] *There are big expectations on the social sector, but we cannot be everything to everybody*" (Peter Kay, Chief Executive of Ouseburn Trust, 15th February 2011)

However, the commitment to see the project working, supporting the mission of the organisation drives the choices made in critical times. The Food Chain for example, that similarly stems from the union of two statutory ventures[99], developed a commercial side to sustain activities beyond the grants it was receiving from the statutory partners. In order to develop a wider network of support however it opted for a regional remit that could connect the activities of small farmers across the region, and national campaigns such as Making Local Food Work, and the Plunkett Foundation. The need to develop a commercial approach to funding however, shifted the attention on the business side of the organisation, as indicated in the quote below:

"*There has been a lot of thinking on the business side of the organisation, fuelled by the drive to make a transition from grant to contracts* […] *This is still on-going* […]" (Anthony Armstrong, The Food Chain North East, Development Worker, 25th January 2011).

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[99] These were the Blythe Valley Food Co-op set up in 2003 by Blythe Primary Care Trust (PCT) through Health Action Zone funding to improve access to fresh fruit and vegetables in the former coalfield areas in Northumberland, and the Food Chain in Gateshead set up by Gateshead Council.

However, the ethical drive in this case also prevailed in the long term, as the quote below indicates:

"*It* (relationship between business and ethical aspirations) *is a balancing act one that has been helped by developing partnerships but also a costly act, that sometimes has determined the need to take hard decisions such as cuts in wages (for instance we are now working only 2 days per week), and making people redundant.* […] *The way things are, the company could continue as a wholesaler with a conscience, but that is not what we want to do. We would not be able to deliver on the social outcomes we set out to achieve and not target the core communities* […] *however, without statutory partners' commitment our social remit is harder to achieve".* (Anthony Armstrong, The Food Chain North East, Development Worker, 25th January 2011)

Indeed, as discussed in section 5, the recognition of what organisations can deliver and understanding of the difficulties that commercialising the social mission entails are important features in influencing organisations' ability to reconcile business and ethical aspirations.

Business oriented

For many organisations in my sample, the relationship between their business and ethical aspirations is one and the same. These organisations tend to focus on income generation, often as the social value of what they are trying to achieve is embedded within their economic objective, thus the economic objective is the means by which the social aim is pursued.

All the newly established organisations in my sample reflect this typology, whilst only one of the consolidated ones present this connection between their business and ethical drive (Renew North East - see table 5.6).

Table 5.6: Business oriented organisations in my sample

Organisations	Income	Mission	Purpose
Renew North East	Trade; Contract with Local Authority; grants; training contracts	To help disadvantaged people on the pathway to employment	Generate economic value with social value embedded in the product
Sports Recycler	Local authority contract (cycle to work) and trade	Recycle sport equipment and re-use it to promote healthy lifestyles, as well as provide training to local unemployed	Generate economic value with social value embedded in the product
Dinamic Enterprises	Pilots for schools; grants, sale of items produced	Training and real (working) life experiences in manufacturing, production , business for young people	Generate economic value with social value embedded in the product
Community Energy Solutions	Core funding from DTI and ONE	To make homes more energy efficient and heating more affordable by switching to fuels that are either low carbon or carbon neutral	Generate economic value with social value embedded in the product
Acorn Computer Recycling	Trade; Local Authority contracts	To provide training and employment opportunities for local unemployed, and recycling IT for community re-use and timber	Generate economic value with social value embedded in the product
Commonwheels	Membership fees; SLAs, grants	To develop and run car clubs in areas where individuals and organisations are committed to 'kicking the car habit'.	Generate economic value with social value embedded in the product
North East Sport CIC	Schools contracts; grants; trade	To deliver sport activities in schools and community groups	Generate economic value with social value embedded in the product

Source: author's notes from fieldwork and secondary data review

They all tend to be organisations borne out a business idea, whether developed directly by the founders or through a venture between statutory bodies and other established companies. For example, organisations like Commonwheels were set up with the explicit intention to filling the gap in community car clubs, by providing company owned cars for hire but also enabling members to offer their own vehicles as hire cars. In this way promoting a more responsible, need-only use of this mode of transport and also enabling areas with low car ownership to develop sharing schemes. For this organisation, the social/environmental aspiration of developing car clubs in areas of low car ownership, and to diminish car usage, is achieved if they pursue their business objectives. In the words of one of the Directors:

"*We refer to relationship between the business and the social side of the organisation as being similar to the instruction that cabin crew give on an aeroplane about the use of oxygen masks in case of air loss: adult have to put their masks on first and the help the*

children. So we firstly need to make sure the organisation is financially sound and then we can get better at doing other social things" (Richard Falconer, Director, Commonwheels, 27th January 2011).

Operating in the mainstream market of car hire, this organisation has the advantage of offering a model that cares about the environment, which constitutes their unique selling point. Underpinning the process leading up to their establishment was significant market research, which provided information on demand for the service and the variety of income stream options available. However, it was the support and funding (through a service level agreement) with the local authority that enable operations to begin. As a business, Commonwheels focuses on costs management, efficiency and formalisation of practices and internal structures, however their product and ways of working are those of an alternative capitalist, thus whilst being business oriented, their ethos is the drive. As organisations set up at the height of social enterprise investment, they had the benefit of available funding, policy endorsement and business support from the outset.

Other organisations instead stem from the privatisation of social services and have capitalised on this opportunity to create an enterprise. For example, Dinamic Enterprises was originally (2005) part of the Northumberland County Council Social Development and Care Trust (disability and adult training). It benefited from funding and support the LEGI[100] provided, and since this programme was focused on business development, the emphasis on an 'enterprising idea' was there from the outset. The aim was to provide disabled adults with an opportunity to become self-employed or re-enter the labour market. It was doing this by involving them in artisanship and manufacturing production, and the products they made were then sold in the ceramic market to local tourists, thus generating an income. Garry Dawson was part of the team which successfully developed training centres across the sub region. Having built his professional experience working in private sector manufacturing across the world (e.g. Marketing Director for Pepsi in Russia), and being familiar with public policies, he saw the opportunity to develop a similar business model in South Tyneside, linking manufacturing to social need for training in order to provide

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[100] The LEGI programme was announced in the 2005 Budget and became operational in 2006. It was a joint initiative between DCLG, HM Treasury and the (then) Department for Trade and Industry (now the Department for Business, Innovation and Skills). Following a competitive bidding process, DCLG awarded LEGI Round 1 funding to 10 area partnerships in February 2006 and Round 2 funding to a further 10 areas in December 2006. In total £418m was allocated up to the end of March 2011. The grant was paid via the relevant local authorities. South Tyneside received £27m which they spent partly (above 20%) on start-up activities and on supporting the growth of existing businesses (more than 40%).
http://www.communities.gov.uk/documents/regeneration/pdf/1794470.pdf

promotional merchandise to third sector organisations, which cannot buy in big bulk. In his words:

"[…] *following the Public Sector Strategy (2003) to generate tourism and create jobs in the hospitality sector – the report was called Passionate People Passionate Places (RDA funded) – and the extensive market research I had carried out, I identified a gap in the market for items of merchandise, the market was empty for manufacturing. So in 2008 I begun to work in South Tyneside, with the local museum and developed the organisation marketing line: social enterprise and training trading, linking manufacturing to social need for training* […] "(Garry Dawson, Director, Dinamic Enterprises, 26th January 2011).

Since in South Tyneside youth unemployment was an issue, and having observed a change in numbers (take up) in adults' training, Garry decided to concentrate on early intervention (e.g. young people) rather than adults. So he began to work with schools to provide 'real life' manufacturing training opportunities for young people and the merchandise (e.g. pottery and printed items such as T-shirts or key rings) produced was then sold to local tourists' shops and museums, as a means to earn income. Dinamic Enterprise therefore was not born out the intention to tackle a social need, rather a market opportunity, strategically positioning the flexible business model to the policy priorities of the local area and thus modifying its offer (and target group) in line with the funding. However in the process of accommodating funders, concerns about profitability, capacity and the impact on beneficiaries begin to emerge. Indeed, at the time of conducting the fieldwork, the organisation was considering "*whether the least profitable, those (schools) that are paying less to access the service, should be dropped*" (Kate Sussams, Board member, Dinamic Enterprises, 8th March 2011). Moreover, the constant change of direction, driven by the determination of the founder to see his entrepreneurial idea working, was causing frictions with the rest of the organisation, particularly since the workload was increasing but not the wages. In the words of a Board member:

"*The main tension at the moment is between the passion and drive of the entrepreneur (Garry) and the rest of the organisation. The delivery side is slower to accept the changes constantly introduced by Garry. They are not able to cope with these changes of directions. The challenge operationally is whether to cope with these changes or let go of an organisation that is not paying enough*" (Kate Sussams, Board member, Dinamic Enterprises, 8th March 2011).

Problems of staff commitments, low wages, chasing funding and new income sources are common to many organisations, particularly when trying to achieve an economic objective through a social outcome, or better rendering the social outcome the economic objective. The example of Renew North East is indicative of an organisation shaped by the funding relationships from which it was born out and later overcome by the changes in the market in which it was operating. Set up as a joint venture between COMET, the SITA Trust and Gateshead Council, the aim was to develop a community business model of training in order to recycle and refurbish electrical appliances which were then sold to the public at reduced prices. The white goods were provided by COMET that was therefore able both to dispose of its unwanted stock and meet its CSR targets.

The partnership worked until there was mutual commitment and recognition among senior partners. However, as soon as COMET stopped providing white goods free of charge (due to the changes in the Waste Electrical and Electronic Equipment Directive) and successive council officers took position on the Board, it was clear that the organisation needed to change its course or incur serious financial problems. In fact, despite shrinking in size and provision, and differentiating the offer to include electrical goods (provided by Phillips through a deal struck with the company) in order to continue to operate, competition from low price manufacturers meant that local people began to purchase new items for less, rather than refurbished ones. Having lost their client base, the organisation was running at a loss and in need of serious reconsideration of its remit: training, recycling and/or sale? At the time of conducting the fieldwork, this organisation was in serious financial problems, and they had reduced the training courses, made many employees redundant and the Chief Executive - who was pushing for change but hindered by the Board - was also made redundant[101]. In the words of the exiting Chief Executive:

"*The business and ethical aspirations support each other in Renew North East. I have done a lot of work to look for sustainability which the current model cannot generate. The choice is now between downsizing, which means more staff redundancies and less provision of training with a strong social/ethical impact; changing, that is start from scratch which needs to happen gradually otherwise it is not manageable; or merge, possibly with TDR (a training academy, with a representative on the Board of Renew) and provide*

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[101] On 1st February 2011 Eddy was made redundant from Renew North East. A Consultancy was called in to help with a forward strategy for the organisation and scrutinising the business in order to help inform the future. Eddy was on sick leave for few weeks when he found out that the consultancy had been given the management of the organisation and he was asked to 'stay away' from the management of the organisation (Eddy Kirtley, Renew North East, 18th March 2011 -telephone interview).

apprenticeships which is the flavour of the month" (Eddie Kirtley, Chief Executive, Renew North East, 27th January 2011).

What emerges is that managing (financial) capacity effectively and constantly looking to improve both the quality of the product/service and the organisation is a tough process, even for organisations that stem from a business idea and that at the outset have benefited from funding, recognition and support. It is also a costly process, both for the organisation, the people working for it and/or the end users, since the lack of funding hinders the ability to deliver services. Thus we see organisations adopting drastic measures, reducing their costs by accepting lower wages and still working long hours in order to fulfil their ethical aspiration. For organisations operating in mainstream markets, as it is the case of Community Energy Solution (e.g. energy market) and Commonwheels, it is important to maintain a position and their unique selling point (USP), which is indeed their ethos and the "*better it can do in the market, the more it can work with the most disadvantaged*" (David Lacey, Operations Director, Community Energy Solutions North East, 17th February, 2011).

For organisations like Acorn, a family business involved in training and sale of refurbished IT equipment, it is about both not being greedy but also maintaining a strategic position, reinvesting in the company to ensure that it has the right structure to respond flexibly to change but still serve the community (Ernie Nolan, Director, Acorn Computer Recycling, 9th March 2011).

Having explored the diverse pathways of business and ethical reconciliations of organisations in the Tyne and Wear case study, it emerges that a number of internal and external variables influences the process. Partly attributable to the context, and partly to the nature of the organisation and the people involved in it. The next section focuses on the factors at play at different stages of organisational development. As for the Greater Manchester case study, on the basis of the experiences recalled by organisations established in the past as well as the more recent additions, I look firstly at the early years into social enterprise existence, identifying the key factors enabling organisations to fulfil both their financial and social aspirations. Secondly, I turn my attention to the more established organisations and present the findings of this research as regards what influences the successful examples of balancing business and ethical aspirations during the continuation years.

5. Reconciling business and ethical aspirations

The experiences of organisations in Tyne and Wear show that organisations tend to have different aspirations of commercial and ethical nature and that these tend to change over time, as the organisation evolves. Particularly when circumstances change, organisations appear to also transform their operations in order to sustain their mission and thus their survival. So whilst the ethical imprint of those involved from the outset is paramount, since it determines the direction of travel, a number of other factors contribute, more or less favourably, to shape the process of reconciliation of the diverse business and ethical aspirations. In Tyne and Wear, as in Greater Manchester, during the inception years, the personalities of those involved and the type of funding and support available shape organisations' evolution. However, there are some significant distinctions emerging as a result of the peculiarities of 'place'. Whilst the commitment to see the idea working is important in both case study areas, in Tyne and Wear, the skill-set available to the leaders is crucial in moving the organisation forward, thus the ability of dealing with statutory partners and the familiarity with funding process are considered as important. Indeed here the focus is on income generation through commissioning and/or trading. The support and funding that organisations receive in the early stage of their lifecycle is also central to finding the way forward. The endorsement organisations receive can restrict or enhance their possibilities to develop either as alternative ways to engage with the economy, or as a mere reproduction of a statutory service provider. The latter being the case for this city region, since organisations' development and opportunities were framed within a context that privileged alignment with policy priorities. This is also reflected in the strong reliance on state support, underpinning all organisations in the sample. This in a sense also rendered them more vulnerable in so far that it required adherence to a business model expecting them to become self-sufficient whilst delivering public services.

Nevertheless, the problem is what happens after the support and funding disappear, thus when the ventures need to become financially viable. Once organisations become established, different factors are found to influence the adherence to the ethical principles held important. As discussed in the second part of this section, in Tyne and Wear, as in Greater Manchester, when the values of the organisation are translated into practice, embedded in all parts of the structure and its ways of working, it generates credibility and support for what the enterprise stands for, both internally among the members and externally among funders, beneficiaries and other stakeholders. In this sense, a sense of

shared identity is sustained, which contributes also to maintain adherence to the shared vision, and thus evaluating opportunities along the ethical criteria that are valid for the organisation. Being true to their values is also advantageous to build or consolidate working relationships and strategic alliances that can contribute to recognition and enhance the possibility to work with different partners for a common goal. However, particularly for organisations that have mixed or business oriented aspirations, it is also important to have a product that guarantees a suitable market position, and the nature of this varies in line with contextual characteristics. This ultimately underpins the possibilities for organisations to survive, cease to operate or transform their offer in line with their ethical aspirations.

5.1 The factors at play in the inception years

The experiences of organisations at the beginning of their journey highlights the three key factors that during the inception years, contribute to shape the development of organisations, laying the foundations on which successful reconciliation of business and social aspirations may occur. Whether set up as a pilot by statutory agencies or as an individual business venture, the exciting experiment leads those involved to dedication and commitment. The first, crucial factor in enabling organisations to start off delivering their mission, the first step into implementing their vision, is centred on the individuals involved. However, these alone are not sufficient to maintain adherence to the ethos, nor delivery. As this section explains the type of funding available and the support received in the early days, all contribute to shape development and consequently an evolution more or less in line with the ethical aspirations. For example, Sport Recycler was born out a joint venture between a group of key local agencies and three pioneers, who having identified the 'need' for a service to enthuse people from disadvantaged communities to engage in sport activities, saw the recycling of sport equipment as the best means to achieve this, by training local long term unemployed wishing to repair the equipment and thus gain work experience, and selling at competitive low prices the end product. As the quote below indicates, the keen enthusiasm of the early days was soon tampered by the reality of financial sustainability:

"At the start the whole emphasis was on recycling - quite quickly it was realised that this standing alone would not be self-sustainable for the company. Hence, listening to what the people of the local community wanted we began to add on services to uphold the recycling. A turning point was when were asked to become providers on South Tyneside Council's Cycle

to Work Scheme and we became dealers in new cycles as well. I would say that the necessity to survive, and demand, have always been determining facts in our development. [..] It has been difficult; it is hard to balance innovation with the need to survive financially and to develop a competitive business model whilst balancing our commitment to fulfilling our social remit […]" (Trish Armitage, Director, Sport Recycler, 12th May, 2011).

Commitment and skills

The challenge to see the idea working is an important, motivating factor, particularly in the early stage of social enterprise development. Whether it is a business idea, as is the case for many of the newly established organisations in Tyne and Wear, or indeed, the determination to work in a regeneration programme that aims to improve the lives of local communities, the commitment is the main driver to enthuse members and direct operations towards the fulfilment of the mission. As the Director of Commonwheels explained:

"*The commitment to set it up was the major driving force right at the beginning. So much time went into developing it that only our passion would have sustained it!* [..] *We put many voluntary hours of hard work, outside of our busy day jobs (at weekends and evenings).* […] *It was down to hard work, and sheer determination - when some said it would never work! […] Perhaps one of our biggest challenges to date has been around the level of commitment required to run the car club and taking the plunge - leaving our secure day jobs to go either full time or part-time.*" (Richard Falconer, Director, Commonwheels, 27th January 2011).

The intention to see the idea working and the determination to be a business with a social conscience recurred in many conversations I had with Tyne and Wear social enterprises. Founders are seen to be working long hours, often with little financial support other than the unpaid labour of family members or non-market transactions with sympathetic partner agencies. In the case of Acorn for instance, the assistant director and daughter of the founder explains:

"*Ernie's passion about this business and the community have stimulated the development of the organisation [...] Ernie has worked very long hours for Acorn and his dedication have got us where we are. He doesn't give up easily so that was crucial*" (Tracy Lee, Personal Assistant, Acorn Computer Recycling, 16th February 2011). The commitment of the founder was also reflected in the style of management, whereby despite employing members of his

family, they did not receive a preferential treatment and all "*started from the bottom, volunteering, to appreciate better what Acorn is about*" (ibid).

However it is also recognised that passion and commitment alone are not sufficient, if not coupled with "*skills and experience. Ideas are backed up by an understanding of the field, marrying strategic with operational*" (ibid). Many of the organisations recognise that what also enabled the development alongside the ethos are the skills and experience of those involved. For example, the expertise of the officers involved in the transformation of regeneration partnerships into social enterprises, has often been cited as crucial in enabling the initial reconciliation between business and ethical aspirations. As noted by Building Futures East Chief Executive:

"*It is all down to personal beliefs, values, and experience. I have been working in the East End for 21 years. I have experience in working for a local authority so of dealing with officers and political networks as well as knowing the system and how to navigate in the networks of different sectors (public, private and community), which also means knowing the funding process and how to access it*" (Anthony Woods – Waters, Building Futures East, 8th March 2011).

For organisations born out of statutory led ventures, the presence of expert staff, officers seconded to the organisation in order to deliver services acted as a great advantage. It has provided expertise, guidance and the opportunity to develop important links among different agencies, operating in the same area of work. As Laville (2009) noted, familiarity with institutional channels of financing constitutes an advantage for many ventures during their start-up phase, albeit often resulting in the promotion of those projects that are more likely to gain support from the 'important' stakeholders (e.g. local funders, like councils or other statutory authorities) at the expense of other ideas. Business skills were further developed by targeted training programmes, such as the RDA funded 'Coaching for Growth' which enabled Building Futures East's chief executive to familiarise with result oriented management techniques, measuring efficiency and profitability, as well as connecting to a wider network of commercially oriented business managers. In the case of initiatives rooted in regeneration programmes, the remit was decided from the outset reflected in the vision and delivery plans. However, at the time, these partnerships represented a novel way of working, involving a variety of (often non-traditional) actors in the governance, such as community members or church leaders (as it was the case for the Ouseburn Trust),

whose presence and participation at least opened a space for different ideas and concerns to be discussed.

Support through recognition

Beyond the determination and expertise of those initiating these activities, the type of support available in the first few years of a social enterprise existence can also contribute to shape its development more or less in line with the ethos. Support to newly established organisations comes in different ways. It can be in the form of non-market transactions such as donations, gifts of time, money and emotional backing. The founder of North East Sport CIC explains:

"*I am one of the directors and the only person employed in the organisation. The Board is composed by my wife and a friend. There is also a treasurer who is a volunteer, a friend who is giving away his time. Their support has been crucial, financially and emotionally. I am putting so much of my money to get the activity going, so the more ideas the more possibilities to increase the income […] it is about fighting for my life that is what is pushing me to do more!*" (Peter Curtis, Director, North East Sport, 17th February 2011).

North East Sport is an example of an organisation born out a single individual's idea to develop a business out of his passion for sport. Peter was made redundant from a construction company and since he was involved in sport coaching, he decided to make use of this to earn income. Thus, it is important to note here that the driver for him is the success of his company, which is based on the provision of after school sport activities at a competitive price for school children in disadvantage areas. However, even for Peter, the relationship with an external partner has been crucial. He works with the Salvation Army, who own the building from which North East Sport operates, and in exchange of an office space free of charge, Peter delivers some play activities for the users of the Salvation Army services. Without this initial incentive, which is a form of barter (i.e. free rent in exchange of free activities) Peter would not have been able to kick start his business.

In some cases however, the exchange of favours comes only after the proof of its economic worth. For example, Acorn Computer Recycling benefited from the support of North Tyneside local authority in the early days. However, in their case, the transaction was based on the development of a 'business case' in order to access otherwise disused local authority spaces. Once North Tyneside Council was satisfied about Acorn's intentions, they released the use of an industrial unit at a discounted rate (i.e. 75% rent reduction), on the

basis of the added value the enterprise was going to bring to the area (i.e. alternative market transaction). Although the process was more strenuous for Acorn, since it was not a face-value donation, it nevertheless proved beneficial as it granted statutory recognition for the social impact of Acorn's activities. The words of Acorn director testify:

"*At the beginning I had to work a lot on getting the local authority to give me a unit with a rental reduction. It was a good exercise though,* as *I calculated that by using this empty unit I was going to save the local authority a lot. In fact they had a gain, as I was occupying an otherwise empty space and ensuring that more local people had a route to employment*" (Ernie Nolan, Director, Acorn Computer Recycling, 9th March 2011).

In other cases, this type of support has come from local businesses. For example, Building Futures East was provided with a peppercorn rent building in Walker Riverside, crucially located at the heart of the industrial site, by Shepherd Offshore. This company was familiar with the work of the SRB partnership and thanks to the relationship developed through those years, it recognised the potential of the emerging social enterprise and agreed a preferential rate to let one of their buildings. This constitutes another example of an alternative market transaction that is based on the recognition of the added value that organisations like Building Futures East can bring to the area by improving access to jobs and training potential new employees which can benefit big companies like Shepherd Offshore. The words of the Chief Executive explain:

"*When developing what was the project proposal* (to transform the EEP into Building Futures East) *I set up a stakeholder group, and Shepherd Offshore were part of this group. When we began to look at potential locations, it was important to consider local/accessible/physical links with existing business & industry and Shepherd Offshore had many buildings in the area we ideally could have used. We were able to negotiate a preferential rate in terms of our lease – which is in actual fact also a licence to operate on the site – which is significantly lower than what would be demanded on the open market and with a significant reduction on the costs of 24hr security cover for the site*" (Anthony Woods-Waters, Chief Executive, Building Futures East, 27th March, 2012).

This 'strategic' location had the direct benefit of relieving Building Futures East from significant rent charges, but it also offered them the opportunity to tailor their vocational skills training offer in line with the requirements of the industries located along the riverside, thus linking local need (i.e. employment opportunities for local people) with local opportunities (i.e. local employers requirements). In this way therefore contributing to

organisational development in line with their aspiration to empower local communities by increasing opportunities for learning and employment.

What emerges from these considerations is the importance that external support has from the outset, in enabling organisations to begin their operations. This support in turn is underpinned by the recognition of the validity of what organisations do and what they stand for, and thus it is translated into different forms of endorsement which can facilitate progression in line with ethos, in so far that the recognition focuses on the share value that joint working can generate. For example, recognising the contribution that organisations like Commonwheels can make to local communities and the environment, many local (Newcastle) Councillors from different political parties affiliations have lobbied in favour of piloting the first car club in the Jesmond area of Newcastle. In the director's words:

"*It was off the back of this pilot and many hours pounding the streets flyering / attending Resident Association Meetings etc. that we managed to build up some credibility around the car club concept - and the rest is history! […] Newcastle City Council have been superb in supporting us by taking upon local residents to run their car club rather than contracting with a commercial operator from London!*" (Richard Falconer, Director, Commonwheels, 27th January 2011)

The recognition granted by the Local Authority has also enabled Commonwheels to develop a dialogue with NISSAN to trial some of the new Leaf Electric cars. Being seen as a credible partner for joint delivery has given the opportunity to Commonwheels to capitalise from a (relatively) more level playing field, building working relationships with other partners, that whilst potentially not fully disinterested (i.e. NISSAN can benefit from marketing and CSR) it fulfils the ethos of Commonwheels to reduce car use and improve more environmentally responsible transport.

On the contrary, when recognition is not granted, organisations' capacity can be hindered. Acorn Computer Recycling for instance recalled a case in which North Tyneside Council, despite being aware of and familiar with the work Acorn in recycling computers for local employment and training opportunities, decided to contract a private company to collect all unwanted hardware from the Council's buildings. This decision meant that Acorn lost a contract which had the potential to contribute significantly to the organisation's finances and enhance their offer for the local community.

Type of funding

Whilst it is recognised that "[…] a*ccess to funding shapes a lot of the organisational development*" (Eddie Kirtley, Chief Executive, Renew North East, 27th January, 2011), also the type of funding organisations have at their disposal in the early days of their existence is important, that is whether it comes with particular restrictions or indeed obligations. For instance, when Commonwheels managed to secure a seven years contract to deliver a car club across the city centre of Newcastle to further reduce car use, it gained the financial security to enable delivery and also catalysed the process of organisational development. This spearheaded the growth of the organisation in a short space of time, both in terms of geographical reach and clout[102].

However, similarly to many organisations in the Greater Manchester case study, most social enterprises in the Tyne and Wear sample, benefited from Lottery funding right from the outset. This funding was relatively long term (three years) and thus provided stability and security, as well as a good leverage to access further finance. It was used to purchase equipment, employ members of staff or indeed receive a salary and thus getting organisations in a position where they could begin to deliver services. Moreover, the Lottery funding enabled organisations to begin to formalise their structures and thus think more comprehensively about the vision, the aims and objectives and the services that could deliver these.

Organisations emerging from specific regeneration programmes had already a set of requirements they had to fulfil, matched with secure funding[103]. However, whilst the emphasis was on physical and economic regeneration of the targeted areas, to some extent it left the various partnerships to devise their ways to tackle them, providing *carte blanche* to try out different activities and ways of working. The secure funding, skilled employees - seconded from the local authority - and the network of strategic alliances with statutory and business partners, created incubator spaces, where new activities could be trialled with some level of financial 'cushioning'. Similarly, when ONE North East decided to support and finance 'green' technologies, offering security and recognition to organisations like Community Energy Solutions (CES) it opened a space for them to begin work in a market otherwise hostile to organisations that aim to be both financially viable and benefit society.

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[102] Started in 2007 with two cars as a pilot in Jesmond, the organisation has now a fleet of over 60 cars and 600 members and it operates car clubs contracts in Oxford, Reading, Durham, Northumberland, Portsmouth, Norwich, Poole, and High Wycombe (Richard Falconer, Director, Commonwheels, email 4th February 2011).
[103] The Ouseburn Valley had £2.5million from the SRB plus match funding, whilst in the East End it was nearly £60million to be invested over seven years.

In essence it developed a market space for organisations like CES, that were providing solar panels (and other low carbon emission energy supply) to Housing Associations, private properties and public buildings (i.e. Universities and Miners Associations) and then set up local community funds with the payments from energy production (David Lacey, Operations Director, Community Energy Solutions North East, 17th February, 2011)

So in the early years of the life of a social enterprise, the drive, commitment and skills of the people involved, the type of support and funding available all contribute to shape organisational trajectories more or less in line with the original (social and/or environmental) aims. Generally, the availability of 'unrestricted' funding and the recognition of the value of organisations, what they stand for, offer a chance to prove their worth and begin operations focusing on their ethical aspirations. Certainly, most organisations in the Tyne and Wear sample were strongly reliant on statutory funding since either born out of a statutory venture or lacking alternative connections to stimulate different approaches to fundraise. However through time, depending on how/where the organisation originates, its remit and consequently the relation between its business and ethical aspirations tends to vary. This is the focus of the next section, where through the experiences of the more established organisations in my sample, I discuss what intervening factors mediate their ability to reconcile their financial aspirations with their ethical stance.

5.2 The factors at play during the continuation years

The experiences of the organisations studied in Tyne and Wear reveal that policy reforms and the transformation of funding provision from grants to contracts have had a significant impact on their development, where in order to facilitate access to funding most organisations have modified their legal status and diversified their activities in line with emerging opportunities. Many have adopted mainstream business thinking, language and ways of working, since the opportunities available were driven by a specific policy drive. However this is not tantamount to becoming focused on profit maximisation, often rather a survival strategy. During the continuation years, as organisations affirm their delivery and become involved in complex relationship with funders, employees, partner organisations, statutory requirement and beneficiaries' needs, they tend to adopt more formalised management structures and policies that enable them to work in increasingly competitive markets. Drawing on the experiences observed and recounted by the more established organisations in my sample, this section discusses the factors which emerged as important in shaping organisations evolution in line with their ethical commitments. In Tyne and

Wear as in Greater Manchester, this study has identified some internal and external characteristics that, after years into social enterprise establishment, can support or hinder an engagement with economic activity maintaining adherence to ethical commitments. These factors are explored in turn below.

Shared values and vision

Maintaining the focus on organisational values and ensuring that they are embedded in the core of strategies and operations constitutes one of the main challenges for established social enterprises. As organisations consolidate or expand their offer, develop working relations with businesses, statutory bodies and other social enterprises, employ new staff, and adopt more formal management models, clarity of vision and adherence to ethical principles become a complex process. The challenge is about ensuring that there is a shared understanding of what the organisation stands for and that this in turn is translated into practice. Indeed, whilst organisations change and modify their legal status, activities and adherence to professionalism ideals, the values (at least in principle) should stay the same. In recognising this, some organisations tend to ensure that in every communication or marketing material produced the ethos of the organisation is openly expressed, so that the identity and the vision of the organisation are clearly expressed and serve for recognition both internally and externally. However since expressing a vision is not reflective of its implementation, some organisations also ensure that the recruitment process balances the need for skills and values, thus selecting people on the basis of their experience but also their ethics. The words of Building Futures East Chief Executive explain further:

"The key is being open about what we do. Being responsive, flexible and willing to change, but the value set of the organisation is what remains still. The drive is to enable to organisation to meet people's needs. It is also key to construct the team that makes the organisation. I have learnt the lesson, skills are necessary but mostly it is about values, as these are those that drive the change. This is now reflected in our recruitment process. This is a two ways system. Firstly it is about introducing longer periods of testing, probing and questioning, in order to ensure that the right people are on board. A refinement in the process of finding out whether the people are right for the post that goes beyond the interview process. Secondly, ensuring the organisation articulates clearly what it is about, what it is for and what it does, as for example ensuring that the website sends out a clear

message" (Anthony Woods – Waters, Chief Executive, Building Futures East, 8th March 2011).

Other organisations adopt a more deliberative approach to ensure that operation and activities reflect the values and vision of the organisation. This is particularly the case for organisations where the Board of Directors still includes original members (i.e. founders) who, remembering the original aim, may be more likely to question management decisions that seem to distance from those aims. The Ouseburn Trust for instance, in attempting to adopt a 'value scoring system' to scrutinise the opportunities arising along the lines of the company values, experienced this line of questioning. However, whilst in the end the "*value scoring system has never been used, it was a good occasion to start talking about values with the Board*" (Peter Kay, Chief Executive, Ouseburn Trust, 15th February 2011).

Indeed, this process enabled a discussion that had not taken place since the end of the SRB funding, when indeed the organisation was too focused on delivery and had little time to concentrate on its vision. The result was a renewed commitment for what the organisation stands for and the deliberative process has enabled a shared vision to (re) settle, also in light of the changes occurred since the days of the SRB programme. It is however through this deliberative process (particularly in Board meetings) that the contrasting interests and beliefs of Board and management are negotiated and, consequently, decisions are made in line with what is deemed necessary to preserve both the financial viability of the organisation and the adherence to its values. The words of the Trust Chief Executive explain further:

"*There is a noticeable tension between the Board, its resilience and risk aversion, and the management push to diversify and looking for different opportunities. This is strength as the Board carefulness preserves the Trust but sometimes also a weakness and a limitation. […] The strategic role of the Board is sometimes a reflection of the 'ideal' of what should happen. Whilst the risk taking attitude of the management team brings in other issues like 'how are we going to pay for this'? If this relationship is not carefully managed then there can be mission drift. But it is about engaging in honest discussions, communicating properly and deciding what is best*" (Peter Kay, Chief Executive, Ouseburn Trust, 27th January 2011).

Not in all cases did the tensions between Board and management result in positive outcomes for the organisation. Renew North East for instance almost became the victim of its own success.   The Board was composed by four representatives of different organisations, including the founders Gateshead Council and COMET, a Human Resources

specialist and a representative from the Training and Development Resource Ltd (TDR), which is a regional partnership involved in apprenticeships and workforce development, with a focus on engineering and manufacturing. The Board has changed through the years, reflecting the decline in stakeholders' focus on the organisation. Indeed originally, the leader of Gateshead Council was part of it, whereas in recent years a number of different officers have joined at various times. There is now a clear divide between strategic lead and management, to the point that the Director was made redundant. His quote explains:

"*I recognise that my main mistake was not to push to introduce changes in the Board membership, ensuring more support through the appointment of members more relevant to operations and more committed. In hindsight, the actual Board was always too much of a voluntary Board, with little more than partial commitment to the organisation […] There are now serious financial issues and when I warned the Board that it was a case of "change or die" my concerns were listened to but not acted upon and as time went by the situation has worsened. Basically, the main issue was about the contract for Future Jobs Fund we had with the Local Authority. Renew was counting on a placement for 30 individuals and budgeted for it, but with the cuts, the Council had funding for only 10! This meant having to make two members of staff redundant with the uncertainty on whether there will be sufficient funding until May (2011 […] Now (*March 2011*) I have been made redundant. […]*" (Eddie Kirtley, Director, Renew North East, 27th January and 18th March 2011).

Set up as a joint venture at a time in which much attention was posed to this type of partnership working, the initial impetus did not follow through, and the organisation failed in becoming more autonomous, diverse and developing in line with the original commitments, as it was not able to keep up with the changed circumstances. Indeed, whilst the initial intention was to create a new model, involving the key partner agencies (i.e. Local Authority, COMET and the environmental Trust SITA), once the legislation changed (i.e. introduction of the WEE legislation) and thus new ways of providing training were sought, the internal structures were not quick to respond. As the management was left unable to make decisions as regards to the organisation without the Board approval, the first to pay were the staff, who became the "*victims of redundancies*" (ibid). This conflictual relationship between the Board and the management also highlights the importance of the ways in which organisations choose to work, both in order to deliver activities as part of their mission, but also internally, towards the staff.

Indeed, whilst many organisations rely on the values and commitment of employees who empathise with their ethos and vision, they often can offer only very low wages and short term contracts. Generally, they extend their principles and values to the ways in which even the most critical situations (e.g. sudden redundancies) are handled. Building Futures East for instance tried to handle as fairly as possible, the redundancies of two members of the original (East End Partnership) team, at the time in which major structural changes were introduced, by waiting for them to find another job before letting them go. These practices contribute to reinforce credibility and reassurance about adherence to ethical principles within the organisation, and thus act as motivational factors in the organisation's behaviour.

Connectedness: building strategic alliances

The adherence to organisational principles and values is reflected in their ways of working, both internally to their staff and externally with other partners. Organisations adopting flexible ways of working internally, where problems are discussed and where there is an opportunity for front line staff to highlight emerging issues, appear to be able to respond more effectively to issues that could jeopardise their ethical stance. For example, as part of the process of developing the skills and employability of its users, the Cyrenians involve their beneficiaries in volunteering or working for the organisation. Some beneficiaries work for the sister companies (i.e. TCUK, Fareshare and Thrift Boutique), reflecting one of the original aims behind the development of these companies - offering work (volunteering) experiences to the Charity users (the other aim being fundraising). Nevertheless, the gravity of the conditions of some the beneficiaries, as either drug or alcohol addicts, mean that sometimes there have been issues with reliability and consistency of working patterns. This has generated a tension between managing the needs of the clients and the business duties of keeping the time, being fit to work, turning up and helping out. However, this was managed by enabling quick interventions to divert the course of action. As soon as problems are spotted a mechanism to defend both the economic/financial side of the organisation and the charitable aim is set in motion. So individuals that present a problem for the specific economic need of the organisation are provided a different type of support, linking up with other parts of the charitable provision. The Thrift Boutique manager explained:

" […] *When an individual becomes a problem for the shop other ways to accommodate his/her needs are sought within the organisation, ensuring for instance that training is*

provided in other ways, in that way the shop can still work but the client need is also looked after" (Dawn Wright, Director, Thrift Boutique, 31st March 2011).

However, it was recognised that a shift had already occurred from past experiments where the emphasis was solely on the beneficiaries' well-being. Indeed, prior to starting the Thrift Boutique, the Cyrenians had experimented with a second hand shop in another area of Newcastle. The explicit focus was, however, to provide working/volunteering opportunities for people in need, and, thus, the shop was closely linked to all other support teams in order to provide the client with the developmental opportunities required. However, since the Thrift Boutique opened as a fundraising venture, the emphasis has shifted towards the financial viability of the venture rather than the clients' support. Whilst still operating a service for the homeless community, the monetary reasons can easily take over. It is recognised however, that the Cyrenians have sufficient funding available to ensure that the shop still serves the beneficiaries. However, should pressures to make fundraising prevail, inevitably discrimination among volunteers would occur, on the basis of their 'readiness' to work. In the words of the shop manager:

"*The previous shop paid for itself but it was struggling financially. It paid the bills and the rent but could not employ more than a shop manager part time. The footfall was very limited. The idea worked though both on the volunteering side and selling second hand goods/items […] the previous shop was also relying greatly on volunteers but managing people with different issues was challenging. I was provided training on working with people with mental health issues, but it was a steep learning curve working with them, personally and professionally demanding. As the shop developed its activities, it worked more closely with other teams that were able to help volunteers more fully. The remit of that shop was different from the Thrift Boutique as it focused on providing volunteering opportunities to Cyrenians clients. The funding was not too relevant. Now the emphasis is on fundraising, although the stress on quality volunteering is still in place […]*" (Dawn Wright, Director, Thrift Boutique, 31st March 2011).

In this specific case, the structure of the organisation, its financial health and its reach are such that enable the balancing of both the business imperatives and the social outcomes. As long as the organisation can provide alternative routes to personal development, reflecting individuals' position in their personal journey to recovery, then the tensions might be mitigated. Nevertheless, what this case also highlights is the risk that the organisation would incur should the above factors not be in place, that is differential

treatment of users and discrimination should they impact too negatively on the fundraising attempts of an organisation.

In order to gain a (relatively) more secure financial position, many organisations have aligned their offer to policy priorities developing or consolidating working relationships with external partners. These can be considered as strategic alliances formed to secure a position but also to stimulate joint working among organisations with similar aims. In the words of Building Futures East's director:

"*Opportunities come from linking up the issues affecting the East and the West (of Newcastle) linking up with other programmes like the health and social care. […] we have an interest in working cooperatively with Sure Start centres as we share complementary activities and the relationship is now being develop further in order to provide a more comprehensive approach […]* " (Anthony Woods- Waters, Chief Executive, Building Futures East, 8th March 2011)

Indeed, the whole structure and ethos of Building Futures East are based on the notion of collaborative working. Rooted in a regeneration programme (SRB) that celebrated partnership working as a means to tackle deprivation, Building Futures East model seeks to develop working relations with numerous partners including businesses and other statutory agencies. This was deemed necessary in order to implement their vision and aim to link local need with local opportunities, implemented by working with local employers and providing training and development opportunities that fit the industry requirements. Establishing these connections, Building Futures East has stimulated reciprocal relationship, as employers bring understanding of what is required, but they also benefit from the local skills, which in turn provide people with access to local jobs. In this way, a joint approach to tackle the inequalities affecting people and communities is also stimulated, generating potential for local regeneration.

Being able to work cooperatively with other agencies and stakeholders also enables organisations to gain credibility in their field and develop strategic alliances that can also contribute to reconcile economic and social outcomes. For example, the Cyrenians are embedded in a network of strong local and national connections developed through the years. These are strategic alliances built around the central focus of the organisation: homelessness. The alliances firstly developed with housing associations and the local authority triggered the formation of a Newcastle Homelessness Forum (set up in 1996) aimed at improving coordination between statutory and voluntary agencies. This also

provided visibility and credibility to the organisation, which derives 40% of the core funding from the Supporting People contract with the local authority. Since the late 1990s, the Cyrenians has ensured its presence in all the main Newcastle and North Tyneside groups such as:

" [..] *the Newcastle homeless prevention network; the Newcastle Primary Care Trust mental health and housing group, the North Tyneside Drugs and housing strategic panel; and the North Tyneside supporting people core strategy group*" (Keith Nicholson, Assistant Director, The Cyrenians, 10th March 2011).

Moreover, reflecting wider shifts in the homelessness agenda, the organisation began to look beyond the locality, as well as beyond the provision of only accommodation, and to participate in a wider, national debate on ways to tackle the homelessness issue. The Chief Executive of the Cyrenians sits on the government select Committee on homelessness for instance, thus placing the organisation in a more relevant, credible, space. The links the Cyrenians have built are not only limited to the public sector, rather they extend to the likes of "[...] The *North East Chamber of Commerce, Newcastle International Airport, Eversheds, EAGA Partnership, Her Majesty's Revenue and Customs, and companies in the Private Rented Sector*" (Keith Nicholson, Assistant Director, The Cyrenians, 10th March 2011).

The latest addition to the list of intermediaries is the partnership developed with John Lewis. This relationship has provided the Thrift Boutique with a space free of charge in the Eldon Square Shopping centre, as well as furniture for the shop, help with the lighting system, and lay out of the merchandise. It has also stimulated donations from John Lewis's employees or leftovers from their own department store, which supported the idea of having a "*boutique rather than a cluttered charity shop, very popular with student wanting to keep up with the latest 'vintage' fashion*" (Rebecca Harrison, Assistant Director, 31st March 2011). These connections have provided the organisation with the basis on which to build more stability around its provision. However underpinning the interest that other partners may have in organisations is the presence of a viable product and a favourable position in the market. Whilst this is discussed in more details in the next section, here I wish to note that at the time in which policy interest was gathering around homelessness, the Cyrenians had a 'product', that is a comprehensive service for homeless people that included accommodation, as well as medical care, balanced diet, help and support in finding work. This enabled their recognition as a credible partner, thus a market position that contributed to spearhead their development, organically in line with their mission.

Nature of the local market

Organisations operating entrepreneurially need to maintain demand for their product and thus ensure a position in the market in which they operate. The fragility of the Tyne and Wear economy[104], recognised in much of the policy literature as characterised by high unemployment, low skills base, stagnant business rates (Tyne and Wear City Region 2006, p.7) and low job density[105] generates demand but does not lend itself to entrepreneurial experimentation. As discussed in section 3 of this chapter, in a context of economic depression, commercial ventures are weakened by the lack of spending power. This is reflected in the nature of the organisations in this sub region and the activities in which they are involved, generally focused on provision of personal services or work integration schemes. Essentially, in this case the local state was the most powerful customer, and consequently, many initiatives have developed on the back of available funding and policy openings, with products that were suitable for those markets. So for example, the need for up skilling local people has been the driver for most established organisations in the sample, that tend to provide training to specific groups, either the homeless or the unemployed, whether in manufacturing skills (Building Futures East) or in refurbishing white goods (Renew North East), or sport equipment (Sport Recycler).

Among these organisations the main challenge is however sustaining a position in a competitive market, since the scale of need and availability of funding still drive many newly established organisations to focus on training. Those with sufficient funding, an established (market) position, recognised and supported through their strategic alliances, have diversified into other areas. For example, I have already mentioned the Cyrenians establishment of the FareShare franchise and the Thrift Boutique and Building Futures East exploring the potential of a sister company to provide building maintenance services to the housing association tenants of the area. However, the possibility to try out different ventures comes with the guidance of business advisers and available funding to sustain the risk as well as being favoured by the health of the local economy. If this support is not available, then organisations may end up being overcome by competition and risk financial

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[104] The analysis of ONS annual population survey (2010/11) data shows that the employment rate of people of working age (16-64) in Tyne and Wear (65.8%) is lower than the rest of England (70.3%). Whilst unemployment among people of working age is higher (10.6%) than in England (7.8%), as indeed the proportion of economically inactive (26.4% compared to the national figure of 23.7%). Accessed from NOMIS: http://www.nomisweb.co.uk/reports/lmp/la/1967128612/report.aspx

[105] The ONS jobs density (2009) data show that for every person in Tyne and Wear there are 0.72 jobs available, which compares to the 0.78 in Great Britain. The density figures represent the ratio of total jobs to population aged 16-64. Total jobs include employees, self-employed, government-supported trainees and HM Forces. Accessed from NOMIS: www.nomisweb.co.uk/reports/lmp/la/1967128612/report.aspx

difficulties that inevitably cost jobs. For example, in the case of Renew North East once competition from low cost white goods retailers drove down demand, the lack of alternatives resulted in a reduction of training courses available and staff redundancies. The changes in its market position, location in an economically depressed part of Gateshead and the internal issues between management and Board members all contributed to seriously endanger its financial situation to the detriment of its ethical stance.

In urban areas like Newcastle, representing the core of much regional activity, population and educational centres, the economy is more dynamic[106], thus offering organisations more opportunities to get involved in different ventures. For example, compared to previous experiments in more deprived parts of the city, the Cyrenians' Thrift Boutique has benefited from a central location and the University students interested in the vintage fashion to increase sales. The footfall in the other area was lower and the economic depression meant also fewer sales, so the venture covered its costs but was struggling financially. The different location meant that it could become a trading activity with prospects. Also the Ouseburn Trust has been able to capitalise on the (relative) economic dynamism of the city centre, renting office space to local micro businesses, generating income as a heritage site, and becoming the location of the city's creative industry. As described on their website:

"*the creative industries are alive and well in the Valley with the work of artists, printmakers and sculptors available to enjoy or buy in a range of galleries and open studios events; a cinema and live music venues, along with what some would say are the best pubs in the North East*" (www.ouseburnnewcastle.org/home/enjoy/artsculture/).

The changes in the mainstream market can affect organisations positively. As discussed in chapter 4, the mainstreaming of healthy, locally grown produce has enabled the development of organisations like Unicorn and 8th Day in Manchester. Similarly in Tyne and Wear, the Food Chain has been able to capitalise on this market opening to differentiate its offer and trade to sustain development activities with local producers. The organisation started as a means to respond to the high levels of poor health[107], by improving access to

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[106] In Newcastle, (albeit in 2009) the job density was higher (0.93) than in the rest of the nation (0.78). In 2012, the proportion of Job Seekers Allowance claimants per unfilled jobcentre vacancy is in line with the national average (5.9% compared to 5.7% respectively).

[107] In 2008 health profiles produced by the Association of Public Health Observatories indicate that the North East has very high levels of health deprivation, evidenced for instance, in the higher proportions of obese children (10.2%) compared to the England average (9.6%).

fresh fruit and vegetables in the former coalfield areas and by promoting healthy eating in deprived communities of Gateshead, supporting local producers to provide local communities with fresh produce. From the early 2000s, the rise in demand for fresh, locally produced food has enabled the organisation to pioneer new ventures. It has developed a 'workplace veg box scheme' as a form of trading and began to align its activities to national campaigns like the 'Making Local Food Work' reaching to the whole of the North East in order to stimulate fundraising. The change in market and the support of a network of sympathetic and experienced professionals, fighting the cause of sustainability, have enabled the Foodchain to expand operations and gain recognition, but in respect of its core ethical stance. In the words of Development Worker:

"[..] We have evolved from the strictly ex coalfield communities focus, developing a two tier price system for our services, but we are still making the organisation work for the benefit of the people" (Anthony Armstrong, The Food Chain North East, Development Worker, 25th, January 2011).

Ultimately the aim of the organisation is to empower people taking control over their diets, changing their unhealthy habits, but also enabling local producers ensuring that in small communities the activities of the Foodchain (e.g. grow your own food) do not disturb other local producers. In doing so, the organisation collaborates with local retailers in order not to compete with them, rather to promote a fairer way of engaging in economic activities, serving the community rather than hindering it.

6. Conclusion

In both Tyne and Wear and Greater Manchester there is a distinction between organisations developing from a business idea and those that instead stem from a socially oriented origin but due to the changes in funding and the expansion of social enterprise policy interest had to change the ways in which they finance their operations. Responding to the opportunities available, organisations have changed to fit with the new policy agenda as a means to secure funding whilst maintaining their social focus. Within a context of scarce economic diversity, where reliance on public funding is higher than other regions, inevitably, much of the development has been aligned to policy priorities. One common feature to almost all the ventures examined as part of this case study is the crucial role that statutory authorities have played in setting up, supporting through funding provision or opening a market for these organisations. With few exceptions, even those that have

developed from a business idea were set up as joint ventures between local authorities and some big business in the area. Reflecting the emphasis on social enterprise as a business model, most of the newly established organisations have developed within a frame that sees the prioritisation of the business side of the organisations, as business creations developing a service around an identified need. For many it is indeed a source of self-employment, run as family businesses led by one individual and with little community participation, but exploiting the availability of funding attached to the specific legal form chosen.

Operating mostly in the welfare market, means that organisations here need to develop alliances with business and/or statutory partners, designing products that appeal to both since these are essentially the funders of their services. Nevertheless, in a context of widespread economic depression and lack of mainstream economy dynamism (i.e. dominated by statutory spend), the scale of need implies that the 'product' these organisations develop is almost inevitably a social service generally focused on some form of training or up skilling local young or adult unemployed, or enabling them to access products that they could not afford in the mainstream market (e.g. fresh food or car hire). However, the process of developing these working strategic relations is harder for those organisations that have not got at their disposal experienced staff that are already familiar with these mechanisms and procedures. Those ventures that are rooted in specific local areas benefit from a network of connections developed through decades of interventions and are thus able to capitalise on these to develop products that have appreciation within those communities.

In all cases, the relationship between meeting the business objectives whilst fulfilling a social mission is generally defined as and lived as conflictual, risky and full of compromises, which tend to lead to hard choices, such as redundancies, acceptance of low wages or ceasing to exercise. Examples of successful reconciliation are generally limited to the specific of a single venture, a project, which when funding ceases brings back the same issue of finding alternative sources to sustain the mission. In some cases organisations have dealt with the tensions arising in ensuring an income in line with the social objectives by creating sister companies, that do not have to respond to the limitations that adhering to the original ethical stance can generate. However, even these examples are not exempt from the difficulties of maintaining a balance between business and ethical aspirations, in fact unless there is a reliable, alternative source of income, the risk identified is generally that of trade-offs, by potentially discriminating among beneficiaries more suitable to work

in the venture or diminishing the charitable activities in order to serve the business aspiration.

Obviously, the stronger are the values of those involved and the deeper they are embedded at all levels of the organisational structure, the less likely it is that the relationship skews towards the financial side. Indeed, successful performance is influenced by the buy-in of users (customers) and staff (producers) and the more this involves other partners, the more chances have an organisation to develop in line with its ethos. Nevertheless, when circumstances change, so do organisations, and as the Tyne and Wear case study indicates, the developmental dynamics of diverse business and ethical orientations imply organisations change throughout their life cycle.

The underlying feature of social enterprises in Tyne and Wear, which differs significantly from Greater Manchester, is the influence of local government in the local social economy. Indeed, here, statutory bodies like the RDA and local councils have played a more active role in the development of organisations, either spearheading the venture through partnerships struck with businesses or by providing funding from the outset that enabled organisations to establish their offer. The investment in developing new social enterprises and the intervention of the RDA as an enabler have influenced various business propositions, with comparatively fewer examples of bottom up, collective reactive stances to an identified problem. The implications for this distinctive feature is discussed alongside others in the next chapter where the findings from both case studies are discussed jointly, comparing and contrasting the factors that contribute to or hinder successful business and ethical aspirations reconciliation.

6. Squaring the challenge

This study has found that the factors contributing to reconciling business and ethical aspirations in social enterprises combine a mix of enterprise-specific and contextual conditions. This means that as well as the intentions of the people involved (i.e. ethical imprint), the local context also plays a role in determining the type of opportunities that can support organisational ethical fidelity. The origins of social enterprise in the two case study areas and the respective culture of social entrepreneurship have revealed the importance of the context in determining the different choices of institutional forms and their evolution. In this chapter I argue that when organisations stem from a context where there is a higher level of connectivity between different segments of the economy, they are more diverse in their propositions, articulating different needs as well as proposing imaginative ways to tackle social, educational and/or environmental problems. This variety in turn provides a range of resources that enable organisations to develop in line with their diverse aspirations. Conversely, when they stem from a context where initiatives tend to originate from top-down approaches and the process of social enterprise institutionalisation (Mendell and Nogales 2009) is directed and dominated by statutory presence, variety is limited, and so too the range of resources available to social enterprises. Organisations are therefore more likely to align their activities to policy priorities, developing formal relationships mostly with statutory bodies, where the dominant criteria remain that of developing entrepreneurship within the social sphere. As a result, the potential to stimulate change in practices, processes and institutions is limited.

In this chapter I explore these dimensions of difference. Emerging from this study is a narrative of 'struggle': compromises and trade-offs in the attempts to seek financial viability whilst maintaining ethical fidelity. Whether organisations are more or less business-oriented, there are still tensions in terms of ensuring that economic activities are delivered in respect of ethics of care or solidarity. Often these tensions are evident between the well-being of the organisation and that of its funders, beneficiaries and/or workers. The ways in which organisations deal with these tensions is the focus of the discussion in section 1, where I argue that in negotiating diverse interests, some organisations tend to focus on the ethical quality of their product and/or service, others

tend to either share or cut the costs, reflecting the diverse economic practices organisations adopt in order to sustain their activities.

The choice of economic conduct can also be read in conjunction with the opportunities that the local context offers to organisations. In section 2, I explore the diverse networks of relationships in which organisations are embedded. As Cameron (2009) noted, these networks are based on the adoption of diverse economic practices with external partners. Confronting this with the different ways in which organisations deal with tensions, it emerges that the more organisations are connected with a variety of actors, the more successfully they manage to explore different ways to sustain their operations in line with their ethical commitments. This finding resonates with Laville and Nyssens's (2001) notion of hybridisation, since extensive networks rely on different types of economic relations. By working together with different partners and negotiating for a collective benefit, organisations resist institutional isomorphism (ibid, pp.325-326).

However, this study also found that the nature of these networks and the possibility for social enterprises to develop diverse connections is as much the product of enterprise-specific characteristics as it is of the context in which organisations operate. Indeed, as discussed in section 3, the characteristics of 'place' play a decisive role in enabling these relationships to develop, thus offering differing opportunities to organisations. As Amin, Cameron and Hudson (2002) noted, places matter "[...] as social formations with varying geographies of connectivity, not as spatial formations" (ibid, p. 120). The nature and range of alliances, possible in a place, reflects the local environment and its culture, in so far that the social relations developed by the population of a locality shape their civic organisation and institutions. Each locality therefore elicits different sets of social relations, which underpin different economic geographies (Lee and Leyshon 2003).

Echoing Amin, Cameron and Hudson (2002), this study has found that in each city region the culture of social entrepreneurship, the nature and scope of diverse intermediaries (including formal and informal networks and statutory response and intervention) and the socio-economic characteristics of the areas have all contributed to develop different expectations of what social enterprises can and should deliver. Consequently, different framings of social enterprise activity have emerged. Essentially, emerging from the case studies are two distinct interpretations as to the conceptual location of social enterprise in the economy. In Greater Manchester the presence of an ethical middle class, ethnically diverse population, tradition of self-help and alternative culture have all contributed to

nurture the acceptance of a social economy existing alongside the mainstream, sometimes in competition with and in other cases in cooperation with the state and the market (Amin 2009). Conversely, in Tyne and Wear where the population is ethnically more uniform and where civic engagement has traditionally occurred through formalised channels (Hudson 2005), the local government has been instrumental in the development of the dominant view of social enterprise as a means to solve problems, operating as an adjunct to the mainstream in supporting the most marginalised of society. This is not to say that there are not examples of transformative practices within this context, but that the view of social enterprise has been more instrumental and therefore the options available to organisations have been more circumscribed by the mainstream.

1. Managing diverse business and ethical goals and tensions

The narrative emerging from this study confirms the view that managing the relationship between business and ethical goals is a process that requires constant attention, rather than the result of 'being' a social enterprise. Attempting to reconcile shared but competing goals and commitments (Graham and Cornwell 2009, p.51) is a process involving on-going reflections, explanations, and recurrent negotiations. This is a process laden with complexities and tensions, often resulting in compromises or indeed trade-offs between different interests. This section unveils the challenges organisations experienced in maintaining their ethical integrity. One element common to all organisations, whether business-oriented or not, is the presence of tensions associated with the pursuit of economic objectives ethically or in balance with social aims. This is particularly so when there is little recognition of the higher costs associated with developing/delivering an ethical product or service and organisations are pushed to demonstrate their financial sense. However these tensions and associated risks vary in intensity, with differing implications, depending on the nature of the organisation and what it is trying to achieve. Essentially, whether organisations operate in consumer markets or in public service markets, the implication of their trade-offs has a significantly different bearing on their beneficiaries. In this section I wish to focus on the ways in which organisations have dealt with some of these tensions, using a range of diverse economic practices. I argue that in the 'battle' to sustain the profitability of their products or services, organisations seem to either strive to maintain (or develop) high quality ethical products or services, or work cooperatively to share the costs. Alternatively, they seek to reduce costs by focusing on more profitable beneficiaries or underfunding the organisation.

In the process of dealing with tensions, organisations experiment with the different resources available to them, reflecting the various relations in which they are embedded and the nature of the context. Every situation these organisations face is different and depending on their specific circumstances, the complex ethical space between the interests of beneficiaries, funders and organisations themselves lead to diverse prioritizations. At their best, when organisations have at their disposal sufficient time, information and resources to 'map' all the different options available and their potential consequences, the decision-making process can be carried out effectively and thoroughly. In chapter 4, the Wesley's on-going debate around the viability of purchasing new items of furniture (e.g. bed and mattresses) has been cited as an example of a deliberative approach that enables the embeddedness of values within the structure of the organisation. Whilst opposers and promoters of this option are involved in an on-going debate, gathering evidence to map out pros and cons of their argument, they are also considering the implications of different perspectives. It is through these uncertain situations that the disagreement about what counts (see Stark 2009) can generate fruitful results by feeding the deliberative process that helps identity and values to be firmly agreed upon. Nevertheless, the fact that the Wesley is not relying on 'new furniture' financially, enables this conversation to continue at a comfortable pace with no pressure. In this way, the organisation can rely on this process to make informed decisions that shape its development, more or less in line with their ethical stance, or at least the elements of their ethical stance that are less damaging to other ethical considerations (i.e. environment or people). In this sense, tensions and risks are mitigated through deliberation, considering the impact that decisions can have on beneficiaries and organisational wellbeing.

Generally organisations react to a volatile environment, where changes can occur unexpectedly. When secure and unrestricted funding is available, there are fewer pressures on organisations to perform in ways that deviate from their principles and aspirations. However, increased expectations for social enterprises to demonstrate their economic value, to deliver services in line with specified targets, and the competition from mainstream businesses or other social enterprises, all contribute to generate tensions. It is in these situations that the propensity of organisations to either focus on high quality services/products, sharing or reducing costs emerges, revealing the diverse ways in which organisations deal with tensions based on their ultimate goal and their perceived role in relation to the mainstream.

Diverse ways of dealing with tensions

The choice of entrepreneurial, labour and transaction modes of conduct is deeply rooted in the ethical imprint of the organisation, its culture and the beliefs of those who are part of it and those who jointly work towards the implementation of the vision. For some organisations, whether business or mixed oriented, the commitment to pursue an alternative type of provision (i.e. one that stands in contrast to that of the mainstream) is of paramount importance. In a sense these organisations embody the chance to put ethical principles into practice, demonstrating that it is possible to engage with the economy respecting values of inclusion, social justice and environmental wellbeing. In this way they shape their transactions and performances in line with their ethical principles of social and environmental sustainability and can mobilise various resources to achieve their purpose.

As Laville and Nyssens (2001, p.323) argued, the mobilisation of various resources implies the building of relationships with a variety of partners who are consistent with the project's ethos. This means that rather than saving costs by, for example, relying on non-monetary support to fulfil social aims, organisations develop reciprocal relationships where there is a shared understanding of the value pursued by the project, and thus mutual recognition increases. These organisations tend to focus on developing or maintaining quality products and/or services. For business-oriented organisations like Unicorn and the Wesley, it is their ethical steadfastness that has contributed to their development of high quality, ethical products. Focusing on quality and operating ethical working practices, these organisations have built their credibility among their stakeholders, whether customers, employees, volunteers and/or funders which has sustained them in both good and bad times. In practice, this means employees accepting lower wages and/or customers paying higher prices reflecting the cost of producing organic food. Their ethical steadfastness has also served to sustain their unique selling point. This is particularly relevant for the likes of Unicorn that compete in markets dominated by large for-profit companies able to sell organic produce at competitive prices. The emotional attachment and commitment (Ridley-Duff 2008) these organisations mobilise among their customers (i.e. Unicorn and 8th Day) and employees or volunteers (i.e. Wesley) is also what contributes to their achievement.

However, enterprise-specific characteristics alone are not sufficient to explain their success. As discussed in chapter 4, for Unicorn it was also the mainstreaming of healthy food that boosted the initial support that originally only came from a small number of sympathetic

Chorlton residents. Indeed, the nature of the local population in this suburb of Manchester has acted as a major contributor to Unicorn's success. The ethical middle class of Chorlton shared the same principles of sustainability and thus supported the organisation first through community shares and later as customers. For the Wesley, ethical steadfastness has instead meant maintaining a small size. Indeed, even at the time in which selling bric-à-brac (which is collected as part of the furniture donations the organisations receives) was more popular than providing second-hand furniture, the organisation decided not to pursue this line of business because it was not consistent with their mission. Located in a deprived area of south Manchester, the Wesley did not want to change its customer base. However, being part of the Furniture Re-use Network enabled the organisation to link its cause to a wider national debate and thus connect with similar organisations, sharing knowledge and expertise.

Ultimately, depending on the market in which organisations operate, the tensions can have significant negative implications. The profitability of ethical products and/or services lays in their quality and a shared recognition of this quality (i.e. buy in from customers). When there is commitment to the cause and recognition, then beneficiaries and customers are also willing to share the costs. For example, when national FareShare suddenly withdrew funding to the regional franchises, Emerge (i.e. North West FareShare) had to consider carefully how to deal with this situation. Lack of core funding meant that alternative ways to raise the money necessary to sustain the model and continue delivery had to be sought. Obviously this situation had the potential to generate tensions between the continuity of the project, the well-being of volunteers delivering the work (collecting and delivering food industry's unwanted products in exchange for training and work experience), and community groups benefiting from the food used in their soup kitchens. FareShare North West is run as a project by the main charity Emerge 3Rs. After consultation with members (called community food members) the decision made was to share costs by introducing a fee for the community groups benefiting from 'free' food supplies. This membership fee was considered as a 'solidarity' payment by the community food members, sharing the costs in order to support the continuation of this environmental and social service.

The same problem was faced by FareShare North East, a Community Interest Company (CIC) run by the Cyrenians Group. At the time of their establishment, they had introduced a membership fee in order to have sufficient funds to maintain their independence from the Cyrenians. Thus a commercial relationship was present from the outset, when still relying on core funding from national FareShare. When faced with the problem of funding cut, the

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well-being/survival of the organisation was prioritised over that of its beneficiaries (i.e. volunteers running the service). Being originally based in Sunderland, FareShare North East opted for cost reduction by relocating operations in Newcastle, where the local authority had provided a rent-free space. This meant that the volunteers running the operations (all long-term unemployed who had found a new inspiration in life joining the group) were no longer able to afford to go to 'work'. Therefore by cutting the running costs, the risk was shifted towards the volunteers, with a negative impact on the organisation's mission.

When organisations are asked to compete on price and efficiency there are generally diminishing returns. For example, services provided to the most vulnerable in society are costly, as a lot of support is required to enable people who have suffered from mental health problems, long-term unemployment, and/or homelessness to re-enter the mainstream economy. The more support needed for beneficiaries, the more resources organisations have to deploy in order to provide a quality service. Organisations like Benchmark and Bolton Steps have prioritised the needs of their beneficiaries and focused on delivering a quality service by remaining small and operating within the financial constraints of their core NHS budgets. They offer employment opportunities to their beneficiaries in quasi-commercial environments, having set up catering and manufacturing ventures as part of their service. However, whilst operating in the mainstream market, the demands on the ventures are moderated in line with the needs of the beneficiaries. These are not self-financing ventures, but they accommodate the needs of the client (e.g. providing training and employment) with fundraising. However, it should be noted here that the funding provided by the NHS acts as a cushioning for these ventures. Indeed, it covers the cost of providing a service to support the reintegration of people suffering from mental health issues in society, with no emphasis on quantitative outcomes (e.g. payment by results). This means that these organisations are not (at least at the moment) under pressure to earn more income. In this case the trade-off is in terms of scale or reach (i.e. organisations will remain small). They are aware that should the organisations develop business aspirations of expansion or increasing income generation, the health of their beneficiaries would be compromised. Whilst in this way they operate as an adjunct to the mainstream, market demands on the ventures are moderated by the presence of NHS funding and their aspiration to enact ethics of care.

However when core funding is not available, organisations have to face different challenges, such as ensuring income increases and maintaining a competitive position in markets where price is the main evaluation criteria. For example, when organisations like

Inspire Sister were delivering the Flexible New Deal programme, they were able to reinvest the money into the organisation, in order to run courses such as ESOL (English for Speakers of Other Languages) and offer childcare to people accessing their courses and work-based employment programmes. However, once the Work Programme was introduced with payment by results, the organisation found it impossible to sustain the delivery of these services. It had to focus all its resources and manpower on meeting the targets for placing people into jobs. With their capacity stretched by delivering the Work Programme, Inspired Sister was limited in its ability to bid for alternative funding. As the aim was to get the required numbers in order to release payments, all the organisation's resources were concentrated on this. Moreover, the job placements offered to their beneficiaries were not carefully matched to their needs, rather assessed on the basis of what was on offer. In this sense, the trade-off was in terms of quality. The overall quality of service was reduced by the lack of variety offered and in the specifics of the Work Programme, by accommodating beneficiaries on the basis of immediate posts available rather than their specific needs. Thus the organisation operated as an adjunct to the mainstream but with market demands that made provision precarious and often inappropriate. Being focused on delivery also meant that other relationships were not developed, for example with other organisations delivering childcare or ESOL services. The chosen economic practice was one based on functional, monetary transactions.

In order to keep the costs down, organisations have to make tough decisions that often lead to trade-offs, such as focusing on beneficiaries that might enhance returns (i.e. work ready beneficiaries) or reducing the numbers of volunteers, staff and/or their wages. For instance, in chapter 5 I have discussed how in conversation with the Cyrenians Thrift Boutique manager it became clear that if decisions were made on a purely financial basis, then the beneficiaries/volunteers working in the shop would have been selected on the basis of their 'readiness to work' rather than according to ethics of care and solidarity. In a sense, the fact that the Boutique was located in one of the busiest shopping centres in Newcastle and was run by three waged members of staff (none of whom beneficiaries of the main charity) with some volunteering opportunities for Cyrenians users, indicated that a selection had already occurred. Essentially, it was a fundraising venture that rather than accommodating the needs of clients had to generate an income, and thus had to rely on competent employees and /or volunteers.

When the financial situation becomes a concern, some organisations tend to reduce running costs by cutting the most expensive element of their social mission, which

sometimes is indeed the volunteers benefiting from their services. For example, Sport Recycler earned income by training volunteers in refurbishing bikes and selling them at affordable prices to disadvantaged communities in South Tyneside. However, when the sale of recycled sporting equipment diminished, the service proved too costly for this small organisation (a CIC with two directors). A decision was made to reduce the number of volunteers and (re)focus on the sale of new bikes to deliver cycle to work schemes covering the running costs, but not the directors' wages. Changing focus and target groups appears to be a common feature to many newly established organisations, that could best be defined as 'doing a job' (Teasdale 2006). Many new organisations set up under the influence of social enterprise support agencies or business advisors were found to have modest ethical aspirations and a strong focus on the policy drives that determined the funding opportunity. Consequently they change focus more frequently in an attempt to secure income, shifting target groups or area of expertise. This is more evident in the newly established organisations in Tyne and Wear, where with few exceptions (e.g. Acorn), these organisations tend to have little connections to the locality, in the sense that the local community is seldom involved, and they are mostly reflective of the entrepreneurial idea of an individual, rather than a collective call for change.

In a context with little entrepreneurial opportunities aside of those offered by the welfare market, many ventures have emerged as business creations providing tested answers to identified (and widespread) social problems (i.e. unemployment), with little shared awareness or voluntary collective propositions for new ideas of a service. It is perhaps indicative of this trend that they are all CICs. Established in 2005, this legal form was designed to be a relatively easy way to set up a social enterprise, being flexible in terms of structure (i.e. community co-operative, single member company) and governance arrangements (limited by guarantee, limited shares) whilst still providing limited liability. In this way it was supported by many business advisers as the most appropriate legal form for new organisations that were led by individuals and had a potential social product to sell (i.e. a service). The choice to become CICs has generally been driven by the advice provided by support agencies, or the founders' awareness of the advantages of setting up a social enterprise at a time of significant financial incentives. As it is the case for the latter, (e.g. Community Energy Solutions and Commonwheels) the presence of informed directors with a knowledge of the policies and the specific market have been the drivers in setting up a business pioneering new products (i.e. community car hire schemes and solar panel installations). However, these are examples of experiments backed by statutory funding

and political recognition, where the risk therefore is cushioned by statutory intervention and recognition. Instead, when the business adviser has suggested a legal form akin to social enterprise, the driver was mostly to use individual skills for self-employment[108]. These organisations are essentially small, family businesses gaining their income through the sale of social services. The financial side is the driver as it is what gives the directors (and their families) a wage. Whilst it is recognised that the attempt to develop social enterprise can be read as a means to respond to individual employment (or lack of it) needs and to a social/community needs for training, education provision (Gibson-Graham and Roelvink 2009), it is difficult to discern the extent by which the social goal is merely a market, and thus the ethical aspiration a reflection of the founder's commitment to see the enterprise succeeding (or at least not failing), or indeed the ethical drive.

Driven by different circumstances, organisations attempt to reconcile business and social goals in various ways, which depending on how it is enacted may or may not generate dual value. The struggles and trade-offs that organisations have to face are part and parcel of being the process of reconciliation. Underpinning the examples provided in this section are, however, diverse contextual conditions that have contributed to determine the extent of organisational ethical fidelity. The geographical variation of this trend forms the basis of the discussion focus of the next section.

2. Diverse networks of relationships

Cameron (2009) argues that one way in which organisations enact their ethical commitments is by developing relationships based on reciprocity, using diverse modes of exchange, including the provision of services that a statutory client needs to acquire (i.e. capitalist transaction), providing an avenue for community and family members to express and act on their social and familial commitments (i.e. non-capitalist) (ibid, p. 110), or enabling exchanges between capitalist firms practicing social corporate responsibility and social enterprises in need of donations (i.e. alternative). It is through these reciprocal relationships that connections are made with other enterprises (i.e. capitalist; non-capitalist; alternative), government bodies (national, sub regional and local), activist groups, ethnic minority groups, and community, friends and family members. These relationships are developed through personal and/or organisational connections, and work at local, sub-

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[108] It should be noted here that the advice provided reflects the possibilities available to organisations in specific areas. That is, when alternative ways to obtain financial support are lacking (e.g. funding for small and medium enterprises) the choice of social enterprise legal forms was possibly the only the way to obtain initial funding.

regional, national and at times international levels. Stemming from these relationships is the type of support available to organisations at different stages of their development.

Indeed, comparing the origins and evolution of social enterprise in the two case study areas, it emerges that at the outset, a variety of relationships enable diverse bottom-up initiatives to emerge and gather momentum, whether as ways to tackle social needs or "*harness alternative economic values (e.g. fair trade, reciprocity, profit-sharing)*" (Amin, Cameron and Hudson 2002, p. 121). During the start-up phase, the support provided by family members, friends and the community (whether geographical or of interest) enable some organisations to benefit from diverse economic practices, such as non-market transactions (i.e. donations) unpaid or alternatively paid labour. Many of the examples cited in chapters 4 and 5 reflected the importance of family and/or community ties in supporting (financially and non-financially) the founders during the start-up phase. For example, the Director of North East Sport recalled the importance of the emotional support received from his wife and friends at the beginning of the venture. This provided him with the strength necessary to continue and prove his idea was working. Other organisations, like the Wesley, were run 'by the community for the community', as a self-help venture in the depressed neighbourhoods of Hulme, whereas Unicorn relied on the financial support from the local community to purchase the building from which they operate. These relationships are based on reciprocity and by gathering momentum around an issue and/or idea, they stimulate mutual recognition and enable development.

However, whilst some organisations tend to cultivate these informal networks throughout their lifecycles, as important sources of support and buy-in, others tend, after a while, to focus on more conventional forms of relations with commissioners and/or funders. It is recognised that once organisations become more established the complexity of relationships in which they are involved increases. Reflecting the variety of activities they deliver, organisations increasingly have to balance the multiple, often conflicting, interests of funders, clients, employees and supporters. This study has found that the experiences of social enterprises in the case study areas differ as regards their intention and/or ability to maintain wide networks. Drawing on the diverse experiences in dealing with tensions, as discussed in section 1, it can be argued that organisations focusing on high quality ethical products and/or services tend to develop wide reaching networks of relationships with communities (i.e. local residents and/or ethnicity), commissioners, customers, producers and distributers, as well as social movements and activists nationally and internationally. In particular, those organisations that are trying to prove the viability of a fairer way of

engaging with the economy and testing innovative methods of solving social and/or environmental problems tend to continuously widen their relationships in order to ensure the ethical principles they hold dear permeate the supply chain. For example, through the years, Unicorn has developed a range of alliances between farmers, distributers, supporters and consumers. This has created a supply chain sensitive to organic food production and consumption (see figure 6.1). The organisation is involved in national campaigns about sustainability and it has stipulated alliances with Universities and professionals[109], as well as local farmers and international ethical food producers and distributers (e.g. La Terra e il Cielo[110] in Italy).

Figure 6.1: The diverse networks of Unicorn
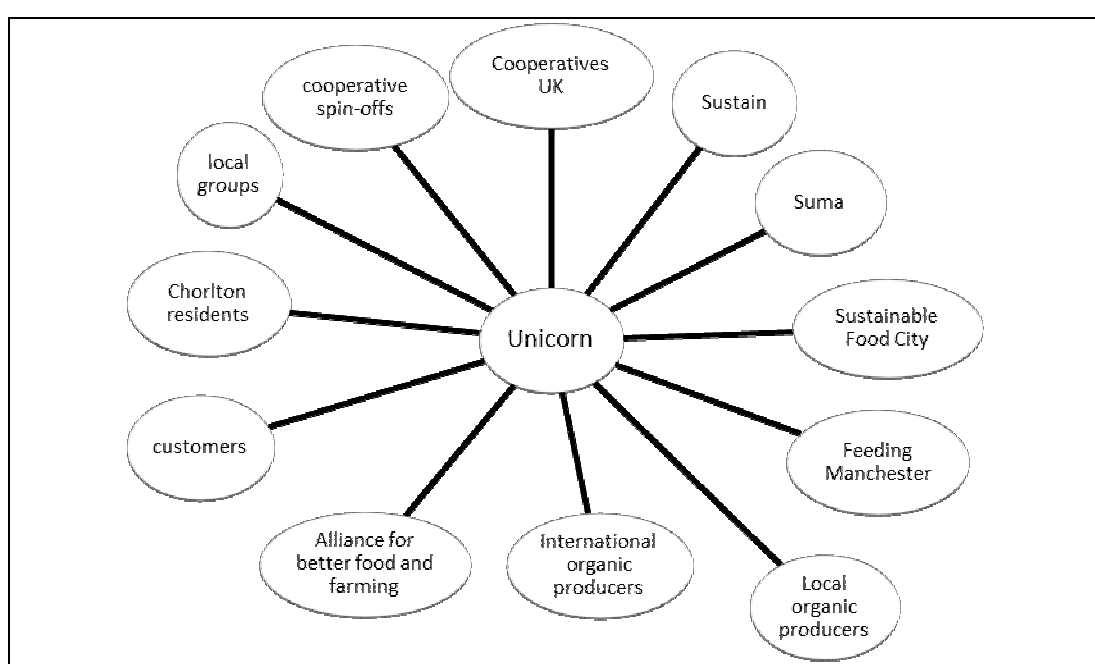
Source: author's adaptation from Cameron (2009, p111)

The more diverse the networks - in terms of both composition (i.e. individual and organisations) and reach (i.e. formal and/or informal; local, national, international) - the more social value is created and possibilities for systemic change increase (Leadbeater

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[109] The Sustainable Food Cities Network is an alliance of public, private and third sector organisations that believe in the power of food as a vehicle for driving positive change and that are committed to promoting sustainable food for the benefit of people and the planet (see http://www.soilassociation.org/sustainablefoodcities). Feeding Manchester is the name of the network comprising sustainable food groups and businesses from across Greater Manchester. It includes voluntary organisations, co-operatives and independent businesses, academics, food activists and social entrepreneurs. It begun in 2009 to explore practical ways for the members of the Greater Manchester's sustainable food movement to create a more sustainable food system for the city.

[110] La Terra e il Cielo is an organic agriculture co-operative founded in 1980 in the Marche Region, Italy. The co-operative incorporates 100 associate farms that contribute raw materials; many of them are located in the inland of the Marche and play a very important role in terms of environmental protection and sound rural development (see http://www.laterraeilcielo.it/)

2006). By connecting to a wide spectrum of organisations and individuals beyond their locality, organisations are able to learn from others about different ways of sustaining their mission, as well as gathering support over an idea, a principle they hold dear. For example, in chapter 4 I have noted Emerge's opportunity to visit of a similar initiative in Bristol, where a group of environmentalists had set up a collection company aimed at recycling household waste. Through local connections, Emerge was also endorsed by regeneration officers in Hulme, who having recognised the venture's potential, wanted to trial activities in the neighbourhood. The connectivity between sympathetic professionals, statutory officers and informal networks has enabled organisations to grow more independently, experimenting different ideas on how to tackle identified social and/or environmental needs and develop alliances in support of their initiative.

As Laville (2009) argued, the more informal connections and social networks are free to gather support around an issue, the more new ideas for a service are jointly constructed independently from statutory influence. Organisations like Emerge have maintained through the years this connectivity with wider groups linked to the issues of recycling, re-using and reducing waste. This connectivity has indeed enabled Emerge to combine the campaign to reduce food waste with that of food poverty in the Greater Manchester city region by becoming the regional FareShare representative. However, by developing the model of Fareshare around reciprocity, the organisation has created a community economy (Gibson-Graham 2006) around an issue, which in times of financial difficulty has supported cost-sharing (i.e. solidarity payment).

It is not only organisations born out of a business idea that were found to have developed a range of alliances. There are examples of highly networked (Leadbeater 2006) social enterprises also among those with mixed aspirations and/or operating in the welfare market. For example, Unlimited Potential has through the years developed as a highly networked organisation, with three identifiable levels of connectivity. Firstly, Unlimited Potential relies on personal networks with local people. These are the extensive relationships developed and maintained by the organisation's employees with local activists, residents of Salford and of neighbouring areas. It is through these networks that Unlimited Potential is able to identify unmet needs. The second level of connectivity is that with extensive national networks such as the Social Enterprise Mark, Cooperatives UK, the National Health Service (NHS) and Social Enterprise Coalition which are mainly a contribution of the Chair of the Board and the Chief Executive's work. These are considered as spaces in which to "*cross fertilise ideas and develop joint collaborations*"

(David Dawes, Chair of Unlimited Potential Board, 4th October 2010). Indeed, the leadership of this organisation has significant knowledge and expertise on social enterprise as a model of innovative service delivery[111]. Both the Chair of the Board and the Chief Executive share the belief in the value of cooperation, stimulating commissioners to develop appropriate services in conjunction with social enterprises, and the need for social auditing to monitor organisations performance (Kevin Coakley, Board Member, Unlimited Potential, 21st October 2010). This underpins the third level of connectivity with commissioners (i.e. local Primary Care Trusts, Local Authority, Strategic Health Authority and other local authorities), with whom Unlimited Potential works for the development of services based on evidenced need. These relationships enable the organisation to fulfil its aim to serve the community and advance the cause for innovative and caring service delivery.

In other cases, organisations were found to have developed mostly local relationships and, sometimes exclusively, with statutory partners (i.e. commissioners). For example, Sport Recycler original network of relationships included South Tyneside Council and Business Link. The former as direct commissioner of their Intermediate Labour Market services, whilst the latter as providing advice as to how to run the business. The organisation was also linked to the North East Social Enterprise Partnership, partly through personal, familiar links (i.e. the director's daughter was employed by NESEP). Whilst the community (i.e. residents of South Tyneside) was consulted at the outset, in order to find out about the viability of the business model, it was not considered as a partner for the organisation. At the time of conducting this research, Sport Recycler's was mainly focused on developing relationships with the Health Authority and ASDA in order to provide cycle to work schemes for their employees. With little evidence of community engagement and/or mention of relationships with national recycling or sporting campaigns, the organisation appeared focused solely on one type of economic relation.

The lack of wider support and buy-in might be considered as one of the factors determining the choice of cutting costs in time of financial hardship, rather than opting for other types of reciprocal economic relations. As Amin, Cameron and Hudson (2009, p. 120) argued, the absence of network connections leaves no choice to organisations but to rely on their own

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[111] Trained at School for Social Entrepreneurs (SSE) and employed at the National Health Service, the Chief Executive was the founder and Coordinator of the first local programme established by SSE, in Salford in 1999. This expertise is also shared by the Chair of the Board who has been long involved in social enterprise development, leading national discussions with Government Departments in order to stimulate an understanding of different ways of working.

resources, without the support (i.e. both financial and non-financial) provided by other professionals, activists, movements and/or markets. Whilst some organisations in the Greater Manchester sample also revealed a largely functional network of relationships, this was more common among newer organisations than established ones. For example, among the younger organisations, Bubble Enterprises considered its network to be composed by Mental Health Trusts (i.e. Merseyside and Pennine), the Strategic Health Authority, Local Authorities (e.g. Stockport and others), South Manchester Regeneration team, Housing Associations and local entrepreneurs, that is essentially all the organisations commissioning their services.

By and large, the organisations in the Tyne and Wear sample were found to have fewer networks of relationships. Mostly organisations had to rely on their local connections with statutory partners in order to gain recognition and resources. Indeed, also those social enterprises that like Building Futures East, the Cyrenians, or indeed Dinamic Enterprises were involved in regional or sub regional networks, belonged to formal advisory groups of professionals linked to specific policy themes (e.g. the RDA economic inclusion network; South Tyneside Enterprise Partnership; Regional Social Enterprise Advisory Group). This connectivity, whilst beneficial to the exposure in wider platforms, skewed the balance of power towards mainstream organisations, with an instrumental interest in social enterprise (Amin, Cameron and Hudson 2002, p. 121) and thus more likely to direct ventures. Building Futures East, however, had maintained strong links with the community of the East End of Newcastle. The connectivity with local employers, agencies and the community developed as a Single Regeneration Budget Partnership has supported the development of the organisation and its offer.

Nevertheless, most organisations appeared to be lacking community participation or alliance to local groups. The geographical variations in this trend are indicative of diverse locational conditions that can support or limit the development of wider networks. Indeed, it is not solely the responsibility of social enterprises to determine the nature and extent of the relationships among different actors. The local environment and culture also contribute to shape them with differing opportunities for organisations. Comparing and contrasting the origins and evolution of social enterprise in the two case study areas, and the nature of social entrepreneurship, it is possible to see these differences unfolding.

Locational diversity

In each locality, ideas, attitudes, institutions, structures of power and a whole range of cultural practices determine the nature of social enterprise and shape the space in which it can develop. For example, in Greater Manchester the presence of an ethical middle class, ethnically mixed population, tradition of self-help and alternative business culture have enabled a multitude of initiatives to emerge, articulating a diversity of economic values and proposing different ways to tackle social problems. These bottom-up approaches to social change (Leadbeater 2006) have nurtured institutional plurality (Amin, Cameron and Hudson 2002) and contributed to the development of more networked civic organisations. This has facilitated the development of a more extensive support structure that could rely on wider resources, beyond the locality, stimulating the social economy to grow more independent. Reflecting upon the characteristics of the social economy in different UK cities, Amin, Cameron and Hudson (2002) have argued that the behaviour of local state is determined by the nature of civic associationism in a place. Indeed, they noted that whilst civic activism and institutional variety - characterising places like Tower Hamlet, Bristol and, I would argue, Manchester - forces the local state to be more imaginative about their role (ibid, p. 121), in places where institutional pluralism is lacking (i.e. Middlesbrough and Glasgow in the authors study and according to the findings of this research Tyne and Wear) the state drives the model of social enterprise alignment to ILM and small business targets (ibid, p. 121).

In Greater Manchester, the local government was forced to adopt more collaborative approaches towards the civic organisations and the existence of an alternative business culture was also recognised, albeit with varying degrees of interest. It is argued therefore, that in this context, it is accepted that the social economy may exist alongside the mainstream, sometimes in competition and others in cooperation with state and the market. In Tyne and Wear where the population is relatively more ethnically uniform and where traditionally civic engagement has occurred through formalised channels (i.e. trade unions, churches, formal organisations); there is comparatively scarcer institutional variety and lower levels of connectivity outside the locality. Consequently, the local government has been instrumental in directing the development of the dominant notion of social enterprise as a means to solve problems, operating as an adjunct to the mainstream in supporting the most marginalised of society. It is indicative of this that organisations here tend to borne out of statutory funding and/or rely on the openings offered by new policy developments (i.e. opportunities available in the local economy), and thus develop/survive

in line with these. In this sense the provision is less varied, concentrated on the specific issues emerged from market/social need analysis, rather than bottom up collective efforts. The presence of so many organisations focused on training and employment skills provision is a testament to this. However, it is mostly among the newly established organisations in this city region that the impact of institutional incentives is more evident. Indeed in Tyne and Wear, the impact of national policies targeting the development of social enterprise as a business model able to create dual value has been felt with greater intensity. This is reflected in the dominance of the CIC model, often individually led and business oriented, providing training and employment opportunities as well as stimulating entrepreneurialism through self-employment. Whilst in Greater Manchester social entrepreneurship had developed long before the term social enterprise became of common use, in Tyne and Wear it is a relatively younger phenomenon, with many organisations being set up from the late 1990s onwards (see chapter 5). Here civic engagement is not bottom-up, rather channelled through formal relationships with church, local government, political parties and traditional industries. The static local economy has relied heavily on public intervention, thus the culture of social entrepreneurship has grown accustomed to more bureaucratic ways of working and practices. Organisations therefore have little other choice than to learn to liaise with statutory partners, the main funders and customers of their services, and to develop in line with policy priorities, essentially privileging those services that were more likely to obtain financial support.

In summary, whilst the decisions organisations make - that is the ways in which they deal with the tensions emerging from attempting to sustain their activities financially whilst adhering to the environmental, social and economic concerns they hold dear - and their ethical steadfastness are key to the process of reconciliation, this cannot be considered in isolation from the local context. Each locality provides different incentives to organisations, both in terms of institutional choice and opportunities for development. In the next section I address the importance of local culture and environment in shaping the diverse organisational trajectories.

3. Conclusion

The meaning of place in this study resonates with Amin, Cameron and Hudson's (2002) definition as a "social formation with varying geographies of connectivity" (ibid, p. 120). It is the space of being in common (Gibson-Graham 2006; Popke 2009), shaped by the diverse social relations (Amin, Cameron and Hudson 2002) which in turn enable different

opportunities to emerge. Each locality nurtures different relational assets, depending on the institutions, the local culture and traditions. Consequently, the incentives provided influence the possibility for diverse opportunities to materialise. In some places the space for experimentation and the development of collaborative and hybrid forms of governance emerge more than in others. These opportunities tend to emerge in places where connectivity is stimulated, where interactions occur among different actors, within and outside the locality. When voluntary and community groups, academia, local communities and businesses develop networks and connect to initiatives and/or individuals within and outside the locality, also the political leadership has to be more imaginative about its role (ibid) and in its governance, adopting more collaborative, deliberative styles as otherwise challenged by different groups.

Mendell and Nogales (2009) suggested that the pressure to generate income in social enterprises is often felt in some countries and/or regions more than others. Depending on who is driving the adoption of a specific definition of social enterprise, the emphasis on expectations differ. Consequently, their role and potential are shaped by the incentives found in different contexts. The nature of the support available to social enterprises in different areas determines the permeability of social enterprise in contributing to a paradigm of economic development (ibid). In a context where market exchanges based on cost evaluations are dominant and the focus is predominantly on the achievements of specific outcomes in order to obtain funding, it is likely that organisations are stimulated to commercialise their social mission, as a means to generate income. Organisations' development becomes more functional to policy priorities and the functioning of organisations also becomes more centred on monetary incentives, particularly if other type of support is lacking and fewer alternatives are suggested. In contrast, in a context where a less instrumental response has occurred, it is more likely that the social economy develops more independently.

For example, in Greater Manchester, the tradition and culture of the place have in a sense influenced the local authority's recognition of a distinct social economy. Paradoxically, this is partly due to the neglect of different forms of engagement with the economy, such as ethical businesses and cooperatives, and partly due to the long standing tradition of civic negotiation within a context of a diverse population. The legacy of alternative, ethical enterprises and the work that the many voluntary groups supporting the needs of a diverse migrant population have stimulated in this city region the recognition of a social economy parallel to state and mainstream businesses and sometimes overlapping through its market

orientation (Amin 2009, p. 33). Whilst I would not go as far to suggest that this has necessarily led to business demands made in acceptance of the different ethos and principles these organisations stand for, it has however created the space for different articulation of support, connectivity and informal networks to co-exist and develop an alternative offer alongside and beyond statutory provision. These opportunities have contributed to the advancement of dynamic ventures with trading niches, supported by sympathetic professionals moving over from other segments of the formal economy and together with actors from public, social and private economy developing connections, not only between people but also between structures and processes. These types of connections were fewer in many of the Tyne and Wear cases.

The connections between people and organisations in Greater Manchester have formed incubator spaces and provided incentives for a social economy to flourish outside of statutory control. These have facilitated the exchanges between ventures across the country, as for example those focused on developing the green economy, learning from each others experiences and linking professionals to local ventures, thus providing support, sharing skills and expertise. In this sense, the local context can support the social economy in articulating diverse aspirations, even those that focus on alternative response to the dominant processes of production, ownership, labour, exchange and consumption (Healy 2008). It is evident in the experiments enacted by the likes of Unicorn that have expanded their reach to create a solidarity network among a variety of smaller organisations, linking producers, distributers and consumers in developing an economy of ethical qualities (Callon 2002a). Moreover these incentives have nurtured other types of 'bottom-up' responses. For example, as a response to the increased competition from big corporate businesses in the procurement process, a number of voluntary organisations have established a cooperative model to bid for bigger contracts (i.e. Manchester First).

In summary, a number of factors appear to play an important role in enabling the process of reconciliation between business and ethical aspirations. Firstly, it requires commitment, the intention to deliver services with care, to enact the solidarity with workers, volunteers and beneficiaries and thus to make decisions that take their well-being into account. The shared sense of purpose and vision, the intention to stay true to the ethical commitment, are what triggers the process of reconciliation, since it drives management experimenting with different economic practices but moulding them on principles of solidarity and ethics of care. However, in the examples provided in this chapter as to the ways in which organisations manage their business and ethical aspirations, it is when organisations enter

an economy of ethical qualities (Callon 2002a) that they manage to reconcile competing demands in line with their ethical aspirations. This occurs when all stakeholders involved recognise the value and distinctiveness of what organisations are trying to achieve and thus develop a shared understanding of the 'cost' of delivering services with care or producing ethical products. It is through mutual recognition that the 'buy in' of customers (i.e. individuals purchasing a product and statutory agencies a service), beneficiaries and employees enables organisations to capitalise on the relations built with various segments of the economy (see Laville and Nyssens 2001).

Secondly, it requires a favourable environment that by enabling and promoting connectivity, encouraging experimentations and open governance contributes to support the management of diverse business and ethical aspirations. In this way organisations can rely upon different resources (i.e. financial and non-financial support), nurturing relations beyond the locality, and harness diverse economic values. It is on this basis that this thesis argues for a moderation in what is expected of social enterprises. The geographical variations and the differing potential of many of the organisations part of this study warn against uniformity of policy expectations as what social enterprise can achieve depends on the context from which they emerge and operate. Moreover, this study calls for increased consideration of the struggles organisations face, particularly when they deliver welfare services targeting the most vulnerable of society. It is indeed for these organisations that the trade-offs are more costly, and where few have indeed managed to develop commercial and social services akin to the social enterprise ideal.

Contrary to ideas of balance, of dual (Dees 1998) or blended (Alter 2004) value creation, the reality unveiled by this study is one of constant negotiations of competing interests and demands. When tensions are recognised and ethical qualities such as care and solidarity become the evaluative criteria for what is worth (Stark 2000) then reconciliation is achieved, thus when organisations enter an economy of ethical qualities (Callon 2002a) in which every segment of the economy works together to generate a common frame. If social enterprises are to have an increased role in the delivery of individual and collective services, it is necessary that the policy reforms create the conditions for these organisations to operate in line with their ethical commitments, rather than solely responding to financial demands. The ways in which in practice this can be fostered forms the basis of the discussion in the final chapter of this thesis.

7. Conclusion

*"[…] the Government believes that successful social enterprises embody the following characteristics: gaining independence and autonomy through trading; entrepreneurial, innovative, risk taking behaviour; flexible and adaptable practices; customers and community focus; stakeholder engagement; democratic and participative management; delivering socially and/or environmentally as well as financially; and financially viable, gaining their income from selling goods and servi*ces"* (Department of Trade and Industry 2002, p.16)

As the quote above states, the previous government set an impressive range of policy expectations as to what social enterprises can, and should, achieve. Whilst the emphasis on this model has been partly overshadowed by the new policy agenda introduced by the Coalition Government, social enterprises still remain considered as '*business ventures finding innovative market-based ways to make a positive contribution to society*[112]' and expected to deliver social and/or environmental objectives whilst being financially sustainable. Generally addressed as a single entity (Pharoah et al. 2004, p. 69), policy expectations have predominantly focused on social enterprise ability to balance business and social goals. In particular, those organisations with welfare functions operating in public service markets have been subjected to a narrative promoting the commercialisation of elements of their social mission in order to enhance income generation and financial independence, presumably, as Teasdale (2012) argues, from the public purse. Whilst commercial experiments promoting alternative economic values (e.g. fair trade, cooperativism, reciprocity) (Amin, Cameron and Hudson 2002, p. 121) continue to be marginalised or considered as exceptional ventures.

Researching the experiences of social enterprises in two northern English city regions, the evidence gathered through this study does not support the policy assumptions. In contrast to the dominant view that considers social enterprise as able to *"deliver socially and/or environmentally as well as financially"* (DTI 2002), this research has found that organisations experiment with modes of entrepreneurial, labour, transaction, finance and property conduct as a means to pursue their varied scopes, with various degrees of success.

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[112] Social Enterprises London (SEL), "Social Enterprise in the 3rd Sector". Available online at: http://www.sel.org.uk/uploads/Social-Enterprise-in-the-Third-Sector.pdf. Accessed: 1 May 2013

This study has found substantial organisational variation in motivations, orientations, activities and contexts of operations. Therefore, the argument this thesis brings forward is that the assumption that social enterprises prerogative is to marry business and social goals, adopting dual or blended value measures, is misplaced. Not all organisations defined or self-defined as such, can, want or should develop commercial services alongside their social ones in order to either finance their operations or extend the impact of their mission. This is not to say that business and ethical aspirations cannot be reconciled, rather to recognise that not all can aspire to self-finance and that in some cases support is needed for organisations to develop in line with their ethos.

In light of the evidence, the results from this study confirm the appropriateness of the conceptual framework used to understand social enterprise. However, the findings also highlight a further dimension of difference. The diverse nature of the economic geographies considered renders the practice of alternatives distinctly problematic and diversely vulnerable (Lee and Leyshon 2003). As Amin, Cameron and Hudson (2002) have argued, social enterprise is "the product of local noise […] a creature of the social context […] inseparable from it and varied from place to place" (ibid, pp. 119-120). Not only therefore does the context shapes the nature of social enterprise, but it also determines (as found in this study) its chances to develop as either an adjunct to the mainstream, or coexists with it (in parallel) as a reminder that other ways of doing the economy are possible. Reflecting on policy insights that stem from this research, both generic and place specific, this chapter brings forward some suggestions as to how organisations can be supported to develop in line with their ethos.

The diverse economy perspective in place

The diverse economy framework enables the recognition of diversity in place and within organisations. The organisations studied as part of this research were found to variously enact ethics of social, cultural, economic and environmental sustainability, some in more circumscribed ways than others, depending on their intent, their circumstances, and the (material and non-material) resources they could draw upon. It is indeed the combination of the different elements of the diverse economy (Gibson-Graham 2006) that act as a resource organisations can benefit from in order to develop and (in some cases) grow. Organisations were found to simultaneously draw on volunteers and donations (unpaid and non-market transactions), sales of products (capitalist market transactions) or services through statutory funding (alternative market). When these mixes were lacking (i.e.

organisations were focusing on only one type of resource), it was more likely for organisations to incur problems and tensions. Negotiating the different interests among various partners generates tensions. It is the way this is dealt with that contributes to create a community economy. This is defined as "*spaces or networks in which relations of interdependence are democratically negotiated by participating individuals and organizations; […] constituted at any scale*" (Gibson-Graham 2008, p 627). Thus balancing business and ethical aspirations is the result of an on-going process that requires constant negotiations among different, sometimes competing, interests and perspectives.

The emerging conceptualisation of social enterprise is therefore one that stresses the importance of using diverse modes of economic conduct to reflect the ethical principles, adapting different practices in line with the mission. It recognises that ethical behaviour is not a monopoly of organisations defined as social enterprises and that reciprocal relationships can occur in any economic transaction. By evidencing this, Gibson-Graham (2008) highlights the transformative power of the practices of 'other worlds' (ibid, p. 613). Her diverse economy research is a performative ontological project that draws on different kinds of academic practice to demonstrate the inherently social nature of the economy (ibid) and invites to change the way the economy is thought and performed, by rendering ethical orientation more credible, in all aspects of the economy. However, as this study has found, the diversity within the social enterprise 'project' is such, that some organisations are more radical than others in affirming alternative economic values, or in resisting the mainstream. Some organisations are more instrumental than others to the mainstream, as some supplement it by working as adjunct whilst others copy mainstream provision. These differences stem partly from the individual intentions but they cannot be understood in isolation from the economic geographies from which they originate. In some contexts, the possibilities for social enterprises to emerge as a collaborative grass-root solution are weaker than others. Indeed, the findings from this study have revealed that in some cases the pressure to prove the financial value of social enterprise activities overrides the social aim, raising ethical concerns as to the impact of decisions made. Not all organisations manage to develop a community economy, since not all organisations called social enterprises operate alongside principles of solidarity, reciprocity and ethics of care.

This study therefore confirms the view that the economy is intrinsically social and, as such, also subjected to and a product of the social relations in 'place'. Indeed, this research has also found that the deployment of different economic practices cannot be understood in isolation from the context from which the different ventures emerge. The local context

shapes the nature of the social economy and the possibility for it to evolve more or less independently. It is understood that for every locality the entries in the diverse economy framework differ (Gibson-Graham 2008). However, whilst here the social economy is represented for its disruptive qualities and transformational potential, opening the way for a post-capitalist future (Hudson 2009), this research has shown that the diversity of social economies in place offers more a *"glimmer of possibility […] rather than a stage-post of post capitalist hope"* (Amin 2009, p. 33).

Essentially, emerging from the case study areas are two distinct interpretations as to the conceptual location of social enterprise in the economy. In Greater Manchester the presence of an ethical middle class, ethnically mixed population, tradition of self-help and alternative culture have contributed to nurture the acceptance of a social economy existing alongside the mainstream, sometimes in competition and other times in cooperation with state and the market. In Tyne and Wear, where working class culture and ethnically uniform population prevail, and where traditionally civic engagement has been more formalised, the local government response has been instrumental in the development of the notion of social enterprise as a means to solve problems, operating as an adjunct to the mainstream in supporting the most marginalised of society.

As discussed in the previous chapters, the nature of civic organisation in the two case study areas has influenced the behaviour of the local state and consequently different political cultures have emerged, each with their own 'relational geometries', that is, configurations of relations between and among actors and structures (Yeung 2005, p. 38). As Lee, Leyshon and Smith (2008) argued, "[...] there are multiple dimensions of relations of power that work to create the economic relations in which we are each embedded" (ibid, p8). The interaction between companies, social movements, activists, local government, and other forms of organisations is subjected to these dimensions of power and develops different framings (Callon 2002a). This, in turn, deploys different incentives for economic action. This is to say that the economy can be thought of as an ethical space where responsibility for the commons are negotiated and practiced, but that there are also contextual characteristics that contribute to provide differing opportunities for ethical behaviour. These instituted realities are reflected in the different forms emerged from place specific traditions and culture, since the context shapes institutional choice, perceptions and expectations (Amin et al. 2002), and thus provides different opportunities for organisations to develop. If social enterprise has to be the future of service delivery and able to marry business and ethical aspirations, then the 'relational asset' that each locality offers the

social economy needs to be considered. This is of particular importance if the role of social enterprise in the economy has to bring any benefit.

Policy insights

A number of examples, emerging from this research, suggest how policies and support programmes targeting social enterprises could be reconsidered in order to ensure that organisations can develop in line with their diverse ethos. During the start-up phase, when organisations' identity is yet to be formed, the type of funding and support available can make a difference to their development. In places like Greater Manchester, where the institutional setting and the relational asset are more varied, some organisations have benefited from a portfolio of options to grow in line with their vision. For example, in the case of Union Street Media (USM), business advice was available to support product-development and, in conjunction with this, also community support and mentoring were made available to ensure the product developed served the community. The Manchester BME Network worked with USM to provide links with other local organisations and to mentor the Directors in developing their offer. In this way, USM was able to familiarise with different economic practices, exploring other resources than solely those resulting from trading. During the start-up phase, organisations can be supported to develop their social goals alongside the economic ones, by enhancing their connectivity and stimulating interaction among different individuals and organisations.

In Tyne and Wear, where instead the statutory presence has played a more significant role in directing social enterprise development and evolution, the policy insight stems from the local government. For example, the Regional Development Agency (RDA) interest in developing a low carbon economy, responsive to the needs of local communities, has triggered different forms of experimentation. One was a social enterprise investing in solar panels and redistributing the earnings into local communities, through a Community Fund. The example of Community Energy Solutions (CES) is indicative of a policy driven venture that aimed at changing the energy market and its operation. In this sense, different ideals have been spearheaded by the regional government with a view to develop an enterprise operating in line with social and environmental principles. The support of the RDA had the potential to influence change and stimulate market transformation by endorsing economic practices and experiments that privileged solidarity and reciprocity. Similarly, this study has found that those organisations that, from the outset, have benefited from longer term and unrestricted funding have managed to both try out their offer and build their internal

capacity in line with their vision. In this case, the local authority endorsement of car clubs as a model to reduce car use and stimulate sharing established a reciprocal relationship between Newcastle City Council and Commonwheels. The funding provided enabled the organisation to focus on delivery, test their offer and created the conditions for them to grow.

When this is not the case, organisations were found to spend significant time looking for alternatives sources of income. Driven by funders' requirements, the opportunities to see whether their original idea had a market were restricted. By providing more support and training as regards to both business skills and social auditing it would be possible to enable organisations to develop in ways that meet both funders' requirements and societal need, thus nurturing their social and commercial values from the outset. However also funders need to recognise the diversity intrinsic to social enterprises and rebalance their expectations. The funding environment is sceptical about investing in organisations that are not perceived as being 'ready', particularly during the initial phase when the ideas have not been fully tested. In recognising that access to funding is a major issue for many social enterprises, the social investment and social finance markets have expanded, in the UK with strong Government support. For example, in England, the Big Society Bank is set to improve the supply of funding to social enterprises by investing in social finance intermediaries (i.e. Charity Bank). Similarly, the European Commission has developed a new programme to stimulate Microfinance facility and Social Entrepreneurship (as part of the Social Business Initiative) across the Union. This programme aims to extend the support to micro credit providers in order to improve funding access to small organisations. Whilst these are steps in the right direction, it remains to be seen whether these initiatives will address the real issues and have a positive impact on organisational development, particularly in areas of high risk, as for example many deprived areas in Tyne and Wear where the mainstream economy is weak and statutory intervention has been needed to fill gaps.

During the consolidation phase, procurement has often been cited as being a major concern for many organisations. This research has found examples of commissioning practices that have involved social enterprises from the outset, supporting the process of service development reflecting a real need. For example, the Health Authority concern for the growing number of ethnic minority women using termination of pregnancy services has led the commissioners to begin a dialogue with the Manchester BME Network, in order to understand this trend and develop a joint solution. In this sense, the Health Authority has

recognised the wealth of knowledge and expertise of this network and has modified its practices for the common good. In the quest to understand the needs of ethnic minority women, the commissioners have developed a working relationship with a voluntary group based on reciprocity. These conditions highlight the benefits that local procurement could have in engaging more directly with organisations operating in the field, recognising that they engage users in the design and delivering of their services and access communities often restricted to statutory agencies. Thus, rather than solely in terms of competitive tendering, enabling the participation of civic organisations in the decision making process, at the outset of service development. International examples such as the Chantier de l' économie sociale in Quebec show there are ways to enable representatives of the social economy to be directly involved in the strategic decision making processes (see Mendell 2009 and Gibson-Graham 2010). The Chantier is a network of organisations, academics, activists and other actors within the civil society committed to the values of democracy and solidarity, working alongside the government, trade unions and private sector businesses in setting priorities for the economy of Quebec.

In Tyne and Wear, other examples of collaborative working have emerged. I have mentioned elsewhere in this thesis the cooperation between Nissan and Building Futures East as an example of a reciprocal relationship. Organisations like Building Futures East, providing vocational skills training as a vehicle for community regeneration, found a means to express their commitment by developing working relationships with local businesses. By stimulating their participation in the development of a mutually beneficial product, they have created a service that meets both the needs of the community and that of the employers. Indeed, through the collaboration with Nissan, Building Futures East was able to train young people in the skills required by the company and secure their employment in the firm's new site. Similarly, the cooperation between John Lewis and the Cyrenians Thrift Boutique is another example of an economic relationship based on solidarity. By stimulating these types of connection it is possible to introduce processes that enable organisations to grow in line with their ethical commitments. Stimulating Corporate Social Responsibility reporting could be a way to favour these exchanges and nurture networks of solidarity, particularly in places where there is a significant presence of international corporate firms.

Underpinning this contention, are two general sets of recommendations. Firstly, policy expectations converging around the notion of dual value (Dees 1998) have given little attention to the challenges different organisations face in balancing business and social

goals. An element that has been particularly neglected is whether and how different activities can be entreprenerialised avoiding any negative impact on their recipients. This study has revealed that those organisations involved re-integrating vulnerable people into society and, eventually, into the job market could not stretch their entrepreneurialism to self-sufficiency without jeopardising the health and well-being of the same people they were trying to help. Indeed, the more in need of support the beneficiaries of social enterprise activities, the more costly is the service. Therefore, should these organisations become self-sufficient, in a context where their efforts is not appreciated, inevitably they would need to select the most appropriate beneficiaries to work on the revenue generating ventures, otherwise they would lose money. Similarly organisations involved in providing training and employment opportunities have begun to decrease the quality and range of services once payment by result was introduced. The pressure to generate a quantifiable result in order to pay staff and deliver services has meant that less time was dedicated to finding the most appropriate post for the beneficiaries.

Therefore the recommendation emerging is about improving the understanding of the challenges that different organisations face. Since there is not just one type of social enterprise, their appraisal should be based on the understanding of the dimensions of difference (Pharoah et al. 2004, p. 69). Different entrepreneurial and organizational structures respond to diverse challenges and, in turn, impart different incentives to the involved players in order to address those challenges. Policy makers and support agencies should be aware that not all organisations can respond to dual value creation, and by forcing all organisations defined or self-defined as social enterprise to develop commercial ventures in order to fund their social mission there are likely diminishing returns. Consequently, when support is given, it should be rooted in the appreciation of organisational capacity, but also mindful that organisational development is circumscribed by the nature and the opportunities offered by the local context[113]. In this way, expectations as to what organisations can really achieve can be rebalanced. In attempting to solve social problems by adopting a business model that mimics mainstream firms, the risks are that we lose sight of the strengths that lie in variety and that rather than solving a problem, it is worsened. As Borzaga and colleagues argue (2012), the wrong

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[113] Whilst this may seem to general a recommendation, there are examples of social enterprise support organisations that focus on providing a distinctive approach to their development. For example, organisations like Make it Happen in Stockport commend their approach as based on identifying the real potential offered by organisations' diversity and tend to provide support based on the real possibilities offered by the context in which organisations operate. Moreover, they outline the potential of combining a fair mix of fundraising, funding, trading and commissioning, tailored to the specific characteristics of the organisation and the relationships it has developed (or can develop) (see: http://www.mihconsultancy.co.uk/).

entreprenurial choice can often exacerbate failure (rather than solving problems), since inappropriate organizational choices contribute to building microeconomic fragilities that may turn into macroeconomic instability.

Secondly, this thesis argues that expectations as to what social enterprises can achieve should be reconsidered. Confronted with increasing competition and forced to demonstrate their economic sense (i.e. making a business case), tensions between employees' well-being, beneficiaries' risks and organisational priorities inevitably emerge. When demands on these organisations are expressed in line with their social values and thus policy expectations are aligned with their distinctiveness, then it is possible to achieve successful results, or at least results that do not jeopardise the organisations and/or their beneficiaries. Conversely, when organisations are evaluated in purely economic terms, their potential to pursue both financial and ethical aspirations is weakened. For example, many organisations operating in the public service market are asked to tailor their services to stringent contractual criteria, leaving little space for experimentation and innovation, let alone addressing the real local need. When organisations have not developed credibility through relations with statutory partners that enable them to influence the decision making process, then they are left to follow the funding and shape their activities in line with their priorities, rather than what is needed. Conversely, when a venture is supported appropriately to its possibilities, then business and ethical reconciliation is enhanced.

These examples exist in other countries, as for example in France social enterprise is seen as an economic development model, valued for the contribution that the activities delivered provide to "*social cohesion and active citizenship, embedding democratic relationships in the economic initiatives, thus emphasising the collective participation in the production of socially useful services*" (Laville 2009, p. 236). Similarly, in Italy, the principles differentiating the social economy from mainstream business and/or public sector agencies are institutionalised in the legal framework that recognises social welfare cooperatives as enterprises pursuing the general interests of the community and the social integration of disadvantaged citizens[114]. Essentially, in some other countries, demands on the social economy are expressed in line with their distinctiveness and thus there are no expectations for social enterprises to be financially autonomous when pursuing social goals. When delivering public services social enterprises are supported by statutory funding, no

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[114] According to Italian Law 381/1991 disadvantaged citizens must make up at least 30% of the member-workers in the cooperative.

commercial demands are asked of them and their contribution to public benefits is considered.

A commitment to economic pluralism means abandoning the idea that the only effective logic is that of profit maximisation and/or cost savings and asserting instead the value of difference (Borzaga et al. 2009). It is possible to create better conditions for social enterprises to operate by reviewing the support mechanisms currently in place. The common conception that given the right business skills organisations are then able to grow, to become self-reliant, is not matched by the reality of struggle underpinning many experiences encountered in this study. Generally, those that have managed to grow have done so on the back of mainstream support, whether in terms of market changes (i.e. commercialisation of healthy food) or statutory support and recognition (i.e. policy openings and collaboration with statutory partners as in the cases of Cyrenians and Wai Yin). Recognising that at each stage of organisational development there are challenges and tensions can help in devising a system of support and funding mechanisms that can help organisations grow in line with their principles.

As it stands, in England, the existence and resilience of social enterprises in all their varieties may not be a reflection of a post capitalist possibility (Gibson-Graham 2006). However, it might indicate the potential to recognise the role that these organisations could have in a plural economy and promoting their recognition in line with what can truly be expected of them. Either way, with the right support, there is the potential for the advancement of a plural economy where the diversity of entrepreneurial forms and motives are respected in a more level playing field.

Appendices

Appendix 1: List of interviewees by case study areas

Greater Manchester case study:

Brenda Smith, Marketing and Public Relations, The Eighth Day

Victoria Sinclair, Director Arcspace

Ian Stewart, Director, Benchmark

Ruth Haigh, Director, Bolton Steps

Leigh Wharton, Director, Bubble Enterprises

Gareth Jones, Office Manager, Emerge

Denise Lambert, Education & Community Involvement Manager, Emerge

Lucy Danger, Chief Executive, Emerge

Nicola Milner, Volunteers Coordinator, Emerge

Sebastian Serayet, Fareshare Manager, Emerge

Kate Chappell, Chief Executive of Inspire Levenshulme

Fajer Rabia, Managing Director Inspired Sisters

Shamoona Ali, Community Engagement & Employment Officer, Inspired Sisters

Mariam Ahmed, Operation Manager, Inspired Sisters

Jason, Lisa, Chris, Directors, Neoartist Studio Bolton

Guy Ohlenschlager, Business manager, The Phone Co-op

Britta, Worker, Unicorn

Natasha Boojihawon, Director & Project Manager, Union Street Media Arts

Chris Dabbs, Chief Executive, Unlimited Potential

Fola Agbalaya, Director of operations, Unlimited Potential

John Hudson, Service Manager, Unlimited Potential

Steve Jones, Service Manager, Unlimited Potential

Mena Patel, LINk Investment Manager, Unlimited Potential

Amanda Power, Outreach Worker, Unlimited Potential

Cath Saunders, Service Manager, Unlimited Potential

Carolanne Barber, Time Broker, Unlimited Potential

Tom Wainwright, Unlimited Potential Board

David Dawes, Chair of Unlimited Potential Board

Kevin Coakley, Board Member, Unlimited Potential

Steve Carroll, Unlimited Potential Board

Sylvia Sham, Director, Wai Yin

Jenny Tsang, Finance Administration Manager, Wai Yin

Liza Mok, Assistant Director, Wai Yin

Silvia Gonzalez, volunteer, Wai Yin

Gareth Ager, Operation Manager, The Wesley

John Nancollis, Board of Directors, The Wesley

Sheridan McLaughlin, Board member and founder of the Wesley

Rob Ramwell, Board Member, The Wesley

Richard Lockwood, Service Development Worker, The Wesley

Fiona Jones, Development Worker, Wooden Canal Boat Society

Stakeholders

Andy Peers, Love Enterprise

Atiha Chaudry, Director, Equal Access Consultancy, Chair, Manchester and Greater Manchester BME Networks

Brian Robson, Director, Centre for Urban Policy Studies

Tony Roberts, Bolton Business Services

Ian Taylor Community Enterprise Manager, GMCVO

John Goodman, Head of Policy and the Regions, Co-operatives UK

Paul Mooney, Director of Blue Orchid and ex director of Third Sector Enterprises (3SE)

Mick Sheldon, Director, Inside Track Euro

Mike Bull, Senior Lecturer, Business School Manchester Metropolitan University

Neil Turton, ex Big Life Group employee, current Director, Salford Health Matters

Phil Frampton, Director of Cooperatives North West

Andy Wynne, Together Works

Tyne and Wear case study:

Ernie Nolan, Director, Acorn Computer Recycling

Tracy Lee, Personal Assistant Director, Acorn Computer Recycling

Anthony Woods-Waters, CEO Building Futures East

Michael, Construction Training Manager, Building Futures East

Richard Falconer, Commonwheels

David Lacey, Operations Director, Community Energy Solutions North East

Garry Dawson, Director Dinamic Enterprises

Kate Sussams, Director of South Tyneside Museum and Board member of Dinamic Enterprises

Peter Curtis, North East Sport

Peter Kay, Chief Executive of Ouseburn Trust

Ray Bland, Vice Chair Ouseburn Trust

Ouseburn Trust Board meeting, (11 members present) 31st March 2011

Eddie Kirtley, Chief Executive, Renew North East

Trish Armitage, Sport Recycler

Bob Webb, Sustainable Enterprise Strategies

Keith Nicholson, Assistant Director, The Cyrenians

Michael Shields, Manager, FareShare North East

Dawn Wright, Director, Thrift Boutique

Rebecca Harrison, Assistant Director, Thrift Boutique

Chris, volunteer, Thrift Boutique

Anthony Armstrong, Development Officer, The Foodchain

John Anderson, The Phone Coop North East

Michael Leithrow, Manager, Northern Pinetree Trust

Ammar Mirza, Asian Business Connexions

Rosie Louise, Angelou Centre

Jane Gibbon, Jesmond Pool

Stakeholders

Rhiannon Bearne Social Enterprise Executive Business Link North East

Richard Falconer Business Link North East Business Advisor Social Enterprise lead

Oliver Roberts, Business Strategy Manager, One North East

Olav Veldhuizen, Senior Specialist, One North East

Lee Woolston, Evidence Sharing Specialist Advisor, One North East

Tracey Mellor, Enterprise Programmes Senior Specialist

Ian Gouldson and Allan Worthy, ONES Regional Analyst and Statistician

David Beeton - Business Strategy Senior Specialist, One North East

John King – Business Support Team, One North East

Michelle Duggan – Economic Inclusion Team, One North East

Andrew Samuel and John Main, Voluntary Organisations' Network North East (VONNE)

Helen Armitage and Hannah Garrad, North East Social Enterprise Partnership (NESEP)

Peter Deans, Independent Business Advisor

John Goodwin, Partnership co-ordinator, Pentagon Partnership

Judith Brown, Co-operatives North East

Gordon Allinson, Senior Research Fellow and Maxine Houston,Senior Research Fellow, Policy Research Group Durham Business School/St Chad's College, Durham University

Appendix 2: Conferences and meetings attended

Conferences

Social enterprise summit regional workshop, 24th April 2009, North West

New Development in Third Sector Research conference, 28th April 2009, GMCVO Manchester

North West Social Enterprise Trade Fair – Liverpool 16th June 2009 -in which I volunteered to help out;

Forging resilient local economies, CLES Summit, 14 – 15 July 2009

II EMES international social enterprise conference - 1 – 4 July 2009, Trento, Italy

Joint Seminar of the Section for Economic and Monetary Union and Economic and Social Cohesion (ECO) and the Social Economy Category, "Getting to the end of the tunnel: creating the right environment for Social Economy", 22nd October 2009

Café Politique, jointly with Cooperatives UK and IPPS North on "There is an alternative", with Ed Mayo talking about the cooperative model, July 2010

NCVO/VSSN Researching the Voluntary Sector 2010 Conference, Leeds, 6th and 7th September 2010

International Social Innovation Research Conference, Skoll Centre, Oxford, 13th September 2010

Understanding Social Enterprise - Why and How to Start One, Business Link, 28th September 2010, Newcastle

Workshop: Social enterprise and business ethics: an exploration of theoretical, practical and policy issues - Organised by Elizabeth Chell, Andrew Godley and Mark Casson, Wednesday, October 20th, 2010. Henley Business School, Reading

Enterprising for change, MERCI and together Works, 24th March 2011, Manchester

The 2011 International Social Innovation Research Conference, 12th and 13th September 2011, London South Bank University

Social Enterprise Capacity Building Cluster, PhD students Summer School, 27-28th June, Geography Department, Durham

Meetings

Simon Teasdale and Andri Soteri-Proctor, Third Sector Research Centre

Gwilym Morrison, Strategy Adviser, The Co-operative Financial Services

Meeting with Cooperatives UK, Giles Simon communication officer; Petra Morris new venture project manager; John Atherton membership officer; Sundeep Grewal membership development officer; Sarah Alldred project manager; John Goodman head of policy and the regions

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