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Nicholls, Alex; Teasdale, Simon

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Neoliberalism by stealth? Exploring continuity and change within the UK social enterprise policy paradigm

Alex Nicholls (University of Oxford) and Simon Teasdale (Glasgow Caledonian University)

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Abstract

Social enterprise has been portrayed as challenging neoliberalism, and alternatively, as neoliberalism by stealth. Here we conceptualise social enterprise as a micro-paradigm nested within wider political and economic frameworks. Our analysis of continuity and change over a period of political and economic crisis in England demonstrates considerable evidence of normative change in the ideas underpinning social enterprise policies. However, further analysis reveals that the (neoliberal) cognitive ideas underpinning the social enterprise paradigm remained intact. This suggests that policy paradigms can accommodate normative differences within a shared cognitive framework, and hence, are more fluid, and have greater longevity, than previously recognised.

Introduction

In 1993, Hall famously introduced the construct of a policy paradigm as a:

Framework of ideas and standards that specifies not only the goals of policy and kind of instruments that can be used, but also the very nature of the problems they are meant to be addressing (279)

Hall drew strongly upon Kuhn's (1962) concept of a scientific paradigm within which 'normal science' is 'practiced' using a coherent set of commonly accepted norms and rules. Over time, anomalies in scientific paradigms emerge which lead to a crisis and then a new paradigm emerges. Scientific revolutions occur very infrequently but, when they do, they shake the foundations of the previous paradigm (Kuhn 1962). One critique of Hall's policy paradigm construct is that policy-making is more obviously ideological or normative than scientific practices (Béland 2005) meaning that the scientific paradigm cannot be easily translated into the policy arena. This has led to certain key challenges that this paper addresses. First, Hall's work ostensibly described a paradigm shift in ideas pertaining to macro-economic policy, from

Keynesianism to Monetarism, at the end of the 1970s in the United Kingdom.

However, most areas of policy making possess boundaries which are less obviously fixed than those of monetary policy. As a consequence, more sophisticated work is required to capture the interrelated nature of policy fields (Kay 2011). Second, while Hall's work is useful in understanding epochal shifts arising as a consequence of moments of crisis, paradigm theory is less useful in explaining within-paradigm change (Kuisma 2013).

In this paper we therefore seek to develop greater precision as to the nature of policy paradigm stability and change. Our primary contribution is to extend Kuhn's (1974) lesser-known work on the notion of 'nested' paradigms, to demonstrate how policy paradigms operate at macro-, meso- and micro-levels. This conceptualization of nested policy paradigms is developed using the example of the micro-level social enterprise paradigm in England: this micro-paradigm is shown as being nested within a 'mixed economy of welfare' meso-paradigm that, in turn, is nested within, and framed by, a neoliberal macro-paradigm. This type of analysis permits us to capture the complex and interrelated nature of policy fields. Subsequently, we explore continuity and change within this social enterprise micro-paradigm during a period of economic and political crisis in England between 2008-10. Using Daigneault's (2014) conception of paradigms as multi-dimensional ideational frameworks we find evidence of significant ideational change across each dimension, and also that this change cascades down from the macro- and meso-paradigms. However, we also note that the actual policies emanating from the micro-paradigm remained relatively unchanged throughout this period. Assuming that our conception of social enterprise as a micro-policy paradigm is justified, two broad interpretations are possible. Either

paradigm shift does not necessarily lead to policy change or, alternatively, a paradigm shift did not actually occur.

On revisiting our conception of nested policy paradigms we noted that the neoliberal macro-paradigm, from which the cognitive and normative ideas governing lower level paradigms were clearly derived, remained broadly intact. Given the assumed internal coherence of policy paradigms it would seem inconceivable that paradigm shift at the micro-level could occur without a similar paradigm shift at the meso- and macro-levels. Returning to our analysis we found that although normative ideas had shifted considerably over the course of economic crisis and change of government and governing philosophy, the new normative ideas were framed within the same (neoliberal) cognitive ideas. This led us to the realization that policy paradigms at all levels may not be so fixed as the existing literature suggests. Normative differences between political actors can clearly co-exist within a broadly shared cognitive framework. The second main contribution of this article is, therefore, to demonstrate that, while policy paradigms may be internally coherent, they are not necessarily so rigid that they cannot accommodate ideological and normative variations within a shared cognitive understanding of the world. Treating normative ideational change as a paradigm shift (at any level), therefore, risks blinding us to the possibility that what we are witnessing is a relatively minor evolutionary change within a neoliberal macro-paradigm (Kuisma 2013) that is more fluid, and hence of greater longevity, than that conceptualized by Hall and others.

Institutions, Ideas and Paradigms

The interpretive turn in policy analysis, spearheaded by the work of Hall (1993), sits within a larger neo-institutionalist approach, but is differentiated from other analytics by its specific focus on the importance of values, ideas, and representations in the

study of policy. Research within this approach requires an analysis of the normative and cognitive material that shapes policy development, its objectives, and its solutions: typically these ‘frames’ constitute conceptual material that provide the public rationales for policy continuities and disruptions (Béland 2009).

It is clear that neo-institutionalist theory has been highly influential within the interpretive approach to policy analysis. Drawing partly on Hall’s (1993) work, Surel (2000) highlighted the value of a social constructionist approach to policy analysis that emphasizes ‘the influence of ideas, general precepts and representations, over and above social evolution and state action’ (495). He proceeded to highlight how cognitive and normative frames influence how actors make sense of the world and paid specific attention to how these frames might form conceptual tools to analyze changes in public policy. Surel identified four hierarchical levels which together constitute a coherent paradigmatic frame: ‘metaphysical principles’; ‘specific principles’; ‘forms of action’; and ‘specific policy instruments’ (2000: 497-499). The first two levels apply to the ideational material behind policy and the latter two to its implementation. However, and in contrast to the resource-based tradition (see Suchman, 1995), Surel (2000) did not distinguish clearly between the cognitive and normative levels that frame and shape policy decision-making, seeing *both* as constituent elements of metaphysical *and* specific principles within a single ‘cognitive and normative frame’ (499). Nonetheless, Surel did set out the beginnings of a framework by which a more precise analysis of the relationship between ideational material and policy might be achieved.

Building upon Surel (2000), Daigneault (2014) argued that scholars should make a clear analytic distinction between ideational frameworks (which constitute a

paradigm) and actual policies. Daigneault, thus, argued that a policy paradigm could be seen to consist of:

- The values, assumptions and principles about the nature of reality, social justice and the appropriate role of the State
- A conception of the problem that requires public intervention
- Ideas about which policy ends and objectives should be pursued
- Ideas about appropriate policy ‘means’ to achieve those ends (2014: 461)

The latter three of these dimensions relate closely to Hall’s (1993) orders of change but clearly separate the paradigm from the policy. The first dimension integrates Surel’s (2000) work on metaphysical principles into the framework. Daigneault noted that ‘policy paradigms are normative and cognitive ideas, intersubjectively held by policy actors’ (2014: 461). But, like Surel (2000), Daigneault’s conception did not distinguish between normative and cognitive ideas. Essentially, cognitive ideas are taken for granted assumptions, whereas normative ideas dictate how we act on these assumptions according to our values (Schmidt 2008, Suchman 1995). According to Daigneault, a paradigm shift requires substantive change along all of these dimensions, but this shift might be incremental rather than sudden (2014a).

Extending Policy Paradigms

Hall’s work drew strongly on Kuhn’s notion of scientific paradigms, and like Kuhn, Hall has been accused of ambiguity in the specification of the scale of paradigms (Kay 2011:149). Baumgartner highlighted a tendency for researchers to use the paradigm concept for smaller issues, for example ‘merit pay for teachers’, which, he argued, do not have an overarching paradigm shared by all (2014, 477). Baumgartner persuasively argued that Hall reserved the policy paradigm for fundamental issues

such as macro-economic policy or welfare state policy. However, as we suggest here, this does not necessitate limiting the policy paradigm construct to relatively fixed policy domains at a higher level of specification. Interestingly, Kuhn's (1974; see also Hacking 2012) own response to a similar critique was that scientific paradigms operate at global and local levels. Nested within the *global* community of scientists can be found local communities of the main scientific professional groups such as physicists, astronomers, biologists and so on. Within each of these local communities are nested further groupings distinguished by area of study. Each of these local communities has their own *local* paradigm but also shares an overarching *scientific* paradigm. Given Hall's reliance on Kuhn's early work in developing the policy paradigm construct, it seems reasonable to extend Kuhn's later work to the study of policy paradigms.

It is important to recall that Hall (1993) introduced the policy paradigm concept as part of an analysis of UK monetary policy in the late 1970s and early 1980s ostensibly to describe a paradigm shift from Keynesianism to Monetarism. But as Kay (2011) noted, Hall (1993) is ambiguous in his treatment of the concept, switching between analysis at the macro-political economy level – for example treating Keynesianism as both a 'historical combination of a wide range of economic and social policies' (Kay 2011: 149) - and (as much of the subsequent literature has done) at a meso-level, whereby Keynesianism refers to a particular set of macro-economic policy ideas and instruments. This ambiguity is particularly important, as it is not clear whether paradigm shift in meso-level monetary policy - from Keynesianism to Monetarism - could have occurred without a paradigm shift, at the macro-level, from Keynesian social democracy to neoliberalism.

Relatedly, Hall (2013) also noted that a paradigm shift in monetary policy occurred at a similar time to a paradigm shift in welfare state policy, although it is not clear from Hall's work as to the relationship between these processes. Clearly, welfare state policy and monetary policy are likely to be interdependent (Kay 2011). But monetary policy and welfare state policy may also be influenced by core ideas from an overarching political-economic paradigm. In turn, and to a greater or lesser extent, ideas surrounding welfare state policy or monetary policy necessarily affect (micro) policy areas such as social enterprise - the focus of this paper.

Incorporating this into Kuhn's concept of nested paradigms, we propose that at the highest level of specification, an overarching neoliberal political-economic frame or macro-paradigm - where a coherent set of ideas have been institutionalized - approximates to Kuhn's notion of a global paradigm and Hall's (2013) later, brief, discussion of an 'overarching paradigm'. This macro-paradigm appears to shape all other policy areas. We conceptualize economic, and welfare state policy, that previously have been seen as 'general paradigms' impacting on policy decisions across different sectors (Béland 2005: 8), as examples of *meso-paradigms* nested within, and framed by an overarching macro-paradigm. 'Smaller-issue' micro-paradigms, such as the social enterprise paradigm that is examined in detail in this paper, are further nested within, and framed by, meso-paradigms (see Figure 1).

INSERT FIGURE 1

Our conception of nested policy paradigms extends the work of Surel and Daigneault drawing upon Kuhn and wider theory from neo-institutionalist approaches. Kuhn's (1974) overarching general scientific principles might approximate to Daigneault's more abstract first dimension: 'The values, assumptions and principles about the nature of reality, social justice and the appropriate role of the State' (2014:

461). However, it should be noted that these more metaphysical principles are not only present in the political-economic sphere but also flow to, and guide, ideational material in meso- and micro-paradigms in a similar way in which the principles of general science influence the local paradigms inhabited by physicists, astronomers and so on (Kuhn 1974). At each level a paradigm will, thus, consist of different elements of legitimating ideational material (cognitive and normative), some of which may be specific to the particular policy area, and some of which flow from higher-level paradigms. We would speculate here that higher-level paradigms, given their proximity to ‘big ideas’, are more constrained by cognitive material. Lower-level paradigms, given their relative distance from big ideas, contain greater scope for normative interpretation of cognitive materials flowing from the macro-paradigm.

This conceptualization of nested policy paradigms implies a model whereby ideas flow from the macro- to meso- and micro-paradigms. However, we argue, these relationships are not purely hierarchical, and policy paradigms can be linked both vertically and horizontally. Paradigms at the same level may be interdependent, while micro-paradigms may be partially nested within two or more meso-paradigms. For example, the social enterprise micro-paradigm analysed in this paper was mainly nested within the welfare paradigm, but was also partly nested within an economic policy paradigm by virtue of its interdependence with a social investment micro-paradigm. Here we are influenced by Fligstein and McAdam’s (2011) theory of social change that posits strategic action fields as ‘Russian dolls’ vertically nested within each other, but also horizontally intertwined (see also Taylor et al. 2014). In the context of policy paradigms, this would mean that ideas, in the main, come from the most powerful political economic frame, but may also flow sideways and even upwards such that new ideas at the micro- or meso-level can shape, or even shift, the

macro-level paradigm. Following institutional theory more generally, paradigm shift normally requires some form of external shock (Fligstein and McAdam 2011, Hall 1993), and results in a cognitive shift whereby communities of actors sharing a coherent set of ideas undergo a transformation (Baumgartner 2014) such that they no longer accept previously taken for granted assumptions (Kuhn 1962). It would thus seem implausible that a micro- or meso-level paradigm could shift and remain inconsistent with the macro-level paradigm for any significant period of time. If paradigms as a whole are a coherent framework of ideas then a nested set of paradigms must be broadly consistent with each other.

To better illustrate this conception of nested paradigms, and in particular to further explore issues of change and stability, we now turn to the case of social enterprise in England, conceptualized as a micro-paradigm nested within a meso-level welfare paradigm and a macro-level neoliberal paradigm.

LOCATING THE SOCIAL ENTERPRISE PARADIGM

Social enterprise, broadly speaking, the application of market-based strategies to tackle problems, has achieved global recognition in the 21st Century (Kerlin 2009). Academic interest has mainly derived from business and management studies exploring new forms of hybrid organisation (Doherty, Lyon & Haugh 2015). A developing stream of research has focused on social enterprise as a (neoliberal) policy agenda involving the marketization of civil society (Eikenberry 2004), privatization of public services, and the transfer of responsibility for welfare provision from state to communities (Dey & Teasdale 2016). England is widely recognized as a country where the institutionalization of social enterprise policies has progressed further and faster than anywhere else in the world (Nicholls 2010).

Over the past twenty years, market logics have provided a powerful frame with which to construct - socially and politically - the nature of policy issues and their solutions. At the macro-level, the ideas of Hayek and Friedman have dominated public policy discourses for the past thirty years, such that policies to extend market discipline and competition have been implemented throughout many sectors of society (Brenner and Theodore 2002). At the meso-level, the historical context for the UK government focus on social enterprise can be located in a major neoliberal policy shift centered on liberalizing welfare provision in developed economies (Chaney & Wincott 2014). Drawing upon Hayekian ideas critiquing the limitations of conventional models of state provision of public goods under conditions of significant societal and economic change, from the 1980s onwards governments of all political parties looked to develop a ‘mixed economy of welfare’ provision to improve the economic efficiency and social effectiveness of programs. Driven, in part, by institutions such as the International Monetary Fund and World Bank, and promoted by think-tanks and mainstream media, neoliberal ideas of individualism and ‘free’ markets served to transform welfare provision (Schmidt 2002).

While global institutions have typically driven neoliberal ideas and policies (with varying degrees of success), they have often mutated in different ways in local contexts (Peck and Theodore 2010). A similar argument can be made that different political parties - driven by different normative ideologies - will translate similar ideas differently even within the same country and paradigm. We, thus, argue that policy paradigms are not so fixed that they cannot accommodate normative and ideological ideational differences or periods of sustained interaction between competing ideas. Here our conceptualization of nested paradigms departs from existing literature that has portrayed paradigms as a fixed set of ideas and assumptions (as in Kuhn’s natural

science). This structuralist perspective has proved problematic as it implicitly suggests that political actors are unable to draw upon ideas from outside of the paradigm. Somewhat illogically therefore, ideational change becomes impossible without a paradigm shift (Princen and Van der Esch 2015). Once we loosen the rigid constraints of the paradigm and conceptualize it as a guiding set of cognitive assumptions that can accommodate and incorporate normative difference it becomes possible to envisage a menu of possible options for actors to choose from within this guiding framework.

For example, and we would argue partially as a consequence of macro-paradigm shift from Keynesian social democracy to neoliberalism, the Conservative government of 1979-97 aimed to move away from centralized public provision to a mixed economy of welfare through increased private sector involvement in delivery, while also aiming (unsuccessfully) to reduce the aggregate level of welfare spending. The New Labour government of 1997-2010 aimed further to rebalance the welfare mix away from public provision, but emphasized the role of the third sector in delivering what were formerly state monopoly public services (Carmel & Harlock 2008). This ‘new’ normative idea did not depart from the existing cognitive frame but can be seen as leading to within-paradigm change, whereby the proportion of public services delivered by different ‘sectors’ changed incrementally.

The introduction of new regulation and competition into the provision of public goods deliberately blurred the boundaries between the state, the market, and the third sector and created a new range of ‘hybrid’ or social enterprise organizations (Billis 2010). While social enterprise as a category contains many different organizational forms the main characteristics are that, like businesses, they trade (whether with the public sector or in private markets), but they also share similar

social goals to charities – for example the employment of disadvantaged groups or the delivery of services to excluded groups (Doherty, Lyon and Haugh 2015).

Following the financial crisis of 2008, there was a brief threat to the hegemony of the neoliberal macro-paradigm. However, this dissipated in the UK after the 2010 General Election, when the Conservative-led coalition government - and its media allies - positioned the same crisis, at the meso-level, as a consequence of high public spending under New Labour. Despite a shift in the instruments of economic and welfare policy into an ‘austerity’ phase - through a dramatic reduction in welfare spending aimed at reducing public sector deficits - the cognitive framing of the neoliberal macro- and (mixed economy of welfare) meso-paradigms within which the social enterprise paradigm was located remained fairly consistent from New Labour to the coalition government.

Methods

The case study presented in the following section draws primarily from a programme of research undertaken by the authors of this paper between 2008-15 exploring the role of social enterprise in public services provision (Teasdale 2012), the role of public policies in supporting social enterprise development from 1997-2015 (Dey and Teasdale 2016, Teasdale, Alcock & Smith 2012), and the institutionalization of social enterprise as a paradigm (Nicholls 2010b). Following Daigneault (2014), data is drawn primarily from ‘direct evidence’ regarding the ‘ideas of policy actors.’ These include parliamentary proceedings (Hansard 2010), New Labour’s two social enterprise strategies (DTI 2002, OTS 2006), wider policy documents that include social enterprise within a wider policy domain (for example HM Treasury 1999, Cabinet Office 2011) and (particularly as regards Coalition government policy which was not set within social enterprise strategies) speeches (Cameron 2010, 2013).

Our focus in this paper was on what Schmidt (2002, 2008) terms ideational discourse – the set of ideas that guide policy-makers. We thus applied Daigneault’s (2014) four-dimensional framework (outlined earlier) to the data collected in order to assess evidence of continuity and change along each ideational dimension.

Evidence of ‘actual’ policy change (or continuity) was drawn from directly observable policies (for example the Public Services (Social Value) Act (2012).

Tables 1 and 2 outline New Labour and Coalition policies around social enterprise over the period.

TABLE 1 HERE

TABLE 2 HERE

Paradigm Shift or Evolutionary Change?

In this section we present our analysis (summarized in Table 3) of continuity and change across the four dimensions of policy paradigm identified by Daigneault (2014).

TABLE 3 HERE

Dimension 1: Values, assumptions and principles about the nature of reality, social justice and the appropriate role of the State

Here we observe a shift in ideas concerning social justice: from a social exclusion discourse under New Labour - that posited social exclusion as a consequence of market failure - to a social justice discourse under the Coalition, which framed Britain’s ‘broken society’ as an individual-level problem exaggerated by an overbearing ‘nanny’ state. More significantly, perhaps, ideas about the appropriate role of the state in this context shifted considerably across the two governments, from a vision of government and social enterprise as complementary partners in welfare

delivery, to one where social enterprises could act as a substitute for state provision of public services.

New Labour came to power in 1997 promising to combine social democratic principles of greater equality with the dynamism of market led approaches pursued avidly by the preceding Conservative government (Giddens 1998). Many commentators suggested that the abandonment of a historical, Labour, commitment to public ownership demonstrated acceptance of neoliberal ideas such that markets became accepted as the best way to govern economy and society (Newman 2007), and that the mixed economy of welfare was the preferred framework for public service delivery. Within this meso-paradigm New Labour placed a higher emphasis on the third sector and social enterprises (as opposed to for-profit private companies) in the reform and delivery of public services, as well as a new emphasis on the third sector and government as *complementary* partners in public service delivery (Alcock 2010). Over the subsequent decade, social enterprise became (in policy rhetoric at least) the preferred delivery mechanism for publicly funded services. For many commentators social enterprise exemplified the ‘Third Way’ by promising the successful combination of social justice and market dynamism (Teasdale 2012) through an organizational form that placed ethical values at the heart of business goals.

Following the financial crisis of 2008, a Conservative-led coalition government was elected in 2010 promising to tackle the public spending deficit and rebalance the economy away from New Labour’s ‘Big State’ in order to make markets work better (Cameron 2013). If spending cuts were the blunt instruments of welfare policy, then the exemplification of a new ‘Big Society’ philosophy involving ‘substantial privatization and a shift of responsibility from state to citizen’ (Taylor-

Gooby and Stoker 2011: 14) exemplified the coalition government's ideas about social justice and the appropriate role of the state in a more positive way.

This Big Society philosophy gave primacy to localized, non-state, solutions to welfare and other social problems with a specific focus on engaging and developing actors such as charities, private companies, and social enterprises in the provision of public services (Conservative Party 2010). This was based on a policy discourse that suggested that government 'crowded out' community action and that opening up public services even further to private delivery would allow providers to innovate in response to need (Cameron 2010).

Social justice under the coalition government required a smaller state and a greater role for communities in solving problems for themselves. The Big State was seen as preventing markets *and* society from working properly, thus stifling innovation and individual responsibility. The overarching idea that markets were the best way to organize both the economy and society remained intact. Indeed a critique of New Labour inherent in the Big Society philosophy was that social enterprises and other third sector organizations should have less state interference and, instead, be governed by 'pure' market principles of supply and demand (Macmillan 2013).

Dimension 2: Conception of the problem that requires public intervention

Here we observe a shift in the conception of the problem that social enterprise might solve, from social exclusion and, later, welfare reform under New Labour, towards the state itself becoming the problem under the Coalition. Within this agenda there was a perceived need to tackle high public spending and further reform welfare. To some extent this was a gradual rather than sudden change. But the rate of change and, particularly, the discourse around the *need* for change accelerated considerably under the Coalition.

It is significant that the consolidation of policy thinking around the Third Way and social enterprise began with the publication of *Enterprise and Social Exclusion* - a report from the Treasury's National Strategy for Neighbourhood Renewal published in 1999. For New Labour, tackling social exclusion was initially the primary welfare policy goal, in part signifying a greater commitment to social justice than the previous Conservative administration, while recognizing that most of Thatcher/Major's economic and social policy legacy should be preserved (Béland 2007). Social enterprise became a vehicle through which social democratic principles of greater equality and social justice might be achieved outside of direct state control.

In 2006, responsibility for social enterprise and the voluntary and community sector was combined in a new Office of the Third Sector (OTS) within the Cabinet Office. A Minister for the Third Sector was appointed and a *Social Enterprise Action Plan* was launched (OTS 2006). This highlighted the need to deliver public services in a different way, using the skills and expertise of users and frontline workers (OTS 2006: 3). One way in which social enterprise could contribute to this problem was to increase enterprise in new models of user-led public services (OTS 2006: 13).

Under the coalition government two intertwined ideas were central to social and economic policies – the need to reduce the public sector deficit (and shrink the state), particularly welfare spending, and the creation of a Big Society in which individuals and communities could tackle their own problems. To achieve this smaller state, welfare reform became a central component of economic reform. 'Rolling back the State to a level of intervention below that in the United States' (Taylor-Gooby and Stoker 2014:14) was framed as unavoidable. The new administration set out a policy program of public sector reform promising to: reduce the role of the state; broaden the mixed economy of welfare services; and strengthen civil society such that it was

capable of delivering solutions to social problems that could not be fixed by top-down government. Under the coalition government the mixed economy of welfare model remained intact but was to be significantly restructured as reflected by a commitment to low taxes and low public spending. Thus, the aggregate size of the mixed economy of welfare was to be reduced, while the proportion of public services to be delivered by social enterprises and the private sector was to be increased.

The second idea central to the Coalition's agenda was to fix 'Broken Britain' through building the Big Society. Here the conception of the problem was that a rolling back of the state was seen as not only necessary, but also desirable to encourage greater personal responsibility and a move away from dependence on the 'nanny state'. Rather than seeing the state and third sector as complementary, the coalition government drew more strongly on a Hayekian inspired analysis that saw government as crowding out community action (Macmillan, 2013).

Dimension 3: Ideas about which policy ends and objectives should be pursued

Under New Labour, ideas about policy ends and objectives to be pursued using social enterprise expanded rapidly from area-based regeneration through reforming public services to increasing the sustainability and capacity of the third sector to act in partnership with the state. Under the coalition government, social enterprise became central to contributing to the deficit reduction strategy through delivering 'more for less' and also through opening up public services to encourage innovation and responsiveness to user need. Rather than increasing the sustainability of the third sector *per se* through direct financial support, the Coalition's ideas centered upon strengthening the capacity of civil society through removing state support (that created 'dependency'), while also enabling markets to invest in those social enterprises delivering public service contracts.

Tackling area-based social exclusion was to be a key policy objective in New Labour's first period of office. As Stephen Timms set out in the foreword to *Enterprise and Social Exclusion*, enterprise was to have a key role in this policy agenda. However, marking a significant decoupling of 'enterprise' from (Thatcherite notions of) 'business', social enterprises - characterized as: 'Organisations who are independent of the state and provide services, goods, and trade for a social purpose and are non-profit distributing' (HM Treasury 1999: 105) - were positioned as contributing to area-based regeneration by virtue of their ability to produce goods and services in areas characterized by market failure.

In 2002, the New Labour government set up a Social Enterprise Unit (SEnU) within the Department of Trade and Industry (DTI). The establishment of the SEnU led to the development of the influential *Social Enterprise Strategy for Success* policy document. The Prime Minister, Tony Blair, set out the rationale for supporting social enterprise in the preface to this document:

Our vision is bold: social enterprise offers radical new ways of operating for public benefit. By combining strong public service ethos with business acumen, we can open up the possibility of entrepreneurial organisations - highly responsive to customers and with the freedom of the private sector - but which are driven by a commitment to public benefit rather than purely maximising profits for shareholders (DTI 2002)

This marked a second phase of social enterprise policy development drawing heavily on ideas that hybrid organizations could be used to deliver public services (Doherty, Haugh & Lyon 2014). During the second and third Blair administrations, social enterprise became central to the government's policies of public sector reform, particularly in relation to healthcare. Policy-makers identified some of the key benefits of social enterprises as including: innovation; having a better understanding of, and responding to local needs; offering models that better involved the users in the

design of services; providing improved choice and personalization of services; and being more sustainable given their ability to reinvest any surplus into community or social purposes (Hewitt 2006).

In 2006, responsibility for social enterprise and the voluntary and community sector was combined in a new Office of the Third Sector (OTS) within the Cabinet Office. A Minister for the Third Sector was appointed and a *Social Enterprise Action Plan* was launched (OTS 2006). Government ambitions for social enterprises grew further to embrace a broad set of policy objectives around social justice: meeting social need; encouraging ethical markets; improving public services; and increasing enterprise in new models of user-led public services (OTS 2006: 13). This final term of office for New Labour also marked a third phase of social enterprise development whereby social enterprise became a normative aspirational form towards which other third sector organizations were encouraged to move. Here the idea was that trading in markets not only helped bring financial sustainability, it also made organizations more innovative and responsive to local need (Teasdale 2012). In response a policy agenda aimed at making the wider third sector more sustainable along a social enterprise model began to emerge, most notably through the Social Enterprise Investment Fund run by the Department of Health that offered financial support and advice to organizations in the health field.

This active and coordinated policy agenda continued under the coalition government, which, perhaps, placed an even greater emphasis on the role of social enterprise in delivering public services, while simultaneously moving away from New Labour's (relatively) high public spending model. Social enterprises became central to key agendas of radical reform in policy areas including: health services - with new forms of commissioning led by general practitioners, and a break-up of the

monopolistic delivery by the state (Cabinet Office 2011, Hazenberg & Hall 2015); education - with free schools set up by parents and interest groups (Policy Exchange 2012); and welfare provision with the Work Programme focusing on funding services provided by private contractors (including social enterprises) who would be paid according to specific outcomes such as the number of people placed in jobs (Taylor et al. 2014).

In part to counterbalance the reduction in public spending, a major policy emphasis under the coalition government was to build the so-called 'Big Society'. As Conservative MP Chris White outlined when introducing the Public Services (Social Value) Act in 2010:

In order to realise a stronger society and to build on those bonds within communities, we need to empower and champion civil society. We need to create the conditions for civil society to flourish. We need to create the opportunity for voluntary organisations, social enterprise, charities and socially responsible businesses to thrive. That will not happen by itself. (Hansard 2010)

Social enterprise was, therefore, presented as contributing to the deficit reduction strategy through doing 'more for less', and stepping into the gap left by the withdrawal of some public services. However the role of social enterprise was not purely residual. Involving social enterprise in the delivery of public services was seen as a way to make them more sustainable and better able to contribute to the Big Society (Hansard 2010).

Dimension 4: Ideas about policy 'means' to achieve those ends

With reference to the actual policy means or instruments pursued, there was a remarkable continuity from New Labour to the Coalition. A whole range of New Labour social enterprise policy and practice agendas was continued by the Coalition after the 2010 General Election, particularly around social investment and welfare reform. The social enterprise policies of the new government did not challenge the

regulatory program of the previous administration, but rather chose to enhance it in several key areas. For example the Public Services (Social Value) Act enshrined through Coalition legislation commitments made by New Labour to level the playing field on which social enterprises competed (Teasdale, Alcock & Smith 2012). The Community Interest Company legal form developed under New Labour was used by the coalition government as a vehicle to ‘spin off’ public services. Policies around social investment and Social Impact Bonds introduced under New Labour were extended under the Coalition. However, there were significant differences in the normative ideas as to *how* social enterprise might achieve these policy means

Despite the emphasis on social enterprise as a means to combat social exclusion and to reform and innovate in public service delivery under New Labour, there were doubts as to the capacity of existing social enterprises to achieve these ends. An early New Labour policy commitment was made to increase the total number of social enterprises (HM Treasury, 1999; DTI, 2002). Somewhat tellingly, responsibility for providing support to social enterprises at the local level was given to the Government’s Small Business Service and delivered by Regional Development Agencies. The implication was that embryonic social enterprises needed to become more like businesses if they were to thrive and flourish (Teasdale 2012).

In March 2003, there was a joint launch of the consultation on the new Community Interest Company (CIC) legal form by the Department of Trade and Industry, Home Office and Treasury. The CIC was to offer a new legal form for social enterprise in which equity investments could be made and which offered limited distribution of profits (Nicholls 2010a). This marked the beginnings of an ideational shift in social enterprise objectives, from area based regeneration and the employment of disadvantaged groups, to the creation of a new type of hybrid organization

(combining elements of the public private and third sectors) that could play a major role in reforming and innovating public services by taking private investment.

Partly to attract private investment into social enterprise, a key policy agenda emerged around ‘social’ investment to capitalize and grow the social enterprise ‘market’ (Nicholls 2010c). In the vanguard was the Social Investment Task Force (SITF) – a group initially established in 2000 by financiers and social investment activists who aimed to lobby the New Labour government to develop the market (SITF 2010). Initially they aimed to encourage investment into communities through the Community Investment Tax Relief Act. But, over time, the emphasis moved towards direct investment into social enterprises via intermediaries such as the Social Investment Business. A further, major, innovation emerged in 2008, with legislation for the capitalization of a new, wholesale, social investment bank to be funded by unclaimed bank assets. Finally, in 2010, the Ministry of Justice set up the world’s first Social Impact Bond in collaboration with Social Finance UK.

Strikingly, the new coalition government committed to complete and extend these key policies on social investment from the previous government including: the Social Enterprise Investment Fund at the Department of Health; the Social Impact Bond programme; and the Social Investment Wholesale Bank, now renamed as ‘Big Society Capital’. In his speech outlining the Big Society philosophy in 2010, David Cameron outlined the ideas behind direct investment in social enterprise as bridging the gap between private capital and social investment (Cameron 2010). The aim was to channel viable financial investments into proven social enterprises, rather than supporting the sector *per se* with new public money. In 2014 Social investment tax relief was incorporated within the Finance Act 2014 to allow individuals to receive tax relief on investments within social enterprises.

However, while the general commitment to social enterprise was maintained under the coalition government, there were signs that the new government was reframing what social enterprise represented as an object of policy. At a structural level, the former Office of the Third Sector was retained within the Cabinet Office, but rebranded as the Office for Civil Society with a new Minister and a budget reduced by 60% (Macmillan 2013). The direction of travel was implicit: Government was willing to pay for social enterprises (or any effective and efficient provider) to deliver public services, but they should not receive direct grants or subsidies. Instead social enterprises needed to operate more fully by market principles, be free from government interference, and seek more private funding.

This hints at the importance of interactive discourse in shaping change within policy paradigms. While much of the existing literature has focused on how ideational frameworks frame actual policies, the social enterprise paradigm is conspicuous by virtue of a relative lack of actual policies and legislation. The coalition government in England was outwardly hostile to state interference (Big Society not Big State), although somewhat perversely, proved keener than New Labour to legislate in certain areas, such as the Public Services (Social Value) Act. Nonetheless, translating ideas into practice has been emblematic of neoliberal governance in relying less on the iron fist of legislation and more on market-based financial incentives (such as public sector contracts), and the manipulation of social norms (Leggett 2014).

Discussion and Conclusion

This paper began by highlighting a need to develop existing work on policy paradigms in order that the interrelated nature of policy fields might be captured, and to help explain within-paradigm change. Drawing upon Kuhn's (1974) later work we developed the conceptualization of nested policy paradigms that can be specified at

different scales or levels. This enabled us to capture the interrelated nature of policy fields. Turning our attention to changes within (or shifts between) paradigms, our case analysis of the social enterprise micro-paradigm showed fairly significant change across all four of Daigneault's dimensions, initially suggesting a paradigm shift. However, the actual policies demonstrated remarkable continuity. One explanation might be that policy change is not a necessary consequence of paradigm shift (Daigneault 2014). A further explanation might be that there is a time lag between paradigm shift and policy change (Surel 2000). While not entirely rejecting these explanations, our favoured explanation lies elsewhere.

In our conception of nested paradigms we rejected the possibility that paradigm shift can occur at the micro-level without occurring at meso and macro-levels. Otherwise one part of the overall paradigmatic frame would not be consistent with the other parts. Most definitions of a paradigm argue that they possess internal coherence (Daigneault 2014; Hall 1993; Kuhn 1962). However, as Daigneault (2014) noted, the degree of this coherence is contentious. We argued earlier that paradigms are not so fixed that they cannot accommodate normative and ideological differences. We have also argued that the macro- neoliberal and meso- mixed economy of welfare paradigms within which social enterprise has been located have remained largely intact over the last 30 years. This is partly due to the malleability of neoliberalism (Peck & Theodore 2010). Change has related primarily to normative differences *within* the neoliberal macro-paradigm (for example, over the degree of state interference necessary to regulate markets) or within the mixed economy of welfare meso-paradigm (for example, over the relative size of welfare spending and the relative proportions of public services delivered by public, private and third sectors).

As a micro-paradigm, the framework of cognitive and normative ideas behind social enterprise policies were clearly nested within, and shaped by, the ideational material cascading down from the neoliberal macro-paradigm. Ideational changes at the level of the micro-paradigm were not Kuhnian shifts, but, rather, an accommodation of normative differences between political parties within a coherent overall paradigmatic framework. However, paradigm shift at the micro- or macro-level would have required cognitive as well as normative ideational change – that is, a shift away from a neo-liberal belief that markets are the best way to organize and govern society.

One potential weakness of this paper is that it poses an overly structural account, and ignores the roles of political and non-political actors in developing the framework of ideas. Understanding how policy paradigms operate in practice necessitates a fuller understanding of this interactive dimension, particularly as regards the relationship between policy discourses of social enterprise and organizational behaviour. Here, the work of Parkinson and Howorth (2008) is instructive, suggesting that micro policy paradigms do not always reflect (or shape) practice. Dey and Teasdale (2013, 2015) explore the micro-processes of interactive discourse to show how social enterprise practitioners are shaped by, but also retain considerable agency to interpret and influence, the social enterprise micro-paradigm. It is conceivable, therefore, that changes to the micro-paradigm can in turn shape higher-level paradigms, and thus lead to paradigm shift. While this remains a hope among many social enterprise practitioners, previous experience suggests this is unlikely. Research on social movements, particularly as regards Fair Trade, reveals a long history of radical ideas being incorporated into mainstream thought, and in the process being remoulded to fit dominant ideas (Raynolds, 2009). Broadly speaking

then, we are left with the not wholly satisfactory conclusion that institutional change or paradigm shift also requires an external shock (Fligstein and McAdam 2012, Hall 1993).

We noted in our literature review that, while many authors highlight the importance of cognitive and normative frames in policy making (for example Surel, 2000), the existing literature on paradigms fails clearly to differentiate between the two. Future research might fruitfully draw upon the resource-based tradition within neo-institutional theory that explores typologies of legitimacy perceptions (Suchman, 1995) in order to analytically separate cognitive or taken-for-granted ideas from normative ideas that must necessarily conform to cognitive beliefs. This would enhance Daigneault's (2014) framework and particularly help clarify his first metaphysical dimension such that 'competing actors' can exist within a shared cognitive understanding of the world.

In the context of this paper, the ideas of New Labour and the coalition government display significant similarities at the cognitive level. Social enterprise policy under New Labour could be seen to offer an example of the process of 'liberalization by stealth' (Streeck and Thelen 2005) to reduce the perception of overt marketization or privatization of the traditional, corporatist, welfare state. The drive towards welfare liberalization accelerated under the Coalition simply adapted to the new - but related - logics of the Big Society. Thus, while we see a trend towards greater liberalization at both meso- and micro-levels, these changes were evolutionary and situated within a cognitively accepted neoliberal macro-paradigm. This implies that paradigms have greater flexibility, and hence greater longevity, than has been assumed in much of the literature. We consider that our conceptualization of policy paradigms as 'nested' one within another – such that normative ideational change can

occur without disturbing the equilibrium of the paradigm – is a significant contribution to contemporary debates which offers the potential to better understand patterns of change and continuity within paradigm theory.

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Table 1: New Labour Social Enterprise Policy 2001-2010

Year	Policy initiative	Cost (£)
1999	PAT3 Enterprise and Exclusion	-
2001	UnLtd	100m
2001	Community Investment Tax Relief Act	58m
2002	Bridges Community Ventures	20m
2002	Social Enterprise Unit (Department of Trade and Industry)	
2002	Adventure Capital Fund + Community Asset Transfer Fund	42m
2003	Phoenix Fund	42m
2004	Futurebuilders	215m
2005	Community Interest Company Legislation	-
2006	Office of the Third Sector (Cabinet Office)	-
2007	Social Enterprise Investment Fund (Department of Health)	100m
2008	Dormant Bank and Building Society Accounts Act	400m
2009	Community Builders Fund	70m
2009	Social Enterprise Risk Capital Fund	10m
2010	Social Impact Bond (Ministry of Justice)	7m

Table 2: Conservative-Coalition Social Enterprise Policy 2010-12

Year	Policy initiative	Cost (£)
2010	Launch of Big Society Policy Programme	-
2010	Office of Civil Society (Cabinet Office)	-
2010	Transition Fund	100m
2011	Transforming Local Infrastructure Programme	30m
2011	Innovation in Giving Fund	10m
2011	Mutual Support Programme	10m
2011	Community First Endowment	50m
2012	Social Impact Bond (Department of Communities and Local Government + Greater London Authority)	5m
2012	Public Services (Social Value) Act	-
2012	Big Society Capital	600m
2013	Formal consultation on social investment tax relief and draft legislation published	-
2014	Social investment tax relief enacted in Finance Act 2014	35m a year by 2019

Table 3: Change and continuity across the social enterprise policy paradigm 1997-2015

Daigneault's Dimension	New Labour (1997-2010)	Coalition (2010-2015)
Values, assumptions and principles about the nature of reality, social justice and the appropriate role of the State	Social exclusion as caused by inequitable markets and failure of monolithic welfare state to reflect changing realities. Principles of social justice can be aligned with market dynamism. State and social enterprise as partners. The Third Way.	Social Justice as requiring equal opportunities for all. State crowds out social action. Small State, Big Society
Conception of the problem that requires public intervention	Social Exclusion, shifting to welfare reform.	Overbearing state, high public spending, welfare reform.
Ideas about which policy ends and objectives should be pursued	Area based regeneration. Reforming and innovating public services. Enhancing the capacity of social enterprises to deliver public services.	Deficit reduction strategy. Growing and strengthening civil society. Employment of disadvantaged groups. The data
Ideas about policy 'means' to achieve those ends	Social enterprises operating in private markets and (later) social enterprises operating in welfare markets as partners with the state. Social enterprises in both private and welfare markets subsidised and supported through regional and national support networks, and through direct investments.	Social enterprises as independent of the state Social enterprises in private markets should operate without public subsidy. Regional and national support networks should exist without public subsidy. Social investment aimed primarily at social enterprises delivering public services.

Figure 1: Social enterprise as a nested paradigm

