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Chapter 9: Governing the zoo

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Abstract

In this chapter we examine the alternative approaches to governing the zoo in Italy and England – two countries with long traditions of state support for social enterprise. Italy is widely credited with developing the concept of social enterprise, and was one of the first countries in the world to develop a specific legal form for social enterprise through the social cooperative, while England has arguably the most developed state support apparatus for social enterprise. Despite different political starting points, and different approaches to governing the zoo, both Italy and England appear to be converging towards a governance model whereby organizational form is downplayed in favour of more instrumental approaches in which political support is provided to any organization or activity that can contribute towards policy goals. This promises a social enterprise zoo with greater biodiversity in both countries.

Introduction

In many countries, Government, through public policy and alternative social welfare regimes, plays a critical role in overseeing the social enterprise zoo, a point that is neglected in much of the social enterprise literature. In part this neglect stems from federal government in the United States (where much of the academic literature derives) adopting a laissez-faire approach to social enterprise. Even so, government policy has shaped considerably the social enterprise zoo

in the US. Much of the move towards commercial revenue by US nonprofits was a consequence of the contracting out of publicly funded services in the 1970s and 80s (Salamon, 1987), while the positioning of the Office for Social Innovation and Civic Participation in the White House has attracted much attention. However the role of this Office for Social Innovation is largely symbolic. Nominally created to support the development of civil society initiatives to tackle social problems, OSI's budget is dwarfed by the millions of dollars ploughed into social enterprise development by foundations such as Ashoka, and venture-philanthropy groups such as Roberts Enterprise Development Fund. Non-financial advice to social entrepreneurs looking to develop social enterprises emanates from similar foundations and from an array of incubators and accelerators often created by Business Schools (Cooney, 2015). The new legal forms for social enterprise (see Chapter 3) have been developed by private and civil society actors rather than by government (Reiser, 2013).

However in other countries government has played a much more proactive role in creating the social enterprise zoo, and regulating which species might inhabit different enclosures. In this chapter we adopt a historical lens in order to outline approaches to governing the zoo in Italy and in England – two countries with long traditions of state support for social enterprise. Italy is widely credited with developing the concept of social enterprise, and was one of the first countries in the world to develop a specific legal form for social enterprise through the social cooperative legislation of 1991 (Defourny and Nyssens, 2008; Galera and Borzaga, 2009)¹, while England has been portrayed as having the most developed state support apparatus for social enterprise of any country (Nicholls, 2010). As such these two cases open a window to a world where government plays the role of zookeeper and oversees the social enterprise habitat. Our analysis shows how different policy approaches are used to achieve different public and

¹ Although as this chapter shows the social co-operative is just one form of social enterprise recognised in Italian law.

political objectives, and demonstrates how the role of the (governmental) zookeeper has a significant impact on the evolution of different types of social enterprise. The historical approach we adopt also suggests that, despite different political starting points, and different approaches to governing the zoo, both Italy and England appear to be converging towards a governance model whereby organizational form is downplayed in favour of more instrumental approaches in which political support is provided to any organization or activity that can contribute towards policy goals.

Social enterprise in Italy

To understand how government has shaped and governed social enterprise in Italy, two introductory considerations are necessary. First, Italy has a de-centralized system of government (Ferrera et al., 2012; Putnam et al., 1993) whereby regional governments have responsibility for public service delivery at the local level. Moreover, the non-profit sector has traditionally taken a major role in addressing societal needs, often in partnership with regional government (Ascoli et al., 2003; Ranci et al., 2005). Second, and relatedly, central government terms of office in Italy are often unstable and short-term in nature – since 1991 there have been 14 Prime Ministers (as compared to five in the United Kingdom). This makes it difficult for government to develop long-term legislative programs.

In Italy social enterprises have historically been considered as one part of the wider non-profit sector. In this section we consider the role of government in their evolution through three phases of development: the birth of the social cooperative (1979-97); the “golden age” of the non-profit sector (1997-2001); and the expansion of the social enterprise legal form (2001-13). Finally we reflect upon recent developments whereby Italian government has begun to mimic policies developed as part of the Big Society policy agenda in England.

1978-1997: The birth of social cooperatives

The late 1970s and 1980s saw a period of rapid social, cultural and political change in Italy. New social movements based on trade unions and student protest emerged as the oil crises of the 1970s created economic and political turbulence (Ferrera et al., 2012). Perhaps reflecting a general dissatisfaction with weak central governments over the period, a new form of nonprofit organization – the social co-operative - which combined a political campaigning role with the direct provision of services to marginalised groups (Ranci and Montagnini, 2010) – emerged from these social movements and from the Catholic church (Barbetta, 1997). These social co-operatives became involved in the provision of social care and health services at the local level, providing services which were funded by government and/or private citizens (Borzaga and Defourny, 2001; Galera and Borzaga, 2009).

In 1991 central government formally created a new law governing social co-operatives (DLgs 381/1991). Social cooperatives were categorized in two types. Type A participated in caring activities (particularly social and health care). Type B focused on social inclusion through the employment of marginalized people (at least 30%) in their workforce (Thomas, 2004). Mutualistic aims, democratic governance, an asset lock and limited profit distribution were, and still are, the main legally defining characteristics of social cooperatives.

1997-2001: The golden age of the nonprofit sector

Between 1997-2001 Social Democratic coalition governments presided over what has been termed the “golden age” for social co-operatives and the wider nonprofit sector (Ranci et al., 2005). Traditional divisions between those close to the church and certain left-wing elements within the nonprofit sector were temporarily put to one side, in part due to a benign funding environment which permitted sufficient resources for all. In 1997 a representative committee (*Forum del terzo settore*) was created to represent the whole nonprofit sector in its relationships

with government. This was the first time that all nonprofits were represented by a cohesive entity and served to further increase government interest in social enterprise.

During this ‘golden age’ nonprofit committees were created within the Italian Parliament, a capacity fund was established to support social co-operatives, and a public agency (*Agenzia per il terzo settore*) was established and given formal responsibility for the development of the nonprofit sector. The most important legislation of this period in the context of this chapter (Dlgs 328/2000) saw social cooperatives becoming formally recognised as a partner in the planning of social policies and in the delivery of public services. The new law, although interpreted differently by each region, aimed to create clear rules and processes in evaluating quality and in controlling service provision (Ascoli et al., 2003). As part of the legislation regional government was permitted to reserve small-scale public service contracts for type B social cooperatives, while medium sized contracts were permitted to contain social clauses favouring organizations employing marginalized people. Interestingly this does not seem to have had any significant impact on the growth of social co-operatives. In 1996 there were 3,857 social co-operatives while by 2002 there were apparently somewhere between 4 and 5,000 (Gosling, 2002)².

2001 – 2013: Expansion of the social enterprise legal form

In 2001 a Berlusconi led right-wing coalition government was elected. This initiated what has been labelled as a ‘retrenchment period’ for the nonprofit sector (Ranci and Montagnini, 2010). Central government adopted a more ‘clientistic’ relation with nonprofits, seeing them as service deliverers rather than partners (Ranci et al., 2005). Symbolic of this period was the closure of the *Agenzia per il terzo settore* in 2013.

² As of January 2015 there are 12,570 social co-operatives, supporting an estimated five million beneficiaries, employing 500,000 people and turning over 10 billion euros of revenues (Venturi and Zandonai, 2015).

However, during this period, two new social enterprise laws were introduced (Dlgs 118/2005; Dlgs 155/2006) which recognised social enterprise as a wider legal category than just social cooperatives. Any trading organization with a social goal could register as a social enterprise. Additionally any organization (whatever its legal form) whose workforce comprised at least 30% marginalised people (such as people with disabilities or addictions, and ex-offenders) could formally register as a social enterprise (although there were no fiscal advantages to doing so) so long as it did not distribute dividends to shareholders and maintained an asset lock. In 2008 supplementary legislation added that only organizations which derived at least 70% of revenues through trading, and which produced a social impact report, could register as social enterprises. Nonetheless, by 2014 only 1,200 social enterprises had formally registered, out of some 95,000 that were eligible to do so (Venturi and Zandonai, 2015). This has been attributed to the legislation failing to provide clear guidance as to what would happen to assets following dissolution of the social enterprise, and more pertinently, a complete lack of fiscal incentive for organizations to register as social enterprises (Fiorentini and Calò, 2013).

To some extent these developments were reflective of a more market-driven governmental agenda which saw organizational form (and democratic governance) as subservient to meeting social (or government) goals. Relatedly, towards the end of this period a broad coalition of politicians, financial intermediaries and consultants, inspired by social finance models developed in the UK and United States, gathered together around a theme of ‘social impact’. For this group social impact could best be achieved by redesigning markets to serve public goals, for example through Social Impact Bonds and other forms of social investment. The underlying idea was that by making social impact profitable, millions of Euros might be attracted to tackling social problems.

2014- : From zoo to circus?

In 2014, the latest Coalition government launched a consultation to discuss proposed changes to social enterprise laws. The documentation displays three interrelated areas of debate which may affect the Italian social enterprise habitat. First, Italian social enterprises (and particularly social cooperatives) have hitherto been legally defined with reference to their social aims and activities. However, under the proposed legislation social enterprises would become legally defined by reference to their ‘measurable’ social impact. Given the problems in defining, let alone measuring social impact (see Chapter 12), some commentators argue that this opens up the Italian social enterprise zoo to more predatory for-profit animals.

Second, the creation of a new public-private fund (based on the UK’s Big Society Capital) to invest in the equity of (the new) social enterprises was announced at the end of 2014. This necessitates the removal of constraints on dividend distribution, and any asset lock which had always been seen as a means to guarantee social purpose. It has been claimed that the restructuring of financial instruments can guarantee profits for organizations meeting specified social objectives, and thus foster social innovation while making organizational form irrelevant (Giorio, 2014).

Finally, the proposed legislation also allows, for the first time, representatives of public and private corporations to become involved in owning and managing social enterprises. Opponents see this as closing off the open and democratic government structures inherent in social cooperatives.

While it is not clear how these debates will play out in the legislative process, the Italian case does demonstrate a movement away from a model whereby the Italian government tightly specified the social cooperative legal form and clearly distinguished between different types of social cooperatives. The social enterprise laws of 2005/06 and supplementary legislation of 2008 can be seen as a relaxing of these criteria thus opening the zoo to a wider variety of

species. However no specific financial inducements were offered to encourage other organizational animals into the zoo. Over the last few years it has been possible to identify a movement, culminating in legal recognition through proposed legislation, which would open the zoo to any organization which can demonstrate social impact. This would be achieved through the re-shaping of markets in order that private profit and social impact can be effectively combined. With reference to our zoo metaphor, and from a Western European perspective, this appears as a move away from a tightly controlled zoo housing the two types of social cooperative (in the 1990s) and towards a safari park (in the 2000s) whereby different species of social enterprise might roam freely outside of the cages reserved for social cooperatives. The proposed legislation currently passing through parliament suggests a further move towards a circus more akin to the model adopted in England whereby the organizational form and characteristics of the social enterprise animals become subservient to the “tricks” they might perform for financial incentives.

Social enterprise in England

Unlike Italy, England has a tradition of strong and centralized government. It is often characterised as a liberal welfare regime (Esping-Andersen, 2002) although a tradition of publicly owned services and strong trade unions means that in some respects England has historically been a closer fit with a social democratic model. In the 1980s the marketization and privatisation of public services began under Thatcher’s Conservative government, and later continued under Blair’s New Labour government of 1997-2010. It was within this context that social enterprise first entered the policy mainstream. Initial policy interest was focused on the ability of social enterprise to achieve the political objective of regenerating deprived communities (Teasdale, 2012). While policy objectives have shifted considerably since 1997, government has maintained considerable influence over the social enterprise zoo, through financial incentives and policy rhetoric, in order to achieve those objectives.

1997-2001: The birth of social enterprise

The social enterprise concept was brought into popular use by Social Enterprise London (SEL) which was established in 1997 by cooperative practitioners aiming to modernise the Cooperative movement and capture public and political interest in the work of cooperative development agencies (Ridley-Duff and Bull, 2011; Teasdale, 2012). Among the company objectives were:

‘to promote co-operative solutions for economic and community development’ and ‘to promote social enterprises, in particular co-operatives and common ownerships, social firms, and other organisations and businesses which put into practice the principles of participative democracy, equal opportunities and social justice’ (cited in (Teasdale, 2012, p. 109).

A network of interested and influential people connected to the New Labour government soon built around SEL. SEL also quickly built links with other organizations sharing similar democratic values. Community enterprises such as Development Trusts were assimilated into the social enterprise movement (Bland, 2010). While sharing commitments to democratic governance with the worker co-ops that dominated SEL, community enterprises tended to have a broader membership, and relied less on trading income.

This period was a time of rapid policy change. A New Labour government had been elected in 1997 with a strong commitment to social and economic reform. Their ‘Third Way’ stance marked a dramatic shift from Old Labour, particularly as regards its acceptance of the market and rejection of state ownership (Newman, 2007). This had opened up a policy space which SEL and their political allies were quick to exploit by positioning social enterprises as able to respond to regeneration in areas characterised by market failure, thus persuading the New Labour government to facilitate social enterprise development (Ridley-Duff and Bull, 2011).

In 1999 the Treasury's Neighbourhood Renewal Unit report 'Enterprise and Social Exclusion' (HM Treasury, 1999) borrowed heavily from SEL's own material in describing social enterprises (Brown, 2003). However the range of organizational types highlighted in the report was wider than that provided by SEL. Examples included "large insurance mutual and retail co-operatives, smaller co-operatives, employee owned businesses, intermediate labour market projects, social firms (e.g. for production by people with disabilities), or social housing" (HM Treasury, 1999: 105). A policy commitment was made to grow the social enterprise sector, and to commit government resources to assessing its impact (Teasdale, 2012).

2001-2005: Institutionalising social enterprise

Following the creation of the Social Enterprise Unit within the Department for Trade and Industry in 2001 it would appear that policy makers were constructing a big tent which included all groups claiming to be social enterprises (Bland, 2010). The Social Enterprise Unit deliberately created a loose policy definition of social enterprise to permit the inclusion of a wide range of organizational forms (DTI, 2002: 8).

A social enterprise is a business with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

The report highlighted that social enterprises adopt a wide range of legal forms including private and for-profit 'companies limited by share' (DTI, 2002: 7). A characteristic exhibited by 'successful' social enterprises according to Social Enterprise a Strategy for Success was to be "financially viable, gaining their income from selling goods and services" (DTI, 2002: 16). This implied that social enterprises relied primarily on trading for their income, and reflected the growing influence of a discourse that social and economic objectives were not mutually exclusive. It should be noted that the UK social enterprise definition has never been a legal

definition. Unlike in Italy, government has avoided creating a legal category of social enterprise. No tax advantages are available to organizations self-identifying as social enterprises. However many also take a charitable (nonprofit) legal form which does offer certain tax advantages.

Government's approach to developing the social enterprise sector in the UK (prior to 2005) focused primarily on funding advice and support through the Social Enterprise Coalition and Regional Development Agencies. Towards the end of New Labour's second period of office policy interest in social enterprise became more focused as a way to reform state services which had (supposedly) been stifled by bureaucracy and a lack of innovation:

“The Government believes social enterprises have the potential to play a far greater role in the delivery and reform of public services . . . Entrepreneurial behaviour combined with a continuing commitment to delivering public benefit, can lead to local innovation, greater choice, and higher quality of service for users” (DTI, 2002: 24).

There was resistance to this new agenda which was seen by those in the cooperative movement as diluting the (democratic and radical) ethos of social enterprise (Teasdale 2012). A move away from the notion of social enterprise as democratically controlled was evident in the creation of a new legal form for social enterprises in 2005, the Community Interest Company (CIC). Unlike existing Industrial and Provident Society legal forms, CICs had no requirement for democratic control and ownership (Smith and Teasdale, 2012). CICs did allow the limited payment of dividends to external investors, and can be seen as equating in some ways to L3Cs and B Corps in the US (see Chapter 3).

2005-2010: The expansion of social enterprise

The Office of the Third Sector was created in 2006 following a period of lobbying by strategic alliances of voluntary organization representatives (Alcock, 2010), and saw responsibility for social enterprise moving to the Cabinet Office. This led to the policy emphasis that:

“social enterprises are part of the ‘third sector’, which encompasses all organisations which are nongovernmental, principally reinvest surpluses in the community or organisation and seek to deliver social or environmental benefits” (OTS, 2006: 10).

An underlying assumption was that voluntary organizations and social enterprises could potentially deliver public services more cost effectively than the public sector. However infrastructure bodies such as the National Coalition for Voluntary Organisations (NCVO) and the Social Enterprise Coalition (now SEUK) argued that an injection of resources from the state was necessary to enable organizations to scale up and adapt to a new policy environment. Continuing the policy of funding social enterprise through investment in infrastructure, considerable resources were subsequently invested in third sector infrastructure to enable third sector organizations to bid for and deliver public services (Di Domenico et al. 2009; Nicholls, 2010). A second strand of financial support to social enterprises developed as central and local government increasingly commissioned social enterprises to deliver publicly funded services. In particular, the National Health Service encouraged social enterprises to bid to deliver health services. In addition, Right to Request legislation encouraging public sector spin outs (supported by state financed funds such as the Social Enterprise Investment Fund in the Department of Health) was introduced, which expanded the concept of social enterprise to also include ‘public sector mutuals’ (Roy et al. 2013).

A third strand of policy support to social enterprise has focused on social investment. Started in 2000 by the Social Investment Task Force – a group of financiers and social investment activists who aimed to lobby the New Labour government - social investment developed under

New Labour as a way for individuals and organizations to invest in community redevelopment through the Community Investment Tax Relief Scheme (Nicholls, 2010b). This gradually shifted under New Labour towards direct grant and loan investment into social enterprises via government funded intermediaries. In 2008 legislation paved the way for capitalisation of a new wholesale social investment bank funded through unclaimed bank assets (Nicholls, 2010b). In 2010 one of the final acts of the New Labour government was to introduce the world's first social impact bond. Social impact bonds are based upon the concept of social investment whereby investors finance government social policy initiatives delivered by social enterprises, charities, or private companies and are paid an agreed rate of return if the initiative is successful (McHugh et al 2013, 248; see also chapter 8). Although the organizations involved in delivery of this "Peterborough" initiative would usually be considered social enterprises, social impact bonds do not necessarily rely on any particular type of organization to deliver programmes. The basic premise is that organizational form is subservient to societal impact.

New Labour's final term of office marked a shift of policy emphasis away from the discourses of social business and cooperative / community enterprise which were prevalent in the early years of social enterprise. However rather than suggesting the meaning of social enterprise had changed, it is more accurate to say that the meaning had further expanded to include voluntary organizations delivering public services. This shift was driven in part by the changing policy environment where the main policy driver was reforming public service delivery (particularly to reduce the overall cost) (Teasdale, 2012). The reform of public service delivery became an increasingly important theme following the financial crisis which began in 2008, and which was framed by opposition parties as a consequence of high public spending. The Conservative-led coalition government, which came to power in 2010, made cutting public spending a primary policy goal, and one that social enterprise was to play a key role in tackling.

2010 -2015: A radical new direction?

Following the election of a Conservative-led coalition government in 2010, one of its first acts was to ‘ban’ the use of the term ‘third sector’ and rename OTS the Office for Civil Society (OCS) (Alcock, 2012). This was closely followed by a decision to dramatically cut infrastructure support to the sector. The representative body, Social Enterprise UK, previously funded primarily by government, had to “downsize” significantly. However rhetorical support for social enterprise appears to have been maintained, and policy support has continued, albeit through a seemingly radical new direction.

Although the Conservative party had demonstrated some support for social enterprise while in opposition – David Cameron was the keynote speaker at Social Enterprise UK’s national conference in 2009 - many Conservative politicians were seemingly unaware of the concept. Cameron had outlined his governing philosophy which positioned the Big Society as a counterbalance to the overbearing Big State (Alcock, 2012). One aspect of this idea was an enhanced role for voluntary and community organizations and social enterprises in the delivery of public services (Cabinet Office, 2010).

A newly elected Conservative MP – Chris White – introduced what was then called the Public Services (Social Enterprises and Social Value) Bill. The framing of this bill was radical in that it indelibly associated social enterprise with social value creation, and suggested that social enterprises should be favoured by commissioners and procurers of public services due to the added social value they create:

“The Bill attempts to strengthen the social enterprise business sector and make the concept of ‘social value’ more relevant and important in the placement and provision of public services. New duties will be placed upon central and local government authorities to publish explicit strategies for supporting these values and the public procurement process will need to reflect and measure them” (Edmonds et al., 2010)

The original Bill contained three significant clauses: to publish a national social enterprise strategy; to amend the 2000 Local Government Act such that every local authority should include proposals for promoting engagement with social enterprise in their area; and for local authorities to consider how contracts might improve the economic, social or environmental wellbeing of the UK (Edmonds et al. 2010). Social enterprise was to be (loosely) defined as:

“being a business, the activities of which are being carried on primarily for a purpose that promotes or improves the social or environmental well-being of the United Kingdom (Parliament, 2012)”.

Although considerable resources had been given to organizations (and particularly infrastructure bodies) claiming to be social enterprises over the past decade, the third clause was particularly radical as it potentially offered social enterprises favourable treatment by public services commissioners. This led to huge debate within parliament as to what was (and was not) a social enterprise, and, in particular, what was meant by social value and which organizations created it³. To briefly summarise the debate here, one wing of the Labour party emphasised the need for democratic ownership and accountability within social enterprise; a “Big Society” group of Conservative MPs emphasised the non-profit distribution constraint as an essential criteria; while a third group of market liberal Conservative MPs emphasised that for-profit companies create social value and that the social enterprise label should not be limited to third sector organizations. Within this third group there was considerable diversion of opinion as to whether only small (local) businesses should be treated as social enterprises, or whether larger organizations such as Tesco should also be seen as social enterprises due to the jobs they create in local communities and the money they put back into the community (Teasdale et al., 2012).

³ This debate is analysed in Teasdale, Alcock and Smith’s (2012) paper.

Rather than address this definitional complexity, the government dropped the first and second clauses from the bill, and considerably watered down the third clause such that commissioners of some public services need only “consider” whether to incorporate wider social value when commissioning public services. Social value was left undefined, leaving commissioners responsible for deciding whether it was intrinsic to social enterprises, or whether multi-national corporations might also create social value; commissioners were also left responsible for determining how to measure social value.

Under the Coalition government social enterprises became central to key agendas of radical reform in policy areas including: health services (Cabinet Office, 2011); and welfare to work (Shutes and Taylor, 2014). The New Labour policy emphasis on social investment was accentuated. The Social Impact Bond program was extended; and the Social Investment Wholesale Bank, was renamed ‘Big Society Capital’. In his speech marking the launch of the Big Society philosophy Prime Minister David Cameron outlined the developing emphasis on outcomes as opposed to organizational form: “We believe in paying public service providers by results. It encourages value for money and innovation at the same time” (Cameron, 2010).

In many ways the government treatment of social enterprise in England parallels developments in Italy. Emerging from the cooperative movement the concept has expanded as policymakers have enthusiastically embraced it, although notably at no time has government created a legal definition of social enterprise. Policy support has been partly rhetorical, but considerable financial resources have also been targeted at social enterprises that address government objectives, and more widely, the aim of creating a social enterprise sector. Since the election of the Conservative-led coalition government in 2010 the label social enterprise has been used less as market-liberal politicians try out alternative concepts such as “social venture”, perhaps because these are less laden with left of centre notions of social democracy, and more with a new way of thinking that sees social value creation compatible with the accumulation of private

profit. Like Italy, the English social enterprise zoo has expanded to include a wider variety of organizational forms. Similarly we also see over time a move away from the protection and nurturing of particular forms, and towards an emphasis upon what the animals can do, as opposed to what they look like.

Conclusions

Italy can initially be seen as having a tightly controlled approach to governing the zoo. The types of animal permitted in the zoo were heavily regulated, with only thoroughbred species conforming to the Social Cooperative (and later) Social Enterprise models allowed. Public policy has provided a sheltered environment within which Italian social enterprises can grow safe from competition from public and private predators. However, concerns have recently been raised that this tightly controlled approach to governing the zoo prevents innovation and the development of new species.

The English policy environment has involved a more permissive approach to governing the social enterprise zoo, with no strict legal definition. Over time the concept has also evolved to include a wider variety of animals. The change of government in 2010 marked a change in approach to social enterprise policy. Under New Labour the role of the zookeeper was to increase the supply of social enterprises through measures such as funding regional development agencies to support fledgling social enterprises, and developing new legal forms such as the Community Interest Company (see Smith and Teasdale, 2012). The subsequent (centre right) coalition government sought to increase demand for goods and services produced by social enterprises, in particular through public policy approaches such as the Public Services (Social Value) Act, and the creation of public sector mutuals, both of which aim to increase the role of social enterprises in public service delivery. A related evolution in policy under the Coalition government was a move towards a more Hayekian approach to letting the market

decide which social enterprises were worth protecting, at the expense of direct support to social enterprise support bodies.

Our two social enterprise zoos (Italy and England) both look very different in 2015 compared to when they were established in the 1990s. In both countries the zoos emerged from a cooperative tradition and were supported by social democratic policy makers who saw a fit between cooperative and mutual values and political ideologies of the time. However policy makers in both countries also had instrumental reasons: in Italy social enterprises were seen as a way to provide social care services, and to enable the reintegration of disadvantaged people into the labour force, while in the UK policy makers initially saw social enterprise as an economic tool to regenerate deprived communities.

The two countries adopted rather different approaches to managing their social enterprise zoos. In Italy the types of animals permitted in the zoo were tightly controlled through social cooperative and later social enterprise laws. Social enterprises were nurtured in protected public sector markets, and were subsidised. In England no legal definition of social enterprise has ever been produced, although a new Community Interest Company legal form was devised for some social enterprise organizations. Social enterprises were nurtured, initially through money channelled through support organizations, and later through social investment policies, and compensation for delivering public services.

Initially the social enterprise zoos in each country reflected particular historical, political and cultural factors (Kerlin, 2013). However despite different approaches to managing the zoos in both countries, there appears to have been recent convergence towards a (neo) liberal model of zoo keeping whereby the organizational form of the social enterprise is seen as secondary to the policy goals that social enterprises can achieve. In turn, resources in both countries are distributed only to those social enterprises that are seen as able to contribute towards particular

policy goals. Thus social enterprises have to compete with private for-profit providers for social investment or to deliver public services. Unlike in Italy, the introduction of new species to the zoo in England has led to dramatic expansion of the different forms within the zoo and in the overall size of the zoo (Teasdale et al. 2013). This is likely related to the indirect and direct financial support offered to social enterprise in England. Going forward, in both countries we observe a tendency towards a policy approach which opens up the zoo to any organization which can contribute towards policy goals through the restructuring of markets to encourage private investment and payment by results to any organization. To some extent this approximates the US model discussed elsewhere in this book (in particular, see chapters 3, 4 and 8). However a notable distinction between European and US zoos (or even circuses) is that in Europe government will retain the zookeeper role.

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