

**Life on the edge:
navigating the competitive tensions between the 'social' and the
'economic' in the social economy and in its relations to the mainstream**

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Introduction: complex economies and concepts of economy beyond the mainstream

I begin with a seeming paradox: at a time of increasing emphasis on the certainties of the Reagan/Thatcher era as to the merits of a ‘one size fits all’ neo-liberal policy model and conception of the economy, there was in parallel a growing interest in the diversity of forms of capitalist economies, in different forms of capitalism, different ways of constituting capitalist social relations, different ways of combining capitalist and non-capitalist class relations, class and non-class relations and so on. Although in the last analysis these heterodox economies always remain decisively capitalist, there has been a growing acknowledgement of the plurality of competing forms in which capitalist economies can be conceived and constructed. There is a great variety of literatures that in various ways acknowledge this – institutional political economy, the ‘varieties of capitalism’ literatures, cultural political economy and so on (for example Hudson, 2004; Peck and Theodore, 2007).

The reasons for this growth of interest in diversity and variety of forms of capitalism are complicated but there is no doubt that, in part at least, they reflect a recognition that free-market capitalism, celebrating individualism, consumerism and pleonexia (an Aristotelian concept denoting excessive insatiable acquisitiveness), not only creates a yawning gap between the rich and poor but it also threatens ecological sustainability and human well-being, greatly increasing the risks to both economy and environment and indeed human life on the planet as we know it. A corollary of this is renewed interest in the regulatory role of the state and in alternative ways of governing and organizing capitalist economies – or even tentatively exploring the implications of non-capitalist alternatives – in seeking different ways of reconciling economic imperatives with concerns as to environmental and social justice. Nonetheless, while neo-liberal conceptions have to a degree been selectively modified in practice in response to these various critiques and alternative views, they remain dominant in economic policy and to pretend otherwise would be dangerously misleading but it would be equally misleading to deny the variety that does exist.

Capitalist economies and the accumulation process that is central to them are predicated upon the dominance of a narrow and very specific concept of value, with the exchange value of commodities taking precedence over their use values. In terms of day-to-day economic practices, what therefore matters is the price of commodities and ‘fictitious’ commodities such as labour-power. This immediately

raises questions as to how to value those things that cannot be priced and whether the price attached to those things that can be priced reflects properly their ecological consequences and social value – an issue of central significance to those concerned with the social economy. It also raises questions about the relationship between ‘the economic’ and the ‘social’¹. Put another way, raising questions such as these recognises that a lot of ‘economic’ activity beyond the mainstream is informed and motivated a diversity of values and ethical and moral concerns – but also that to a degree the reproduction of the mainstream depends on this being so and on the provision of certain things not being wholly commodified, not least labour that can be purchased as labour-power as and when needed by capital. This raises intriguing and important questions as to the extent to which, and ways in which, the existence of a ‘social economy’ may be actually functional for mainstream capital accumulation rather than posing a radical challenge to it.

Creating a space for the social economy

This renewed interest in the social economy and varied forms of social economy organisations (SEOs) must be situated in the context of a recognition of complex and diverse capitalist economies. For one result of this revived interest in the diversity of capitalisms has been to create a space - theoretical, practical and political – for an (re)emergent interest in the social economy, broadly understood. The recognition of a variety of forms of capitalism has created differing opportunities for the development of a social economy and for varying forms of SEOs to emerge and evolve and so helped define the substantive meaning of the social economy in specific times and places (for example, see Amin et al, 2002). Recognising the diversity of organisational forms of SEOs and of the specific concerns and values that motivate them, there is nonetheless one common shared distinguishing characteristic of *all* SEOs: that is, that they are not concerned with making a profit for distribution to individual capitalists and/or private shareholders of capital but with providing, directly or indirectly, socially useful goods and services, often explicitly in sustainable environmental ways, that would not otherwise be provided through the mainstream channels of markets .or state². As such SEOs seek to create a space for humane, co-

¹ Although this is not to suggest that the economy can ever be anything other than thoroughly and unavoidably social or that the social is thoroughly and unavoidably economic. The issue is about the specific form of socio-economics and the priorities that inform it.

² The social economy can be defined as follows (NICDS/CDS, 1999: 11):

“The ‘Social Economy’ constitutes a broad range of activities which have the potential to provide opportunities for local people and communities to engage in all stages of the process of local economic regeneration and job creation, from the identification of basic needs to the operationalisation of initiatives. The sector covers the economic potential and activities of the self-help and co-operative movements, that is, initiatives that aim to satisfy social and economic needs of local communities and their members. This sector includes co-operatives; self-help projects; credit unions; housing associations; partnerships; community enterprises and businesses. The Social Economy is the fastest growing sector

operative, and sustainable forms of social and economic organisation that are 'alternative' to the markets of the mainstream economy and/or the mechanisms of the state as ways of producing and distributing goods and services³.

There is a wide range of forms of SEO – from large near market social enterprises (that seek to produce a surplus for social uses) to co-operatives to SEOs that rely heavily on direct funding from the state or state contracts to small charitable organisations that rely wholly on voluntary labour (although volunteering is widespread to varying extents among almost all forms of SEO and in that sense SEOs can be thought of forming part of as a gift economy). There is a wide range of forms of SEO, and these have followed diverse and multiple developmental trajectories. Reflecting different concepts of value and processes of valuation to those of the capitalist mainstream, such not-for-profit ventures are established to supply services and goods to those abandoned by mainstream enterprises or by the welfare state. As such, they are seen to play a largely social role, helping to meet social needs, empower the marginalised or unemployed, form an Intermediate Labour Market bridge to help such people reintegrate into the formal economy, and sustain alternative lifestyles and systems of survival, of 'getting by' in difficult times and places. Many are content to continue in this mode.

Increasingly, however, there is an interest in some SEOs in exploring different ways of creating jobs and wealth generation and assuming a more explicitly economic role, seeking to become more market –oriented, to become social *enterprises*, to trade their way to development and expansion. Such social enterprises have increasingly been seen as a legitimate form of economic entity by some social scientists, policy makers and practitioners alike. Numerous Governments and other policy makers have begun to introduce legislative changes to recognise and support social enterprises, policy interventions to encourage their formation and growth, and discursive arguments placing the emphasis on individual responsibility, enterprise and economic achievements. Indeed, for some within the social economy, this risks compromising or concealing the *raison d'être* of social enterprises (and even more so the work of the broader spectrum of SEOs) in meeting otherwise unmet social needs.

In the rest of this paper, I first further explore the motivations that lie behind the formation of SEOs and the multiple trajectories that these can then follow and the tensions to which this can give rise as the 'social' runs up against the 'economic'.

in Europe and this context is fertile ground for the creation of many new enterprises locally”.

³ It is also worth noting that while mainstream private sector organisations have developed Corporate Social Responsibility programmes, and that this to a degree seems to blur the boundary between mainstream and social economies, these organisations remain primarily motivated by the imperatives of accumulation and profitability and as such the qualitative divide between them and SEOs remains sharp. An analogous point can be made with regard to SEOS and major public sector organisations that develop CSR programmes.

This can, and often does, involve competition between SEOs in limited local markets and in search of state grant income. For those that seek to transcend these limits, the tensions between the 'economic' and the 'social' can become manifest and at times acute, especially as SEOs seek to become self-consciously social *enterprises*, with a growing focus upon their economic role and contribution and trading as the route to growth. This typically leads them into competition with firms in the mainstream capitalist economy, engendering tensions between the need to survive in competitive markets and the ethical and social motivations that informed their original formation. There is a varying tension between 'the social' and 'the economic' in all SOEs, but this is especially evident in those constituted as, or that seek to transform themselves into, near-market social enterprises. Exploring how in practice this tension is dealt with and managed, how the ethical and moral issues that this tension gives rise to are handled, is a major theme of the paper. I then return to broader questions as to imaginaries about the social economy and its role, of how these conceive of the 'economic' and the 'social' and relations between them, of how the social economy is seen in the policy and academic literatures in terms of its socio-economic role, in light of the evidence of how SEOs in practice handle the tensions between the 'economic' and the 'social'. Finally I offer some reflective comments as to the future for SEOs and the social economy and their contribution to social and economic life.

Managing the tensions between 'the social' and 'the economic' in social economy organisations: some evidence from the UK⁴

⁴ This paper draws upon evidence collected in four large-scale collaborative research projects carried out between 1997 and 2007 into the practices and experiences of social economy organisation in the UK and the EU, using a variety of sources of primary and secondary evidence (for fuller accounts, see Amin *et al*, 2002; Bennett *et al*, 2000). These projects provide the basis for a considered and evidence-based account and assessment of the strengths, weaknesses and future potential of the social economy in these locations. The first of these projects was commissioned by European Commission Directorate General XII/G as part of its 'Local Initiatives to Combat Social Exclusion in Europe'. It involved an initial sample of almost 2,000 Third Sector initiatives in the UK, as a basis for selecting 60 examples of 'best practice' for inclusion in a multi-country database of over 700 projects⁴. The second project, funded by the UK's Economic and Social Research Council, undertook a more critical, in-depth and place-based analysis of social economy practice. Rather than investigating isolated examples of best practice, it sought to examine the dynamics of success and failure in different types of social enterprise (40 in total) in a variety of local settings in Bristol, Glasgow, Middlesbrough and Tower Hamlets in London. These four areas were chosen to allow an exploration of the degree to which their widely differing local civic, political and economic conditions might explain variety in the form of the social economy and in the vibrancy of SEOs in these places (for a fuller account, see Amin *et al*, 2002). The third project, also funded by ESRC, sought to build upon the preceding project, via an ethnographic investigation of the social economies of Bristol and Manchester, seeking to fill an important gap in the literature and elucidate the everyday practices and micro-scale structures of social enterprises and the social economy, the trajectories of social economy organizations and of people into, within and out of the social economy. This is important, not least because public policy tends to make untested assumptions about these issues. The final project was funded by the Joseph Rowntree Foundation and examined the role of the social economy in the regeneration of former British coalfields, especially in Nottinghamshire and south Wales, but with

One way to approach this issue is in terms of the life course and trajectory of SEOs; something of an ideal-typical sequence but one that is useful in illustrating the shifting tensions between ‘social’ and economic’, especially for those SEOs that seek to become social enterprises. Given the differences that exist at the national scale in the ways in which the social economy is constituted (for example as a result of differing national regulatory regimes), it is important to recognise that the revival of interest in the social economy in the UK came in the context of an enthusiastic adoption of neo-liberal economic policies by national governments, Conservative and Labour alike. In other national states the social economy developed in markedly different contexts and ways and no claim is being made here for the general validity of the results reported below. Rather they represent a solidly evidence-based account of developments in the UK.

Origins: ethical and social concerns and ‘doing social good’: while there is a lot of emphasis in the literature (both academic and policy) on the activities of serial social entrepreneurs – and in specific circumstances they can be an important influence (for example, see Bennett et al, 2000) - there is less in the way of empirical evidence to back up such generalised claims. In fact, the origins of SEOs more typically lie in the good intentions of a small number of altruistic individuals, motivated by ethical and/or social concerns, voluntarily giving their labour freely or working in poorly remunerated jobs, at much less than the wage rates that they could command in the formal mainstream economy. They are not primarily motivated by monetary concerns but work in this way because it provides a range of non-monetary satisfactions (for example, see Borzaga, 2008; Haugh, 2008). They do so in order to provide goods and services to disadvantaged people in disadvantaged places and to provide Intermediate Labour Market (ILM) organisations to help the long-term unemployed back into the world of work and onwards into the mainstream labour market of the formal economy.

The origins of SEOs in ethical and social concerns with meeting otherwise unmet needs are grounded in a recognition that there are possibilities to things and things that need to be done, socially, that aren’t done precisely because they don’t fall with the logic of the mainstream – in short, they aren’t sufficiently profitable to attract the private sector, nor politically strategic enough to warrant direct state provision, especially in an era dominated by neo-liberal political-economic concerns. SEOs typically seek to address issues to do with the environment, sustainability, re-cycling materials and reducing wastes, care for the elderly, training for the young and not-so-young, tackling social exclusion and so on. Often such initiatives are found in places that have been ravaged by the

some attention to north east England and south Yorkshire. Seeking to explore in greater depth the micro-scale social practices of the social economy, it deployed a mixture of in-depth interviews, focus groups and participant-observation in ethnographies of place (for a fuller account, see Bennett *et al*, 2000) .

restructuring of capital and that remain unattractive to the mainstream economy, situated beyond the reach of major circuits of capital but are by no means limited to them.

The reasons given for forming a SEO are typically a fusion of individual beliefs, values and motives and the specificities of place and institutional context.. For instance, Five Lamps in Stockton-on-Tees, an area with serious problems of multiple deprivation, began because

(i)n the late 1980's a handful of people chose to do something about the rising problem of unemployment in this area. Many have followed in their footsteps as volunteers and workers, seeking to tackle the issues that are destroying the quality of life for whole communities. The vision of those pioneers means that the Five Lamps can celebrate two decades of 'making people matter'. Countless lives have been changed for the better. All because some people were willing to stand up and take action. (Five Lamps, 2007).

Another example of this theme of 'making people matter' and 'standing up and taking action' is provided by a SEO in a deprived area of Salford, Manchester, which emerged in response to a perceived need for better health care to enhance the health and well-being of local residents and a desire to devolve power to local citizens. In the words of its director:

We know... that health care tends to be provided much more efficiently and effectively the wealthier and better social status that you have, so if you really want to deal with health inequalities you actually have to put more resources into areas of greatest deprivation, even in proportion to need... What I am more bothered about is what difference do we make to people's lives... and in order to do that we have to do it differently.⁵

This ideal of 'standing up and taking action', 'doing it differently' and 'doing different things', informed by powerful ethical and moral imperatives and principled concerns to improve the lot of the disadvantaged, 'make a difference' and 'make people matter', lies at the heart of the foundation of a great many SEOs and constitutes one of their key distinctive defining characteristics.

The next steps – more of the same: for many SEOs it is enough to continue in this mode of operation, maybe growing a little but with no ambition to transcend the limitations that working in this way unavoidably brings. Indeed these are not seen as limitations but rather as affirmation of the ethical and moral importance of providing goods and services that otherwise would not be provided to those that need them most. There are however a couple of points worth noting here. First, there are limited options in terms of the sorts of goods and services that

⁵ Interview by Chris Hewson: 21st August 2006.

can be provided in this way, typically in relation to meeting local needs in a small area, on the basis of largely voluntary labour with maybe a small number of paid staff. As a result there is a tendency towards serial repetition of SEOs, all informed by similar ethical and social concerns and seeking to survive if not prosper by providing the same sorts of goods and services and a sort of competition between them within the social economy. In South Wales, for example, there is a cluster of social economy projects in the valleys of the former coalfields, most of which have established some form of community enterprise and SEOs using national (both UK Government and the recently established Welsh Assembly) and EU funds. The range of activities among them is quite narrow, consisting for the most part of semi-industrial potteries, carpentry workshops, furniture exchanges, catering, garden centres and landscaping services. All of these activities are conducted on a very small scale, reflecting their primary objective of providing jobs and services within the immediate neighbourhood. Whilst some of these SEOs are successful in meeting their own goals, their capacity for expansion or diversification is limited. They saturate the local market with similar products, and local labour markets can only absorb so many people being trained in the same skills which are often unrelated to the demands of the mainstream formal labour-market. The same limited range of activities serve the same set of local needs and chase the same limited local disposable income. The restriction on spending power further limits the possibilities of diversifying into 'new' products and services. Despite exhortations on the part of social; economy umbrella organisations that locally-focused SEOs should seek to break out of their immediate local areas, very little is done in practice to overcome the inherent limitations of the activities pursued (West 1999).

Acceptance of these limitations has a number of consequences, however. Firstly, those SEOs offering poorer quality products and services, in a context of restricted demand for them and competition from others offering better quality goods and services, tend to fail or are struggle to survive. Such weaker SEOs typically have been born out of a response to a highly localised problem, without analysis of the potential for sustained demand for the goods and services they provide. In these circumstances their capacity to meet their social objectives is eroded by the economics of markets within the social economy and their demise as SEOs. Secondly, insofar as SEOs operate as ILM organisations, there is a limited range of skills that they can impart and these too can be over-produced, swamping local labour markets with people chasing the same limited set of opportunities.

The uneven development of SEOs within the social economy can have perverse effects in further widening inequalities. Many places, especially areas of marked social exclusion and deprivation (as are clearly shown in England by data from successive Indices of Multiple Deprivation, for example), are often those bereft of the sorts of local capacities, resources and requisite skills that can facilitate the emergence of successful SEOs and sustain a vibrant social economy. Contrary

to optimistic communitarian and policy perspectives, insofar as a fledgling social economy in such places, it comprises either highly precarious and short-lived SEOs that fail to meet local needs or SEOs reliant upon public sector leadership, peripatetic professionals and social entrepreneurs, or dedicated organisations such as religious or minority ethnic bodies.

Insofar as such SEOs, especially those in multiply disadvantaged places, require funding to remain economically viable in order to meet their ethical and social objectives, this tends to come from the state – either directly in the form of grants or indirectly in the form of (sub)contracts. Typically there is a heavy reliance upon public subsidy or public sector sub-contracts to provide markets. The majority of SEOs (even well-known “success stories”) rely heavily on grant income and/or service level contracts with public authorities. An analysis of 195 SEOs from throughout the UK between 1997 and 2000 for which data were available revealed that 67% were wholly reliant on public funds and a further 21% relied on the public purse for at least 70% of their income (Amin et al, 2002). The alternative that the social economy offers with respect to the public sector, therefore, is less one of providing a different way of generating resources than a different way of using and distributing them. This creates a potentially dangerous relationship of dependence on the state and can, as a result, create tensions between meeting the ‘economic’ output/outcome targets required to qualify for funding and the ‘social’ and ethical concerns that drive SEOs. It can also create tensions as a result of the accounting and monitoring requirements of funders, diverting work time from doing the socially useful work of providing needed goods and services to filling in forms to renew – or more generally seek new sources of – funding and the complying with the differing accounting and monitoring requirements of multiple funders. Crucially, however, all cannot win in the competition for grants: there necessarily are ‘losers’ as well as ‘winners’ (and this is one reason why some SEOs seek to break free from the world of grant dependency: see below).

In drawing attention to the close relations between many SEOs and the state as a source of funding, it is important not to obscure the point that relations with the mainstream private sector and economy can, in some circumstances, be important in helping sustain SEOs economically, albeit precariously and unevenly. In places where the private sector economy is strong, such as in London and Bristol, SEOs have been able to derive considerable benefits. These include the secondment of staff from local firms, the acquisition of materials and financial donations, and the capacity of local labour markets to absorb trainees coming through ILM organisations. In these circumstances SEOs can draw upon the mainstream economy for help and resources in meeting their social objectives: the ‘economy’ of the mainstream and the ‘social’ goals of SEOs can therefore, in *some* circumstances, be made to be, to a degree, compatible. In contrast, where the needs for alternative forms of provision through the social economy are often greatest, as in deindustrialised urban areas and former coalfield settlements and other mono-industrial places, the private sector

economy is much weaker. As a result, such links cannot develop precisely because there is insufficient density of private sector firms to provide the required aggregate level of support (for example see Lang, 2008). In these circumstances, the 'economy' of the mainstream and the 'social' objectives of SEOs are dis-articulated and simply do not connect.

Moving nearer the mainstream market: breaking the mould, creating hybrid forms and the transition to become a social *enterprise*?: for reasons that have already been alluded to above, some SEOs do seek to expand the limitations of their local origins and the constraints of the social economy by pushing out their boundaries into the space of mainstream markets, seeking to expand the scope and scale of their activities via developing new lines of activity and trading in spatially more extensive markets. Successful ethically and socially-driven SEOs that offer a quality product, perhaps with a unique selling point with potential beyond the local economy, and in markets of secondary interest to mainstream private sector firms or public welfare organisations can flourish. Typical niches in which SEOs can flourish include art materials for childcare organisations, recycled electrical goods and furniture for low-income groups, low-budget catering, shopping catalogues distributed by the homeless, and targeted services for ethnic minorities, the elderly or particular disadvantaged groups.

There are numerous examples of SEOs that have sought to transform themselves into social enterprises (SEs) and to expand beyond their, typically local, roots and areas of operation. Moreover, they seek to expand by taking a share of mainstream markets, either by developing new lines of business or seeking to compete in their existing areas, entering direct competition with capitalist firms in those markets and impinging on the spaces of the mainstream. However, typically in so far as such SEs seek to grow, and become less reliant upon state funding and free labour and more reliant upon income from trading, two things happen: first, this creates tensions between their social origins and objectives and their ethical and moral motivations and the imperatives of 'the economy'; secondly, it potentially increases competition between the dominant mainstream and the alternative to the mainstream, As a result, the latter increasingly looks like and behaves like the former.

Put another way, while ethical and social concerns are central to SEOs they are of necessity reconciled with a more pragmatic acknowledgement of other influences as they seek to grow and, especially so if they seek to become SEs. As Julie Graham and Janelle Cornwell (2008, 29) have put it, such SEOS grow and develop "through what we have called ethical negotiation, in which different principles, projects and participants are brought into balance". However, "[f]or all the simplicity of their guidelines and maxims, it is clear that to be a community-led, evolving organisation is not a simple or straightforward process. There's no obvious or automatic way forward" Often, then, this reconciliation is an experimental trial-and-error process of learning-by-doing, an open-ended process with no pre-defined end point. Sometimes it may reflect the internal

dynamic of the SEO but it may also reflect a response to external pressures and opportunities. For instance, SOFA (Shifting Old Furniture Around) in Bristol sought to increase capacity in order to position itself as a key local and regional player in the emerging Waste Electrical and Electronic Equipment (WEEE) market. This exemplifies the way in which such organisational development may be shaped by selectively targeted responses to opportunities ‘as and when’ they transpire. Nonetheless, such local responses can be intimately connected to wider social and ethical concerns expressed through state regulation – in this case the EU WEEE directives which came into force (in the UK) in January 2007. A second example is provided by a social enterprise in Bristol which provides a supported design and woodworking environment for clients with mental health needs, its founder viewing the organisation as marrying his experience, in the woodworking industry, with an external social objective:

“to fill the gap in day services employment... what we really wanted to do was provide something that was going to be there for a long, long period of time, the people could come in and access – some of those people were less likely to access open employment [so] it was to provide a work environment for them forever, that’s pretty much where we feel we are now.”⁶

This organisation detached itself from the local Primary Care Trust (PCT), contracting its services back to the NHS at ‘market rate’, in an attempt to secure a potentially more sustainable future. The wish to secure the provision of services for a ‘long period of time’ highlights two key dilemmas. Firstly, that arising from a wish to respond to opportunities which promise a solution to immediate issues of economic survival balanced against wider moral, social and ethical concerns. Secondly, that arising from the nature of the SEO as ‘intermediary’ positioned between civil society and the realm of formal mainstream labour market.

There are many other instances of well-established SEOs actively promoting an increased ‘business orientation’, buying into and deploying these new discourses in a way that is directly related to an ability to respond and adapt to a number of opportunities offered in the contemporary economy. A typical example comes from an SEO that seeks to address community needs for transport in Bristol, which was able to take advantage of the opportunities offered by new funding schemes. Its manager explaining how explained

we were able, in partnership with Bristol City Council, to secure a government grant under the Urban Bus Challenge... over the last two years [we’ve]... started the community buses off, and we’re hoping to keep them rolling out because the funding is coming through now, and it will probably run out about April/May next year”.⁷

⁶ Interview by David Land: 2nd August 2006.

⁷ Interview by David Land: 28th November 2006.

This is simply one of a number of examples in which core activities have been modified and/or extended in response to opportunities as they arise. This process is tempered by the knowledge that opportunities and funding streams are invariably time-limited, and concomitantly additional openings must constantly be identified. However, this model of 'growth through opportunity' is not always guaranteed to be a smooth one. Nonetheless, there are pressures to develop new hybrid forms of organisation to retain a focus on ethical and social concerns while recognising the material realities of the political economy of capitalist social relationships. At many SEOs there is a perceptible struggle between ethical and pragmatic, social versus economic, concerns, with questions arising as to the extent to which the founding vision of the organisation can thrive when confronted with the economic realities of the markets within which the organisation has been positioned – or has chosen to position itself.

The need to create and sustain viable forms of hybrid organisation as an SEO moves more in the direction of becoming a SE was highlighted by the director of an organization in Bristol seeking to manage the tensions that this generated, who noted that:

It's not just an ordinary business, my work would be much easier if we did stuff more cheaply, employed trained people, sourced the cheapest materials, ran more of a sweatshop. It'd be easier to get stuff made in China! You know – half the price, half the hassle, fantastic sellers, but that's not actually the point.⁸

Precisely because these organisations are not just 'ordinary businesses', the extent to which any particular 'additional' element and modification to the way in which they work is *necessary* is often the key point of contention. SEOs that seek to become SEs and as such become more exposed to the vicissitudes of mainstream economic markets are less clearly delineated from mainstream businesses in terms of their management style and business objectives (although they may of course be distinguished through other factors). SEOs that are attempting to generate new outcomes – and attempting to either work within new markets, or provide a new way of working across different existing markets – may be more likely to achieve the transition to become economically sustainable social enterprises because they offer something which public sector organisations do not. Those organisations are also more likely to find a niche in the market, and may have the potential to expand further. Conversely, SEOs that are unable to find such a market or product niche or create a distinctive way of working must differentiate themselves from non-SEO organisations through a stress upon their non-profit, ethical or otherwise social character.

There are a number of examples of SEOs that have made the transition to successful social *enterprise*. Some of the larger and better established social enterprises in the UK have made the transition because they have been able to

⁸ Interview by David Land: 27th March 2007.

circumvent the limitations of the local by operating on much bigger and/or multiple scales. Such organisations are effectively detached from any identifiable area or community, sometimes operating up to and including the national level. Perhaps the clearest example of this is the Wise Group which is routinely cited as an exemplar of best practice in the 'local' social economy (see, for example, SEU 1998). When it first began in the early 1980s, Wise's services (provision of insulation, security devices and landscaping in areas of social housing combined with training) were delivered by community-based 'squads' scattered throughout Glasgow and responsible for particular local areas, neighbourhoods and/or communities. As the project has grown, however, the Wise intermediate labour market in Glasgow has become organised on a city-wide basis, with all operations based in its Charlotte Street offices. Following changes in the nature of employment services and Scottish devolution, Wise has taken on an increasingly regional and national role, looking to expand further as a provider of training and work-experience throughout the UK, developing a number of subsidiaries and associated projects in other cities which, although more or less local depending on the nature of the local labour market, follow a model developed elsewhere. This is serial repetition of a rather different kind.

The ability to work beyond the local market has also contributed to the economic and political success of other successful social enterprises. The Furniture Resource Centre has been able to become financially independent in large part because of the wide social housing market that it has been able to tap into throughout Merseyside and, increasingly, the rest of England. Without access to a market on this scale, it would not have been able to grow or to diversify into other forms of social provision, recycling, training and manufacturing (Frances 1988). Similarly, Coin Street Community Builders (CSCB) has been successful precisely because its location in central London has allowed it to transcend the limitations of local demand alone. As CSCB has developed local housing co-operatives, increasing amounts of private-sector housing have been developed on adjoining sites, attracted by the associated infrastructural and environmental improvements created by the project. By targeting its workspaces at the particular niche market of young creative designers, CSCB has been able to bring in a range of new industries and effect a considerable change in the nature of the local economy. More importantly, perhaps, the concentration of designers within one of the project's main building, the Oxo Tower, attracted further large numbers of designers, artists and their various customers and collectors to an area that they would previously have avoided. By encouraging the development of small cafeterias and bistros, as well as an internationally renowned restaurant, CSCB has been able to exploit the presence of large numbers of people working in local businesses and, increasingly, tourists and bon-viveurs from throughout London and beyond.

In brief, local services have been created for local people by CSCB but the resources assembled to enable this have not been exclusively those of local people. Rather, CSCB has been able fundamentally to alter the boundaries of

the local economy by breaking down economic, social and political barriers that previously isolated this particular part of the inner-city from the rest of London. This was greatly helped by the fact that Coin Street is situated within the wealthy and complex London economy. As a result, the process of 'reconnection' has been very much easier than it would have been in more physically isolated communities. Prior to the development of the Coin Street site, the local economy was in sharp decline following the demise of the London Docks upon which many local businesses – primarily warehouses and processing plants – had depended. The local population was also falling, partly because of a lack of local employment and partly because social housing in the area was amongst the worst in London. By addressing these severe limitations of the local area, not least by connecting it to the wider political economy of London, conditions have been put in place that have allowed the creation of a successful social enterprise and the regeneration of the area. .

In cases such as these, while working with the grain of the private sector mainstream and seeking to use it for their own purposes, social enterprises increasingly and unavoidably enter into competition with mainstream capitalist enterprises and have no choice but to seek to compete with them on the terrain of mainstream markets. As a result, tensions inevitably arise as they seek to balance these new competitive demands, with all that they imply for work within the SEO and its modes of internal organisation and management as it becomes a social enterprise, with the original intention to do social good in the parts that mainstream markets and the state didn't reach. It is at this point, and in part a reflection of the emphasis given to 'professionalisation' in public policy towards the social economy, that many SEOs bring in new 'professional' managers who bring fresh perspectives to the issue of running the SEO explicitly as a social enterprise. These people are often refugees from the world of mainstream business or people who have had a successful career in business or in the public sector, retired early, and have time of their hands that they seek to use by engaging with the social economy (see Amin, 2008). However, 'professionalisation' also has implications for the balance of emphasis on the 'social' versus the 'economic'. While the goal of creating a bigger surplus for using in the pursuit of social purposes is fine and laudable, the organisational changes required to achieve this - for example in terms of modes of work organisation - often run counter to the original social objectives of the SEO.

Many aspirant SEs fail because of a lack of a clear sense of mission, an inability to reconcile their ethical and social objectives with market realities, and for that reason fail to align processes with aims. Typically, initiatives mixing business-driven aspirations and ethically informed goals that seek to address unmet social needs but lacking a clear-cut and conscious understanding of the differences between them, have had to sacrifice one or the other or have come unstuck and fallen between two stools because of contradictory organisational arrangements and competitive goals. For example, ethical ventures have been forced to lower wages or the quality of training because the product is commercially non-viable,

or business-driven ventures have been forced by funding agencies to change direction because of poor social achievements. In contrast, the experience of initiatives with clear aims has been different. Those with clearly articulated social and ethical goals have consciously organised work, clients and products as a means of meeting needs or developing capabilities, which, in turn, has focused effort. Similarly, business-driven social enterprise ventures run by professionals, as for example has become the trend in Glasgow, are clear that equity must follow business success, perhaps – and not without controversy - even at the expense of social objectives.

Thus successful SEs are based upon a clear identification of real unmet social needs, with potential for expansion beyond the immediate neighbourhood and/or into related goods and services. However, in some instances, the local state has played an important role in underwriting demand as a contractor of the services provided. This highlights the point that for survival, beyond the important question of choosing the right product, there is a pressing need to secure a source of recurring demand and sustainable income streams. This presents a considerable challenge for nascent small social enterprises with fragile market expertise and thinly spread competencies.

Reading the social economy: perspectives on the relationship between the 'social' and the 'economic' and on possibilities for the future

As the above section makes clear, there is a number of differing, even competing, perspectives as to the relationship between the social and the economic in SEOs in the UK, and as to the relative weight to be attached to these in practice. In this section I want to connect these different views as to the practical relationships between the 'social' and 'economic' with broader perspectives about the social economy and its place within contemporary capitalisms as seen from a variety of national, policy and theoretical perspectives, each with differing analytic and normative emphases. There are at least three such 'takes' on and interpretations of the social economy that I want to consider here, which can be mapped into the differential national and sub-national development of the social economy.

The first of these prioritises the ethical, moral and 'social' role of the SEOs, seeing them as a vital site of provision of goods and services, typically with a strong local focus, that otherwise would not be provided through the mainstream mechanisms of capitalist markets and states. As is clear from a weight of empirical evidence from the UK, virtually without exception SEOs are formed precisely with this intention and it remains their key priority, subordinating other issues to this. As a consequence, they choose to remain heavily dependent upon volunteer labour and the work of a few dedicated individuals who are prepared to accept much lower wages than they could earn in mainstream organisations. For

some this is precisely because of their ethical and moral commitment to helping others less fortunate than themselves but for others it marks a recognition of limited opportunities – or indeed no opportunities – of finding employment in the mainstream economy. For them work in the social economy is typically mundane and “extraordinarily ordinary” (see Amin, 2008) and many are content to remain within the safe haven that it offers in an otherwise turbulent world.. Furthermore, for those who founded these SEOs and continue to direct and manage them, any concern with issues such as expansion via expanding markets remains off the agenda as this is seen as undermining their ‘social’ imperatives; if this means an uncertain future of reliance upon voluntary labour and precarious funding via contracts and/or grants from the state or grants from charitable trusts, so be it.

Such a view of the SEOs and the social economy as driven by a concern to help meet the needs of those marginalised by or excluded from mainstream economy and society chimes neatly with a policy perspective that sees the social economy as a safety net and as a lower cost substitute for the provision of goods and especially services previously provided to citizens as of right via the state. This is clearly the perspective that has become dominant in UK policy discourse. From such a neo-liberal policy perspective the role of the social economy is to meet the needs or - still better - unlock the entrepreneurial capacities of those who are marginalised or indeed even damaged by the operations of markets and states, helping them to become future workers – or still better entrepreneurs - and citizens of the capitalist economy in whatever form it takes. The social economy is thus seen as an intermediate space through which those who have become economically and socially excluded as a result of the restructuring processes of capital and state can be reintegrated back into mainstream economy and society. From this perspective, the social economy is seen as an adjunct to the mainstream capitalist economy and a safety net for those that are marginalised by or surplus to its requirements (part of what Marxian political economists would refer to the surplus population). Often this is expressed in terms of the social economy, understood as a local economy, becoming a panacea for problems of locally-concentrated social exclusion. There is a very clear emphasis here that unequivocally accepts the dominance and primacy of the capitalist mainstream and its economic (il)logic and sees the social economy as a space in which those worst affected by its restructuring processes can be re-integrated into the mainstream – or if not that, then at least a space (or maybe more accurately a spacious cul-de-sac) in which they can be contained and challenges to the mainstream and its constituent social order can thereby be diffused..

There are, however, many who are actively involved in the social economy in he UK and elsewhere who would vigorously contest and reject this first perspective. A second perspective therefore sees the social economy much more as an alternative to, rather than as an adjunct to, the mainstream capitalist economy, the motives that drive it and the values that underpin it. In contrast it sees the social economy as one that places addressing social need and enabling social participation before the imperatives of capital accumulation, corporate profits,

share-holder value and individual gain rather than simply the space in which the individual and social costs of mainstream capitalism are absorbed and contained. For those who adhere to this view, the social economy represents an alternative to the values and economic logic of mainstream capitalism but one that also accepts the mainstream and, on occasion, seeks to compete with capitalist enterprises within the markets of the mainstream. Those SEOs that seek to make the transition to social enterprises and increase the scope and scale of their operations via competing with mainstream capitalist enterprises do so precisely because they see this as a way of generating greater resources and a social surplus that can then be used for collective and social purposes

The social economy is thus conceived as a parallel sphere of to the modalities of states and the mainstream economy, informed by different values and processes of valuation and organized differently, existing in parallel to and at times in competition with mainstream capitalist enterprises and states, but capable of both surviving and demonstrating the viability of a socially needs-based, humane and human-centred economy within contemporary capitalism (for example see Pearce, 2008). Such a view of the social economy is common in France (Laville, 2008) and Italy (Borzaga, 2008), in the “solidarity economy” of Quebec, where it is entangled in complex ways with issues of Quebec nationalism and identity, and in parts of South America. Crucially, however, in the last analysis it accepts the primacy of the mainstream and its conceptions of the economic, the social and the relations between them, but seeks to create a space for those whose ethical and moral values do not fit comfortably within the parameters defined by the mainstream. However, the interplay of the mainstream and the alternative to it raises issues of the regulation and structures of markets in complex and hybrid economies. How *can* markets be structured in such a way as to create a viable space for activities otherwise not attractive to capital? How can the environment in which social enterprises operate best be governed? What is the optimal balance between state and the institutions of civil society in governance arrangements? These are questions that in the final analysis can only be worked out in practice.

The third perspective to a degree overlaps with this second one but it is also distinct from it in one very important respect – that is, that it emphasises the disruptive qualities and radically transformational potential of the social economy to prise open the possibilities of a post-capitalist future. In intent if not pace of development, it is revolutionary. Rather than accept a de facto subordinate existence in a parallel social and economic world to the mainstream, it seeks potentially at least to challenge the dominance and hegemony of the mainstream and suggest alternative arrangements and definitions of the economic and social that could replace those of the mainstream. In principle it seeks to supplant the logic of capital rather than co-exist in parallel to it. From this perspective, and building upwards and outwards from radical locally-based initiatives (while bearing in mind Raymond Williams (1989) strictures and warnings as to the dangers of generalising ‘militant particularisms’ and translating them to places

beyond their origins), the social economy offers, perhaps, the first green shoots of something beyond capitalist (dis)order, and not only in those places marginalised and ravaged by the devalorisation of capital or the restructuring of states but also in its very heartlands. For sure this is still grounded in a vision of constructing, regulating and shaping markets and bureaucracies but in ways that are sensitive to sustaining social needs, the needs of diverse individuals, communities and ecologies, and driven by values and ethical and moral concerns radically different from those of an economy driven by the imperatives of capital accumulation . From this perspective the social economy is seen as symbolising alternative definitions and meanings of economy and economic purpose, of recognising that the economy is always social and in that sense the debate about the relations between 'economic' and 'social' in the social economy needs to be radically re-cast as part of a more systemic process of socio-economic transformation (for example, see Amin et al, 2002; Gibson-Graham, 1996).

Conclusions: what about the future?

There is no doubt that in many parts of the world many SEOs perform a crucial function in providing goods, services and training opportunities for people in places that would otherwise be bereft of provision. They seek directly to improve the well-being of people, places and communities, to do so by working with the grain of the desires and wishes of local people, and move to a different collaborative and co-operative rhythm and tune to that of the mainstream economy. In that sense the 'social' continues to take precedence over the 'economic' and there are sound ethical and moral reasons for supporting the social economy for this reason. Once seen as a residual and poor relation of the state and/or the market, a sphere of charity and social or moral repair, SEOs are now imagined as a mainstay of future social organisation in both the developed and developing world, seen as set to co-exist with or substitute for the welfare state, meet social needs in depleted and hard pressed communities, constitute a new economic circuit of jobs and enterprises in the socialised market composed of socially useful goods and services, empower the socially excluded by combining training and skills formation with capacity and confidence-building, and create a space for humane, co-operative, sustainable, and 'alternative' forms of social and economic organisation. This is a pretty impressive agenda of diverse intended outcomes, although the extent to which they can be and are actually delivered in practice remains to be seen. What is clear is that the expectation – common in much policy thinking in the UK for example - that the social economy can be a major source of jobs, entrepreneurship, local regeneration, and welfare provision in places marginalized by processes of capital accumulation and state restructuring is naïve and dangerous, with the manifest danger of generating disappointment as a result of unrealised expectations. More positively, SEOs - in some places, at varying spatial scales, and with the relevant support - can complement provision via state and mainstream market, perhaps even constitute a genuine "Third System" of

provision, and add to the range of goods and services and opportunities available to people in them. As such, in specific and typically but not necessarily simply local circumstances, they can achieve something genuinely different.

What can be said with much greater certainty is that it is difficult to envisage SEOs in aggregate having a radically transformative role such that a “social economy” with its own distinctive values and concerns develops and displaces the (il)logic of capital accumulation from its position of systemic dominance within diverse capitalisms; rather they provide at best an alternative to the mainstream, at worst a safety net that serves to legitimise the inequalities inherent to the operation of mainstream capitalist markets and the process of capital accumulation. But whatever else SEOs and the social economy do or do not do, they do keep on the agenda the needs of those who the mainstream ignores and the possibilities of alterity and maybe radical alterity at that in terms of other ways of organising economy and society, and indeed of re-conceptualising what we mean to the economic, the social and the relations between them. Keeping open this window of potential practical and political as well as theoretical opportunity is vitally important – even if the short-term prognosis is less than rosy.

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