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Richard Hazenberg and Meanu Bajwa-Patel

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#### Article abstract

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El ecosistema de las empresas sociales en Inglaterra: una macroeconomía social cada vez más privada y distorsionada por las políticas

**Richard Hazenberg**

Institute for Social Innovation and Impact,  
University of Northampton, UK

**Meanu Bajwa-Patel**

Institute for Social Innovation and Impact,  
University of Northampton, UK

## ABSTRACT

Prior research exploring European social enterprise ecosystems identified four main ecosystem types: Statist-macro; Statist-micro; Private-macro; and Private-micro. This paper seeks to explore the English ecosystem's development into an increasingly Private-macro type, focused on decreasing pluralism and increasing marketisation. The paper applies Weberian views of power, to argue that dominant stakeholders utilise their networks to create a dominant discourse that extends the Private-macro ecosystem type in England. The research utilises data gathered from 23 participants (stakeholders from the social enterprise ecosystem) in the form of semi-structured interviews and focus groups. The results demonstrate the ongoing neoliberal marketisation of the English ecosystem.

Keywords: Social enterprise; ecosystems; networks; power; England

## Résumé

Des études antérieures s'intéressant aux écosystèmes d'entreprises sociales européens ont identifié quatre types d'écosystème : macro-étatiste; micro-étatiste; macro-privé; et micro-privé. L'objectif de ce papier est d'explorer l'évolution de l'écosystème anglais vers un type de plus en plus macro-privé cherchant à diminuer le pluralisme et à augmenter la marchandisation. Nous mobilisons des perspectives wébériennes de pouvoir afin de soutenir que les parties prenantes dominantes utilisent leurs réseaux afin de créer un discours dominant qui élargit le type d'écosystème macro-privé en Angleterre. Cette recherche s'appuie sur des données recueillies de 23 participants (parties prenantes de l'écosystème d'entreprises sociales) par le biais d'entrevues semi-structurées et de groupes de discussion. Les résultats montrent la marchandisation néolibérale de l'écosystème anglais.

Mots-clés : Entreprise sociale; écosystèmes; réseaux; pouvoir; Angleterre

## Resumen

Las investigaciones anteriores que exploraban los ecosistemas de empresas sociales europeas identificaron cuatro perfiles principales de ecosistema: macroestatista; microestatista; macroprivado; y microprivado. Este artículo busca explorar el desarrollo del ecosistema inglés hacia un perfil cada vez más macroprivado cuyo enfoque es disminuir el pluralismo y aumentar la mercantilización. El artículo aplica los puntos de vista weberianos del poder para argumentar que las partes interesadas dominantes utilizan sus redes para crear un discurso dominante que extiende el tipo de ecosistema macroprivado dentro de Inglaterra. La investigación utiliza datos recopilados de 23 participantes (partes interesadas del ecosistema de empresas sociales) en forma de entrevistas semiestructuradas y grupos de enfoque. Los resultados demuestran la mercantilización neoliberal en curso del ecosistema inglés.

Palabras Clave: Empresa social; ecosistemas; redes; poder; Inglaterra



Social entrepreneurship and social enterprise as areas of academic study are academically emergent fields, moving towards consolidation given the growth in the number of publications in the field. Indeed, globally interest in social entrepreneurship has seen comparative research conducted around the world into different models of social entrepreneurship and the reasons behind their local emergence (see: Kerlin, 2013; Defourny and Nyssens, 2010; Mendell, 2010). More recently, Hazenberg *et al.* (2016) identified the important role that social structures and networks play in shaping the development of social enterprise ecosystems across Europe, and argued that there was a need for increased pluralism in said ecosystems in order to enhance sustainability.

This paper seeks to extend this European focus on social enterprise ecosystem types, by exploring the emergence of a unique English context that is resulting in a divergence away from the majority of other social enterprise ecosystems in Europe (ironic given the wider political landscape in England recently) towards an ecosystem that is characterised by enhanced marketisation, larger organisations and reduced pluralism. Furthermore, the paper argues that this emergence has been driven by a dominant set of stakeholders in England, supported by a neo-liberal policy environment conducive to their goals. The research adopts a Weberian view of power, centred upon dominant stakeholders acting 'rationally' to achieve 'social action' through embeddedness in networks (Weber, 1978). The paper makes an original contribution to knowledge by demonstrating the emergence of an Anglo-Saxon and what can be argued as a 'Hyper Private-macro' social enterprise ecosystem in England, and comparing this to the wider ecosystems across Europe. In doing so it also touches on issues relating to New Public Management and Public Value Management, and how these emerge in different social enterprise ecosystem types.

## Social enterprise ecosystems

The idea of economic sectors being defined as 'ecosystems', that is as entities resembling biological ecosystems, is not a new concept having been applied by researchers in the studies of entrepreneurship. Within a biological ecosystem, evolution over time creates all the organisms that exist within it, through a process known as 'autopoiesis' in which the system is capable of creating and maintaining itself (Maturana and Valera, 1987). Within this system the organisms, whilst

shaped by the external environmental factors, nevertheless have their own internal logics that shape behaviour and hence their development. These internal logics regulate the reproduction of the organism in a two-way interplay with the external environmental factors, in a cycle of evolutionary development (Van Assche *et al.*, 2014). The application of these biological metaphors in entrepreneurship research has occurred in relation to economic ecosystem theory (see Nambisan and Baron, 2013) and path dependent social system theory (see Van Assche, Beunen and Duineveld, 2014). Such approaches seek to apply biological concepts as metaphors with which to explain socio-economic development, and are grounded in the concept of social embeddedness (Granovetter, 1984).

This use of biological metaphors has been extended into the field of social enterprise research also, with explorations of: network embeddedness in social franchising (Zafeiropoulou and Koufopoulos, 2013); the role of pluralism in driving innovation in Chinese social enterprise ecosystems (Qureshi *et al.*, 2016); the role of geographic space and social networks in shaping social enterprise behaviour (Smith and Stevens, 2010); the role of stakeholder networks in shaping social enterprise ecosystems across Europe (Hazenberg *et al.*, 2016); and the role that power can play in these processes (Hazenberg, Bajwa-Patel and Giroletti, 2018). During *et al.* (2016) argue that the application of biological evolutionary theory to understanding social enterprise research allows us to better understand their development from an environmentally contextual perspective. Indeed, social enterprises operate in social settings in which they develop specialist traits to adapt and survive in their surroundings (as would a highly specialised organism in a biological ecosystem). Social enterprises also deliver social value through partnerships with other stakeholders, in the same way that biological organisms survive and reproduce through succession and cooperation in nature. Finally, social enterprises, as social innovators, act to disrupt structures (cultural, normative or regulative) and change systems through the development of new ideas (Heiskala, 2007), in much the same way that newly emerging species appear through genetic mutations to ultimately alter their own ecosystems.

The purpose of this paper is not to explore these uses of biological metaphors, as this is adequately covered within the literature cited above, but instead to utilise the idea of different social enterprise ecosystem *types* within a wider

ecosystem *typology* to explore the marketisation of the English social enterprise ecosystem. In developing and understanding the role that power and networks play in shaping discourse within the English social enterprise sector, the paper seeks to draw attention to what the authors believe is a dangerous path of reducing pluralism, which may damage the future sustainability of the English social enterprise sector.

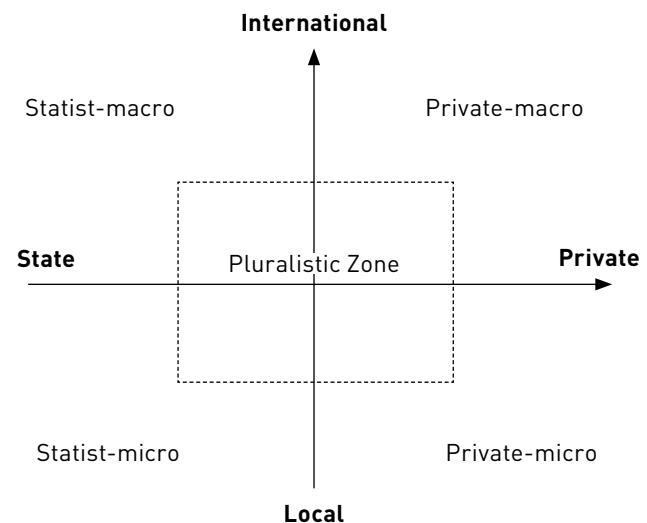
Hazenberg *et al.* (2016) identified four main types of social enterprise ecosystem in place across Europe, namely: Statist-macro; Statist-micro; Private-macro; and Private-micro (see Figure 1). Each ecosystem type is determined by a different set of dominant actors (and a dominant logic or discourse) and has developed due to historical factors, environmental factors and the social networks in existence within the ecosystem. The typology is dependent on two axes of differentiation: the dominance of stakeholders by geography (that is local, national or international organisations); and the dominance of state or private sector actors/logics. The English ecosystem was identified by Hazenberg *et al.* (2016) as being a Private-macro ecosystem, typified by a lack of state financial subsidy, with the state instead encouraging competitive contracting, and a policy environment that seeks to create a dominant discourse around 'the market' and the commercialisation of social enterprise.

Understanding the English social enterprise ecosystem as a Private-macro type, set within a wider European ecosystem typology, is important when trying to understand the future development of the sector, and demonstrate the factors that have led to its current state. Indeed, understanding the policy context in the UK over the last decade can provide insights into this development and the emergence of the Private-macro type.

## The English Social Enterprise Policy Context

Dart, Clow and Armstrong (2010) define social enterprises as independent, self-sustainable entities that deliver social and environmental outcomes. Within the English context, the government has taken a very broad view of what constitutes a social enterprise, defining them as a '*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*' (BIS, 2011: 2). Indeed, the government has created a

FIGURE 1  
Social Enterprise Ecosystem Typology



Taken from Hazenberg *et al.* (2016)

unique legal structure for social enterprise called the 'Community Interest Company' (CIC), which contains 'asset locks' and enshrines the social mission of the CIC within its Articles of Association (BIS, 2011: 3).

Social enterprise has risen to prominence in English policy narratives over the last 20 years, with social enterprise being offered up as the panacea for complex social problems and a means of reducing the burden on the welfare state (Austin *et al.*, 2006; Amin, 2009; Haugh and Kitson, 2007). This change in how the government seeks to engage with social enterprise (and the third sector more widely) has led to an ever increasing focus on marketising the third sector (Dey and Teasdale, 2016; McKay *et al.*, 2015); encouraging organisations to be more business-like, entrepreneurial and better governed (Macmillan, 2011;



Wells, 2012); and to focus on commercial revenue generation (Eikenberry, 2009). There has also been a focus on developing organisation's investment readiness and encouraging them to seek social investment as an alternative to grant funding, donative income models and to scale (Wells, 2012; Hazenberg, Seddon and Denny, 2014; Moore *et al.*, 2012).

This policy shift has resulted in specific legislation that has sought to drive change through changes in procurement (i.e. the 2012 Social Value Act) (Spear *et al.*, 2015); overt support for social enterprise/public sector hybrids (in the form of public service mutuals) (Hall, Alcock and Millar, 2012; Hazenberg and Hall, 2016); and regulatory changes such as the Social Investment Tax Relief framework (HM Treasury, November 2016). These policy frameworks have been supported (and championed?) by dominant network stakeholders including foundations, investors and large third-sector funders (Michelucci, 2016), as well as by social enterprise support organisations, consultancies operating in the sector, and larger social enterprises themselves. Prior research has stated that such developments are reflective of a dominant discourse within the sector that is centred in neo-liberalism, and which has led to the aforementioned wider focus on the marketisation of the sector (Dey and Teasdale, 2016; McKay *et al.*, 2015).

Viewed with an analytical frame centred on Weber's (1978) ideas of power and social action, it can be argued that the dominant stakeholders outlined above act 'purposefully' and 'rationally' to create value for themselves (or conditions favourable to them creating said value), and that these actions are embedded within social networks that shape behaviour and mediate resource flow. Despite the broad political consensus in England that has existed in relation to social enterprise over the last two decades (albeit Corbyn's Labour party is perhaps less clear in its stance), social enterprise is not a politically neutral term; indeed, it is a concept that is socially and politically constructed (Nicholls and Murdock, 2012). The development of dominant narratives centred upon the need for social enterprises to deliver public services and to become more market-orientated and business-like to do so, is an example of how dominant stakeholders can shape discourse to meet their needs (Dey and Steyaert, 2014). This poses challenges to academics in understanding the underlying reasons for why a social enterprise ecosystem type emerges, and this paper seeks to provide understanding as to how power and networks within the English social

enterprise ecosystem have led to the development of a Private-macro ecosystem type that is increasingly reducing pluralism and therefore damaging the future sustainability of the sector [see Hazenberg *et al.* (2016) for a discussion of how pluralism affects sustainability].

## Methodology

### Design and Sample:

The research reported here adopts a qualitative approach centred on focus group and interview data with social enterprise ecosystem stakeholders operating at the local and national levels. Across the city-level context and nationally, a database of relevant stakeholders was identified by the research team utilising their knowledge, networks and online searches. For this purposive sampling frame, the stakeholder types sought included: social entrepreneurs, local and national policy-makers, investors/funders, trade unions, NGOs, regulators and academics. This database was also added to during the focus groups through a snowball sampling frame, as participants identified relevant stakeholders operating at the national level that were interacting with or impacting on the local city-level ecosystem. This ultimately led to the identification of 48 stakeholders to approach as part of the research recruitment, of which 26 were locally-based stakeholders and 22 were stakeholders operating regionally/nationally. In total, 23 stakeholders participated in the research (for an anonymised numbered list of the participants interviewed by stakeholder type, please see Appendix A).

### Data Collection:

The data gathering process took place in two phases: first, two focus groups were undertaken within an identified city-level to explore the enablers and barriers present for social enterprises. One of these focus groups involved local social entrepreneurs (n=6), whilst the other focus group involved other key stakeholders (n=6) operating in the social enterprise ecosystem but who weren't social entrepreneurs (local government, NGOs, trade unions and charities). The focus group interview schedules were semi-structured, seeking to ascertain participant perspectives on key themes identified by the research team, but also allowing for participants to also discuss those issues that were important to them (a copy of the Focus Group schedule can be found at Appendix B). This



'Straussian' approach to grounded theory allowed the research to seek bottom-up data grounded in participant's perspectives, whilst allowing theoretical knowledge to inform the research design prior to the data gathering (Corbin and Strauss, 1990).

The second phase utilised a semi-structured interview schedule iteratively developed out of the focus group data and held with national-level stakeholders (n=11) engaged in the English social enterprise ecosystem. This allowed the data gathering tools in the second phase to be grounded in the data from phase 1, whilst again also being embedded in the prior literature and researchers' own knowledge (Corbin and Strauss, 1990). The interview schedule contained a number of questions, some of which were general (i.e. for all stakeholders) and some that were stakeholder specific. A copy of the interview schedule can be found at Appendix C.

#### City-level Case-study:

The local data gathering phase of the research utilised a case-study design, so that empirical data within a given (typical) location could be used to develop generalisable theoretical insights (Yin, 2014). The focus of the paper was on the English ecosystem, because of the neoliberal development of the policy narrative around the social enterprise ecosystem in this country. England was chosen as opposed to the UK as a whole, as the differing country contexts within the UK mean that the UK context cannot be treated as homogenous (Hazenberg *et al.*, 2016b). However, it is important to note that it is also impossible within the English context to argue that any city would be truly 'typical', due to the differences that can be found across the country in social enterprise ecosystems (Buckingham, Pinch and Sunley, 2012).

The city selected was chosen as a 'typical' example of an English social enterprise ecosystem for three reasons. First, the city is located in the Midlands region of England, and so geographically is centrally located with good transport links to the North and South. This location also means that the city shares economic features with both the South and North of England, and is not too London-centric. Second, the city is average in size in relation to population, being only slightly above the average population for the largest 100 English cities (excluding London). Third, the research team wished to avoid the largest English cities (London, Birmingham, Manchester, Liverpool, Sheffield and Bristol), as these would represent large-scale urban ecosystems with very well

developed social enterprise ecosystems. Indeed, the chosen city for this study, whilst having a well-developed business sector and support ecosystem, could be viewed as merely average in this respect (as opposed to the hyper social enterprise ecosystems that exist in the larger cities).

#### Data Analysis:

The data was analysed using the 'Constant Comparative Method' (Glaser and Strauss, 1967; Lincoln and Guba, 1985). Constant comparative method is an iterative procedure designed for the qualitative analysis of text and is based on 'Grounded Theory' (Glaser and Strauss, 1967). Constant Comparative Method (CCM) has been successfully applied in previous studies across a wide range of disciplines including social venture creation (Haugh, 2007). This method of analysis focuses on a process where categories emerge from the data via inductive reasoning rather than coding the data according to predetermined categories (Maykut and Morehouse, 1994). CCM consists of five stages (McLeod, 1994): *Immersion*: 'units of analysis' are identified; *Categorisation*: 'categories' emerge from the 'units'; *Phenomenological reduction*: 'themes' emerge from the 'categories' and are interpreted by the researchers; *Triangulation*: support for researcher interpretations of 'themes' is sought in additional data; *Interpretation*: overall interpretation of findings are conducted in relation to prior research/theoretical models (in this case evolutionary theory and stakeholder networks). The seven themes to iteratively emerge in this research in relation to the English social enterprise ecosystem were: procurement policies/regulation for social innovation; financial activities for ecosystem growth; inclusive labour market practices; collaborative stakeholder systems; training and education in support of ecosystem growth; impact and dissemination; and system drivers. These themes will now be discussed in relation to the wider literature, with indicative quotes from the themes presented in support of the discussion.

#### Discussion

When exploring the social enterprise ecosystem in England, it is first important to acknowledge and understand the different perceptions amongst the participants as to what constitutes social enterprise and how this relates to the wider narratives emerging within the ecosystem. One of the main areas to emerge from the interviews and focus groups related to the hybrid nature of social enterprise, with its focus on commercial and social/environmental sustainability. The nexus





of these different missions causes tensions for social enterprises and also helps to shape narratives within different ecosystems. Indeed, Doherty, Haugh and Lyon (2014) have previously identified how discourse around hybridity is shaped by policy environments and it can be argued that what we are increasingly seeing in the UK is an increasing focus on the 'business' element of this hybridity triangle, as an attempt at the macro-level to drive marketisation of the sector as part of a dominant neo-liberal policy paradigm (McKay *et al.*, 2011; Nicholls and Teasdale, 2017). This can be evidenced contextually in England through the policy focus that has occurred in relation to: The Big Society (Westwood, 2011); social investment (Westall, 2010; Hazenberg, Seddon and Denny, 2014); and social enterprise engagement in public service provision (Haugh and Kitson, 2007; Park and Wilding, 2013). Indeed, this has had a powerful impact on the social enterprise sector that has emerged (Park and Wilding, 2013).

The power of this narrative to shape social action as defined by Weber (1978), can be identified within the data in relation to a focus on business amongst social enterprises and also other stakeholder groups including support organisations and policy-makers. A powerful narrative around making the sector more business-like has certainly emerged over the last decade in England, wrapped in a discourse centred on sustainability and driven by political agendas and powerful stakeholders (Nicholls and Murdock, 2012; Dey and Steyaert, 2014; Nicholls and Teasdale, 2017).

*We have this conversation a lot, we are a charity, we are a business and we are a SE as well, so at what point are we charitable, what point a SE etc. It is debatable where the distinctions are...* (P6 SE Manager – Theme: System Drivers)

*People want to know money is being spent well and managed properly and a charity living hand to mouth is very difficult to sustain in the long term. We found while there will always be people who complain about charges, the vast majority realise it is the way and the only way the service can be provided. It's about sustainability* (P6 SE Manager – Theme: Financial Activities for Ecosystem Growth)

*I think innovation [is] the business setting; it is linked very much to competitiveness. I think that is one of the things the SE sector has to come to terms with.* (P10 SE Support Organisation – Training and Education for Ecosystem Growth)

As was identified earlier in the paper, there has been a historical focus in the English social enterprise sector on utilising social enterprises in the delivery

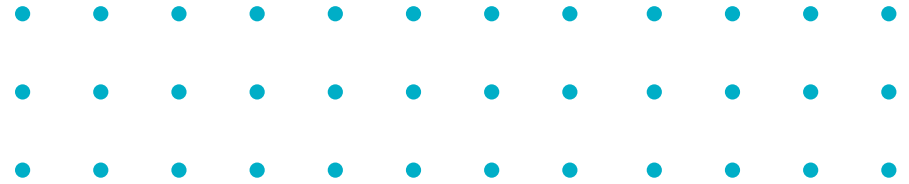
of public services, in what has been termed the 'third way' (Haugh and Kitson, 2007). This can be seen as one of the key drivers behind the rise in policy frameworks that seek to marketise the social enterprise sector (Dey and Teasdale, 2016; McKay *et al.*, 2015), with policies such as 'Right to Request' and 'Right to Provide' and the focus on public service mutuals (Hall, Alcock and Millar, 2012; Hazenberg and Hall, 2016) being evidence of this. However, this is an area that some participants argued had not gone far enough, with the need for public service staff to become more entrepreneurial being stated, and social enterprise frameworks providing one means of achieving these. In addition, the need for more inclusive approaches to employment through commissioning and procurement is also an area that participants argued was under-utilised.

*It would be good for people within public service to become more enterprising and entrepreneurial. Often they are not allowed to be as their hands are tied. Sometimes you have very entrepreneurial people, but the structure does not allow that.* (P10 SE Support Organisation – Theme: Procurement Policies/Regulation for Social Innovation)

*So I think that's partly driven by if we've got less money let's really try and maximise the value we're creating through what we spend. So, you know, whether that's a Local Authority commissioning a waste management, we could be employing some of the local young people who are unemployed or people with disabilities who we can give a chance or whatever.* (P17 SE Support Organisation – Theme: Inclusive Labour Market Practices)

It could be argued that such policies if implemented in the wrong way can embody a retrenchment of new public management approaches [see Osborne and Gaebler (1992) for a good overview of this] rather than the embracement of new Public Value Management approaches that call for greater community and citizen empowerment and a focus on outcomes rather than market mechanisms (Shaw, 2013; Crosby, Hart and Torfing, 2017). As Hazenberg *et al.* (2016) identified, such approaches to public management are now being seen elsewhere in Europe, particularly in those countries in the other three ecosystem types (most notably in Statist-micro ecosystems of Sweden and Scotland)<sup>1</sup>. We are also witnessing an increasing globalisation of social enterprise, particularly centred on the

1. Other countries outside of the Private-macro ecosystem type were: Albania; Austria; England; France; Germany; Italy; Netherlands; Poland; and Serbia.



transfer of policy from one state to another, with both the benefits that this can bring through knowledge transfer of best practice, and also the negative impacts that can be generated through a lack of local embeddedness of these policies [for a good discussion of this in relation to policy transfer between the UK and South Korea see Park and Wilding (2013)]. Indeed, from an ecosystem perspective this demonstrates how ideas can transfer between different ecosystems and shape local conditions in the same way that new organisms introduced to new environments can also radically change biological ecosystems (During *et al.*, 2016).

It was also identified within this frame, that there was a need for a reform of commissioning and procurement practices to enable smaller and local social enterprises to compete (an acknowledgement that this does not occur at the moment). The policy, legal and regulatory environment at the moment in England was seen to work against this, due to both a focus on financial bottom-lines (i.e. price is king) and also a lack of awareness amongst commissioners of their ability to focus on social outcomes when procuring and commissioning services (the E3M group in England is currently seeking to overcome these barriers, see <http://e3m.org.uk/bold-commissioners-club/>). This was perhaps indicative within the English ecosystem of stakeholders being aware of the changes that are needed, but seemingly unable (or unwilling) to actually enact such change, either due to competition or dominant policy narratives within local and central government. As was noted earlier, the creation of the current ecosystem has been supported by powerful stakeholder networks including foundations, investors and large third-sector funders (Michelucci, 2016), and to shift the policy and regulatory environment to one centred on Public Value Management policies would be a contradictory path to the neoliberal paradigm that currently exists in English social enterprise and public service policy. Indeed, whilst Nicholls and Teasdale (2017) do discuss how normative variations can exist within a policy paradigm, these still only occur within a shared understanding of the world and so represent minor ideational shifts within the same policy paradigm.

*One of the problems I think is, when you are in a business environment you are competing. You are not necessarily competing to get the cheapest price, but people who can deliver the service professionally and get it done. Sometimes with these spin-out services, they want to save money that is why they out-source them, and so they may go with the cheapest as opposed to the best who can deliver. You are not necessarily on the same playing field as businesses. Smaller companies might*

*not be competitive due to size* (P10 SE Support Stakeholder – Theme: Financial Activities for Ecosystem Growth)

*There are more targeted interventions...through the government to try to address each difficulty that social enterprises and perhaps many charities too have in presenting a sort of case for investment readiness and I know the Cabinet Office spends a considerable amount of resource improving the investment readiness of social enterprises too.* (P20 Policy-maker – Theme: Financial Activities for Ecosystem Growth)

*From where I sit it's necessary to allow or to empower commissioners to consider something other than price in what they're commissioning; to consider outcomes, to consider a broader range of suppliers. If I was a commissioner right now I would be - I'd completely understand why someone would commission based on as fewer people to procure from as possible at the best possible price because I can't be shot for that. Whereas sort of, there's no space in there for innovation and risk taking, working with smaller organisations, weaker balance sheets, different types of provision, there's just no upside to me as a commissioner working with them, so why would I?* (P21 Social Investor – Theme: Procurement Policies/ Regulation for Social Innovation)

*And so how do you get more people with experience of doing this into positions of commissioning authority? How do you identify more policy makers and give them practical examples of when communities have done stuff that has delivered the same social impact?* (P22 Policy-maker – Theme: Impact and Dissemination)

Interestingly however, there was also pushback from some participant social enterprises to their reliance on the state and their need to adhere to politics. In some respects, this could be viewed as evidence of 'tactical mimicry', where social enterprises pursue their own agenda, but mimic what they believe is required by funders/policy-makers (Dey and Teasdale, 2016) (but are honest enough in the interviews about their independence). However, it could also be evidence of a naivety in relation to their political neutrality, as it has been previously argued that social entrepreneurship is not a politically neutral term (Nicholls and Murdock, 2012). What it does show is that there is a desire amongst social enterprises to pursue their own social and economic goals outside of their dominant ecosystem discourse, but the reality of whether this is actually delivered is open to debate. This is also an area that networking and partnerships





can impact upon, by allowing collaborative change to the ecosystem as is identified within biological ecosystems through cooperation (During *et al.*, 2016).

*Networks are key, but I think it's again just differentiating between sort of...there are some social entrepreneurs who seem to just collect business cards like it's a contest. And it's obviously what you make of them and that tends to be - that sort of building good relationships and yes, less about a kind of business card competition I guess* (P23 SE Support Organisation – Theme: System Drivers)

*As a SE we have been up and running 22 years. Financially we are self-sustaining, we are not a slave to the whim of politics, we don't have a political agenda, we can spend and prioritise our money how we want.* (P6 SE Manager – Theme: Financial Activities for Ecosystem Growth)

*Networking, as long as it's with purpose is always going to be useful...the more that people can share their learning and network, the greater chance there is of systemic success, because those that are at the cutting edge are making people aware of what the journey looks like, and modelling what needs to be done to make it happen.* (P15 Local Enterprise Partnership – Theme: Collaborative Stakeholder Systems)

The uniqueness of the English ecosystem was something that was recognised by the participants, with a number making comparisons with other European states/ecosystems. Indeed, this comparison was generally negative (for England) as stakeholders recognised that the policy and legislative environment in England was not conducive to enabling the flourishing of community organisations (more evidence of the macro-focus in England). In addition, the different types of political philosophies across Europe in supporting social enterprise, and the ability of national (and local) level stakeholders to filter and re-spin European directives aimed at the social economy were also acknowledged. Again, these provide evidence of the ability of powerful stakeholders, often operating at the national level, to shape discourse and create a dominant narrative (Dey and Steyaert, 2014) even on policies, regulations and directives emerging from the European Commission. Therefore, the ability of these stakeholders to apply neoliberal filters (or other types of political analytical lenses elsewhere in Europe) acts as a powerful shaper of the ecosystems that ultimately emerge (the Private-macro ecosystem type in England being a key determinant). Additionally, there has been opposition within England to social enterprises by labour movement organisations such as trade unions, for the very reason that they

view social enterprises as part of this neo-liberal paradigm and therefore as a threat to organised labour and public services.

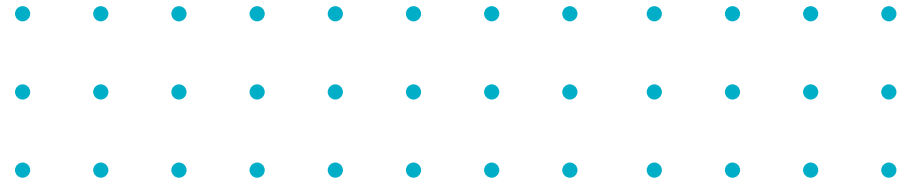
*Looking at other EU member states, their governments have passed definitive legislation to enable the sector to grow... e.g. the Dutch government underwrites finance for community organisations. In the UK the Government guarantees support for the mainstream 'Help to Buy' arrangements, but there is not the same sort of enabling support for the SE sector.* (P19 SE Support Organisation – Theme: System Drivers)

*The social enterprise focus should be about levelling the playing field, so trying to ensure that social enterprises aren't at a disadvantage relative to other types of enterprise... And some of that I think is probably political philosophies, whoever the government is. Part of it is actually just within Europe, it's tricky to advantage one group versus another group* (P22 Policy-maker – Theme: Procurement Policies/Regulation for Social Innovation)

*I think, because innovation means so many different things to different people, the further away you actually are from the innovation, the less meaning the word has, if you see what I mean. So, I think if you go up to sort of European money, the European Government talk about innovation, by the time that gets diluted down to the people of Manchester, what does it really mean by that stage? Because it adds all sorts of layers of filters and governance and bureaucracy put onto it* (P21 Social Investor – Theme: System Drivers)

*...it's interesting that in some parts of Europe trade unions see the establishment of co-ops and similar small businesses as being a really good thing: in the UK this is not always the case, certainly in terms of public services...* (P17 SE Support Organisation – Theme: Inclusive Labour Market Practices)

The increasing development in England of a Private-macro ecosystem type, as argued by the authors in this paper, was also evidenced in the data by participants bemoaning the role of national government and the lack of *de facto* localism (even if policy overtly talks about it). Policy to encourage localism (such as the 2011 Localism Act) fails to recognise the power disparities between stakeholder groups, especially in disadvantaged areas. As Westwood (2011) argues when discussing the implications of Big Society policy, structural inequality and disparities in power between government and local communities, means that disadvantaged communities are often unable to equitably engage in partnerships with institutions to solve social problems.



In addition, it was also noted that government policy is only focused on (and hence impacts) larger more established social enterprises (that tend to be less locally embedded). This provides further evidence of the lack of interest or awareness of community level social enterprises in England, where larger social enterprises that can deliver public services are favoured and encouraged (and able to measure their social impact). Such policies are evidenced in the prior literature in relation to support mechanisms designed to encourage social enterprises to scale and seek social investment (Wells, 2012; Hazenberg, Seddon and Denny, 2014; Moore *et al.*, 2012).

*I think we suffer generally from a confused message from national government on these issues...Now government talks about localism and [the] Big Society, there is nothing put on the table in terms of initial feasibility funding for people to take advantage of...It is about how things are addressed at local level (P10 SE Support Stakeholder – Theme: System Drivers)*

*I'm not sure governmental policy will, is likely to have a significant impact. That tends to happen when they're more established, when they're entering the sort of contracting environment, commissioning environment. But that tends to be a bit down the line from that initial kind of bottom up type stuff (P19 SE Support Organisation – Theme: Procurement Policies/Regulation for Social Innovation)*

*Other things such as improving the measurement of social impact so that people know what they're investing in and that enterprises themselves are in a readier state to receive investment are going to be important to drive the social investment market (P20 Policy-maker – Theme: Impact and Dissemination)*

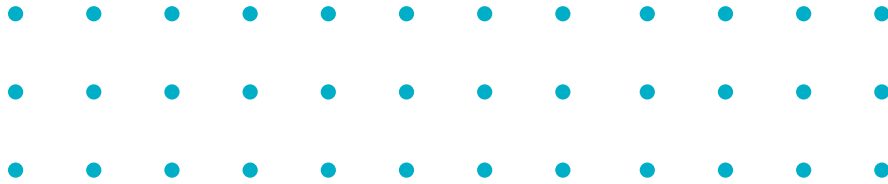
*I think they prioritise getting the bigger companies up and running and I think a conversation about policy and supporting smaller SEs might be helpful (P3 Social Entrepreneur – Theme: System Drivers)*

The discussion has sought to present an argument that a neoliberal policy paradigm exists in England in relation to social enterprise and public service delivery, and that this is gaining increasing traction as government seeks to marketise the sector and produce more business-like organisations (Macmillan, 2011; McKay *et al.*, 2012; Wells, 2012). This is indicative of a Private-macro ecosystem as defined by Hazenberg *et al.* (2016) and one that is seemingly becoming more entrenched. The impact of powerful stakeholders within this ecosystem in shaping this discourse is evidence of their ability to coordinate to deliver 'social

action' and to coalesce their power through embeddedness in stakeholder networks (Weber, 1978; Hazenberg *et al.*, 2016; Hazenberg *et al.*, 2018). We believe that this presents a unique ecosystem type in Europe that could be identified as the 'Anglo-Saxon Type' and which could also be argued as being an increasingly 'Hyper Private-macro' social enterprise ecosystem, focused on marketisation, scale and business-like efficiency. This 'Hyper Private-macro' type with its focus on larger social enterprises that conform to neo-liberal conceptions of marketisation, risks damaging smaller (and often more locally-based) social enterprises, by depriving them of access to government markets and excluding them from ecosystem support (policy, finance, training). Over time this will damage the sustainability of the sector; indeed, research by NCVO (2017) shows that the financial power of the third sector is increasingly being concentrated amongst a smaller number of larger organisations. This decreasing pluralism ultimately damages sustainability through a concentration of power that limits the social action of disenfranchised social enterprises (Hazenberg *et al.*, 2018).

## Summary

The paper has sought to present an argument that the English social enterprise ecosystem is rapidly diverging away from other European ecosystems, developing into a Hyper Private-macro ecosystem type based within Hazenberg *et al.*'s (2016) typology. This argument is presented in relation to Weber's concepts of power and social action, and how stakeholders embedded in networks can wield significant power in shaping discourse [an area also focused on by Dey and Steyaert (2016)]. This Anglo-Saxon ecosystem type has emerged due to governmental policy and collaborative action amongst dominant stakeholders within the ecosystem, which is focused on New Public Management (Osborne and Gaebler, 1992), a commitment to the third way (Haugh and Kitson, 2007), and efforts to marketise the third sector to create more efficient and sustainable organisations (McKay *et al.*, 2012). This development is in direct contradiction to the increasing focus on localism and the principles of Public Value Management (Shaw, 2013; Crosby *et al.*, 2017) seen across many ecosystems in Western Europe. It remains to be seen what impacts on sustainability this will have for the social enterprise sector in England, but the gradual disappearance of smaller local social enterprises, and the emergence of a small elite of larger social enterprises cannot be discounted [indeed, research by NCVO (2017) has already identified that 3% of third sector organisations in



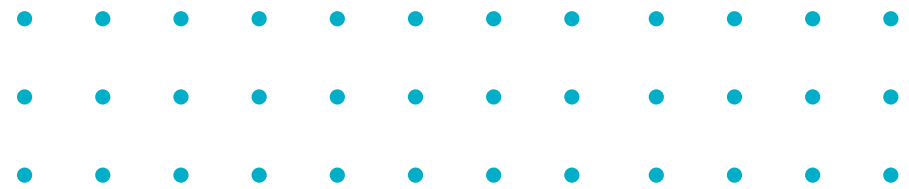
England account for 80% of total turnover). The implications for understanding the impacts of policy and stakeholder networks on ecosystem development are profound, and should be noted and absorbed by academics, policy-makers and practitioners in the social enterprise sector.

Nevertheless, there are a number of limitations to this research and caveats to be made in relation to the arguments presented. The data sample is quite limited (23 participants) and the focus on only one city-level experience (albeit one that was identified as being typical) limits the generalisability of some of the assertions made in the paper. Further research that seeks to explore the trends observed in this paper more widely across England would be very welcome. Furthermore, whilst for theoretical simplicity, the English ecosystem is presented as a homogenous entity, the reality is that the landscape is fragmentary and different regions will have different development trends. This is certainly a trend that has been identified in prior research exploring regional differences in social enterprises across the UK (Buckingham *et al.* 2012). Indeed, the devolution agenda has the potential to fragment this even further and have different ecosystem types emerging in the devolved cities/regions. As one participant stated:

*I do think in terms of localism I think a lot of the most interesting stuff, and this is partly because of the ability to do interesting things and who might be doing them, I think a lot of the most interesting social value, social innovation, social enterprise work might well come in some of the devolved areas and more so than national government I think in England* (P23 SE Support Stakeholder – Theme: System Drivers)

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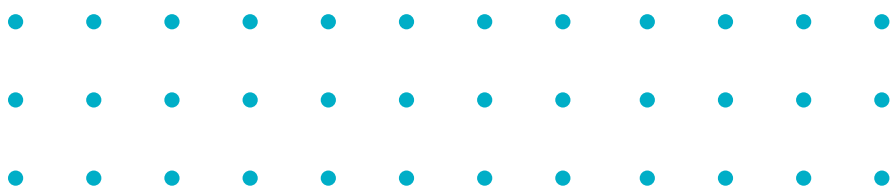




## APPENDIX A

### Participant Sample

No.	Data Phase	Stakeholder Type	Sector (where applicable)	Geographic Reach
1	Phase 1 – Focus Group	Social entrepreneur	Children and Youth	Local
2	Phase 1 – Focus Group	Social entrepreneur	Education & Arts	Local
3	Phase 1 – Focus Group	Social entrepreneur	Employment	Local
4	Phase 1 – Focus Group	Social entrepreneur	Employment	Local
5	Phase 1 – Focus Group	Social entrepreneur	Community Development	Local
6	Phase 1 – Focus Group	SE Manager	Environment	Local
7	Phase 1 – Focus Group	Cooperative	Housing	Local
8	Phase 1 – Focus Group	Local Authority	Government	Local
9	Phase 1 – Focus Group	Charity	Community Foundation	Local
10	Phase 1 – Focus Group	Social Enterprise Support	Business Support	Local
11	Phase 1 – Focus Group	Trade Union	Public Services	Local
12	Phase 1 – Focus Group	Trade Union	Public Services	Local
13	Phase 2 - Interview	Policy-maker	Education	Regional
14	Phase 2 - Interview	Social entrepreneur	Children and Youth	Regional
15	Phase 2 - Interview	Local Enterprise Partnership	Business & Enterprise	Regional
16	Phase 2 - Interview	Local Enterprise Partnership	Business & Enterprise	Regional
17	Phase 2 - Interview	SE Support Organisation	Third Sector	National
18	Phase 2 - Interview	Politician	Health & Social Enterprise	National
19	Phase 2 - Interview	SE Support Organisation	Third Sector	National
20	Phase 2 - Interview	Policy-maker	Finance	National
21	Phase 2 - Interview	Social Investor	Finance	National
22	Phase 2 - Interview	Policy-maker	Social Enterprise	National
23	Phase 2 - Interview	SE Support Organisation	Third Sector	National



## APPENDIX B

### Phase 1 Focus Group Interview Schedule

#### Interview Protocol

Give a brief introduction to the research project.

Please note: The schedule should be adhered to as much as possible. However, participants should also be free to lead the discussion and discuss areas that they feel are important (even if they are not included below in the schedule).

1. Can you tell us what you understand by the term social entrepreneurship/social enterprise?

2. Do you see any links between social entrepreneurship/social enterprise and social innovations?

a. How are you defining social innovation?

3. How important do you think social entrepreneurship/social enterprise and social innovation are at the city level:

a. As part of the local economy?

b. In delivering services?

4. Who and what supports the development of social entrepreneurship/social enterprise and social innovation at the city level?

a. Central government

b. Local government

c. Legislation

d. Policy

5. What challenges does the development of social entrepreneurship/social enterprise and social innovation face at a city level?

6. How do you think social entrepreneurship/social enterprise and social innovation have shaped policy at a city level?

a. European policy.

b. National policy.

c. Local policy.

7. Can we explore who you understand the stakeholders to be in this area?

a. European stakeholders.

b. National stakeholders.

c. Local stakeholders.

8. How have these stakeholders shaped policy implementation?

a. Particularly at a city-level.

9. Can we move on to consider the national and European levels; what future policies do you think should be developed there?

a. Can you explain your views?

10. What would optimise the impact of these national and European policies?

a. Can you focus on what you think would optimise their impact on city-level SE sustainability and growth?

i. Can you explain your views?

b. Is there anything else that you think is important in this area of SEs, policies, sustainability and growth?

END: Focus group facilitator to then summarise the discussion, check that participants agree with summary and ask if anyone has anything else to add.



## APPENDIX C

### Phase 2 Semi-structured Interview Schedule

#### Interview Protocol

All questions in the interview schedule below are open-ended questions. They have been designed to encourage the various stakeholder participants (e.g. politicians, senior civil servants, quango leaders, finance institutions, trade unions, SE support orgs, etc.) to explain and demonstrate their respective stakeholder-specific practices and views. **It is not necessary to ask every question to every stakeholder group**, instead we have listed in bold text next to each question the relevant stakeholder groups<sup>2</sup> that the question is aimed at (general is for all participants, although discretion can be applied here by the interviewer). **These question assignments are intended as a guide and interviewer discretion can be applied depending upon the participant and the context.**

We have endeavoured to develop questions based on themes, as illustrated below, so as to ensure that different stakeholder groups are catered for. **This means that the questions are only intended as a thematic guide, and the researcher(s) are free to adapt these questions to suit the stakeholder group that they are interviewing.** Consequently, depending on participant's answers, the interviewer may need to alter the order of questions. The interviewer will use their own best judgment to determine which questions, or similar questions, will best elicit an open-ended response. The purpose of the interview is to explore relationships, so as to inform the subsequent stages of mapping and modelling of interactions between stakeholders/policy in shaping SE. The interviewer may occasionally need to rephrase a question to better match a participant's background, situation or point of view. **Interviewers are free to add prompts which they feel are pertinent to the stakeholder or their own country context.** The questions are provided overleaf.

#### The impact of procurement policies/ regulations on social innovation

**1. Politicians/civil-servants/finance institutions:** How can procurement policies and regulations evolve to stimulate social innovation:

- a) at a local.
- b) at a national;
- c) at a European level; and
- d) How do we promote inter-level connections?

**2. Politicians/civil-servants/SE support orgs:** How can civil society be encouraged to deliver bottom-up social innovation?

#### Financial activities for SE growth and development

**3. Finance institutions/trade unions/SE support orgs:** Should loans, tax breaks or other support be made available for specific phases of SE development, and if so, what phases and what kinds of SE activity will be appropriate for such support?

#### Inclusive labour market practices

**4. Politicians/civil-servants/finance institutions/trade unions:** How can social enterprises and social entrepreneurs be assisted to employ 'vulnerable' members of the labour market in ways that will not weaken their business efficiencies?

- a) How can different stakeholders support this?

2. This is intended as a guide only and interviewers are free to ask any of the questions to any participant should they feel that this is pertinent.



## APPENDIX C

### Phase 2 Semi-structured Interview Schedule

#### Interview Protocol

##### Collaborative stakeholder systems

<p><b>5. Politicians/civil servants/SE support orgs:</b> How can collaboration between policy-makers be more effective to enhance the development of the SE sector? Specifically, at:</p> <ul style="list-style-type: none"> <li>a) European/National.</li> <li>b) European/local.</li> <li>c) National/local.</li> <li>d) Intra-level (i.e. government departments at the same level – e.g. Department for Health and Department for Education), particularly around shared benefits/costs.</li> </ul>
<p><b>6. General:</b> Please describe what you see as the role of the government/local government in terms of:</p> <ul style="list-style-type: none"> <li>a) How they support start up SEs?</li> <li>b) How they fund/finance start-ups?</li> <li>c) How they use taxation to encourage entrepreneurship?</li> </ul>
<p><b>7. General:</b> How responsive do you feel local government is in responding to the problems or issues of SE?</p> <ul style="list-style-type: none"> <li>a) Does the slowness of local government to act until problems are very large lead to more problems for SEs?</li> </ul>
<p><b>8. Finance institutions/trade unions/SE support orgs:</b> Do you think there is a link between austerity and the development of SEs? Please explain.</p> <ul style="list-style-type: none"> <li>a) Does resource constraint enhance innovation?</li> <li>b) Does it encourage network creation and partnerships/collaborations?</li> </ul>
<p><b>9. General:</b> How can we encourage better collaboration between SEs, the public private and third sectors [i.e. Corporate Social Responsibility (CSR) or cross-sector partnerships]? Specifically, in relation to:</p> <ul style="list-style-type: none"> <li>a) Logics (i.e. the thought processes and understanding of SE systems).</li> <li>b) Values (i.e. the principles or standards used to prioritise SE activities).</li> </ul>
<p><b>10. General:</b> How significant are SE personal and professional networks in both the sharing economy and the growth of SEs, in comparison to government legislation and guidelines?</p>



## APPENDIX C

### Phase 2 Semi-structured Interview Schedule

#### Interview Protocol

##### Training and education to support SE development

**11. Finance institutions/trade unions/SE support orgs:** How can training and education develop the skills of SEs and encourage and develop awareness of them (prompt: perhaps as potential careers)?

**12. Politicians/civil servants/SE support orgs:** How could national education systems certify young peoples' awareness of the SE sector and potential SE careers?  
a) How can other stakeholders assist with this (if at all)?

##### Impact and dissemination activities

**13. General:** How can social entrepreneurs and social enterprises effectively disseminate and measure their social impact (e.g. in the local community, to funders etc.)?

**14. Politicians/civil-servants/finance institutions /SE support orgs:** If the EU is a significant stakeholder how can it become more involved in having an impact at the local level?

##### Funding and SE systemic drivers

**15. General:** Who provides your organisation's funding?  
a) How have these funding networks changed over the last 5 years?

**16. General:** What can be done to drive systemic change/innovation at the local government level that places SE at the heart of the city?  
a) Advocacy.  
b) Citizenship/democracy.  
c) Collaborative consumption.  
d) Network creation and collaboration.