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People versus pounds: the prospects for radicalism in the UK social economy.

Len Arthur (*UWIC, Cardiff*), Tom Keenoy (*King's College, London*), Russell Smith (*UWIC, Cardiff*), Molly Scott Cato (*UWIC, Cardiff*) and Peter Anthony (*King's College, London*)

Abstract.

The paper examines the tensions that can be identified in the European and in particular the UK Labour Government's policy approach to the social economy and social enterprise. A policy trajectory toward market integration and the private sector practice that eschews models of 'bottom up' ownership and control is identified. Possibilities of a radical opposition this trend within the social economy, both conceptually and in practice, are explored. A framework drawn from the social movement sociology using concepts of socially produced boundaries and space is used together with recent evidence from the UK social economy. Elements of a radical trajectory can be seen in 'doing – it – ourselves' practice; aims and democratic forms of ownership and control. It is suggested that in combination they can achieve incremental, but radical social outcomes.

POLICY CONTEXTUAL SUPPORT

Over the last 10 years there has been a steady policy shift within the EU toward recognising and supporting the role of the social economy – known as the 'third sector'. The Commission has had a Social Economy Unit since 1989 and variety of reports and initiatives have been undertaken. Reports have covered issues such as the contribution the social economy can make to social and economic inclusion, reduction of unemployment and more recently the CONCISE project (2002 – 2003) assessing the contribution of social capital and the social economy to local economic development. Much of this work has also received evidential support from the OECD. These considerations have resulted in a range of practical initiatives largely located within regional economic and social policy with implementation encouraged through memos – the lowest form of EU policy statement – and finance through structural funds aimed at reducing imbalances within the EU. The profile of cooperatives – in all forms – has been sustained and the CONFIDENCE project has led to an EU recommendation relating to employee profit and share ownership. More recently, the concerns of corporate social responsibility have stimulated further reports and conferences on the role of the third sector and cooperatives. The members of the European Parliament Social Economy Inter Groups have recently produced a memorandum giving ongoing support for a range of coordinated initiatives to ensure that policy supporting the social economy continues to be developed.

Over a similar time period the UK Government has placed a policy emphasis on the social economy. Partly, this is in response to the EU initiatives, but also reflects the

policy direction of the Labour Government elected in 1997. The social economy can be seen to sit comfortably within the ‘third way’ thinking of the Government and this has been supported by detailed work from Labour supporting ‘think tanks’ such as the IPPR (Institute for Public Policy Research) and to some extent the NEF (New Economics Foundation). This work has linked closely with more traditional Labour supporting bodies such as the Cooperative Party. This organisation is financed by the UK retail cooperative group and has affiliated membership of the Labour Party on the same basis as UK trade unions. One of the first steps of the new Labour Government was to establish a commission of inquiry into the UK retail cooperative organisation that had witnessed, just before the 1997 election, an unsuccessful ‘carpet bagging’ operation by private financiers to take over the two main retail organisations. This was the last big attempt to de-mutualise – privatise - cooperative owned organisations which had seen, during the previous decade, the value of many of the accumulated assets of UK building societies transferred from members to private shareholders.

From this early start the Labour Government has initiated a range of legislation, policy and administrative support to encourage the development of the UK social economy. Legislation has been introduced to make ‘carpet bagging’ more difficult and tax incentives have been provided to encourage capital to be made available for community development. Three major ministries, the Department of Trade and Industry (DTI), the Office of the Deputy Prime Minister (ODPM) and the Home Office (HO) have directorates and units providing financial, policy and administrative support for the social economy. For example, within the DTI a Social Enterprise Unit was established in October 2001 and this has produced a series of initiatives aimed at encouraging and removing barriers to the social economy covering issues such as research on the size and contribution of the sector, the type of support mechanism required and has facilitated widespread debate and policy development through partnership. The Social Enterprise Coalition¹ is a major player in such partnership arrangements as a glance at the web site will confirm.

Despite predictable difficulties in defining the social economy and estimating its socio-economic impact, some initial and reasonably reliable estimates are available. Within the EU it is estimated that the social economy provides 8% of enterprises and 10% of total employment (European Parliament 2004) amounting to about 9 million full time equivalent jobs (CIRIEC 2003). Within the UK the total figures are similar standing at 8.42% of salaried employment in 2000 amounting to 1.6 million full time equivalent jobs (Smith 2004). Using the term social enterprise but covering similar ground the Bank of England (2003) identified a variation of the proportion of enterprises across sectors ranging from 10% in retail to 19% in education and environment / recycling. And the social economy appears to play a more significant role in economically disadvantaged areas. For example, in Wales, a recent report commissioned by the Wales Assembly Government (WAG) estimated – in a country with a population of 3 million – that the ‘social enterprise economy’ amounted to 1321 organisations providing a turnover of £320m and employment for 12,200 (WAG 2003). Similarly, a report covering Scotland – population 5million – showed that the social economy supports 100,000 jobs and generates £2bn a year, double what the financial figure was six years ago (Regeneration 2004). Overall, it seems that the level of activity in the UK is about the same as that of the EU, providing about 10% of the

¹ <http://www.socialenterprise.org.uk/default.aspx>

employment and is one of the fastest growing sectors (Smith 2004). Finally, we can also observe that in the UK there has been a distinct shift in the political rhetoric toward talking up the social enterprise component of the social economy.

From these outline figures it appears that a combination of activity on the ground and a supportive political and legal environment is facilitating a growth in the social economy. But what is it exactly? As can be seen from the variable use of language ranging from the ‘third sector’ to ‘social enterprise economy’ definitions have yet to settle down. In fact it is unlikely that they ever will, as a closer look at the discourse that surrounds the social economy reveals some fundamental tensions about values, intentions and expected outcomes. The analysis in this paper is based upon UK and Welsh evidence but the evidence from the EU, indicates that similar tensions exist.

TENSIONS IN THE SOCIAL ECONOMY.

As we have recently argued (Arthur et al 2003), there are some significant problems with trying to achieve an inclusive and universal definition of the social economy that attempts to describe the entire not for profit activities that can exist between private and public provision. One answer that has been suggested is to talk about ‘more than profit’ organisations (Jones et al 2004) but this only really helps if the intention is to privilege social enterprise as a subset of the social economy. There is a case to be made for a broad description as an initial orientation to these activities but essentially such definitions are static and negative in that they describe what they are not – private or public - as opposed to what they are and can be. If questions are to be asked about their impact on social change or the socio-political trajectories of these organisations then it is necessary to consider the social processes and underlying dynamics that either sustain or alter these organisations. As we have suggested (op cit 2003) it may be helpful to consider some of the wider tensions at work in the social economy.

It is useful to consider an example to make the point less abstract. The recent survey of the social economy in Wales (WAG 2003) adopted a broad-brush approach in describing what the report calls ‘social economy enterprises’. Nine categories of organisation were identified as follows:

1. Development trusts – community based regeneration organisations that own and manage assets.
2. Other regeneration / projects organisations – community based activities with a wide range of organisational features.
3. Credit unions – cooperative based savings and loans.
4. Cooperatives – primary consumer or producer cooperatives and secondary marketing cooperatives.
5. Intermediate Labour Market Firms – providing temporary employment and training for those disadvantaged in finding employment.
6. Social firms – providing permanent employment for those with physical / mental disability.
7. Charities Trading Arms – social businesses raising money through shops etc.
8. Other Community Business – with various legal status.
9. Non-trading voluntary and charitable organisations.

The use of such ‘exemplar organisations’ as a means of grounding what the ‘social economy’ refers to is justified by drawing upon the current widely used definitions in the UK. The first two are taken from state sources:

‘A social enterprise is first and foremost a business. That means it is engaged in some form of trading, but it trades primarily to support a social purpose. Like any business, it aims to generate surpluses, but it seeks to reinvest those surpluses principally in the business or in the community to enable it to deliver on its social services’.

This is the definition used by the UK Government department the DTI. Note that it is seeking to define ‘social enterprise’ as opposed to the wider social economy. The list 1 – 9 above is wider as it also includes number 9, non-trading voluntary and charitable organisations. Similarly, the OECD defines social enterprise as:

‘any private activity conducted in the public interest, organised with an entrepreneurial strategy but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has a capacity of beginning innovative solutions to the problems of social exclusion and unemployment’.

In the WAG report, researchers found it necessary to go beyond these state definitions. They drew upon the *Social Enterprise London* (2002) definition which refers also to social enterprises that not only have an enterprise orientation and social aims, but also have a third quality, social ownership, where autonomous organisations have governance structures ‘based on participation by clients, users, local community groups or trustees. Profits are distributed to stakeholders or for the benefit of the community’. This is a significant addition, as without reference to ownership all forms of cooperatives would have been excluded from the social economy. It is no accident this has become a problem and an issue in the UK. The DTI definition, quoted above, was arrived at after a consultative process that resulted in an emphasis on social aims and enterprise. It was found difficult to square cooperative ownership and control with a social aim and it was quietly dropped. The UK cooperative movement now finds itself in a difficult position of being *de facto* included in consideration but with its *de jure* legitimacy being questioned. Definitions, it seems, have social consequences.

The importance of this analysis is that it is an example of a key tension and possible contradiction that exists both in policy and in practice within the broad range of social economy organisations. The WAG report continues to explore future trajectories of what it calls ‘social economy enterprises’. The report is about developing and supporting social enterprise, defined in terms of social economy organisations moving away from grant dependency and toward financial sustainability based upon income from trading on the market. With this assumption, it addresses the problem of a static description by identifying a ‘lifecycle’ dynamic with social economy organisations ‘maturing’ toward a social enterprise model that is close to the market concerns of private sector organisations. Social economy organisations are seen as achieving social enterprise status when they have achieved more than 50% of their income in this way. This is a current DTI, state, criteria – soon to come down to 25% - enabling social economy organisations to be distinguished between those which can reach this

enterprise status and those which cannot. In other words, echoing the DTI definition which privileges 'new' Labour's policy preference for market solutions, the WAG report classifies social economy organisations as those which have achieved 50% or more of their income from non-state sources.

This may seem a technical issue but again definitions have evaluative consequences and the privileging of independent income streams is what underlies the selective shift in terminology from the 'social economy' to 'social enterprise'. Such a shift renders the activities of this sector as 'mainstream' and thus capable of being seen as businesses that produce for the market. Such an identity fits nicely with New Labour's definition of the public and private Third Way. It is available for mainstream business advice and avoids difficult questions about the relationship between ownership, control and social benefits (which could be seen as very 'old' Labour). Similarly, this preference for a market-oriented conception of social enterprise is reflected in a new key piece of legislation that is designed to facilitate the easier establishment of a legal and governance form for community based social economy activities. Community Interest Companies will have their own legal framework but they will not necessarily be owned and controlled by their stakeholders whether they are beneficiaries or employees. The extent to which the social purpose and the community is served will be determined not by 'bottom up' ownership and control – as argued for by cooperative and other forms of social economy organisations during the consultation process – but by a 'top down' government appointed regulator.

Combining democracy, ownership and control, social purpose and the control over the value that is produced are persistent characteristic features of the social economy in practice but which remain troublesome for those in government. While government is anxious to support the 'good works and public good' that are served by the social economy, it remains extremely reluctant to endorse alternative forms of ownership and control.

A similar approach seems to have been adopted by the EU. The social economy statement by Euro MPs referred to above (Intergroup 2004) provides a good example of how this tension is reflected politically; para 2.5 states:

2.5. ... that social economy enterprises fall within the scope of the objectives of sustainable development while representing a specific entrepreneurship model. [It] Points out that they can be portrayed as a model in the seeking to bring globalisation under control, for their opposition to the achievement of uniformity of the capitalist enterprise model. [And] Hence requests that their specific characteristics, including the organisational freedom, be recognised, so as to allow them to be recognised as economic actors in their own right, and refuse to confine them to the non-profit areas, experimenting fields, or charity organisations.

The tension is reflected in the first sentence with the reference to 'a specific entrepreneurship model'. This seems to be strange language for a statement that continues by suggesting that such a ... 'model seek[s] to bring globalisation under control' [and opposes] 'the achievement of uniformity of the capitalist enterprise model'. Similarly, in a recent review of financial participation by employees in European enterprises (Fici 2004) recognises that while European policy and

legislation encourages profit sharing ... ‘the participatory dimension is not very evident in the official documents of the European Union: the EU wishes to encourage profit sharing but starts to stop short of employee ownership and control’.

In our view, it is possible to see the social economy as a distinctive space of social activity that can have its own different and distinctive trajectory, that is neither state nor private, and that it enables a discourse to open up that can challenge the values and institutions of both these dominant groups. In this sense – in their more developed forms – the activities within the social economy have the potential of a social movement to pose a challenge to the current political and institutional paradigm (Offe 1985). It seems that both the state and those interested in preserving the ‘capitalist enterprise model’ cannot ignore this potential and are working hard to influence the debates. This is not new territory and similar tensions were argued over in relation to the New Deal in the USA in the 1930s (Huberman 1939). More recently, and at a more general level within this broad spectrum of debate about the nature of the social economy, two clear trajectories can be identified. One perspective emphasises the conventional economic benefits of the social economy while the other places much greater stress on the social potential (Amin *et al.* 2002). Teasdale (2004) has characterised this debate as essentially an argument about ‘pounds versus people’.

First, some aspects of these developments represent convergence across the political spectrum toward an acknowledgement that it is no longer realistic to oppose capitalism; hence the emphasis on the economic as opposed to the social purposes of the social economy. For example, in the USA, there has been an intellectual revival of the stock ownership plan known as the *Universal Capitalism Movement*. The rhetoric informing this idea is to provide all members of society with a stake in capitalism and such notions became the driving force behind the political support for ESOPs during the Reagan and Thatcher administrations (Morehouse *et al.*, 2000). Political and institutional support for such schemes was seen as a way of better integrating employees into capitalism. Gates’s *Ownership Solution* (1999) extends this integrative approach to include trust-based forms of employee common and share ownership cooperatives such as the Bader Foundation and John Lewis Partnership. Gate’s work has attracted the support of the Gorbechev Foundation and John Monks, the former leader of the UK TUC. In part, the UK Government’s emphasis on social economy organisations and Community Interest Companies (Lindsay 2004) becoming grant independent and developing their own income streams seems to reflect this ideological preference for ‘integrative’ policy options.

Secondly, while such initiatives have their place, in our view, it is not the case that we are faced with a choice between an ‘economic’ or a ‘social’ approach to the social economy. For example, Smith (2004) draws upon the concept of associative democracy (see also Hirst, 2002) developed within the traditions of sociology and political science to argue that the social economy ‘can offer the context within which citizens and communities are given meaningful opportunities to affect the patterns of governance that directly impact on their lives’. In similar vein, Edwards (2004), starting from the concept of ‘civil society’, insists that the social economy sustains the normative aim of achieving a Good Society by promoting associative practices on the ground while simultaneously garnering political support for re-distribution. Cato (2004) argues that in the context of a strong community, working class entrepreneurship can be seen as a collective and associative social process while

Williams (2002) suggests that it is possible to describe alternative economic relations and motivations as ‘spaces of hope’ that sustain cultures of resistance. More generally, Mouzelis (2001) proposes that the left – right divide is still relevant and that there is an alternative version of the third way based upon recognising ‘the continuities between early and late modernity and between the old and new emancipatory struggles against tyranny, exploitation and cultural / symbolic manipulation’.

Such analyses may appear to posit an over-ambitious agenda of social action. It immediately poses the question whether or not prioritising the social objectives of the social economy is a realistic basis upon which to build sustainable economic well-being. To what extent is it possible for a politically progressive social economy to remain different from the mainstream and can the differences be sustained? Pearce (2003) has argued this case and has identified a suitable model for what he calls ‘social enterprise’ which has six characteristics:

1. Having a social purpose.
2. Engaging in trading activities to achieve social purpose.
3. Not distributing profits to individuals.
4. Holding assets and wealth in trust for community benefit.
5. Democratically involving members of its constituency in governance of the organisation.
6. Independent organisation with accountability to a defined stakeholder constituency and community.

In contrast to the definitions of social enterprise cited earlier, it should be obvious that Pearce’s model is concerned with distributing power through bottom up forms of ownership and control. But such a definition is static and does not draw attention to the dynamic potential between these characteristics and how they might link to the social processes of emancipation. It is Mouzelis (2001) who has emphasised the potential changes contingent on citizens’ renewed control over political, economic and cultural power. It is clear that Pearce accepts this interaction, but the dynamic is important, expressing the idea that social difference can only be both achieved and sustained through time by acts and meanings of actors who have the power and ability to conceive, implement and reflect upon their own discourse and social action. As Edwards (2004) concludes: ‘civil society is simultaneously a goal to aim for, a means to achieve it, and a framework for engaging with each other about ends and means’.

IS IT POSSIBLE, DOES IT HAPPEN?

The intention of the rest of the paper is an attempt to make an initial assessment of the different *social* trajectories within the social economy in the UK, and the extent to which Edward’s understanding of the nature of civil society is reflected in these social trajectories. This is largely taken from evidence based on our research into workers cooperatives and the July 2004 conference on Social Enterprise organised by PiN, the *Public Interest and Non-Profit Management Research Unit* at the *Open University*. Consideration will be given to the extent that social economy organisations can be seen to be emancipatory, despite existing within a market based economy, a political system that supports the market and a Labour Government that finds it difficult to accept re-distribution of power and control. Since their potential achievement depends

upon being able to create and sustain alternative modes of thinking and operating or – to put it another way – the extent to which they can construct and occupy an alternative social-economic and political space, it is instructive to contextualise this evidence within contemporary social movement theory.

Space and boundaries.

Social movement studies are about understanding how social change can be achieved. Until the 1980s such theories were dominated by Marxist thinking. Since then, following the collapse of ‘organised communism’, we have seen the development of what is called ‘new social movement theory’. This is designed to accommodate the diverse range of fractured or more targeted social protest movements, which have emerged to express dissatisfaction with the emerging socio-economic order. The environmental and anti-globalisation movements are pre-eminent examples but such theories are also directly relevant to many of the mutual and cooperative forms of organisation that are to be found in the social economy.

For example, Crossley (1999) has proposed the notion of ‘Working Utopias’ to characterise radical approaches to organisation. He argues that, largely for defensive reasons, such working utopias create and define new and more liberating social and economic spaces and thus “extend and reproduce networks, generate new forms of knowledge and practice, and serve, to some extent at least, as ‘proof’ of the validity of movement’s claims.” Thus, for example, cooperatives can be seen as articulating their own alternative cultural, collective and political identity while simultaneously creating both the financial and social capital to ensure the maintenance of their worker-owned emancipated space. Similarly, Melucci (1996) has identified worker-controlled mutual organisations as ‘laboratories of experience’ which may lead to the creation of innovative organisational forms while Mcadam *et al.* (2001) have suggested that social movements can be differentiated between those which operate as forms of ‘transgressive contention’ – which actively challenge the existing social order – and those which constitute forms of ‘contained convention’, a term which refers to organisations which, although perhaps structured differently to the mainstream, seek to co-exist within the mainstream.

More generally, Buechler (1999: 211) has argued for a synthesis of the various perspectives within social movement theory. He observes that social movements have always had a dual focus involving both political and cultural aspects and that:

“Reflecting the political, they have always involved some form of challenge to prevailing forms of authority. Reflecting the cultural, they have always operated as symbolic laboratories in which reflexive actors pose questions of meaning, purpose, identity, and change. When social movement theory recognises this inevitable duality in social movements, it will once again be on a productive path.”

The concerns of the field are wide ranging but, as hinted in this quotation from Buechler, it may be more pertinent to examine what particular alternative forms of organisation can achieve in practice rather than focus on their invariably limited capacity to effectively challenge the existing social order of contemporary capitalism. It is from this perspective that new social movement theory is relevant to

understanding how developments in the social economy may effect social change. The concept of social space plays an important part in this approach. For example, Lefebvre (1991) has shown how social space is far from uniform and that social actors and social groups are able to construct a variety of cultural forms that – although bounded in various ways – mutually co-exist while developing independently of each other. This raises the distinct possibility that it is possible to implement social change through different and alternative practices synchronically, in the present. Such a view contrasts with the more traditional approaches to radical social change that assume that ‘real’ change is reliant on collective mobilisation to achieve change diachronically (and in the future). Clearly this is an important issue for proponents of the social economy – is it possible to establish and maintain such alternative social spaces in order to institutionalise the forms of organisation envisaged by Pearce’s (2003) model?

From the evidence there is a wide variety of ways of identifying and establishing boundaries. Our own research at *Tower Colliery*, a worker owned coal mine in South Wales (Arthur *et al.*, 2001, 2004; Smith *et al.*, 2002; Keenoy *et al.* 2004) provides an example of fairly readily identifiable boundaries. The cooperative owns legally definable land and mineral rights and uses a private limited company structure to ensure equitable ownership among the worker shareholders. There are no external shareholders and no debt owed so there are clear financial and legal boundaries that enable clear distinctions to be made with where the cooperative’s control begins and ends. However, as mining is an ongoing operation, the survival of this boundary has to be constantly negotiated through the medium of coal contracts. Some 80% of the production goes to a local power station and securing this contract is essential to the survival of the cooperative space and keeping the internal influence of the market manageable. This has been achieved over a 10-year period and although coal price has been a significant feature the social standing of the cooperative in South Wales has had an impact and cannot be ignored by power station operators based in the area. Similarly, the miners have been able to draw upon this standing by directly selling coal to local government controlled schools. Despite the price of coal being static during the 10 year period of the cooperative, the revenue achieved has been sufficient to make an average profit of £4m a year and has not resulted in pressures for what could be described as self exploitation.

While *Tower Colliery* secures its space by minimising direct dependence on mainstream economic institutions with which it must, of necessity, interact, in contrast, the *Open Source Movement* – which coordinates the production of computer software development – provides an example of a less conventional boundary which supports a different and alternative space that has implications for the social economy (Cox 2004). In effect, the *Open Source Movement* is a boundaryless virtual organisation that encompasses a space that exists in the form of a worldwide free forming network. The condition for entering this space is a normative commitment to forgo the economic institutions – such as contracts – that normally surround commercial software development. In this way, the ‘boundary’ is established through an alternative form of intellectual property ownership called a Creative Common License. This enables collective ownership of a creative work and distinguishes this core activity from derivative applications that – since they do not add anything to the shared work – are to be paid for. Cox argues that in this way conventional commodity / market relationships are ‘dissolved’ ‘by enabling all users, if they like, to play a

creative role in production'. In addition to the well known example of Linux, he provides examples of how these principles work in practice and proceeds to argue that the 'ideas and practices intimately associated with these approaches – peer production, new organisational and business models – have produced probably the most successful democratic, co-operative and community based effort of our time' Their collaborative production processes and shared outcomes clearly resonate with the 'social' objectives privileged by proponents of the social economy.

What is socially radical within these boundaries?

Any generalised discussion of the social economy – such as this paper – is inevitably merely a process of abstract reflection about linguistic definitions, theoretical possibilities and probable limitations. They have their value but – and this may seem paradoxical - in the context of this paper – we would stress that any evaluation of the impact (potential or 'real') of the social economy *must* take the social action of those actively engaged in building some element of the social economy as its starting point. (This is not to evade the discussion of what might constitute 'radical' but to insist that any such judgment must be grounded in the specific contexts of social action.)

This means that assessing the 'radicalness' or otherwise of a particular initiative we should start with the actors i.e. from the bottom up with what they do and why. Recent UK evidence continues to reveal what might be called the creative 'entrepreneurial' effort and enthusiasm that is associated with social economy activists and activities. When listening to someone speak about their experience or attending meetings the passion and levels of participation are palpable and this is clearly associated with the participants freedom to have the space to do 'their own thing'. In our view, this 'doing – it – ourselves' drive provides the foundation for any possible trajectory of social change.

For example, in our research at the workers cooperative *Tower Colliery* in South Wales, it was emphasised to us by many of the respondents that the cooperative was fundamentally about taking direct action to save jobs. The cooperative was 'born out of necessity' to overcome the consequences of the mine closing and job security is built into the articles and memorandum of the Company. In this respect, the support the Tower Employee Buyout team received locally was directly related to their fight to reverse the effects of 10 years of mine closures. Since the establishment of the cooperative in 1995 Tower has come to represent a different and alternative way of owning and controlling work but the fundamental starting point is not lost.

Similarly, papers at the recent UK PiN *Social Enterprise Conference* provide further evidence of the enthusiasm of 'doing – it – ourselves' in a wide range of contexts. The *Open Source Movement* referred to above is one example, others came from diverse projects such as the development of community cooperatives in the Scottish Highlands and Islands (Gordon 2004); action to save a local swimming pool in Newcastle through establishing a charity and a limited company (Gibbon 2004); Emmaus homeless accommodation communities (Page and Lovett 2004); the survival of a cooperative production in South Wales covering a wide range of sectors (Arthur et al. 2004); and the development of leisure trusts instead of the privatisation of local government services (Simmons 2004). Other papers recognised the importance of the doing – it – ourselves starting point but also went on to identify how longer term

survival starts to develop tensions over either financial requirements (Jones 2004; Piper 2004) or, following ‘success’, beginning to cause political opposition at the boundary (Gordon 2004).

Aims and values.

Such tensions can be seen as indicators of the more general issue concerning the limitations of radical associational movements (Putnam, 2000). While the ‘doing – it – ourselves’ action provides the social energy and possible foundation of a radical trajectory, to sustain the momentum requires the actors to clearly articulate their aims and how such aims are to be reflected in the organisational practices. As Edwards (2004) suggests, it is all very well seeing the associational benefits of the choir; but what the choir sings is also important. In order to sustain a radical trajectory, the articulation of aims needs to relate to both ends and means of practice without undermining the ‘doing – it – ourselves’ enthusiasm.

Some aims by their nature provide a guide to both outcomes and practice. Fair trade is one example where means and ends are combined (Moore *et al.*, 2004). Establishing a fair trade contract establishes the boundary of fair trade space while simultaneously initiating appropriate social practices within the conduct of the contract. The space is still vulnerable to incorporation into the mainstream and so clarity of the aims remains an essential ingredient to preserve both the boundary and the practices. The *Open Source Movement* operates in a similar way and can only be sustained so long as all those involved police the boundary and the practices. Aims can be used to engage more directly with establishing alternative social practices *within* mainstream economic activity. For example, Koponen (2002) reports a case where a conventional market-based hi-tech recycling operation was transformed into a more environmentally friendly low-tech process that provided higher levels of employment. In this case the boundary conflict over which process to use was resolved in favour of a solution ‘based on non-economic values, such as saving the earth, frame action along the production chain as completely as economic values of free markets and profit’.

Aims, values and power re-distribution.

A wider analytic point emerges from this. If the emancipatory space created by social economy organisations is to be sustained, the actors must continue to ensure that there is an appropriate match between ends and means. Consequently, organisational structures provide the active and decision making link between the ‘doing – it – ourselves’ commitment, the aims and maintaining the boundary of the space created. As argued elsewhere (Arthur *et al.*, 2003), ownership and control by those involved within the space of the organisations is central to a radical project. Within the UK there are a lot of recommendations as to how this can be achieved but only a small amount of evidence of success. This was reflected in the recent PiN *Social Enterprise Conference* where the issue was recognised but little evidence presented.

In part, the explanation relates to the wide range of organisational options available under UK law. In Britain, the 1978 Industrial and Provident Societies (Amendment) Act is the specialist law that specifies the legal framework for organisations controlled

by their members. It is used by retail and producer cooperatives, building societies, credit unions and some other mutual organisations. However, worker cooperatives can also use mainstream company law to establish ownership through shares and, perhaps, as an aid their commercial standing. On occasion, this may limit the scope of activity. For example in some producer and retail cooperatives, the aims and values of the organisation are represented in the structures and how they operate and are guided by the ICA's cooperative principles. Despite this, the outcomes – unlike *Fair Trade* or *Open Source* – are often mainstream in the provision of retail commodities or a product or service for conventional profit (and profit-sharing). This indicates that the available legislative frameworks are a critical element in the creation of an 'emancipatory space'.

This is not necessarily a problem. For example, from our research at the worker cooperative Tower Colliery it is clear that a traditional company structure can be used to achieve a radically different bottom-up organisational structure. Each of the 300 worker owners invests a fixed £8k when they commence employment and this entitles them to one vote at shareholder meetings. The Board of Directors is composed of 6 people and two face re-election every two years. Our research is beginning to show that the re-distribution of power through the combination of the real ownership and the routine resort to democratic processes has enabled a qualitative change to take place in all social relationships within the mine. The legitimacy of the previous hierarchical organisational structure has been compromised and all relationships have been affected by the need to be negotiated. Issues that were previously not known about or were seen as the province of managerial prerogative are now open for discussion. While the aims of the mine are to create jobs, produce coal and a financial surplus, social relationships are now radically different. Moreover, partly due to leadership, history, its place in the community and the democratic decision-making structures, alternative aims have been put into practice such as using waste methane gas to generate electricity and the development of a low carbon sawdust/coal plant.

From the Tower example the key message is that bottom up ownership and control enables a discourse to start about the relationship between means and ends – even in a coalmine. It is not necessarily the case that the aims and outcomes can be seen to be radical, the issue is that an alternative discourse is possible and not automatically shut down by market influences or manipulative 'top down' power hierarchies. Another example the retail Cooperative Group in the UK which now plays a leading role in fair trade, ethical trade and organic farming. This is in contrast to its recent past as, during the 1960s and 70s, it refused to support boycotts of South African produce. This change was enabled by debates initiated within by its democratic structures. From the earlier descriptions that surround the DTI definitions of the social enterprise, it can be seen that the radical promise of forms of ownership and control that re-distribute power to those that are affected – as producers and consumers – are not lost on those who currently have power.

More generally, the contemporary interest in and concern with 'governance' has opened up a much wider range of debates than, perhaps, was ever intended by those concerned with corporate integrity and respect for shareholders. In particular, more radical discourses insist on addressing these issues within the context of 'means and ends' by linking involvement, the re-distribution of power, governance and a focus on social as well as economic outcomes. In Britain, organisations such the NEF (New

Economics Foundation), Earthscan and Cooperatives UK are taking a leading role in these debates and it seems that the exploratory and wide ranging repertoire of the issues raised may be influenced by the concerns of contemporary social movements. Recent examples include the NEF work on social auditing (Sanfilippo 2004) and Earthscan's work on multi-stakeholder processes that is focused on identifying ways of generating a discourse that can be owned and controlled by the participants (Hemmati 2002).

Impacts and outcomes.

This assessment of possible radical trajectories for the social economy has been located within the framework of the bounded alternative social spaces that can be created by organisations within the social economy. Mcadam (2001) has argued that social movements structured in this manner are of limited value in challenging the existing social order and stimulating wider social change. However it is argued here that social economy organisations do contend but their challenge is through establishing alternative but also socially and economically effective spaces. In this way, contention occurs in a more incremental manner but, by becoming grounded in the everyday experience of work, may also gradually force a wider social adjustment while gaining legitimacy through demonstrating success and survival. To be beautiful, small also needs to be effective.

Such 'incrementalism' means that it is more difficult and contentious to identify the outcomes of the potential radical impact of the social economy. In one sense it sounds like a contradiction in terms to suggest that radical change can be incremental and gradual. However, from the UK evidence about what is happening in the social economy, we would suggest that radicalism could be seen in the following outcomes:

1. An increase in self-organisation is reflected in a 'doing – it – ourselves' approach where answers are found to issues and problems through forms of direct action. This contrasts with the institutionalised approach (Offe 1985) where parties and government offers to act for and on behalf of its citizens.
2. The continuing demonstration that different and alternative practices can work to become good examples. The space created becomes an attraction for others to join and support but also to establish their own organisations through emulation. Crossley (1999) describes these examples as 'working utopias'.
3. Increasing cases that establish democratic 'bottom up' ownership and control where power is distributed more equitably. Such forms promote more dialogic forms of (self-) regulation that, of themselves, constitute a challenge. Such a dynamic can open up new potential in terms of outcomes and has a direct impact on participants in developing skills and citizenship. Fligstein (2001) describes these skills as learning the ability to oblige others to listen while Smith (2004) describes citizenship as political 'efficacy and empowerment; civic virtues; and political and critical skills'.
4. An increasing concern with social and economic outcomes that address issues and social problems. Examples have been given in the paper and can range from saving a local swimming pool and jobs, to wider social concerns such as fair trade and Open Source productive relations in the context of common ownership.

5. In relation to the economy we have argued elsewhere (Smith *et al.*, 2002)) that employee, consumer and multi-stakeholding bottom up ownership and control can result in capital anchoring whereby the value created in the social economy is less alienable and better protected from capital flight. Such a collective approach to economic activity also challenges the current image of entrepreneurship based on the individual ownership and suggesting a more collective form or ‘associative entrepreneurship’ (Cato 2004).
6. Perhaps, more ambitiously, it is possible to suggest that the domination of commodified relationships based on exchange value can be seen to be challenged by shifts to use value through the more explicit social aims and more cooperative production processes that tend to characterise the social economy.

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