

The Emergence of Social Innovation within the Social Economy:
The case of social enterprises in England.

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Doctor of Philosophy

Maria Isabel Irurita, MA, BSci, BA
Middlesex University Business School

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Declaration

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Abstract

Social enterprises (SEs), such as development trusts (DTs) in England, are contributing to solve some of the world's most entrenched problems, recurring to innovative ideas and proposals that tend to outperform traditional forms of social intervention. This research seeks to unveil the ways in which such innovative ideas emerge, and to do so, it has borrowed theories from the mainstream innovation literature, from the emerging body of work on social innovation and from existing approaches to understand inter-organisational relationships and networks.

An analysis of the perceived meaning of the innovation concept among SE practitioners is provided in first place, to then move onto exploring the starting points, the drivers and the processes that lead to the generation and the subsequent implementation of innovative ideas or solutions. Closer examination of 12 cases of innovative social enterprises allows the identification of five non-exclusive sources from where innovative ideas and solutions emerge within the social economy, namely: an accurate understanding of needs, frustration, inspiration leading to replication, networks of different types and openness or serendipity. The findings included here can help others in the process of developing and implementing new solutions to social problems and they contribute to theory building efforts in the fields of social entrepreneurship and social innovation.

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Finally, my work is dedicated to my daughter Martina, an empathic, compassionate, creative and open-minded teenager who every day inspires me to work for a better world where innovation and entrepreneurship can help solve some of the biggest challenges we face as a society.

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1. Introduction

1.1 A first, personal note

There are many reasons why I was interested in the CASE PhD Studentship that allowed me to undertake this research, part of the biggest programme of research in social entrepreneurship in the UK at the time, the Social Enterprise Capacity Building Cluster launched in 2008, funded by the Economic and Social Research Council (ESRC) and the Office of the Third Sector (that was later replaced by the Office for Civil Society). I was lucky enough to have started my professional career in 2001, before finishing degrees in Anthropology and Economics in Bogotá, Colombia, working for an indigenous-led social enterprise in the Amazon region of Ecuador (Amazonia Gas). The concept of social enterprise that amalgamated with success those two disciplines I studied, provided me early with the certainty that it was possible to involve the communities that were the target of so many development and social projects, as co-designers, owners and creators of their own progress.

Apart from that early professional experience, there are other reasons why I believe that dedicating a life to the service of others, and particularly to advance the field of social entrepreneurship is worthwhile. The influence and the legacy of the work of my grandfather, a doctor who set up in 1940 the first free clinic for poor families in his city and someone who joined the national government as a Senator to fight for the development of better public policies in health, has always been a source of inspiration and pride. But from a closer angle, my

mother, an advocate and an activist of the rights of indigenous and black communities instilled in me the determination to dedicate my life to support less privileged groups of people.

Pursuing higher education objectives, I came to the UK in 2003 with my recently formed family and a new-born baby girl to do a Master degree in Anthropology of Development at Goldsmiths College. After finishing that, I had the opportunity to work with and for different social initiatives, a local exchange trading scheme (LETS in Greenwich), a frontline women's organisation (Latin American Women's Rights Services, LAWRS), a national mentoring programme to promote the integration of refugees (Time Together), and a community investment foundation, Olmec, where I managed a corporate social responsibility programme and where I co-developed a capacity building support programme for social enterprises based in London (Ready to Grow). All these experiences reinforced my view that communities, however marginal, possess incredible resources and strength within themselves to imagine and materialise a better and fairer future.

Forward to 2009, I saw the opportunity to do this research advertised and felt compelled to understand better the dynamics of the organisations I had been working with and for. The studentship had a special characteristic; it was meant to be embedded in practice, so it was partly sponsored by the Development Trust Association, now rebranded as Locality, the membership organisation for development trusts and settlements in the UK. That helped to circumscribe the project, to pay special attention to community-led initiatives and opened up access to the community of practice that has formed in the Development Trust movement.

The socio-economic and political context during the time this research was conducted was a changing one, as will be detailed in section 1.3 of this introduction. And so was the landscape of social enterprise and social innovation education that started to flourish. That partly explains why, in 2011, I did not hesitate to accept the offer to direct the Master degree in Social Entrepreneurship at Goldsmiths, University of London, although that meant suspending temporarily my programme of studies.

Following a family decision and a good professional opportunity that arose, we went back to Colombia at the end of 2013, where I have been living and working since. I used the first year after my return to develop the content and to set up the first postgraduate programme in social innovation in Colombia (and in Latin America). The Master Degree in Social Innovation Management of Universidad Icesi, in Cali, Colombia, was very well received in the region. It opened to the public in January 2015, graduated its first 11 magisters in February 2017, and in August 2017 graduated its second batch of 17 professionals in social innovation. 67 more students are currently registered and distributed amid 4 semesters, all of which embody a great deal of hope in the post-conflict era that the country is entering.

Although the fields of social entrepreneurship and social innovation have evolved primarily through practice, I have treasured the opportunities to conduct research on the topics and to develop and implement educational programmes on these subjects at the same time. I believe firmly that it is possible to equip students and people with resources, tools, skills and inspiration so they can speed up the pace at which solutions to social and environmental problems arise. I honestly hope this research, that took longer than expected as I made the

most of related professional opportunities along the way, contributes to that task of shedding light about the factors that facilitate the emergence and the subsequent growth of effective, innovative solutions to our world's predicaments.

1.2 Research Rationale

Social enterprises (SEs) have gained recognition as key economic and social actors in the UK and abroad, with increasing attention paid by government, practitioners and academia to how they can be better defined, measured and developed. In the UK in particular, despite the fact that SEs have been around for more than a century in the form of collectively-owned settlements, cooperatives, mutual societies or community based enterprises, only in the last 20 years they have moved to the centre of the public debate about possible ways of revitalising communities and economic activity. Before the general election in May 2010, for example, the three main political parties referenced SEs as key drivers for change within their manifestos in similarly noticeable degrees. The 'Big Society' agenda of the coalition government that formed after that, gave prominence to the role that SEs needed to play in the context of public sector cuts and re-structuring that started to unfold. Accompanying these increasingly widespread expectations and centrality, a SE sector took shape within the social economy with its own jargon, infrastructure, key players, trends and informal networks endorsed by government investment.

There is little agreement as to what a SE is or does (Nicholls et. al, 2015; Bridge et. al, 2009), about its position or its relationship (with)in the ‘third sector’ (Sepulveda, 2009) or about their combined socio-economic significance and scope (Lyon et. Al, 2010). However, SEs, the SE sector and the process of social entrepreneurship are portrayed as innovative in most of the related literature. A review of the national and international, academic and grey literature of the last two decades shows that every aspect of SEs, from its emergence and mission to its more operational dimensions, has been deemed innovative. And transcending the organisational level, SEs are also understood to contribute very frequently to broader processes of social innovation (Westall, 2007; Leadbeater, 2007; Phills et.al, 2008).

Further review of the existing literature on the topics of social enterprise innovation and the wider process of social innovation suggests, however, that there is little in the way of systematic research focusing on the distinct drivers and inhibitors of innovation or the processes that lead to it within the third sector (Mulgan, 2015; Lyon & Chell, 2011; Moulaert et. al (eds), 2013). Acknowledging this gap, this research tries to answer how do innovative ideas or solutions emerge within the social economy, while focusing on the conditions and the critical incidents that lead to the formulation of new projects or initiatives, or what Phills et. al. call ‘the mechanisms of innovation’ (2008: 39). These drivers, processes, conditions or events might take place inside organisations or transcending sectoral boundaries, as social enterprises tend to contribute in different ways to wider processes of social innovation that do not necessarily reside within the social economy.

1.3 Background to the research

1.3.1 The Social Economy

As the concept of social economy will be used throughout the document, almost interchangeably with related terms such as 'third sector' or 'social sector', this section aims to deepen on some of its characteristics as to allow understanding of its distinctive nature.

The concept of 'social economy' refers to a broad spectrum of activities and initiatives with the capacity to provide opportunities for local communities, usually fostering social upliftment and in all cases not motivated by profit as their primary objective. Bridge et al (2009) recognise the potential of this economic 'system' to mobilise people and groups of people while they participate in their local economic regeneration processes and argue that within its range fall organisations such as community enterprises and businesses, cooperatives, credit unions, mutuals and self-help projects. The social economy concentrates on creating a truly democratic society based on the principles of social justice, opportunity and equality and its organisations usually offer a range of services such as housing, welfare, environment-related, training and job experience (Amin et. al, 2002).

Historically and in comparative terms to other economic systems, the efforts born from the social economy were understood as largely ineffective and marginal regarding their capacity to create jobs and wealth (Amin, 2009; Buckingham and Teasdale, 2013). However, the crisis of Fordism brought about a good amount of interest in its potential, and specially over the last

two decades due credit has been given to the ability of the social economy to create socio-economic value using welfare markets to do so (Nicholls, A., 2006; Fantova 2014).

Social economy organisations are perceived as to be producing multiple benefits: they address social issues and reduce inequality while creating social value, they tend to be self-sustainable if not profitable and they have the potential to help the state make financial savings in service delivery with their effective interventions. This partly explains why different governments have started to introduce legislation, policies and legal structures that ease these efforts¹. Amin (2009) also argues that interest in the social economy is partly explained by the rising agenda and obligation of corporate social responsibility (CSR), in the sense that many corporates and business managers are turning towards supporting already established, social economy organisations somehow aligned with them, rather than developing their CSR strategies and action plans from zero.

The social economy, responding to the unmet needs of specific groups of people and embedded in specific cultural, historical, socio-economic and institutional contexts, naturally adopts different shapes, sizes and characteristics in different parts of the world. While in some regions its functions differ and complement those of the state (in Canada for example), in other places it continues to be a concept poorly understood and valued, with its scope and limits obscured (in Latin America or India for example). As Pearce (2003) usefully points out, the social

¹ Examples include the creation of the following legal structures in different countries: Social Cooperative in Italy (1991), Enterprise with a Social Purpose in Belgium (1995), Social Solidarity Cooperatives in Portugal (1996), Cooperatives de Iniciativa Social in Spain (1999), Social Cooperatives in Greece (2000), Social Enterprise in Finland (2004), Community Interest Company in the UK (2005), Société Cooperative du Interes collectif in France (2006), Low-profit Limited Liability Company -L3C- and B-Corporations in the USA (2006-2007), and more recently, there's a proposal under study to create the Compañía de Beneficio e Interés Colectivo -BIC- in Colombia.

economy is essentially an intellectual construct used to facilitate analysis, but not a concept commonly used by the general public in the UK. What is unifying amongst different perceptions of the social economy around the world is that it responds to local needs while mobilising market resources and whilst relying on social power as the force beneath that propels people to do things (Amin, 2009).

1.3.2 Social Enterprises in the UK: an evolving landscape

Although chapter 2 offers a historical perspective into the development of social enterprises and development trusts in the UK, to try and explain the evolution from its origins to the central role they are said to play today, this section describes briefly the changing environment in which this research was conducted.

A precise definition of SE continues to be much debated by both academics and practitioners, but nevertheless it keeps developing a 'seductive appeal' as it offers a more equitable and mindful model of enterprise (Ridley-Duff and Bull, 2011: 1). Perceived to be a field characterised by 'diversity and heterogeneity' (Shaw and Carter, 2007: 420), the idea of doing things differently is pervasive. In the words of Leadbeater, the concept has come to represent organisations that are 'pioneering approaches' to how the business of society gets done (2007: 3), proposing new avenues to create change.

If the departure point for analysing this landscape is 1997, when the Labour party regained power after the Thatcher era among others promoting a 'third way' between the state and the

market, the following years allowed the 'rapid construction' of the social enterprise movement (Teasdale, 2010). Precisely in 1997, and right before the New Labour victory, Charles Leadbeater published *The Rise of the Social Entrepreneur*. Using 5 examples of successful social entrepreneurs, Leadbeater made the case for several policy initiatives needed to create the right atmosphere for more people to develop solutions to social problems. Many of his proposed interventions did materialise. He recommended for example, the creation of a scheme to award 2000 social entrepreneurs with small amounts of funding to put their inclusive ideas into practice, and soon after, at the end of 1999, the Millenium Awards were operationalised. He also suggested the development of 'welfare networks' to bring together the efforts of statutory services and other providers, to enhance opportunities in a given locality, and this took concrete form around 2000 with the launch of the Local Strategic Partnerships (LSPs) figure and with the Neighbourhood Renewal stream of funding that was created within the office of the Deputy Prime Minister.

In 2001, the creation of the Social Enterprise Unit within the Department of Trade and Industry preceded the launch of the first strategy document, namely *Social Enterprise: A Strategy for Success* (DTI, 2002), which offered a relatively open definition of SE that highlighted the fact that they rely on their trading to secure their income. Teasdale (2010) argues that the period from 2001 to 2005 privileged that notion of social enterprise as 'business solutions to social problems' over other conceptions rooted in collective traditions and ownership, whereas the following period (2005-2009) saw the discourse of SE inclining towards the third sector. The Office of the Third Sector was created in 2006 and the dominant policy discourse moved away

from 'business solutions to social problems towards a third sector/ earned income discourse that favoured voluntary organisations delivering public services' (Teasdale, 2010; 15).

2008 was a year in which markets, society and nature seemed to shout 'enough is enough', and a crisis of capitalism (and its associated waste and over consumption dynamics) naturally gauged attention towards alternative ways of consuming and producing, such as SEs. The UK, arguably the country with the most developed institutional framework for supporting SEs in the world (Nicholls, 2010) became a point of reference for many other countries and states looking for strategies to strengthen civil society and community participation. Things at home were not easy though, and the cuts in public spending and the withdrawal of the state that followed the financial crisis of 2008 put more pressure onto SEs, which partly explains the inflated expectations deposited over them during those uncertain months.

2009, the year in which this research started, witnessed the launch of the Right to Request, a special right provided to spin-outs of the NHS to become social enterprises and exploited by 47 of them, considered the biggest practical development in transferring public service delivery from the public sector to SEs (National Audit Office, 2011). By this point, the question of whether SE is a revival of a much older cooperative tradition, a genuine tool for empowering communities, just another business but slightly different or an excuse for the public sector to wash their hands off their responsibilities was being formulated by commentators and observers, both pro SE and sceptics.

2010 saw the Coalition government coming to power, and with it the idea of a 'Big Society' took hold. The prime minister at the time (David Cameron) offered a simple justification for this

agenda: despite years of Labour's expansion of the state, poverty and inequality had worsened, and therefore a bigger society, not a bigger government, was needed. This proposal even included a £10m programme designed to help public sector staff join the voluntary sector by setting up mutual organisations (Vickers et al, 2017), and it was meant to give more powers to local communities, volunteers and grassroots movements (Stott ed., 2011).

The Prime Minister launched in 2012 the first social investment wholesaler under the name 'Big Society Capital', putting £600 million available to invest in charities and SEs with sustainable business models, but by this point the 'Big Society' idea was flagging and this was part of one of the attempts to relaunch the policy. In that same year, a new legislative act was announced, the Social Value Act, that was implemented from 2013 onwards. This act stated that "all public bodies in England and Wales are required to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area" (SE UK, 2013). With regards to this, Chris White, the conservative MP who took the bill through parliament as a private members bill said: "SEs already have a great track record of delivering public services, but, in order for this delivery to expand, we need to ensure that there is a level playing field in terms of bidding alongside traditional private sector providers. The Social Value Act seeks to do that by making sure that additional social, environmental and economic benefits that SEs create in delivering public services can be taken into account when public services are designed" (White, 2012). By the end of 2013 this expectation of SEs as ideally placed to deliver public services was equally widespread among enthusiasts and doubted by practitioners, specially by those who were facing the day to day struggles of social organisations (See for example, this engaging blog post debating the inflated expectations put on SEs by two

opinion leaders in the field: <https://beanbagsandbullsh1t.com/2011/04/11/not-particularly-social-not-particularly-enterprising/>).

This eagerness to recognise the potential of SEs within processes of local economic regeneration that can be observed in the public policies and discourse, did not match, however, the dismantling of the SE support infrastructure that had been built in the previous years: after 2010 the Coalition government closed the Local Development Agencies (LDAs) who had been the primary funders of local SE support and other influential supporters such as Social Enterprise London or Rise in the South West disappeared entirely, while most of the remaining agencies shrunk significantly.

However, while the state stopped paying for social enterprise support, big corporates started either funding it or providing it themselves. This was the case of Deloitte, who launched the Deloitte Pioneers programme, the case of Lloyds Bank who started funding social entrepreneurs from 2013 onwards and the case of Santander who launched a national award scheme for social enterprises at the end of the same year². 2013 also saw another interesting turn, although not related to public nor private actors: The Higher Education Funding Council for England (Hefce) launched a £2m programme to 'strengthen and broaden support for social entrepreneurship and social enterprise in universities and higher education colleges across

² All these developments from big corporates towards SE can be corroborated in these links:
-Deloitte: <https://www.gov.uk/government/news/business-advisory-firm-deloitte-wins-pms-big-society-award>
-Lloyds: <http://www.nominettrust.org.uk/news-events/news/over-%C2%A31-million-year-to-mobilise-uk%E2%80%99s-social-entrepreneurs>
-Santander: http://www.santander.com/csgs/Satellite/CFWCSancomQP01/en_GB/Corporate/Press-Room/Santander-News/Santander-UK-launches-national-award-scheme-for-social-enterprises.html

England³, funding that was to be distributed through Unltd, the Foundation for Social Entrepreneurs, under the expectation that universities would eventually ‘develop their own ecosystems of support’(ibid).

Moving closer to the present day, there was another relevant development, not just in general terms but also specifically to development trusts, the focus of this research. The Big Lottery Fund, the UK’s biggest donor to social causes and organisations, set up the Power to Change programme, a stream of funding of £150m dedicated specifically to support community businesses. Interestingly, the definition of ‘community business’ as used by the donor, was made up by the consultants who set up the scheme but had its roots in older ideas of community enterprise, focused on a specific local area exercising local control of their resources and processes.

This overview is not exhaustive but provides the reader with the contextual background in which this research was conducted, one that saw SEs being put at the heart of politicians promises and proposed programmes, embraced by corporates and adopted by universities as modernising agendas.

1.3.3 A snapshot of the innovation imperative

While Chapter 3 provides a summary of some of the key contributions within the study of mainstream innovation that provide useful frameworks to understand the ways in which innovation can actually be understood and fostered within the social economy, this sub-section

³ <https://unltd.org.uk/wp-content/uploads/2013/12/Hefce-UnLtd-Press-Release.pdf>

aims to introduce the innovation 'imperative', as it has been called by Bessant and Tidd (2011), which refers to the need of all sorts of organisations and entities to present themselves as doing things differently, an obligation that also holds true within the social sector.

Innovation is one of those concepts with the ability to cross industries, sectors and disciplines. It is often seen as a peak of professional achievement (regardless of the profession) and the dream goal of private, public and social economy organisations. Innovation textbooks say it clearly when suggesting that, as a society, we now live under the 'innovation hegemony' (Deakins and Freel, 2009). For any type of organisation, failure to be innovative – or, at least, perceived as such - is equivalent to a slow demise.

For the purpose of this research, and following Pittaway et.al (2004), innovation is understood in a broad sense as the generation and the exploitation of new products, processes, services or paradigms to adapt to new conditions or to meet needs in different, more effective ways.

As will be seen in chapter 3, innovation from the perspective of science, technology and businesses, whether seen as an outcome or as an extended process with a number of key stages, has long been associated with competitive advantages and with economic growth. The economist Joseph Schumpeter (1942) first attempted to grasp the complexity of the concept and to link it with theories of entrepreneurship. For him, both innovation and entrepreneurship played key roles in capitalist economic development and structural change as they foster the growth of new industries and the contraction of others in a process, today popularised and glorified by innovation enthusiasts, known as 'creative destruction'.

Ever since, innovation has become one of those concepts with such a broad variety of applications that it interplays with public policy, development agendas, corporate strategies and academia and perhaps by extension, it is also an assumed characteristic of social economy organisations. In the words of Geoff Mulgan:

‘innovation for social purposes is beginning to catch up with the two great systems of innovation that modernity has brought to maturity. One is the science system which now employs millions of people, and is rich in money, institutions, rules and procedures. The other is the market innovation system, which is also rich in money, institutions, procedures and ideas. Social innovation is far less developed. It happens all the time. But it happens without the massive public subsidy that accrues to science, or the dense web of research, practice and profit which sustains innovation in business’ (2013: p1).

All the way up to the social sector, innovation is a concept that has permeated speeches, ambitions, practice and research, and whilst it has been recognised that ‘it is not the Holy Grail’ (Seelos and Mair, 2012), it continues to be assumed as an inherently positive feature of some successful social organisations, and one that must be better understood.

By using an ethnographic approach to organisations and projects perceived as innovative, one that explores each case separately yet trying to find commonalities between them, this research aims to reveal firstly, what is the perceived meaning of innovation within the social economy, and secondly, how do innovative ideas or solutions emerge in this space. It is hoped that by focusing on the innovations as the unit of analysis, or the innovative initiatives, these questions can be answered and new ways in which innovation can actually serve as an objective

and an applicable strategy for groups of people interested in responding to social needs might be understood and disseminated.

1.4 Research aims and objectives

The main objective of this research is to unveil the ways in which innovation emerges within the social economy and to do so, it will first attempt to explore the perceived meaning of the innovation concept among social economy practitioners, the social entrepreneurs and the directors or managers of organisations perceived to be innovative. Secondly, it attempts to offer a realistic account of the types of innovation that can be found within the social economy based not just on the categories of the mainstream innovation literature (most of which can be extrapolated to the social sector), but also on other pieces of evidence from the sector that appeal to community-led processes. Thirdly, it delves deeper into the sources that lead to the generation and the subsequent implementation of innovative solutions, contributing in this sense to theory building in the growing fields of social entrepreneurship and social innovation.

Following this line of thought, and coinciding with Mulgan in that 'the harder task for social innovation research is to understand the place of social innovation in much bigger processes of social change' (2015; 3), two research questions were formulated to address the aims set out above:

1. What is the meaning of innovation in the context of the social economy? Included in this question is also the goal of understanding what types of innovation can be found within the social economy in England.
2. How do innovative ideas or solutions emerge within the social economy?

It is expected that by digging into the different starting points and drivers of innovative ideas, and trying to overcome what has been called 'the fragmented nature of social innovation research' (Seelos and Mair, 2012) future practice can be guided into the conducive and fertile environments in which solutions to social problems flourish and grow. It is also expected that this research contributes to expand the content of social enterprise and social innovation education programmes, as to include some of these findings as thematic components of the lessons, lectures and workshops that take place for those interested in lasting and effective social change.

1.5 Structure of this text

This thesis is divided into nine chapters organised as follows. Chapter 2, 3 and 4 summarise the review of the literature conducted, as to allow the development of a conceptual framework (elucidated in chapter 5, which is the methodological one) that served to guide the field enquiries. Chapter 2 provides a closer look at the evolution of social enterprises and development trusts in the UK, Chapter 3 attempts to embrace the innovation and social innovation literature with its associated challenges (extension of the former and in comparison,

little production of the latter) and Chapter 4 borrows theories of interorganisational relationships, networks, social capital and trust in business in order to analyse the emergence of innovative ideas to solve social problems. Chapter 5, which expands on the methodological approach, also includes the conceptual framework, the research design and a summary of the data collected throughout the process. The following three chapters (6, 7 and 8) are of an empirical nature, and when and where relevant, findings have been connected and contrasted to the concepts discussed in the earlier chapters. Chapter 6 answers the first research question described above (What is the meaning of innovation within the social economy and what types of innovation can be found in the same space?) by analysing an annual survey of development trusts conducted by Locality, the sponsoring organisation as well as by looking at qualitative interviews. Chapter 7 and chapter 8 in turn, based on the analysis of in-depth interviews and based on ethnographic work, address the second research question (how do innovative ideas or solutions emerge in the social economy?). The final chapter, number 9, discusses the main findings and draws conclusions that will hopefully inform future research agendas while also influencing practice.

2. Social enterprises and development trusts in the UK: historical, political and economic perspectives

2.1 Introduction

In the last decades, there has been a marked growth of interest in social enterprises (SEs) and they are being portrayed as adaptable, innovative businesses capable of solving most if not all of society's problems through market mechanisms. One of the powers that have been attributed to SEs by politicians and policy makers is, for example, the capacity of transforming public services while empowering users and stakeholders. This enthusiasm has also been accompanied by reflexivity on what the relationship of SEs with the state or with the private sector should be. Although little consensus has been reached on definitions, on how to measure scale or impact the sector has continued to grow and to increase its visibility.

This chapter will try to provide historical, political and economic perspectives to understand the emergence of SEs in the UK in order to contextualise a broader research interest on the processes by which social enterprises and Development Trusts (DTs) in particular, which belong to the community enterprise movement, manage to generate innovative ideas or solutions. DTs, as one of the main subsets of SEs are also at the heart of the debate about the potential of SEs to revitalise neglected areas, even more as they embody the real, tangible possibility of transferring assets to defined communities. In this way, by allowing the accumulation of community-owned capital, DTs present clearer prospects for financial independence (although in practice this might never be pursued or achieved) and this in turn can be translated in the

capacity to develop tailored services. In this sense, DTs offer certainties in a field dominated by speculation and wishful thinking.

2.2 Some useful concepts to start

In the last 20 years SEs have emerged as key, legitimate actors within the UK socio-economic and political arenas and consequently, there have been many attempts to define, typify and map them on the part of academics, public sector officials and support providers. These debates, characterised by ‘considerable amounts of energy and passion’ (Pierce, 2003; 31) are still generating food for thought, and mostly rejection from practitioners, who tend to see them as ‘distractions’ from their core activities.

While this chapter does not attempt to contribute to unresolved definitional or scoping attempts, it is good to depart from the recognition that SE definitions can range a great deal but broadly speaking most ‘build from a premise of frame-breaking and innovation in the social sector’, most ‘are significantly influenced by business thinking and by a primary focus on results and outcomes for client groups and communities’ and most frame SE activities as ‘jointly pro-socially and financially motivated’ (Dart, 2004: 413).

Fitting this generalisation is the UK government definition of SE as expressed in the document ‘Social Enterprise: strategy for success’ which can be useful to reveal in its first pages the key topics that dominate the SE field today:

‘A social enterprise is a business with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners’ (DTI, 2002).

This definition, which has been kept deliberately open as to allow a broad range of organisations that define themselves as SEs to be included (Lyon and Sepulveda, 2009), if deconstructed, can be seen as formulated from an operational and business-like angle. However, it also touches upon a key theme to understand the distinctive nature of SEs: the social mission, its social objectives or the social value created through commercial transactions.

One early reference point that can be used to understand the centrality of the ‘social value creation’ concept within attempts to define SEs, social entrepreneurs and social entrepreneurship is the online article written by J. Gregory Dees in 1998, and revised in 2001⁴. In here, he reiterated the explicitness of the social purpose, differentiating SEs from normal businesses which have wealth creation as their main driver: ‘Mission related impact becomes the central criterion (...) Making a profit, creating wealth, or serving the desires of customers may be part of the model, but these are means to a social end, not the end in itself’ (Dees, 1998: 4).

In the same sense Pearce also emphasises that the primary purpose of a SE, whether intending to benefit a community or an specific beneficiary group, will never be commercial but social, adding that the word social ‘must also be taken to include environmental factors and, indeed, for some SEs their primary purpose will be to achieve an environmental impact’ (2003: 33).

⁴ Dees, J. Gregory (2001), ‘The meaning of “social entrepreneurship”’

Having agreed on at least one element, the social purposes that motivate all SEs, it is possible to move to a second characteristic widely accepted as part of a SE definition: SEs engage in trade in open markets by offering goods and services for which customers pay. This rather obvious statement –given that the word ‘enterprise’ carries commercial connotations- fails to recognise the fact that most if not all SEs also use additional income streams to pursue their social objectives (such as contracts, grants, subsidies or volunteer labour); this in fact, allows them to be able to assume the extra costs of employing people with disadvantages or of running businesses in low income communities (Pearce, 2003). Nonetheless, at the end of the definitional spectrum that focuses on income and revenue generation, SEs have become synonyms with market driven, client driven, self-sufficient, commercial or business like organisations (Dart, 2004: 414). Sepulveda (2009) summarises the conflictive position of SEs within the so-called ‘third sector’ in the UK in a creative way: it is rather difficult to assert whether SE provide a ‘missing link’ between the state and the market, whether they are a self-sustainable ‘panacea’ for a cash strangled sector, or whether they are simply ‘outsiders’ trying to introduce market principles in a values and mission led sector.

The third and last characteristic contentiously used in attempts to define SEs refers to their ownership. In 2001, the Social Enterprise Coalition (the UK’s national body for SE) defined SEs as ‘competitive businesses, owned and trading for a social purpose’ with three common characteristics: the first two that have already been discussed -explicit social aims and market orientation- and social ownership⁵. This last one refers to ‘governance and ownership structures based on participation by stakeholder groups (users or clients, local community

⁵ Social Enterprise Coalition, (2001). ‘Introducing Social Enterprise’, London.

groups and so on)' or by trustees or directors who control the enterprise on behalf of a wider group of stakeholders, and where 'profits are distributed as profit sharing to stakeholders or used for the benefit or the community' (Social Enterprise Coalition, 2001).

Although other documents, such as the first report from the Social Investment Task Force had already divorced from this characteristic in 2001 stating that 'the Task Force takes the view that not all social and community enterprises need to have social ownership' (quoted in Smallbone et al, 2001), it was not until 2008 that the Social Enterprise Coalition (now known as Social Enterprise UK) removed this defining feature from their documents and from their website. But there are still many defenders of the idea of SEs holding assets in trust, including accumulated wealth, for whatever community they intend to serve. Following this line, Pearce notes: 'While it is undoubtedly true that some privately-owned enterprises may deliver significant social benefit, they should not be recognised as social enterprises, for which the principle of common ownership should be reaffirmed as a non-negotiable defining characteristic' (2003; 38). More recently, the national coalition for social enterprise Social Enterprise UK and the renamed Office of Civil Society have been advancing the agenda of a wider definition as to be able to include private organisations within their metrics. Government and some sector leaders have portrayed an increase in the number of social enterprises as a political triumph, but the data is ambiguous. Teasdale et. al noted that much of the perceived growth of the sector in the post-2000 period was due to 'political modification of the way in which data is collected and reported' (Teasdale et al, 2013).

Before moving on, one further clarification needs to be made. This research focuses on development trusts (DTs) although it is not exclusively circumscribed to them as there are other type of organisations and stakeholders taking part in this study. DTs are 'community owned and led organisations that use self-help, trading for social purpose and ownership of buildings and land to bring about social, economic and environmental benefits to transform their community for good' (Development Trust in 2009, DTA). DTs are part of a wider community enterprise movement. Community enterprises, like social enterprises, are entities interested in meeting social needs rather than maximising profit but are usually linked to particular localities. In other words, and following Pearce, community enterprises are a sub set of SEs and are located at neighbourhood or district level and rooted in the locality which they seek to benefit (2003; 28-29). While SEs might serve constituencies not based on geography, DTs are community enterprises that operate within a definite local, geographical base. DTs are not just part of the local economic infrastructure but usually also take the lead in the physical development of a specific area, acting as catalysts for change (Hart, 2012; Bridge et. al, 2009; Pearce 2003).

Bridge et.al (2009) have offered an explanation for the difficult task of defining SEs unequivocally: 'in any newly developing field of interest there tends to be an initial proliferation of variations before any common trend or agreed approach has had time to emerge' (49). In the following section it will be argued that while the interest in the SE field might be relatively new, the phenomena in itself goes back several centuries.

2.3 Social enterprises in the UK through history

Some people argue that by looking at the evolution of western economies, from the time when most organised economic activity happened within a family context to the moment in which three specialised sectors or systems (namely private, public and social) are clearly observable and distinct, one can conclude that activities and ventures that are neither private nor public and that are motivated by social concerns have followed a long trajectory, parallel to that of the market (Molloy et. al 1999; Bridge et. al, 2009; Wyler 2009a, 2009b).

Looking for historical evidence of self-help, mutuality and community ownership in the UK, Steve Wyler (2009a) has gone to the early medieval period where the *collegia* that had flourished across the Roman Empire as early forms of mutual aid and the artisan organisations of the early Islamic world were amalgamated and reinvented as associations of craftsmen, also known as guilds.

The guilds that flourished particularly between agricultural and artisan producers regulated working conditions, entry into professions and the usage of collectively owned working materials and tools and are said to be the precursors of cooperatives and trade unions. Guilds also limited working hours, sometimes even prohibiting work on certain days that were reserved for community or civic work or for assisting the poor (Wyler, 2009a). Although the guilds provided a structure for commercial activity which contained a high degree of social organisation and the notion that profits should be reinvested in social goods, they did not last long as influential economic entities. Wyler attributes the Black Death, the rise of the

centralised state and the growing power of the merchant class for the inferior, almost invisible role that guilds played during the end of the medieval period and thereafter.

Three centuries later, other thinkers such as Adam Smith would criticise the remnant guilds alongside commercial monopolies and what he calls the 'corporation spirit' in his influential book *The Wealth of Nations* (first published in 1776) for finding them at odds with his '*laissez faire, laissez passer*' tenet and with the free trade premises that gave birth to capitalism in its contemporary shape (Rothschild and Sen, 2006).

Wylter (2009a, 2009b) also points towards the work of Thomas More, in *Utopia* (1516) to find early references in favour of collective property ownership. However, More's progressive ideas were not adopted and as result, social inequalities continue to grow in Tudor Britain: 'Towards the end of the reign of Elizabeth I it became clear that something had to be done, and the solution adopted was an increase in taxation and state welfare, accompanied by laws to encourage the growth of charities. From the turn of the seventeenth century, welfare and other municipal services were regulated by national legislation and became a duty on the parish council to deliver, and a burden on local rates' (Wylter, 2009a).

Despite these general trends, Wylter (2009a, 2009b) demonstrates that the English Civil Wars⁶ provided the impetus for a series of different small scale social experiments and groups (such as the Levellers, the Diggers and the Quakers) that were instrumental in keeping alive the illusion

⁶ There were three consecutive disputes between 1641 and 1651 between supporters of parliament and supporters of the monarchy and they set the precedent that the English monarch cannot govern without the consent of parliament

of an equal society based on cooperative principles where trade could serve as an engine for social transformation.

The Levellers for example, believed that all individuals were born into the world with equal rights and that land had been stolen from the people and should be returned to them (Wyer 2009a). In 1649, a small group of True Levellers, or Diggers as they became known, who propagated a collective vision of common ownership of land, went to set up the first collective communities in Surrey, Kent, Northamptonshire and Buckinghamshire. Under the leadership of Gerrard Winstanley, the Diggers occupied pieces of free or common land and allowed people to cultivate it while also promoting trade without money⁷. These experiments, although short-lived and suppressed by landowners and clergymen, paved the way for other, more influential groups, such as the Quakers, who came later on to promote early forms of SEs and to play pivotal roles in different social and human rights struggles until this date (Bradstock, 2000).

Robert Owen is another relevant figure within the trajectory of the SE movement, and has been deemed 'the most important social innovator from the 18th century' (Mulgan et. al, 2007b). Born in 1771, at the beginning of the industrial revolution, Owen acquired four textile factories in his early 20's near Glasgow and soon became shocked by the conditions of the workforce and their families. He then decided to stop employing children under ten, to send young children to a newly built nursery and infant school and to set up a crèche for working mothers while at the same time providing medical care, comprehensive education and cultural activities for the workers (Mulgan et. al, 2007b: 18).

⁷ An idea still promoted under the Local Exchange Trading Schemes.

Although Owen expected this attempt to 'remake the world' to be taken up by others within ruling classes and this was not the case (Wyler, 2009a), the village of New Lanark became a model community, later on exported to America, and his efforts had a great influence on the cooperative and mutualist movements that developed from then on (Mulgan et. al, 2007a; Wyler 2009a).

Although there isn't an exact date to trace the birth of the cooperative movement (Wyler says that the Owenite experiments gave birth to the movement around 1827 while Bridge et.al (2009) say it emerged in the late nineteenth century), it is clear that the participation of philanthropic individuals and informed groups was fundamental to advance principles of cooperation, social justice and equality⁸.

Pearce takes a slightly different stance attributing the birth of the cooperative movement not to heroic and privileged individuals but to the self-help action of working people determined to improve the quality and opportunities of life for themselves and their fellows, arguing that it evolved into a worldwide vision of a society run on mutual and self-help lines (2003: 58).

Moving now into the 20th century, with the literature on the status and development of SEs during the first half of the century being quite scarce, Moulaert and Ailenei (2005) argue that the economic collapse of 1929-1932 provided a fertile ground for the formation of some

⁸ The 'Rochdale Society of Equitable Pioneers' for example, also known as the Rochdale Pioneers, are said to be the inventors of the principles on which cooperatives operate around the world to this day. According to Wyler, they 'invented a new form of business, whereby the customer became a partner in the rewards of mutual endeavour; they refused to give them credit, but for the first time paid them a share of profits' also known as dividends (Wyler, 2009a; 7).

consumer-led food and housing cooperatives and that it also stimulated the creation of rural communities as an answer to urban unemployment.

The second half of the 20th century also witnessed the formation of the Industrial Common Ownership Movement, and this fostered the establishment of a considerable number of new cooperatives led by people with strong ideologies: 'These 'lifestyle' cooperatives sought to challenge the political and economic status quo and to demonstrate that another, more cooperative way could work. Many of these cooperatives were organised as collectives, with decision making shared amongst the members and with jobs often rotated' (Pearce, 2003: 60).

The decades of the 70's and 80's, as Pearce notes, saw the growth of cooperatives and community enterprises and the rise of a substantial network of cooperative development agencies (CDAs) and community enterprise support units. Central government played a key role in funding and supporting this process, and local councils also promoted actively worker's cooperatives and community enterprises as part of their strategies to create jobs, targeting specifically deprived areas. It is worth mentioning, however, that most of this support structure ceased to exist during the decade of the 90's and was replaced with the re-branded and emerging social enterprise movement made up of newly-formed umbrella organisations (such as Social Enterprise London or the Social Enterprise Coalition), support programmes and incubation units and thousands of old and new socially minded ventures (Pearce, 2003; Bridge et. al, 2009).

From the end of the 20th century we have witnessed the vertiginous development of a whole new infrastructure and field, the amalgamation of different traditions such as cooperatives,

community enterprises, enterprising charities and other forms of social businesses under the term SE. Three national membership organisations have been set up representing three different kinds of SEs in the last two decades (namely, cooperatives, social firms and development trusts). In the words of the first Chief Executive of the Social Enterprise Coalition, this new movement, characterised by 'shared passions' is accompanied by a remarkable growth in interest: 'We now have a raft of government policies to support social enterprises, the opposition parties are contesting the ground and there is almost daily coverage in the national media' (Jonathan Bland, Foreword to the Social Enterprise Futures Report, produced by the Smith Institute, 2007).

Indeed, following the general election of June 2001, the government materialised its support for SEs by creating the Social Enterprise Unit within the Department for Trade and Industry (DTI). The same unit was moved in 2005 from the DTI to the Cabinet Office and merged with the Active Communities Unit of the Home Office to form the Office of the Third Sector. Concomitantly, the government drafted a Social Enterprise Strategy in 2002 and an Action Plan followed in 2006, an independent monthly magazine was launched in 2006, an Asset Transfer Unit was established within the Development Trust Association to encourage the transfer of underused assets from Local Authorities to community groups and a SE mark was piloted and launched nationally to offer organisations some distinctiveness.

But how did SEs move from the backstage to the spotlight? The next section will try to answer this question as the sands between history and politics begin to merge. This account has attempted to show that while interest in the SE movement, especially on the part of the

government, might be recent, SEs have provided an alternative way of addressing social needs for a long time. In the words of Steve Wyler, whose work has used ethno-historical evidence to document the trajectory of SEs: 'A social movement stand and thrives according to the strength it draws from its own past, locating its present actions in the struggles and visions of the preceding generations, deriving from them the experience and encouragement. And perhaps to possess a mythology of the past would also mean that we no longer need to mythologise the present quite so much' (Wyler, 2009a).

2.4 Political dimensions of the current upsurge of interest in social enterprises

The work of Amin, Cameron and Hudson (2002) is possibly the best account of how SEs became those acclaimed, multi-talented entities supposedly able to cure the maladies of British society. Although their book focuses on the emergence of the social economy as a distinctive and relevant sector rather than on SEs, it offers an evidence-based evaluation of the potentials and limitations of SEs and other third sector organisations, and also of how the magnified expectations surrounding them are more the result of political trends.

The authors in question locate the origin of the interest in SEs at the end of the model of capitalist accumulation and regulation that characterised western societies from the 1950s to the 1970s also known as Fordism⁹. When the cracks in Fordism appear, by the mid-1970s, the

⁹ Based in the system formulated by Henry Ford's automotive industry and factories, in which work was divided according to specific production lines giving rise to high levels of specialisation among workers, Fordism in its height provided full employment, consumer and welfare security, and a fairly stable relationship between national

social economy and civil society in general started to be considered as potential providers of work and welfare and as arenas for economic activity. Amin et. al (2002) have summarised the reactions to the challenges to the Fordist model as forced mass redundancies, work relocation to cheap labour zones, increased labour productivity and subcontracting of peripheral tasks, processes that determined the following new market conditions: long term unemployment (due to improved productivity and technological substitution of labour), rise of underemployment, rise of job insecurity, job losses in the public sector and a new culture of privatisations and deregulation.

It is in this context that the social economy acquired a revitalised new meaning and started to be seen as a source of employment and entrepreneurship: 'The third sector was now seen as a source of training, work experience, contact networks, sociability, and psycho-social support for future workers and entrepreneurs. The Fordist right-to-work ethic gave way to a new means-to-work ethic delivered also by the Third sector (Amin et. al, 2002: 4). Moreover, it was in this period, that those lacking the necessary skills, attitudes and experience came to be coined under the term 'socially excluded' (Ibid).

The crisis of Fordism also had implications for the sustainability of the welfare state, demands on which more than doubled as people slid into economic recession, generating a widespread middle class concern about their own wellbeing as taxation was likely to increase to keep on supporting the poor and vulnerable (Amin, 1994). This concern, ultimately, took the Conservatives to power in 1979 under the leadership of Margaret Thatcher, an outspoken

mass political institutions and universalist beliefs. The logic behind Fordism was to employ large workforces to produce goods for a mass consumer market sustained by growing wages, state welfare provision and state demand management policies (Amin, 1994).

opponent of the culture of dependency and entitlement that the crisis had fostered, who called for market provision, discipline and individual motivation.

Amin et al. have shown that while the state started its withdrawal of services during the conservative mandate, the Third sector started to be understood as a significant source of work, welfare and participatory democracy. However, the authors also show that there are two contrasting interpretations of the renewed role of the Third sector and its more promising organisations, SEs. The first one emphasises the opportunity that the decade of the 80s posed to demonstrate the ability of SEs to 'turn needs into markets', to train individuals so they become active economic agents and citizens, to build up social capital and to build grassroots empowerment or social justice from below. The other, sceptically, sees the rise of the Third Sector as an opportunity for the state to reduce its welfare commitments, as passive acceptance of uneven welfare provision and as a segregated experience that shows recipients as pathologically different from the mainstream (2002: 14).

By 1997, when the Conservative party lost the general election to the centre-left (New) Labour party, the infrastructure for the voluntary and community sector (VCS) had already adopted its current shape, although the SE key players only entered the scene by the turn of the century (demonstrating the strong relationship between party politics and the nascent SE sector).

With a well-constructed discourse around individual responsibility, talking about the need for 'local solutions' to address local problems and placing emphasis on the importance of encouraging collective self-help, confidence and capacity building, the Labour party articulated a vision of the social economy as a key instrument to combat social exclusion. In the same, SEs

are expected to become self-sustainable and financially independent added to their role in meeting social needs, in generating employment and training, in delivering skills and confidence-building and in creating alternative forms of social and economic organisation (Amin et al, 2002).

One thread can be observed from the Conservative mandate to Labour in relation to the potential role of SEs: Although the 'Third Way' promoted by the Labour leaders sought to distance itself from the distributional inequalities of Thatcherite neo-liberalism (Ibid, 22) it resembled them by putting a strong emphasis on the 'competitive advantage' that businesses, enterprises and the market could give to the country. Which were the ideal vehicles and the ideal sites for these ventures to take off and to tackle social exclusion in the process, while making minimal demands upon public expenditure? SEs operating at the local community level, as Amin et al., (2002) show eloquently.

The New Labour mandate, with its strong emphasis upon individual, neighbourhood and community responsibility forged the development of the infrastructure for supporting SEs. This can be observed, for example, with the launch of Unltd in 2000, a charitable organisation that supports individual social entrepreneurs mainly and that started with an endowment of £100 million from the Millennium Commission, one of the National Lottery Distributors¹⁰. Other important organisations such as the School for Social Entrepreneurs, or the Social Enterprise

¹⁰ The Millennium Commission was the first distributor of lottery funds to provide grants directly to individuals to enable them to do something to make a difference in their UK community (<http://www.unltd.org.uk/template.php?ID=3&PageName=ourhistory>)

Coalition (now Social Enterprise UK) also originated at the dawn of the millennium with significant support from government departments.

Some other authors have been critical of the fact that SE solutions have been prescribed by political agendas, saying that as a result, these enterprises may lack the attributes and resources (such as personal drive and opportunity identification) which are necessary for the success of any business and might also lack community links which are necessary for the social side (Bridge et. al, 2009; 39). Amin et. al again, show that the emphasis that New Labour put on the theoretical construct of the 'local' (the place where problems start and where solutions should reside), has resulted in a myriad of organisations highlighting their local nature to be able to adapt to the exigencies of regional and national policy and funding programmes (2002: 42).

An alternative way of looking at the political influence that the parties in power exerted over the development of the SE movement is evident from looking at the changing language of the sector. During the 1980's the terms community business, community enterprise or community cooperative were the ones most commonly used to refer to the organisations engaged in community development initiatives. More recently, Pearce says, 'in the contemporary 'social era', we are more likely to talk of social entrepreneurs, social enterprise and social business' reflecting a shift from an emphasis on collective action to individual entrepreneurship, albeit for social benefit (Pearce, 2003:66). This change of emphasis, as Bridge et. al note, also has implications for the management and the values of the sector. The poor experience of some community business projects in the early 90's, the political impact of the Thatcherite ideas on

market efficiency and performance, and the appeal of high performing entrepreneurs might have made it desirable for the sector to identify itself with the mainstream economy rather than with an alternative to the dominant economic system (2009:78-80). This does not mean social enterprises necessarily embrace the values of that. Dey and Teasdale (2015) describe 'tactical mimicry' a process by which some social enterprise leaders successful adopt the language of government-backed social enterprise programmes in order to secure resources while operating based on models that seek to challenge that system.

The clear correlation between the language and operations of SEs and a pro-business ideology, is what other authors have called the 'moral legitimacy of social enterprise' (Dart, 2004). In an attempt to explain the rapid emergence of SEs as key actors, Dart turns to institutional theories of organisations, which are built around the concept of legitimacy, rather than to more traditional rational economic concepts. In this way he explains how the fascination with market based solutions and mechanisms (exhibited in the UK by both Conservatives and Labourists) has permeated the emerging field. SEs adopt the language of the marketplace, put management at the centre of organisations and help to portray government and non-profit organisations as non-productive and burdensome (Dart, 2004: 419). They respond to wider changes in ideologies and values. Subsequently they acquire a sort of legitimacy while adopting business structures and market models as theirs: 'As business become a more prominent organisational model and as increasingly wide swaths of human society become conceptualised as markets, then the business-like hybrid of social enterprise is legitimate and in fact responsive to the times' (ibid: 421). Teasdale considers the evolution of social enterprise as an idea in response to

the changing political climate, noting that the term 'means different things to different people in different contexts and at different points in time' (Teasdale, 2010).

Now that the relationship between the emergence of SEs and political and ideological influences has been reviewed, one last (no less important) theme will be touched upon: the intricate operational relationship between SEs and the public sector. SEs have a track record and are still being called to revolutionise the delivery of public services entering markets and territories in which the private sector has no interest as it is not profitable¹¹. At the same time, they are also recipients of public sector support. This twofold reality carries the risk of reducing the role of SEs to consumers of government funds or to cheaper emulators that can hardly be seen as enterprising. This potential grew significantly under the Labour government post-1997. In his 1997 Demos publication, *The Rise of The Social Entrepreneur*, social innovation thinker Charles Leadbeater described social entrepreneurs as having a key role in creating 'new institutions capable of delivering a new form of welfare'¹².

As Pearce comments, there are many in the social economy who either accept or reject the idea that SEs should work in partnership or in sectors traditionally covered by the state and there are many shades of opinion in between. On the sceptic side, there is a tendency to see SEs as mechanisms through which government policy and services commitments can be delivered, implying that all too often SEs could end up being controlled by the public sector agencies who engage them (Pearce, 2003: 54). Other criticisms include 'privatisation by the

¹¹ See for example the Social Enterprise Ambassadors Programme Campaign on Public Services on <http://socialenterpriseambassadors.org.uk/campaigns/public-services?disp=full>

¹² <https://www.demos.co.uk/files/theriseofthesocialentrepreneur.pdf>

back door' or equating government's search for best value with the selection of the lower cost providers, compromising the quality of the services delivered. But in reality, as Amin et. al (2002) demonstrated, even the more successful cases of SEs, whether operating in sectors traditionally associated with the state or not, need public funding to maintain their levels of operations and impact.

In 2003 Pearce predicted that the resolution of this debate would take place, as SEs 'cannot effect real and lasting change or introduce a new dominant system while at the same time collaborating with the existing order' (Pearce, 2003: 51). This hasn't happened so far and on the contrary, the movement is growing on the backdrop of government-led initiatives encouraging SEs to enter their leagues (such as the 'Right to Request' or the Social Enterprise Investment Fund, both programmes led by the NHS calling for SEs to increase their participation in the delivery of health services).

SEs need the state among many other customers and sources of finance. The question is therefore not one of whether SEs should go into the state's traditional functions, or whether SEs and state should be working together, but one of whether there are ways in which SEs can have more leverage in their dealings with the state. At the moment, many SEs are looking at the procurement requirements (with the barriers they entail) and the inclinations of the state rather than at the communities they intend to serve, their wants and needs. The pursuit of government funding has resulted in SEs under-pricing their services and trying to decipher ways to engage their users in the wants and needs of the state rather than vice versa.

2.5 The socio-economic significance of Social Enterprises

Just as it is important to engage in the debate of the relationship of SEs with the other two sectors of the economy to assess and project their economic prospects, the discussion on the economic significance of SEs is necessarily linked to mapping exercises and to attempts to measure their social on top of their economic impact.

Albeit still unclear, the contribution of SEs to the national economy is now much more widely accepted than some decades ago. Different mapping exercises have been crucial to estimate the size of the sector and its associated economic performance, and broadly speaking, two sorts of approaches can be distinguished for this task: 'top-down' attempts in the case of national mappings and 'bottom-up' efforts in the case of local mapping (Lyon et. al, 2009). The results between one and another, however, vary significantly because the different teams involved in the estimations used different definitions of SE without giving much detail about how they arrived at their definitional boundaries. The problem of mapping and estimating the contribution of SEs consistently therefore, becomes one of being able to describe what is being mapped and the sources of data used, which constitutes an intrinsically political dilemma, rather than a technical issue (Ibid).

In 2006, for example, the UK government estimated that there were 55,000 SEs in the UK, with an approximate combined turnover of £27 billion, employing nearly half a million people (Westall et. al (ed), 2007; Harding and Harding, 2008). This information was derived from the Small Business Service and did not include Companies Limited by Guarantee nor Industrial and Provident Societies (Teasdale et. al; 2013).

Harding et. al (2008) produced another series of key findings about the composition of the SE sector¹³, while also acknowledging the difficulties in measuring the scale and scope of the same considering that information has only been collected systematically since 2003 through the Global Entrepreneurship Monitor (GEM) UK Project. This dataset presents its limitations as it does not pick up an expansion in the sector (it is a study of individuals): ‘Although the GEM has helped provide baseline data over the last five years on social entrepreneurship, we know very little about social enterprises –how they grow, the challenges they face, their governance structures and their sources of finance-on a systematic basis. We know even less about those social enterprises, or social businesses, with for profit motivation but who nevertheless serve community, social and environmental goals’ (Harding et. al, 2008)¹⁴.

A shift in attitude can be observed from this cautionary assertion to a bold report that the same research team published in 2010, *Hidden Social Enterprises*. As if more uncertainty, controversy and categories were needed, this report elevated the estimate of UK based SEs to 232,000 and its economic contribution to £97 billion, claiming that the data itself, rather than definitional

¹³ These can be summarised as follows:

- Some 11.9% (238,000 people) of the 5.8% of the adult population of working age that is engaged in early stage entrepreneurial activity (2 million people), are trying to start a social venture.
- 35% of all nascent early stage entrepreneurs are social entrepreneurs.
- There are no significant differences between men and women in terms of either social entrepreneurship activity or owner-manager activity (in contrast with mainstream activity where men are twice as likely to be entrepreneurs as women).
- Social entrepreneurship start-ups amongst the BAME communities are higher than for the white community.
- Recreation, education and Support and care services dominate social entrepreneurial start-up and owner-manager activity

(Taken from Harding and Harding (2008), *Social entrepreneurship in the UK*, Delta Economics)

¹⁴ Another report published by the same research group (*Hidden Social Enterprises. Why we need to look at the numbers again*, March 2010, Delta Economics) talked about government estimates revealing in 2008 that there were approximately 61,800 SEs contributing over £8.4 billion to Gross Domestic Product.

ideologies, are producing the results. Debatably, they are also introducing categories such as 'value driven enterprises', 'make a difference enterprises', 'broad hidden social enterprises' and 'pure hidden social enterprises'. Although this exercise had a considerably good sample of 2,121 founders of for profit, growth-oriented mainstream businesses, the reader is left to wonder what kind of approach was used as to have encountered that more than half of mainstream entrepreneurs were motivated by the desire to 'make a difference'. Making a difference, ultimately, does not necessarily imply making a 'social' difference (it could be, for example, a difference to personal circumstances). Moreover, by having only considered businesses with turnovers over £200,000 per year, they seem to be contradicting the evidence that shows that most SEs are struggling with their cash flows and have minimal returns (Amin et. al, 2002; Peattie et al, 2008) and that further support for SEs is needed in terms of access to finance, premises, fiscal incentives, capacity building, leadership, appropriate structures and research (Mulgan et. al: 2007a; Murray: 2009).

The *Hidden Social Enterprises* report, however, offers an interesting conclusion: 'The quantification of the sector remains fraught with difficulties in the absence of a definition and, as a result, many studies stick to profiling social entrepreneurs or assessing what public perception of social enterprise is in order to get around the problem of measurement' (2010: 9). They also quote a report from the Centre for the Advancement of Social Enterprise in that 'it is hard to count unless you know what you are counting' (ibid). In an almost conceited way, ignoring their own use of case studies, descriptive statistics and their creative categories, this report takes little appreciation for other qualitative exercises. Qualitative approaches are in their view a way in which the sector avoids debates about measures.

Other researchers (using the qualitative perspective dismissed by Delta) have indeed approached the task of contributing to the discussion on the economic relevance of SEs with more vigilance, recognising that in principle, the more important value created by SEs is not reducible to economic terms. Again, the centrality of the social purpose turns the debate towards how to capture the impact that SEs are achieving. In 2001 Dees pointed out in his short yet widely quoted article that markets do not work as well for social entrepreneurs and in particular, that they do not offer the right tools to measure the value of social improvements, of public goods and of the benefits that SEs bring to people that otherwise would not be accessing services. The task of measuring the social value created, leaving aside the economic return, is explained by Dees as ‘inherently difficult’¹⁵.

SEs are not straightforward businesses. They tend to ‘blur’ the waters of the market discipline, by relying on subsidies, grants, donations and volunteers (Dees, 2001:3). Most of them do not generate substantial profits for shareholders and most avoid risk and debt (Peattie et. al, 2008:10). In this sense, Pearce (2003) also asserts that they should not be judged by whether they are successful according to their revenues but by whether they are successful socially, that is, whether they meet effectively their objectives to benefit society.

With regards to employment for example, and criticising the assumptions about the powers of SEs, Amin et. al demonstrated that ‘despite the headline figures that are sometimes produced to show that the social economy can combat problems of localised unemployment, its capacity

¹⁵ Among practitioners and institutions there has been an interesting proliferation of techniques to approach this ‘inherently difficult’ task. For an excellent database of different ways in which social impact can be assessed (note that there are more than 150 methodologies listed), visit: http://trasi.foundationcenter.org/browse_toolkit.php

to create significant levels of employment in the places in which it is most needed is typically limited and circumscribed' (2002: 36). Some years later, following the same line of enquiry, he also challenged the widespread assumption that future capitalism can accommodate and even requires the energies of the social economy. Based on a review of SEs in Bristol, Amin found out that the majority of people engaged in SEs as employees, volunteers of work placements, find no easy transition into the formal economy and that, on the contrary, growing policy emphasis on commercial success will make matters worse for SEs as they are forced to neglect or compromise their social objectives (Amin, 2009: 46).

But Amin's realistic assessment also offers hope. While it might be difficult for SEs to reflect their significance in terms of quantifiable outputs, they can be successful in terms of meeting local needs, at a scale that usually escapes national indicators.

2.6 Characterisation of Development trusts

Development Trusts (DTs) are, as explained before, part of the wider community enterprise movement and they usually operate in the interface between private, public and voluntary and community sectors. But unlike other types of social enterprises, most DTs hold assets in trust for the communities they want to serve. These assets are usually buildings or land. DTs, according to their umbrella membership organisation, Locality, previously known as the Development Trust Association (DTA), are engaged in economic, environmental and social regeneration of defined areas; are independent, aiming for self-sufficiency and not for private

profit; are community based, owned and managed; are bringing about long term benefits transforming communities for good (Development Trust in 2009, DTA).

The fact that most DTs are members of Locality makes the task of measuring their contribution to the economy relatively easier. There are 466 registered DTs across the UK, generating a combined income of £275m, out of which £136m is earned income. They employ approximately 5,400 staff and 16,000 volunteers and 63% of them have been involved in asset development activities, indicating that the policy agenda pushed by the 2007 Quirk review has had a positive effect¹⁶. In total, £565m of assets are held in community ownership by DTs. What these loose numbers reveal is the tangible possibility that DTs pose for advancing local agendas and for developing tailored services arising from the financial stability that the accumulation of community assets generates. However, there is another part to the story. Approximately 40% of DTs earn income by delivering public sector contracts, and out of this percentage, 56% have failed to make a surplus. This evidences some points that were raised above, including the need of SEs to recur to other sources of funds (mostly in the form of grants or donations).

Like other generic SEs, DTs have followed historical and political trajectories to reach the place in the movement that they occupy now and to be the centre of national scale initiatives such as the Community Assets Programme, the Advancing Assets for Communities Programme, the Community Organisers programme. More recently in 2015, Big Lottery Fund set-up a new trust, Power to Change, with £150 million over 10 years to support 'Community Businesses'¹⁷.

¹⁶ The Quirk Review of community management and ownership of public assets signalled that the transfer of public assets to community based organisations should become a mainstream rather than an exceptional activity (Aiken et. al, 2008).

¹⁷ Launch of Power to Change as independent charitable trust: <https://www.biglotteryfund.org.uk/powertochange>

However, like in the rest of the SE field, there is little evidence of the impact of community ownership and management of assets, as most of the benefits appeared to remain at organisational level (Aiken et. al: 2008). Moreover, criticism for DTs has characterised them as government-dictated, top down creations that generate problems relating to the sense of ownership and genuine community involvement (Pearce, 2003: 64). After all, in order to take advantage of programmes such as the mentioned above, a required level of skills must exist, most of which are likely to be absent in deprived communities (Amin et.al, 2002).

This opens up the possibility to test both the positive and negative claims that have been made about DTs and, as Aiken et.al, (2008) suggests, to advance research into the benefits of asset ownership and management for specific communities, trying to capture the retrospective experience of DTs and the future opportunities for social innovation should these exist.

2.7 Final Remarks

SEs in the UK, including DTs, have followed historical, political and ideological trajectories that have turned them into significant and celebrated actors within the UK economy. The socio-economic added value of SEs, however, is a matter of more debate arising principally from definitional and mapping difficulties. Although this chapter has attempted to offer separate historical, political and economic perspectives on the emergence of SEs, these realms cross over one another and it is difficult to trace analytical boundaries.

SEs appear today as an alternative to local and global problems such as ineffective and cash strangled public services, poverty, unemployment, social fragmentation, ill health or under education. In the UK, a whole new infrastructure and jargon for SE has developed in the last two decades. The role that government has played in this process should not be minimised. SEs have moved from being an ideology of resistance and an expanding social movement, towards becoming a ministerial responsibility and a phenomenon that interests several nations and their governments. At an operational level, this shift has had implications. The public sector has become the main source of income for SEs in the form of grants or contracts with public authorities and as a result, has imposed unrealistic demands upon them. Underpinning this relationship between SEs and the public sector is the assumption that SEs are innovative. In context, however, it is unlikely that SEs will be able to live up to the expectations of the state, even less in an era of financial restraint.

It is important to be aware that while SEs might have acquired legitimacy for being business-like and for adopting market mechanisms and processes, one of their most valuable features resides in how well embedded they are in the communities they were originally set up to serve and in how much these communities participate in the different stages of their development.

DTs and other SEs, by playing valuable roles in specific communities and under specific circumstances, a role often complementary to those of the private and public sector, have managed to achieve positive social outputs and outcomes for excluded communities, even if the task of measuring and demonstrating such changes is intrinsically complex.

This research, in order to try and answer what is the meaning of innovation within the social economy and specifically, how do innovative ideas or solutions emerge within the same realm, has started by providing the reader with multiple perspectives that help to understand why there are currently so many expectations deposited over the role that SEs can play, and subsequently, why we need to have a clearer grasp of how do innovative ideas and solutions emerge within the social economy.

3. Innovation, social innovation and grassroots innovation

3.1 Introduction

Different disciplines and professionals have attempted to define and understand innovation, the factors that either facilitate it or block it, the actors that participate from the process and the role of different sectors of the economy in creating conducive environments in which innovation can flourish. This chapter will review some of the more important theories and authors that have contributed to our current understanding of the innovation process (particularly in relation to small businesses) and the main lenses through which mainstream innovation has been studied in an attempt to draw insights and analytical tools that allow comparison with a much less developed and rather blurry notion: social innovation. By doing so, possible ways in which these theoretical observations about innovation and social innovation might serve to understand the emergence of innovative ideas and solutions within the social economy in England will be considered.

3.2 What is innovation? A view from business, science and technology

Throughout this thesis a very broad understanding of innovation will be used as to include the introduction of (or changes in) products, processes, services or paradigms to adapt to new conditions or to meet needs in different, more effective ways. However, other definitions will

also be examined in an attempt to peruse the complex yet relevant nature of the phenomenon and its associated desirability.

In their book *Innovation and Entrepreneurship* (2011), John Bessant and Joe Tidd start by recognising that the concept of innovation is strongly associated with economic growth and with entrepreneurial success and in this way, the authors introduce the innovation 'imperative' (p. 4-5): from policy makers to business strategists, everyone seems to be interested in understanding the motor of an economy and how to turn ideas into products and services with an edge. In their view, those organisations that fail, do so because of their incapacity or failure to innovate and the longevity of an organisation is also a function of their ability to innovate on a continuing basis.

Bessant and Tidd highlight three core themes at the heart of the innovation enquiry, whether it comes from a business performance or national competitiveness perspective: how are good ideas generated, how the best ones are selected and how they are subsequently implemented. They also offer some insights about its indecipherable nature: Innovation is an 'extended process with a number of key stages', that in essence 'is about organising different pieces of a knowledge jigsaw puzzle' and whose precondition is the ability to balance creativity with the discipline of making something happen' (2011: 11).

It was the work of the economist Joseph Schumpeter, closely associated with the Austrian School of Economics¹⁸ that first attempted to define innovation and that first associated it with

¹⁸ Founded in the 1870's by Carl Menger, the Austrian school of economics (which derives its name from its predominantly Austrian followers) focused on subjective theories of value without using mathematical approaches. It was sceptical of centrally planned economies, arguing that the nature of partial, fragmented, changing and contradictory information possessed by individuals made it impossible for governments to direct

exceptional abilities. He also tried to understand its origins and to link it with theories of entrepreneurship. In his book *Capitalism, Socialism and Democracy* first published in 1942, Schumpeter popularised the concept of 'creative destruction' (whereby one new industry displaces a previous, less effective one) to explain the 'disruptive' and 'radical' nature of innovations and their transformative role in capitalist economic development and in improving quality of life. In his account, 'creative destruction' is a process so intrinsic to capitalism, that to discuss the latter without making reference to the former would be '*like discussing Hamlet without mentioning the Danish Prince*' (1950; p. 85).

Schumpeter used consistently a broad definition of innovation as to mean 'the carrying out of new combinations', leaving the concept open as to embrace much more than just technological novelty (Cooke et.al, 1998: 10). In this way he depicted five not mutually exclusive sources from which innovation could arise: the introduction of a new good (or a significant improvement in the quality of an existing one), the introduction of a new method of production, the opening of a new market (in particular an export market in a new territory), the conquest of a new source of supply of raw materials or half manufactured goods and the creation of a new type of industrial organisation (Deakins et.al, 2009). This typology was echoed by Bessant and Tidd (2011), who summarised the four P's of innovation, or realms in which innovation can occur as: product innovation, process innovation, position innovation (changes in the context in which products or services are introduced) or paradigm innovation (changes in the underlying mental models which frames what organisations and individuals do).

economic activity efficiently. The Austrian school was thus generally favourable to free markets and its ideas of entrepreneurial leadership were influential in Schumpeter's theory of development (Foss et. al, 2002, p. 1-10).

By explaining the nature of innovations and their role in economic growth, Schumpeter also addressed the temporary role of entrepreneurs as the catalysts for change: 'Schumpeter's entrepreneur is a special person (...) An innovator (that) brings about change through the introduction of new technological processes or products (Deakins et.al, 2009). In Schumpeterian analysis, the entrepreneur is a gifted person with the capacity to bring about extraordinary events, change technological possibilities, alter conventions and remove production constraints but at the same time a short-lived figure whose demise was envisaged as its role 'would be carried out by team of workers and scientists operating in large organisations' (Ibid: 4). These are the stark positions that will be known as Schumpeter Mark 1, where he understands innovation as the radical transformation introduced by a heroic entrepreneur, and Schumpeter Mark 2, where he presents innovation as a routinised process, resourced and best managed by a monopolistic firm (Shockley, 2009).

Another important economist that has contributed hugely to our current understanding of both innovation and entrepreneurship is Israel Kirzner, also associated with the key insights of the Austrian School. In contrast with that exceptional figure of the entrepreneur presented by Schumpeter, Kirzner views the entrepreneur as an opportunistic –yet creative–intermediary, that could potentially be anyone, and that possess the ability to spot profitable opportunities for exchange by identifying suppliers and customers and by maximising gaps in information and in knowledge (Deakins et.al, 2009); a market trader ready to spot unnoticed opportunities and to make an 'entrepreneurial discovery' (Shockley; 2009).

These two thinkers laid the foundations for the upsurge in research on the role of innovation in economic and social change that has become popular in recent decades among different disciplines such as economics, sociology, psychology or business and management studies, with a tendency towards cross-disciplinarity. A classical distinction that has been made ever since Schumpeter, for example, is that between invention and innovation; these two concepts are sometimes closely linked, but in many cases, there is a considerable time lag between the two, and such lags reflect the different requirements for working out ideas and implementing them (Fagerberg, 2005: 5). Another approach, also based on Schumpeter's work, has been to classify innovations according to how radical they are compared to existing technology: Continuous improvements are often depicted as 'incremental' or 'marginal' in contrast with 'radical' innovations or 'technological revolutions' (Freeman and Soete, 1997). The latter, Lundvall would argue in his seminal work that will be reviewed later on, *National Systems of Innovation* (1992), has a cumulative impact just as great -if not greater- than the radical innovations that really interested Schumpeter. Schumpeter attributed three main aspects, as inherent qualities of innovation: it involves mental uncertainty, there's a need to move quickly before someone else does, and resistance -or inertia- to new ideas will always prevail at all levels of society forcing entrepreneurs to fight hard to succeed in their projects (Lundval, 1992). Although this might have been an appropriate interpretation of the innovation process at the time of writing, it later became clear to observers, including Schumpeter, that innovation increasingly involve teamwork, mostly within larger organisations (Fagerberg, 2005: 10).

Defining innovation and delimiting its boundaries was and still is important, but it became more important understanding how innovation happens and the learning processes at organisational

level associated with it. One of the schools of thought concerned with the competitive advantage that innovation brings to firms, is known as the resource-based perspective (RBP). Developed as an antidote to 'environmental models of competitive advantage' engrained in neoclassical mindsets, the RBP challenges the assumptions that firms within an industry tend to be fairly homogeneous with respect to the strategic resources they control and that resources are perfectly mobile across firms (Barney, 1991). The RBP instead will build a theoretical model that examines the links between a firm's internal characteristics (including its resources and idiosyncrasies) and its performance and in doing so will maintain that for resources to hold the potential of sustained competitive advantage they should also possess four additional attributes: '(a) It must be valuable, in the sense that it exploits opportunities and/or neutralises threats in a firm's environment, (b) it must be rare among a firm's current and potential competition, (c) it must be imperfectly imitable, and (d) there cannot be strategically equivalent substitutes for this resource' (Barney, 1991: 106).

It is important revising the RBP not just because it holds that firms that possess valuable and rare resources will often be strategic innovators (and they offer the concept of 'value-creating strategies'), but also because it brings into the equation of a firm's performance the historical conditions and the socially complex, internal processes that are overlooked in the neoclassical tradition. The RBP asserts 'that not only are firms intrinsically historical and social entities, but that their ability to acquire and exploit some resources depends upon their place in time and space' (Barney, 1991: 107). This conclusion paves the way for historically and socially-aware research on innovation between social enterprises, or indeed, on innovation between any

specific form of organisation. Other research on innovation that understands it as a process embedded in social relations will be covered in Chapter 4.

3.3 Models of innovation and its relationship to firm size

The first attempts to offer a model of innovation (in the period from 1950-1970 approximately) from a commercial point of view, used linear approaches: '(...) beginning with basic science and ending in sales, or beginning with an articulated customer need, which is subsequently developed into a saleable product' (Deakins et.al, 2009; 135). These perspectives are also called 'science-push' innovation (in which the emergence of new opportunities based upon new technologies drives the process) or 'demand-pull' innovation (in which a market need encourages the development of the innovation). Both linear approaches are based on the assumption that innovation is applied science, and therefore, there is a well-defined set of stages that innovations are assumed to go through. However, this chain of stages only accounts for a minority of innovations: firms normally innovate because they believe there is a commercial need for it, and they usually start by using and combining existing knowledge; only if this does not work, firms will consider investing in science (Lundval, 1992). But recently, it is the experience of users and not science what is deemed to be the most important source of innovation while it is also widely acknowledged that the linear model fails to take into account the many feedbacks and loops that occur at the different stages of the innovation process (Fagerberg, 2005).

In recent decades thinking about innovation has moved away from these simple models to more sophisticated ones where innovation is conceived as a 'network of inter-organisational and extra-organisational communication paths, linking the various in-house functions and allowing the firm to articulate with both the market place and the wider scientific and technological community' (Deakins et. al, 2009; 136).

Rothwell (1994) summarises the evolution of the innovation concept and more importantly, its associated industrial and business practices as the first, second, third, fourth and fifth generation innovation processes assigning them specific periods in time. The first and second coincide with the linear approaches described above. The third one, covering from the early 1970's to the mid-1980's sees innovation as an informed, interactive process -thanks to internal and external feedback mechanisms- located between technological capabilities and market needs, which could take place in different sectors and in firms of all sizes. The fourth model, covering until the early 1990's, added the significance of external networking activities and of strategic alliances to the innovation equation ('parallel/integration model'). Finally, Rothwell (1994) describes the fifth generation model as one where many of the strategy trends established during the 1980s prevail and coexist, as a trade-off between the speed of the innovation and its cost to the firm, and as a flexible process that requires certain organisational factors to succeed (such as top management buy-in, clear development strategies, internal vertical linkages, external horizontal linkages and access to networks); in essence, a learning process that depends on fluid communication in all directions and that requires a balance of different organisational functions (Rothwell, 1994).

This last approach, which concedes great importance to cooperation by highlighting the collective and networked nature of the innovation process, introduces another angle to the discussion: the size of the host organisation. Ever since Schumpeter, whose theories shifted the attention from an emphasis on the role of talented individuals to the advantages of large monopolistic firms, the issue of firm size has been a contentious one. For Schumpeter large firms were likely to possess advantages over their smaller counterparts, or were 'uniquely endowed to exploit innovative opportunities' (Shefer et.al, 2015: 34) by for example being able to cover the costs of the initial research periods, by spreading the risks over a number of projects or by being better equipped to deal with the uncertainty that innovation inevitably poses. These assertions were interpreted as a direct correlation between firm size and capacity to innovate during the second half of the twentieth century and dominated academic and policy thinking (Bessant et.al, 2011; Deakins et, al, 2009; Shefer et. al, 2015). However, in the last 3 decades, this view has been challenged based on a series of empirical studies and evidence –such as the upsurge of new technology based firms- that demonstrated that, at least in the field of innovation, small firms can play a role as critical as that of large firms and even more, they can be more efficient in using R&D (research and development) inputs to generate innovative outputs (Acs, 2006).

The role of small firms in the process of innovation has therefore moved from being mostly insignificant and ignored, to carrying a central weight and this trend is also mirrored in the scholarship around it. Following this influence, Christensen and Overdorf (2000:7) have recognised that 'sustaining' innovations are usually developed and introduced by established industries, but those same companies are rarely able to cope with 'radical' or 'disruptive'

innovations due to their internal capabilities, defined as resources, processes and values. The same capabilities in which a firm's strengths reside might make them less capable of addressing disruptive change successfully. Small enterprises on the contrary embody advantages in relationship to radical innovation: they have less rigid management structures where innovation can flourish more spontaneously, they might be more prone to risk –and to reap the rewards of it- and they waste less time in bureaucratic constraints. Acs (2006) has also illustrated how there is a dynamic transfer of knowledge between large and small organisations and between sectors that favours innovation, whereby small firms manage to compensate for the absence of large R&D budgets by two processes: spin-offs (where employees or large organisations decide to set up their own ventures taking with them the knowledge acquired in the big organisation' R&D laboratories) and spill-overs (where private, usually small enterprises are set up with the knowledge acquired through university-based research).

Deakins et.al offer a balanced way of recognising the contribution of both large and small businesses: 'rather than searching for some firm size uniquely and unequivocally optimal for innovation, it is vital that we recognise that small and large firms may fulfil different and often complementary roles –what Rothwell terms 'dynamic complementarity' (2009: 138).

Going back to the systemic and interactive approach that sees innovation as a function of the capacity to engage in diverse organisational and professional networks, it has been claimed that the use of such relationships is one of the ways in which small firms can equip themselves to compensate for their resource and material constraints (Fagerberg, 2005:11). However, to avoid generalisations, Deakins et. al warn us by saying: '*networking is neither a necessary nor sufficient condition for innovation*' (2009: 147).

In contrast with the early accounts presented above, that understood and promoted innovation as a linear process and building upon more recent systemic views, a new notion emerged highlighting its more interactive and collaborative nature. First introduced in 2003 by Chesborough, the open innovation paradigm (in the sense that has really permeated thinking and practice) stresses the power and the wisdom of crowds and presents it a decentralised phenomenon that at its core has the free-flow of information and ideas. Technological advances, Chesborough would argue, have also aided the growth of open innovation as they create platforms that facilitate greater participation. This notion that companies should look for ways of harnessing the ideas that can be found beyond their organisational boundaries has a very strong hold in the social economy as well. However, it has not gone uncriticised: 'The benefits of open innovation, in terms of providing a company with access to a vastly greater pool of ideas, are obvious. But the costs are also considerable, including practical challenges in resolving intellectual property ownership issues, lack of trust on both sides of the fence and the operational costs involved in building an open innovation capability. Open innovation is not the future, but it is certainly part of the future, and the smart approach is to use the tools of open innovation selectively' (Birkinshaw et. al, 2011).

3.4 National Systems of Innovation

As mentioned before, in his book *National Systems of Innovation: towards a theory of innovation and interactive learning*, Lundvall (1992) popularised the concept of a National Systems of Innovation (NSI), based on the economist Friedrich List's conception of the 'National System of Political economy' published in 1841 (Freeman, 1995). Following Freeman (1987,

1995), we can summarise the NSI concept as one which stresses the importance of structured institutions and conventions at national level but still is coherent with the fact that countries exhibit significant levels of technological specialisation or diversity. Some key elements of a NSI are: education and training institutions, science and technical institutes, user-producer interactive learning spheres, methods for knowledge accumulation, adapting imported technology and internal promotion of strategic industries. Closer examination of these elements allows the conclusion that the concept of NSI can be used in both a narrow and a broad sense: 'Narrowly, it refers to the network of institutions in the public and private sectors whose activities and interactions initiate, import, modify and diffuse new technologies' (Freeman, 1987). But on a broader sense, the NSI includes 'all parts and aspects of the economic structure and the institutional set-up affecting learning as well as searching and exploring' (Lundvall, 1992).

Although the NSI is not prescriptive about any ideal way to organise resources in an economy, it recognises that some systems are more effective than others in fostering learning and innovation. Under this light, Freeman (1995) has elaborated comparisons between for example, Japan and the USSR, or Latin American Countries and the four Asian Tigers (Hong Kong, Singapore, South Korea and Taiwan). With regards to the first set of countries (Japan and the USSR) for instance, Freeman shows in an almost humorist way how Japan had stronger links between its political, economic, social and technical spheres, while $\frac{3}{4}$ of a similarly large budget for R&D in USSR went to their defence and air research without spinning off to civil society. With regards to the second set of countries, Freeman shows very disparate educational

systems, different enterprise level R&D, differing telecommunication infrastructure and diffusion on new technologies leading to very different development paths.

Other aspect of innovation that Freeman has studied is the R&D laboratory, a space supported by governments and firms and of crucial importance to any NSI as it gives firms and countries the capacity to generate, learn and diffuse innovations. The R&D lab isn't however, enough condition for innovation. Other systemic aspects such as inter-firm relationships, external linkages within professional networks or tacit knowledge point towards the importance of understanding innovation in a broader sense, as to include diffusion, as well as an assessment of the associated productivity gains: 'The success of any specific technical innovation depends on other related changes in systems of production. As three major new 'generic' technologies (information, new materials and bio-technology) diffused through the world economy in the 1970s and 1980s, systemic aspects of innovation assumed greater and greater importance' (Freeman, 1995: 11).

Freeman builds the case against the standardisation claimed by supporters of globalisation theories and also shows how the power of transnational corporations might prove limited, if the right conditions for a NSI, such as closely knit relationships between technological, organisational and social innovation are strengthened. While global links, networks and transnational corporations or what Freeman calls the 'upper' regions, are essential for creating systems of international cooperation allowing a 'global regime favourable to catching up and development', emphasis must be placed on the nation states, on national economies, and on the NSI as these are the realms where networks, new technology systems, knowledge,

infrastructure, skills, labour markets, specialised services and not least, trust and personal relationships flourish (Freeman, 1995: 21).

3.5 Innovation in public services and between Voluntary and Community Organisations (VCOs)

Robin Murray says that the state has the potential to be a 'generative force of distributed innovation' (2009:26), but at the same time, it has been claimed that some of the more radical innovations have emerged as critiques to the limitations of public service provision (Leadbeater, 2007: 3). While the public sector was historically thought to be incapable of innovating, it was put at the centre of research efforts in the last decades as it became clear that public services were diverse and 'creative innovators in their own right, rather than mere adopters and users of new technologies' (Deakins and Freel, 2009: 148). Today it is widely acknowledged that rather than trying to find better technologies, more effective processes and best practices to impose on public service providers, we need to look to the everyday interactions between people and the services they use to derive new ideas: 'governments need to move from a model based on predicting needs and producing plans to meet them, to one based on meeting needs in real time through participation and co-production' (Parker and Parker, 2007: 13).

The empirical and conceptual work of Stephen Osborne (2011) is instrumental for understanding the place that innovation occupies within public policy, the delivery of public services and the orientation of the voluntary and community sector (VCS) in the UK.

With regards to the first two, Osborne argues that a series of flaws have inhibited a genuine understanding of the nature of innovation and the particular challenges it poses for policy makers and public sector managers. Specifically, and giving excellent historical and contextual background to his claims, he asserts:

1. The Conservative mandate of the years 1990-1997 adopted an unsuitable model of innovation based on manufacturing rather than on the services sector.

To demonstrate this, he shows how the neo-liberal approach to the management of public services adopted by the conservative government included an intrinsic belief that private market forces and management methods were superior to those of the public sector. In this way, while placing innovation at the heart of the government funding regime and by promoting the interpretation of innovation as an output rather than as relational process, they failed to recognise the nature of services as a distinctive sector.

2. The subsequent New-labour mandate re-conceptualised innovation as incremental improvement, failing to acknowledge some of its core characteristics.

For example, the new administration failed to understand and promote innovation in its discontinuous and transformational sense or to recognise the uncertainties and risks it usually represents, and as a result innovation became an insubstantial concept synonymous with organisational change or with improvement of existing services

3. An assumption that is now widespread followed the two approaches mentioned above: innovation is something inherently good. Current, prescriptive policies also depart from that (incorrect) assumption.

To illustrate this point, Osborne provides examples of when innovation is not positive or equivalent to success¹⁹, a point also reinforced by Birkinshaw et. al (2011) in their article *The 5 Myths of Innovation*.

4. There are significant gaps between the macro-public policy level and existing management practices in the delivery of public services with regards to the role of innovation.

Another piece of research by the same author (Osbourne et al., 2008), this time using empirical data and a longitudinal study, showed that innovation, rather than being an inherent ability of the VCS, is a variable dependant on contingencies such as the institutional or policy environment. Osborne's critical perspective offers valuable distinctions such as 'appropriate', 'top down' or 'funding driven' innovation between VCOs and warns practitioners about the dangerous obnubilation with what for him, is barely more than a buzzword or a prescribed agenda.

¹⁹ This was the case for example, of the proposed National Identification Cards, an innovative proposition but one that encountered major oppositions as it was said to go against civil liberties.

3.6 Exploring Social Innovation

Many innovative products or processes bring improvements to society. It could be argued for example, that new products such as the iPhone, bring employment, increased learning or enhanced pleasure, therefore society benefits as a whole. But that doesn't make these products social innovations. Social innovation, defined broadly as 'the process of inventing, securing support for, and implementing novel solutions to social needs and problems' (Phills, J. et al 2008: 36) will only be truly social if 'the balance is tilted towards social value –benefits to the public or to society as a whole-rather than private value, gains for entrepreneurs, investors and ordinary (not disadvantaged) consumers' (ibid: 39). In this sense, examples of social innovations, which can originate in any sector of the economy, can be products, processes, technologies, organisations, projects, ideas, principles, decisions, laws or a combination of some of the above, as long as the distribution of financial and social value is oriented towards society²⁰.

Social innovation continues to be a contested concept with varied meanings and with implications beyond definitional debates. Ayob et. al have demonstrated that, even though the concept 'has become central to policy debates at national and supranational levels' (2016; 635), and despite a growing number of publications on it, it remains ignored by social policy researchers.

In comparison with the literature available on innovation in science, business and technology and on organisational, public or national systems of innovation, for instance, much less has

²⁰ Geoff Mulgan (2007a) shows for example, how initiatives as different in nature and origin as the NHS, trade unions, new ways of learning, ethical sourced coffee or microfinance are all examples of social innovations.

been documented about social innovation. But as a study subject social innovation reaches across (and has awakened interest from) different academic traditions such as psychology, sociology, public and social policy or business studies²¹. Using the above quoted definition as a departure point it is easy to argue that social innovations have occurred from the beginning of history. But analysed in its intellectual dimension, the field is fairly young. Some comprehensive reviews that are available, such as Mulgan et. al (2007a, 2007b), Murray (2009), Christensen et. al (2000, 2006) or Nicholls et. al (eds) (2015) tend to understand social innovation primarily as a process and as an outcome, and have initiated the process of building theoretical frameworks. This progression takes place in the first two decades of the 21st of Century, also characterised by the emergence of social media (Gillin, 2007), and therefore many virtual communities and online platforms have developed around the theme of social innovation and have served to establish practitioners' networks.

In the context of advocating for a thorough approach to study and understand social innovation, and recognising that there are no systematic reviews of evidence, longitudinal studies or reliable metrics on the subject, the work of Geoff Mulgan (2007a, 2007b, 2012, 2015) attempts to characterise the field and provides key concepts and questions to analyse it and develop it.

He, for example, has tried to depict the factors that have traditionally instigated social innovation: civil society, social movements, governments, sectors such as academia, media, or services or forces such as politics, markets, religion or science; the agents who normally lead

²¹ Mulgan (2012) affirms that the rhetoric of progress, notions of plasticity, dialectics of change, evolutionary theories, complexity theory, innovation and entrepreneurship theories, techno-economic paradigms, pragmatism and wellbeing economics are all recognised theoretical fields that can be touched upon to help build sharper social innovation theory.

the process: individuals, movements or organisations (including but not confined to social enterprises); the stages that are common between successful examples of social innovation: ideas are generated and tied to tangible possibilities for its realisation, then they are tested (or piloted), its impact is assessed and finally they are diffused or scaled-up or both. Ethnography rather than R&D labs, the argument goes, is the best method to get a feel of what people really want or need and awareness of an unmet need and empathy, the starting points that serve to foster social innovations (Mulgan 2007a, p. 21).

Mulgan et al. (2007a) also say that there are three characteristics of social innovations, and combined, they summarise his proposed, overarching 'connected difference theory' of social innovation:

- They are new combinations or hybrids of existing elements rather than being wholly new in themselves
- Putting them into practice involves cutting across organizational, sectoral and disciplinary boundaries
- They usually leave behind compelling new social relationships between previously separated individuals and groups, and they fuel a cumulative dynamic whereby each innovation opens up the possibility of further innovations.

While enough evidence needs to be collected to corroborate the validity and universality of the three propositions above and therefore to ratify its status of 'theory', the work of Mulgan offers a coherent framework to undertake the task of identifying common traits among different

social innovations. It also offers relevant concepts such as the ‘connectors’²², which might prove useful when assessing how replicable successful social innovations might be.

Importantly, in parallel works, Mulgan (2007b) touches upon the relationship between social innovations, organisational growth and diffusion: ‘social innovations’ biggest and more lasting impacts are often not the result of organisational growth, but come from encouraging emulators, and transforming how societies think’ (Mulgan, 2007b; p. 5). Mulgan has configured his different contributions under this influence, and his conclusions often point towards the need to develop systems of social innovation with the right structures, mechanisms and institutions able to connect the supply of ideas and innovators with effective and compelling uses. Although he provides some elements of this ideal social innovation system, most of them oriented towards changes in policy and support provision (such as tax allowances or the provision of seed capital) it is difficult to see what individuals or organisations could do in their daily struggles and in the short term to come up with new ways of addressing intractable social problems. Mulgan’s perspective focuses on an encompassing interpretation of social innovation as a continuous ability to respond to social needs made up of smaller, innovative²³ experiments, activities, services and actors. The micro-processes that lead to those transformations, however, are left untouched in his theory-building attempts. After presenting common drivers, leads, stages and even drawing on the barriers and inhibitors that might prevent social

²² These are the people and institutions which link together different people, ideas, money and power and who often ‘play more important roles than the individual entrepreneurs, thinkers, creators, designers, activists and community groups, even if they are often less visible’ (Mulgan et. al, 2007a: 35).

²³ Mulgan himself uses this tautology when suggesting a narrower definition of social innovation: ‘*innovative* activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purposes are social’ (Mulgan, 2007a: 8; emphasis added).

innovation, his argument focuses on the required steps to scale up and spread those social innovations until they achieve systemic scale.

Christensen et. al (2006) adopt a similar tone when they say that the 'social sector' is characterised by aggressive spending and disappointing results. That is the case when nations, institutions or individuals invest to address social problems, but their funds instead go to organisations or programmes that only serve to maintain their status quo as they 'are wedded to their current solutions, delivery models and recipients', providing 'specific, sometimes sophisticated offerings to a narrow range of people' (2006: 96). The only way to reach the far broader populations in need is through what the authors describe as 'catalytic innovations'. Based on Christensen's disruptive-innovation model²⁴, catalytic innovations are focused on creating social change by scaling up and replication, and possess four additional qualities (Christensen et. al 2006: 101):

1. They meet a need that is either overserved (because the existing solution is more complex than many people require) or not served at all
2. They offer products and services that are simpler and cheaper than alternatives and might be perceived as having a lower level of performance, but users consider them to be good enough.
3. They generate resources, such as donations, grants, volunteer manpower, or intellectual capital in ways that are initially unattractive to incumbent competitors.

²⁴ Clayton Christensen disruptive innovation model describes the process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves 'up market', eventually displacing established competitors (Christensen et. al, 2000)

4. They are often ignored, disparaged or even discouraged by existing players for whom the business model is unprofitable or unattractive

The authors show through examples in health care, education, and economic development, the way in which organisations create catalytic innovations for social change, and in line with Mulgan's conclusions, they would argue that 'what is required is expanded support for organisations that are approaching social sector problems in fundamentally new ways and creating scalable, sustainable, systems-changing solutions' (2007a: 96). Once again, the general qualities of catalytic innovations and the support that they advocate for do not account for the smaller steps, decisions or patterns that might bring about social innovation in specific communities.

Robin Murray offers relevant insights to understand what the role of social innovation might be in shaping the future architecture of national growth, wellbeing and environmental change, drawing from his experience in the UK context. His view is framed within a more encompassing and optimistic attempt to characterise the economy in what he considers to be a 'critical turning point' and to strengthen the role of the social economy subsector²⁵, which in his opinion has been the primary innovator. The economy is portrayed by Murray as a system divided in four realms: market, state, household and grant economy. What he calls the social economy, rather than a fifth segment, are attitudes, behaviours and activities that cut across the four realms mentioned above. Social innovation is the thread that cuts across the four

²⁵ The notion of social economy that Murray uses includes 'all those areas of the economy which are not geared to private profitability. It includes the state but also a 'civil economy' of a philanthropic third sector, social enterprises and cooperatives operating in the market, and the many strands of the reciprocal household economy -households themselves, social networks, informal associations as well as social movements' (2009: 10).

sectors of the economy, and naturally, flourishes best where sectors overlap. The current crisis of the real economy, he says, presents opportunities for a new technological and economic paradigm based on the long-standing values of the social economy. It also opens up possibilities for radical social innovations. For this to happen, superficial adjustments or short term recovery programmes won't be enough: 'what is needed is a programme of more profound structural change, of a radical transformation of infrastructures and institutions that will be the precondition for a new, qualitative different period of growth' (Murray, 2009: 5). But Murray also reminds us that further research is needed to look at the microscopic patterns, drivers and inhibitors of social innovation, in ways that allows us to understand the process more fully, from its origin to its generalisation and promotion: 'Whether the social economy can respond to the possibilities that are now emerging remains an open question. It requires first an assessment of the extent and type of innovation that is generated in each sub-sector of the social economy and the limitations they currently face' (Ibid: 24).

In a similar vein and looking in particular at the role of social enterprises in fostering social innovation, Leadbeater advocates for public policy to be oriented to the overlaps, those spaces where profit, public and social motives encounter each other and suggests that a national framework for social innovation should be adopted by policy makers. The aim of such a framework will be to 'improve social outcomes' and 'to mobilise social enterprises as a force for innovation' (2007: 12). Leadbeater talks about 'intelligent strategies' and 'intelligent commissioning' so social enterprises can trigger wider processes of social innovation engaging both the public and private sector (Ibid: 14), although he also recognises the limitations in our

understanding of, for example, the linkages that spread the impact of social innovations at ground level.

On one hand, these authors reviewed have in common concerns about scale; they all talk about the need for emulators, replicators, growth and scaling up. There is presumably an assumption that scale and replication will also translate into extended impact. Leadbeater for example, when proposing a new framework for social innovation, talks about the need to 'support social entrepreneurs to operate at greater scale' (2007:14) or about the option to create 'a social enterprise that operates at national scale and becomes a household name' (Ibid: 10). But this is a debatable argument as it is precisely the flexibility associated with the small size of certain ventures, what has allowed them to innovate socially, to switch static models and to adopt new methods. Christensen et. al have described this paradox as the 'bittersweet result of success' (2000: 5): as modest social innovations increase their scale, they will lose their ability to serve users with specific needs or to enter emerging fields. Moreover, if the assumption that social innovation is essentially different from mainstream innovation, and if following Murray (2009) it is possible to assert that the social economy has developed at the margins and despite the real economy –with social innovation as its motor-, it is questionable why the search for bigger scale, a capitalist mantra, should be at the centre stage of the research agenda on social innovation.

But on the other hand, these authors (and most of the writings from foundations or university-based networks, who are also contributing to an emerging body of literature on social innovation from a practical perspective) recognise the infancy of the field and highlight the need to build the evidence base against which to test their overarching propositions. They also

acknowledge the need for more extensive, rigorous research that allows the analysis of critical success factors and potential inhibitors at each stage of the innovation process, or what Mulgan calls the 'specifics of social innovation' (2007a: 39).

In the same way that not all social innovations should be judged on their ability to scale up and be replicated, it is possible to question the extent to which social enterprises, said to play a vital role within the wider process of social innovation, are innovative themselves²⁶. Some authors, foundations and practitioners have argued for example, that by trying to address social issues through business mechanisms, filling the gaps left by public and private sector providers, or in other words by virtue of their noble motivations and their very existence, social enterprises are inherently innovative. Other aspects of social enterprises that have been deemed innovative include: the balance they strike between commercial and social goals, the hybrid financial models they tend to develop, the legal, ownership and management structures they assume, their varied income sources, the way they create impact or lately, even the way they measure that impact. These claims, while attributing immense value to this type of organisations, might over emphasise the role of innovation in the pursuit of social change. At best this over-emphasis can create a restless culture of 'think outside the box' which favours mostly innovation consultants or at worst, as Osbourne et. al (2008) have noticed, might force social enterprises to present themselves as innovative as opposed to expert, experienced organisations with a solid understanding of what works best and for who. Following the same line, Seelos and Muir (2012) have concluded that for social enterprises, more innovation is not

²⁶ By this point it is useful to distinguish, following Westall (2007), between innovation, social innovation and social enterprise innovation.

necessarily better, that many of the assumptions about innovation within the social economy are actually misleading and that promoting innovation as an outcome, with little attention to the processes that actually enable it, can stifle progress just as much as it can facilitate it.

3.7 Types of innovation found within the social economy

Acknowledging that there is a large number of organisations and initiatives creating social value and not necessarily pursuing novel products, services or processes, a short characterization of innovation within the social economy in the UK is presented here using the literature reviewed.

The following examples coming from social economy organisations coincide with what Mulgan (2012) says are the ultimate goals of social innovation: they create socially recognised value, they promote wellbeing and they serve to cultivate capabilities. Product innovation (for example, social enterprise Red Button Design has created a water purifier and carrier – MIDOMO- to help alleviate three key aspects of the water crisis: purity, collection and storage); Process Innovation (social enterprise Women Like Us’s outreach and recruitment strategy where they introduce themselves and their flexible support package to go back to work to women at their children schools’ gates); Position innovation (Development trust Coin Street Community Builders’ contribution to re-position the South Bank of the Thames river as one of London’s most placid and enjoyable areas has been widely acknowledged); Paradigm Innovation (the Assets Programme of Locality delivered strategic and practical support for transforming the way communities of different types and local authorities think about and make use of their assets); Funding-led innovation (Action Acton development trust in West

London developed its flagship employment support programme following a ring-fenced, European funding opportunity); There was also plentiful evidence of examples of incremental innovation (where much value is created by slow improvements in the routine activities of an organisation), much less evidence in terms of radical innovations and a breath of examples of community-led innovations.

It seems possible that innovative approaches to social change are most likely to be generated within communities that have actively chosen to identify with each other and, in coming together, have identified the social needs they want to respond to, and the case studies expanded in the empirical chapters of this research show that it is possible for relatively small groups of people within both local communities and communities of interest to act as the catalyst for innovative approaches that benefit wider groups.

3.8 Grassroots innovation

The concept of grassroots innovation (Seyfang and Smith, 2007) is useful when trying to make sense of the increasing number of small scale examples of innovation and experimentation led by civil society which are trying to promote more sustainable livelihoods and habits. According to Seyfang and Smith, examples of grassroots innovation demonstrate that problems can be framed differently and explored in depth collectively in order to find more sustainable solutions, as opposed to the mainstream where innovation very often involves the application of technical solutions to problems which have been too narrowly defined. Grassroots

innovation and community action have the advantage of being able to use contextualised knowledge of what works in local contexts as opposed to more inflexible top down approaches. Examples of grassroots innovation where social enterprises are particularly involved include fields such as resource recovery/recycling, renewable energy, local food, transportation, housing and finance (Vickers, 2010).

Building upon the concept of grassroots innovation, the concept of community-led innovation is proposed here. This is innovation that arises from communities identifying a need and drawing on their own skills and experiences to meet that need. While many of the innovation types discussed above also take place within communities, community-led innovations are emerging in the way they do because of the characteristics of the communities they emerge from. These innovations are less likely to be about coming up with a single game-changing product or idea, and more about finding new and original ways to make better use of resources at hand.

3.9 Final reflections

Up to here we have reviewed briefly some of the main contributions to the ever expanding fields of innovation in business, science, public and social innovation (despite these being in very different moments in their development as subfields of study), in an attempt to draw elements that allow the study of the meaning and the emergence of innovation within the social economy in England.

From innovation and management studies, it is useful to borrow Schumpeter's broad definition of innovation as to mean 'the carrying out of new combinations' and to keep in mind Kirzner's notion of the entrepreneur as someone opportunistic and creative with ability to spot opportunities and gaps in information and knowledge.

From early approaches to understand the phenomenon of innovation it is also useful to keep in mind the distinction between incremental innovation and the concept of radical innovation, and similarly, the currently used typology of the four Ps of innovation can also be extrapolated to the social economy: innovation in product, process, position or paradigm.

This study draws on these different perspectives and combines them with more sophisticated and recent models that conceive innovation as a network of interorganisational and extra-organisational communication paths and both as a process and as a result aided by the interactions between different actors.

From the Fifth Innovation Generation Model (Rothwell, 1994), it is useful to borrow the notion that innovation should be understood as a flexible *process*, one that needs certain factors to succeed (such as top management buy-in, clear development strategies, internal vertical linkages, external horizontal linkages and access to networks) and a balance of different organisational functions. By focusing on these processes, it is also useful to follow Mulgan (2007a) in exploring the role that the agents leading them play. In this way, this study explores the varied actors involved in the emergence of an innovative idea or solution within the social economy and the nature of their interactions.

This systemic perspective of innovation that tries to go beyond the R&D laboratory as to include inter-firm relationships and external linkages with professional services is also part of what Lundvall and Freeman (1994) called the National System of Innovation.

This study can also test the 'connected different theory of social innovation' (Mulgan, 2007a) that suggests that social innovations represent new combinations of existing elements, that they cut across boundaries and that they leave behind new social relationships.

Finally, this thesis focuses on the concept of 'grassroots innovation' that refers to small scale examples of experimentation led by civil society which are trying to promote more sustainable livelihoods and habits

4. Relationships, networks, social capital and trust within social enterprise innovation processes

4.1 Introduction

In a research monograph, Peattie and Morley (2008: 4) highlighted several aspects of social enterprises that remain under-researched, arguing that there is a need to 'understand how social enterprises are able to bring resources together, develop networks and implement strategies to develop a viable organisation and exploit the market opportunity they have identified'. Similarly, Lyon (2009) argues that although in the social enterprise field there is much rhetoric about the importance and benefits of establishing collaborations, partnerships and alliances, there is a dearth of literature focusing on the processes by which social enterprises form these relationships.

This chapter draws upon different theoretical perspectives and assesses their relevance to explain the relationships and networks that characterise the social enterprise field in the UK. Ultimately, it also aims to provide key elements for a conceptual framework upon which to research the processes by which social enterprises generate innovative ideas or solutions. Attention will be given to theories of relationships among conventional firms; in particular, to key principles derived from the resource dependency, transaction costs and new economics sociology perspectives (although these might have emerged in response to each other). The concept of social embeddedness, which highlights the fact that economic practices emerge

through specifically social processes, will be considered in detail. Building on it, the concepts of institutional thickness, social capital and trust will also be explored.

Finally, this chapter focuses on the support infrastructure, sometimes referred to informally as 'networks' that give shape to the social enterprise sector in the UK, including a special call to also look at the less evident, informal and personal networks that might also play a part in the innovation process.

4.2 Theoretical approaches to relationships

Policy makers and practitioners from the public, private and third sector in the UK and worldwide have emphasised the need for greater collaboration between agencies of different character to achieve more efficiency in the delivery of public services. Although the drive for these relationships has usually come from a cost-minimising approach, the goal of maximising social impact has also been cited and pursued by third sector professionals. The social enterprise model in particular is said to be more collaborative than its private or public analogues (Lyon, 2009), the use of partnerships is often referred to as one of the 'key characteristics' of social enterprises (Peattie and Morley, 2008) and assumptions about the strength of inter-organisational relationships to achieve greater outcomes and impact are widespread. In this regard, for example, influential commentators in the social enterprise field

said that networks are ‘the operating currency for a new generation of social entrepreneurs’²⁷ and that ‘where one social enterprise may be limited in the impact it can have, a network of social enterprises can create opportunities for substantial financial scale and impact’²⁸.

Although the weight of formal and informal relationships, networks and affiliations in the trajectory of the social enterprise sector is evident, little is known about the process by which trust between organisations is built up and relationships established and maintained (Lyon, 2009). Much of the social and economic theory assumes that motivations and incentives are the main drivers for the establishment of partnerships and cooperation, but these arguments fall short of explaining satisfactorily why relationships between social enterprises occur in some contexts and not others (ibid).

Inter-organisational relationships can take different forms. In this first section, reference will be made to formal collaborations and partnerships, ‘strategic alliances’, ‘organisational networks’ or other ‘hybrid forms’, which in Bachman’s view are likely to be the most promising forms of relationships as they provide a balance between competition and cooperation avoiding the primacy of one over the other (Bachman, 1999). Other scholars have tried to offer cogent typologies. Murray (1998) for example, identified five forms of collaborations between third sector organisations, ranging from sharing of information and joint planning, through joint delivery of programmes, to full partnerships and mergers. His work, however, is more

²⁷ Whittemore, N. (2010), ‘The network is the Business’, Online article: http://socialentrepreneurship.change.org/blog/view/the_network_is_the_business (Accessed on 13 May 2014).

²⁸ Kumar, R. (2010), ‘Social Enterprise: it takes a network’, Online article: http://whatmatters.mckinseydigital.com/social_entrepreneurs/social-enterprise-it-takes-a-network?utm_source=quarterly&utm_medium=marketing&utm_campaign=SE_postforum_q_alert3_kumar (Accessed on 22 of April 2015).

interested in understanding the degrees of formality and intensity than the process by which collaborations are solidified. Lyon (2009) also developed a typology of cooperative relationships for the UK social enterprise context that included degrees of formality and hierarchies:

Table 4.1: Typology of cooperative relationships for social enterprise in the UK

| | Formal | Informal |
|---------------------------------|--|--|
| Horizontal Relationships | Joint ownership of a delivery organisation Discussion Groups Joint delivery Invited to be board members Partnership membership | Referrals Worked together in the past Co-locating Personal relationships built from formal activities |
| Vertical Relationships | Subcontracting Combine funding sources | Build relationships with contract managers |

Taken from Lyon (2009) and developed from Lyon and Smallbone (2003)

While providing this framework, Lyon (2009) also highlighted that rather than trying to describe ‘model’ types of cooperative forms, it is more important to understand the process by which cooperation is built. Peattie and Morley (2008: 22) also allude towards the ultimate goal of this research, when saying that investigating the benefits, challenges, barriers and facilitating factors associated with same-sector and cross-sector partnerships is necessary, not just to

develop theory, but also to gain insights that can help to manage those relationships successfully.

4.2.1 Resource dependency

The resource dependency perspective dominates the existing theoretical explanations on preconditions of third sector collaborations (Guo and Acar, 2005). It proposes, in sum, that the decision to collaborate is usually the result of organisational attempts to control external dependencies and uncertainties in their resource environment (Pfeffer and Salancik, 1978). The book written by Pfeffer and Salancik in 1978, *The External Control of Organisations: A Resource Dependency Perspective*, provides a framework to understand inter-organisational relationships as it formalises the connection between resources ownership and power. The authors demonstrated that the resources that one organisation needs can be under the control of competitors, forcing that organisation to turn competition into collaboration or to be both collaborative and competitive at the same time. Collaborations are therefore seen as a managerial response to difficult conditions in an organisation's resource environment and as a vehicle that can help to acquire critical resources and reduce uncertainty, although there is a high price attached to this decision: the loss of autonomy (Pfeffer and Salancik, 1978). A contradiction therefore arises when a decision to collaborate with other organisations is taken. While there will be more control of critical resources, these collaborations are almost always accompanied by a greater loss of autonomy and in this way, the decision involves relatively higher costs in terms of managerial independence (Guo and Acar, 2005). In the search for greater stability, legally autonomous organisations can end up being highly dependent on each

other. Power will therefore be on the side of that organisation that has access to more critical resources, and they will usually exercise control over budgets and resource allocation (Pfeffer and Salancik, 1978).

This theoretical perspective might help to explain why an organisation is more likely to develop formal types of collaborative activities: the search for financial stability and the possibility of accessing other critical resources, particularly among smaller organisations, is recognised as a primary incentive. One implication of the resource dependency theory suggests that organisations with greater resource scarcity as indicated by their smaller organisational size might be more inclined to establish collaborations; conversely, organisations with greater resource sufficiency, as indicated by their larger annual budget size, might be less inclined to collaborate formally (Guo and Acar, 2005).

4.2.2 Transaction costs and New Institutional Economics

Another perspective that can be useful to understand the reasons why inter-organisational relationships are established in the first place is associated with transaction costs, which are the costs incurred in participating in the market through economic exchanges (Williamson, 1975). According to this approach organisations collaborate in a mechanistic manner to reduce transaction costs and in that way maximise economic or psychological benefits (Foster and Meinhard, 2002). The key question an organisation faces is then how to achieve greater

efficiency through transacting with others (Williamson 1975, 1991). Through this lens, the need for efficiency is the underlying force that shapes collaborations.

The transaction cost perspective developed predominantly by Williamson (1975, 1985, 1991) paved the way for the emergence of what came to be known as the New Institutional Economics (NIE) which, as will be seen below, became the target of some sociologists' criticism²⁹. The NIE uses transactions, understood as a dyadic relationship between institutions, as the unit of analysis and argues that these are related to bounded rationality and to uncertainty (Richter, 2001).

A 'fundamental transformation' occurs after a contractual relationship between organisations comes to an end: both parties might find themselves drawn into a bilateral, almost monopoly, situation, whereas before they were free to choose whom to partner, trade or establish relationships with. 'Relational contracts' in turn emerge as none of the parties is certain about the future. Writing a long term contract detailing all future contingencies is impossible; therefore one that takes into account the previous relationship between the parties is needed (Williamson, 1985). A problem arises, however, when parties find themselves in this lock-in and try to gain opportunistic advantage over the other: due to transaction costs the parties are unable or unwilling to verify their case to a third party such as a court. External ordering might need to be supplemented and even substituted by private ordering, encouraging hierarchies within an organisation and the formation of regulated markets (Williamson 1985, 1991).

²⁹ The NIE, which refers to the economic analysis of institutions, can be understood by combining two seminal pieces, *Markets and Hierarchies: Analysis and anti-trust implications* (1975) and the later *The Economic Institutions of Capitalism: Firms, markets and relational contracting* (1985), both by Oliver E. Williamson.

Williamson's work provides a theory of two-sided contracts under asymmetric information and uncertainty, where external and self-regulation complement one another. But critiques of the New Institutional Economics have centred on the fact that as a theoretical approach it is under-socialised. This deficiency is compensated by producing an over-socialised idea of society as a set of over-regulated hierarchies *vis-a-vis* markets (Granovetter, 1985). The notion of establishing relationships to reduce transaction costs alongside the concepts of 'fundamental transformation' and 'relational contracts' as by-products might serve to understand how certain organisations pursue incentives in well-defined social contexts. However, they fall short of explaining relationships between more than two organisations, consortia or clusters and fail to take into account the social and cultural circumstances in which relationships emerge. Recognition of this limitation stimulated further creative contributions by sociologists, as will be shown below.

4.2.3 New Economics Sociology

In response to the assumptions of the transaction costs perspective and of classical and neoclassical economics, particularly the drive for efficiency, the idealised markets and the perfect competition that give rise to self-regulated economic structures, emerges the work of well-known sociologists such as Mark Granovetter.

Granovetter's early article 'The Strength of Weak Ties' (1973) offered important insights into the nature of the relationships between individuals and by extension, organisations. In this

article, Granovetter studied job contact networks, which led him to other important conclusions. By interviewing people in Massachusetts and asking them how they had found out about their jobs and how often they interacted with the people through whom they had found out about their jobs, he differentiated between strong and weak ties. Relationships were classified as 'strong' if the two people interacted at least twice a week, 'occasional' if they interacted less than twice a week but more than once per year and 'weak' if the pair saw each other less than once per year. Based on his sample of people who had found their job through a social contact (n=54), Granovetter found that most of them had heard about their job through an either occasional or weak tie. This finding allowed him to conclude that weak ties are predominant in the transfer of job information and serve to connect individuals to parts of a social network to which they would otherwise be disconnected from. Weak ties function as bridges and open access to information, allow more people to be reached, strengthen social cohesion and facilitate the diffusion of risky innovations (1973: 1367-1373).

Granovetter recognised that with this article he was illustrating different possible applications of his findings rather than offering a comprehensive theory of networks. He also opened up an avenue of research that was developed in his subsequent contributions when suggesting that 'the personal experience of individuals is closely bound up with larger-scale aspects of social structure' (1973; 1377). As Jackson (2009) comments 'much of the impact of Granovetter's work has come from the wide application and evaluation of the 'strength of weak ties' idea in other contexts, and the important observation that the strength of ties has consequences and so it can be useful to keep track of tie strength' (Jackson, 2009: 6).

But Granovetter's most defining contribution, considered to be the starting point of the New Economic Sociology (Swedberg, 1997) and perhaps the more relevant for the purpose of this study, is his article *Economic Action and Social Structure: The Problem of Embeddedness* (1985). In here he re-introduces the concept of 'embeddedness' upon which Polanyi had come across before, if only casually (Swedberg, 1997), to develop a fully fledged critique of classical and neoclassical economics and its assumptions. Human behaviour and institutions, he argued, are so constrained by ongoing social relations, 'that to construe them as independent is a grievous misunderstanding' (Granovetter, 1985: 482). The concept of embeddedness is then proposed as an alternative to the over-socialised conception of man presented by sociologists, and to the atomised, under-socialised conception of human action promoted by economists. In essence, it suggests that economic activity takes place within networks of social relations that in turn make up a social structure. Or in other words, it refers to the fact that 'economic action and outcomes like all social action and outcomes are affected by actors' dyadic relations and by the structure of overall networks of relations' (Grabher, 1993: 4). Social relations therefore need to be taken into account when studying policy attempts to promote social enterprises, or furthermore, as Granovetter (1985) suggest for economic action in general, social enterprise activity and relationships can be seen as categories of social action.

One final tenet of the New Economic Sociology that can be useful for understanding the nature of relationships in the social enterprise field is the 'social construction of economic institutions' (Richter, 2001). Real world institutions are hardly ever the result of invisible hands or rational choice, but a mixture of conflict, interests and coordination between networks and actors that are often densely knit. Institutions are social constructions and as such, interactions between

them will also be embedded in historical and spatial contexts (Granovetter and Swedberg, 1992).

Also congruent with Granovetter's conclusion that transaction of all kinds are rife with social connections (1985: 495), is Peattie and Morley argument that 'success and failure for social entrepreneurs is less a function of financial performance and more a question of the loss or enhancement of personal credibility and of social and human capital' (Peattie and Morley, 2008: 24).

4.2.4 Institutional thickness

One last theoretical contribution that contributes to understanding the relationships and the networks that might give origin to innovative ideas or solutions within the social economy in England is the concept of 'institutional thickness' developed by Amin and Thrift (1994). Their work, which is more concerned with the future of local (European) economies in the context of globalisation, also builds upon the concept of embeddedness. They comment for example, that attention in the literature on industrial agglomerations has shifted from economic reasons to 'social' and 'cultural' explanations and that the recognition of socio-cultural aspects has given renewed impetus to the study of 'territorial embeddedness' (Amin and Thrift, 1994). By studying successful 'growth poles', Amin and Thrift developed the concept of institutional thickness, which in sum, refers to those economic, social and cultural factors that combined lead to economic success.

The factors that in the authors' view contribute towards the construction of institutional thickness are: a strong institutional presence; high levels of interaction amongst the institutions in a local area; sharply defined structures of cooperation and/or patterns of coalition; the development of a mutual awareness on the part of participants that they are involved in a common enterprise which usually translates into a commonly held, formal or informal, industrial agenda (Amin and Thrift, 1994: 14). Deriving from their second factor, the high levels of interaction amongst the institutions in a local area, and of particular relevance to the study of social enterprises, are the 'shared rules, conventions and knowledge that serve to constitute the 'social atmosphere'' (ibid) of a given field. Amin and Thrift reiterate the concept of institutional thickness as 'the combination of factors including inter-institutional interaction and synergy, collective representation by many bodies, a common industrial purpose, and shared cultural norms and values' and assert that such thickness 'establishes legitimacy and nourishes relationships of trust' (1994: 15).

This characterisation of institutional thickness serves to highlight several questions: how 'thick' is the social enterprise field? To what extent is it possible to speak of a set of underlying values? To what degree have the umbrella organisations and the representative bodies that emerged in the last decades facilitated the emergence of innovative ideas or solutions or shaped the 'sector'? According to Amin and Thrift (1994), the presence of institutional thickness is expected to lead in the most favourable cases, to six outcomes: institutional persistence (local institutions are reproduced); the production and deepening of commonly held knowledge (formal and tacit); institutional flexibility (understood as the ability to learn and change); ability

to extend trust and reciprocity; the consolidation of a sense of inclusiveness (for example a project that mobilises the sector); and finally, a well developed, high capacity for innovation.

Borrowing these notions and expected outcomes it is necessary to assess how favourable and enabling the thickness of the social enterprise field is. Rather than taking for granted that social enterprises are innovative or that collaborations play a role in fostering innovation, a more interpretative approach would ask which of the expected outcomes that Amin and Thrift refer to are easily observable and how the sector articulates with wider economic and political processes.

In a related vein, Guo and Acar (2005: 346) highlighted that according to institutional theory, an organisation's life chances are significantly improved by organisational 'demonstrations of conformity to the norms and social expectations of the institutional environment'. This argument invites a closer examination of the social enterprise institutional environment and the norms and expectations that govern it. Guo and Acar also argue that mandates from higher authorities (such as government departments or professional regulatory bodies) may provide the impetus for collaborative relationships that otherwise might not have occurred voluntarily. It is therefore suggested that research is needed taking into account the incentives and the constraints on choice that are provided by an organisation's institutional environment, including regulators, government departments and funding providers.

Up to here an attempt has been made to elucidate upon different theoretical frameworks and its transferable elements, possible ways of understanding whether the establishment of collaborative relationships fosters or not the emergence of innovative ideas or solutions within

the social economy. The resource dependency theory suggests that organisations collaborate out of necessity, due to their scarce resources (Pfeffer and Salancik, 1978). The transaction costs approach implies that organisations collaborate to achieve efficiency (Williamson, 1975; Foster and Meinhard, 2002). Oliver (1990), in a thorough literature review, identified another four determinants of inter-organisational relationships apart from the previous two, including: asymmetry (where robust organisations assert their power over weaker ones in an attempt to control their resources); the desire to achieve stability and predictability; reciprocity (where organisations have mutually beneficial interests); and finally, the goal of enhancing legitimacy (Oliver, 1990). Armed with these perspectives and incorporating the concepts of embeddedness and institutional thickness, it is now possible to pay closer attention to the concepts of social capital and trust, before moving onto the networks that shape the social enterprise sector.

4.3 Social Capital and Trust

Few notions have gained so much prominence in conceptual and policy debates across the social sciences and in areas related to social exclusion and economic development in the last 15 years as social capital and trust (Evans and Syrett, 2007). While this section does not intend to delve deeply into the interconnectedness between trust and social capital or to explore the problematic nature of these concepts, it aims to describe some important properties of these

notions through the work of key contributors, in order to test them empirically when observing how do innovative ideas or solutions emerge within the social economy. .

In particular, this section aims to draw attention to claims that social capital and trust can be used as methods to access other critical resources for entrepreneurs such as finance, market information or cooperation (Bowey and Easton: 2007) or that they are prerequisites for the advancement of social enterprises, the social economy and for economic growth in general (Fukuyama, 1995; Amin et. al, 2002; Pearce, 2003; Chell, 2007).

Phenomena encompassed by the term 'social capital' have been recognised by writers since the nineteenth century (Kay, 2002). As a self-contained unit of study, however, social capital did not attract serious examination until the 1980's among social scientists. More recently, the term is increasingly being used in the business, enterprise and local economic development literature (Halpern, 2005). However, as Evans and Syrett (2007) highlight, attempts to deploy the notion of social capital to help to understand the nature of certain economic phenomena are hampered by the lack of clarity over the concept itself.

4.3.1 The concept of social capital, types and studied dimensions

Bourdieu, whose aggregate work constitutes one of the most theoretically refined examinations of the concept (Portes, 1998), provided a definition of social capital that differentiates it clearly from other forms of capital such as economic or cultural capital (although ultimately, they are all 'fungible'): 'Social capital is the aggregate of the actual or

potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance or recognition -or in other words, to membership in a group- which provides each of its members with the backing of the collectively-owned capital, a 'credential' which entitles them to credit, in the various senses of the word' (Bourdieu, 1985; 51)). In other words, social capital is the addition of those resources which are, or can be, obtained through relational networks between individuals and institutions. From here it can be inferred that social capital can be divided into two aspects: the social relationship that allows individuals to claim access to resources possessed by their associates and the amount and quality of those resources (Portes, 1998). Bourdieu's treatment of the concept is described as 'instrumental' (Portes, 1998; Bridge et. al 2009) as he used it to explore the ways in which some people gained access to power and resources through their social connections; social capital can help people gain direct access to economic resources, it can increase people's cultural capital through contacts with experts and it can facilitate affiliation with institutions that bestow reputation (Bourdieu, 1985).

Some years later Coleman (1988) made an important addition to the concept while trying to build a bridge between the two intellectual streams that describe and explain social action, namely, sociology and economics. Social capital in his view needed to be defined by its function:

"It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors -whether persons or corporate actors- within the structure. Like other forms of capital, social capital is

productive, making possible the achievement of certain ends that in its absence would not be possible” (98).

Under Coleman’s light, social capital can facilitate individual or collective action. It is a ‘neutral’ resource that can be used in positive or negative ways depending on the motivations of individuals or actors within a given network, and is usually manifested through three forms: obligations and expectations (which depend on trustworthiness of the social environment) information-flow capability of the social structure (information channels) and norms that come accompanied by sanctions (Coleman, 1988: 102-105). Coleman also introduced the concept of ‘closure’ to refer to essentially hermetic communities –such as diamond traders in Brooklyn- where there are enough ties between a certain number of people that guarantee ‘the existence of a set of effective sanctions that monitor and guide behaviour’ (ibid; 107).

Although Coleman’s contribution has been deemed ‘vague’ and obscure for mixing social capital, its generating mechanisms and the benefits and resources accessed through it (Portes, 1998), it is useful for understanding some of the key manifestations of the concept. His idea of social network closure is considered ‘illuminating’ and he is attributed with introducing the concept of social capital into American sociology (ibid).

Another author whose definition of social capital has been influential, and who is deemed to have done more to boost the status of the concept than anyone else (Bridge et. al, 2009) is Robert Putnam. Putnam defined social capital as ‘features of social life –networks, norms and trust- that enable participants to act together more effectively to pursue shared objectives (...) Social capital, in short, refers to social connections and the attendant norms and trust’

(Performance and Innovation Unit, 2002: 10). Although his contribution hasn't escaped attacks, Putnam's later work *Bowling Alone: The Collapse and Revival of American Community* introduced a fundamental distinction between *bonding* and *bridging* social capital. The first one is of an exclusive type, facilitating relationships and cohesion between family members or between members of the same ethnic group, while the latter is inclusive, facilitating linkages across different groups (Putnam, 2000). Or using Granovetter's words, *bonding* social capital is characterised by strong ties and dense networks, while *bridging* social capital is made up of weaker but more cross-cutting ties. Another type of social capital that was added to this categorisation by Woolcock (2001) is *linking* social capital, referring to those connections between people with different levels of power or social status.

Portes asserts that most of the contributors to the definition of social capital would agree that it encompass 'the ability of actors to secure benefits by virtue of membership in social networks or other social structures' (Portes, 1998: 6). Schuller et. al (2000: 1) define it broadly as 'social networks, the reciprocities that arise from them, and the value of these for achieving mutual goals'. But for the purpose of this research, a more comprehensive definition of social capital, proposed by Evans and Syrett (2007) and inspired by Woolcock (2001) will be adopted: social capital is understood as the 'resources within communities which are created through the presence of high levels of trust, reciprocity and mutuality, shared norms of behaviour, shared commitment and belonging, formal and informal social networks, and effective information channels, which may be used productively by individuals and groups to facilitate actions to benefit individuals, groups and community more generally' (Evans and Syrett, 2007: 62).

A final comment on the studied dimensions of the concept needs to be added. Arising from the multiplicity of definitions of social capital, it has been argued that the main dimensions of the concept present in the varied contributions can be classified as structural, relational and cognitive (Leek and Canning, 2009). The structural dimension emphasises networks, organisations and linkages through which information and norms are conveyed; this dimension is more sociological and is influenced by the work of Coleman (Evans and Syrett, 2007). The relational dimension refers to the nature of the personal relationships that develop between specific people or between organisations and encompasses variables such as trust, norms, values, obligations and identification (Leek and Canning, 2009) or reputation, credibility and integrity (Bowey and Easton, 2007). The last dimension, cognitive, refers to whether the parties share the same interpretations, representations and systems of belief that enable the exchange of information and the reproduction of shared codes, languages and narratives (Nahapiet and Ghoshal, 1998). Organisational cultures and geographical affinities are elements of the cognitive dimension; the latest contributes to determine how the relational aspect develops and what kind of structural ties are formed (Leek and Canning, 2009: 15).

4.3.2 Trust

The same criticisms that have been identified around the concept of social capital are applicable to the notion of trust: It is a very diverse concept; it can be applied to the examination of many social issues thus potentially losing rigour and credibility and it presents

real problems of measurement (Schuller et. al, 2000). Trust is a very complex social mechanism that tends to be ill-understood, as it does not fit into the conventional categories of economic theorising nor is it reducible to a narrow, clear-cut definition (Bachman, 1999). Notwithstanding, the concept is used in a variety of ways, its importance ranging from being described as one of the many sources of social capital (Portes, 1998), to claims that it is the motor of the most successful economies (Fukuyama, 1995).

Although the concept of trust involves constructs of ethics, morals, values and emotions, and disciplines as varied as economics, political science, psychology, sociology, philosophy and computer science have approached its study (Tyler and Kramer, 1996), this section will focus on the fact that trust can serve as a lens upon which to understand the processes of building relationships and collaborations among social enterprises and strengthening the social economy more generally.

Trust, Bachman asserts, is a central mechanism for solving the problem of coordinating expectations and interactions between economic actors and is recognised as extremely important in the 're-engineering of business relationships' (1999: 7).

In the last twenty years, there have been numerous attempts to classify trust and its many manifestations in the context of business relationships: contractual trust, competence trust, goodwill trust, calculus-based trust, knowledge-based trust, identification-based trust, blind trust, active trust, and system trust are some examples (Giddens, 1991; Mollering, 2001; Seldon, 2009). More systematic approaches to studying trust in the context of inter-organisational relationships are, at the extreme ends of the spectrum, influenced by either a

harmonic vision in which benevolence and altruism prevail, or by a critical perspective inclined towards Marxism, in which trust is understood as a tool for exerting power over weaker business partners (Bachman, 1999).

But more nuanced versions, such as that of Luhmann (1979), see trust as a real world mechanism which helps to reduce uncertainty and complexity, and thus allows for expectations about other social actors' future behaviour. Luhmann presents trust as a necessary precondition of many forms of social interaction although trust alone is not sufficient to generate relationships. Luhmann is emphatic, however, that trust also carries a risk element which is difficult to assess: making assumptions about an actors' future behaviour based on limited information can lead to disappointment and to considerable business losses (Luhmann, 1979).

Gambetta (1988, 2009) provides a cogent definition of trust³⁰ and like Luhmann, is interested in revealing 'hidden' aspects of the concept: it is not always desirable, it can be threatened by 'mimics' of trustworthiness signals, it is inversely proportional to coercion, it is vulnerable to deliberate destruction given that it is a belief predicated not on evidence but on the lack of contrary evidence.

Of particular utility for the purpose of studying inter-organisational relationships, Gambetta (1988: 215) highlights that alongside cooperation, competition is also beneficial for improving performance by 'fostering technological innovations, bettering services, allocating resources,

³⁰ For Gambetta (2000: 217) trust is a 'particular level of the subjective probability with which an agent assesses that another agent of group of agents will perform a particular action, both *before* he can monitor such action (..) and in a context in which it affects *his own* action' (emphasis in the original).

(...), (and) pursuing excellence'. Cooperation and competition therefore can and do co-exist rather than being mutually exclusive processes, and interestingly, 'even to compete, in a mutually non-destructive way, one needs at some level to *trust* one's competitors to comply with certain rules' (emphasis in the original)(ibid).

Trust as a factor that facilitates cooperation, Gambetta (1988) argues, implies mutuality: not only trusting others before acting cooperatively, but also to believe that one is trusted by others. But cooperative behaviour does not depend on mutual trust alone. Furthermore, Gambetta asserts that trust would be better understood as a result, rather than a pre-condition of cooperation. In a similar line of thought, Giddens (1991) emphasises that trust is not a salient outcome arising from bounded situations, but a continuous attribute gaining recognition and worth of examination as individuals' everyday life becomes more complex and as risks increase with modernity. Giddens, building on the work of Luhmann, is also interested in understanding the dynamics of what Luhmann called *system trust*, which refers to the levels of confidence generated by the institutional framework in which business behaviours are embedded. System trust, in comparison with personal trust, is easier to acquire, but paradoxically, also more difficult to control (Luhmann, 1979: 50). Giddens will add that system trust is characteristic of modern societies, as opposed to pre-modern societies where trust focused on kinship structures, tradition, religious cosmology and on communities which were local (Giddens, 1991). In modern societies, social actors and organisations build their expectations and shape their interactions in the light of institutional contexts and understanding the fabric, the trajectory and the architecture of these systems might be a first step towards appreciating how and why relationships emerge in some cases and not in others.

Anthony Seldon (2009: 91) interpreted the 2008 financial crisis along similar lines. System trust was violated in several countries not just by bankers, investors and politicians but also by ordinary people's 'seemingly insatiable demand for ever more consumption'. The current in his view, is a crisis of people and institutions behaving carelessly, dishonestly and greedily: a crisis originated by the blind trust that sacrificed caution in the pursuit of higher short-term profits and allowed deregulation (Seldon, 2009: 95). In this context, the argument goes, it is pertinent to promote organisations that celebrate achievement other than the maximisation of profit. Social enterprises exhibit most of the characteristics of what he calls 'trusting organisations': they take stakeholders much more seriously, they look after their employees, they seek to balance values, social objectives and profits and tend to be embedded in local communities.

But how does trust develop? In one of the more comprehensive reviews of trust, Guido Mollering (2006) explains that although there is an element of reason in all trust, in many practical situations, trust also resembles a routine that people and organisations follow, rather than a conscious choice. However, more relevant to the study of inter-organisational relationships, trust can also be understood as a reflexive process that depends on ongoing interactions between actors. Trust is therefore a phenomenon that manifests itself between reason, routine and reflexivity but none of these elements on its own can explain trust alone. A fourth element is needed, a leap of faith, that Mollering calls 'suspension' (Mollering, 2006: 116). The only way to capture these different but complementary elements of the process of building relationships, Mollering argues, is by deploying interpretative approaches that use a process perspective 'understanding the embeddedness of the relationships under investigation

and taking into account the reflexivity not only in trust development but also in the research interaction itself' (Mollering, 2006: 152).

4.4 Networks for innovative ideas

Networks as a unit of analysis provide another relevant perspective, particularly for the ultimate goal of this research which is to elucidate the ways in which innovative ideas or solutions emerge within the social economy. Networks influence social and economic activity and networked interactions have wide-ranging applications, from pure social, to economic, to political, and even to biological (Jackson, 2009).

Much of the literature on the role of networks in businesses development and innovation highlights that individuals and organisations can achieve more by establishing and maintaining connections with others than working in isolation (see for example Bennet and Richardson, 2005; Conway and Jones, 2006; Mulgan, 2015). The use of networks and interpersonal relationships by entrepreneurs in order to generate further resources (such as informal and formal assistance) is deemed critical for business success (Bennet and Richardson, 2005) and studying those networks can take the researcher from the traditional view of entrepreneurs as heroic individuals to a more realistic image of entrepreneurship as a collective process (Conway and Jones, 2006).

Like trust, networks and interpersonal relationships are considered essential elements of the social capital notion. However, not necessarily considered in relationship with the broader

concept of social capital, networks have also received considerable attention from academia. Social network analysis, for example, constitutes a highly technical and mathematical set of methods and lately, software, that have been used by economists, sociologists and anthropologists for the systemic study of social structure (including phenomena such as kinship patterns, community structure, interlocking directorships or elite power) (Scott, 1987).

Social network analysis is particularly appropriate for examining 'relational data', which refers to the 'contacts, ties and connections, group attachments and meetings, which relate one agent to another and so cannot be reduced to the properties of the individual agents themselves' (Scott, 1987: 3). Key concepts borrowed from social network analysis such as network density, distance, centrality, cliques and circles might prove useful for understanding why some social enterprises evolve faster than others or how some of them develop innovative ideas, solutions and structures rather than institutional isomorphism³¹.

In the context of England-based social enterprises there are two types of networks that might prove worth examining. On one hand there is the formal, publicly funded infrastructure that some people refer to as networks, and which is characterised by umbrella, second-tier organisations, support providers, professional associations and regional networks that used to be funded by the Regional Development Agencies. According to a research report, this formal infrastructure can be divided by geography, by sector, or by location (Cabinet Office, 2008). Out of 71 networks identified, the same report highlighted that: most networks are geographically-

³¹ The concept of institutional isomorphism was developed by DiMaggio and Powell in 1983 and refers to organisations that become like each other, which has the side effect of reducing creativity and innovation. Isomorphism is seen as a limiting process which can emerge for three reasons: coercion, mimesis (to reduce uncertainty) or normative pressures. Isomorphism is more likely to emerge when organisations are highly interdependent, when resources are centralised or when there are ambiguous goals (Westall, 2007: 6)

based (with members coming from the same region or locality) while others are sector-based; some are set up and run for the sector, often funded by a third party, while others are set up and run by participants; there is a growing number of 'cluster' networks, which combine a geographical base with a particular sector.

Adopting a similar perspective, Metz (2010) argued that, outside of government, the key players that help to shape the UK's social economy could be categorised under the following network areas: Business development, social enterprise specific, social entrepreneur specific, sector specific, business development consultancies and pro-bono services, education and training, financing, communication and measurement of social impact. Metz asserts that this infrastructure is often referred to as being 'considerably ahead of most of the world' in terms of both government interventions and the provision of support (2010). The impact that certain networks can have on the development of social enterprises or on their innovative capacity is, however, highly variable, fragmented and difficult to track, depending usually on the effectiveness of the organisations that coordinate them and on the availability of funding.

On the other hand, there are also the less formalised and relational networks that constitute the day to day interactions between social entrepreneurs and organisations. These are increasingly recognised to be decisive for innovation, commercial success and social impact. Burt (2004) argues, for example, that coordination through networks of informal relations creates competitive advantage and that people do better when they are better connected. To explain his argument he introduces the concept of 'structural holes': the boundaries between groups which create obstacles to entry and inhibit knowledge transfer. People who stand near

the holes in social structure, or in other words at the intersection between sectors, are more likely to develop alternative ways of thinking and behaving. People connected to separate groups, or organisation able to develop social networks that span across structural holes, will be associated with higher capacity to innovate and are more likely to get ahead than their peers (Burt, 2004).

The main challenge for the purpose of this research is devising a strategy to analyse those informal networks and to put them in historical context as ultimately, a rigorous qualitative research will also be subject to interpretation.

4.5 Final Remarks

In an attempt to understand what does innovation mean in the context of the social economy in England and how do innovative ideas and solutions emerge in that same space, this chapter offered a window into existing bodies of academic literature that try to explain why and how organisations relate to their peers, and the role these relationships play in the generation of new solutions to social problems.

Tenets from the Resource Dependency and the Transaction Costs approaches, which suggest that organisations collaborate or establish relationships with other institutions in search of wider control of resources or in search of greater efficiency, could serve to explain the emergence of social innovation if those relationships in fact lead them to develop innovative ideas or solutions.

The New Economics Sociology perspective offered a broader explanation that takes into account the social and cultural circumstances in which relationships between SEs might form. Of particular relevance for this study is the concept of 'weak and strong ties' proposed by Granovetter (1973), which suggests that the former can play a vital role in connecting individuals and their nascent ideas to parts of a social network to which they would otherwise be disconnected from.

From the same author and school of thought emerges the concept of 'social embeddedness' (1985), suggesting that economic activity takes place within networks of social relations that in turn make up a social structure. This concept also serves to test assertions that the ability of SEs to innovate is more a function of their social and human capital (Peattie and Morley, 2008).

In a similar vein, the concept of institutional thickness proposed by Amin and Thrift (1994) and which refers to those economic, social and cultural factors that combined, might lead an organisation to develop innovative ideas will also be extrapolated to be tested within the social economy. Finally, this chapter looked at key definitions and notions around the topics of social capital, trust and networks (formal and informal).

Social enterprises, proposing a business model that privileges social and environmental benefits over shareholders financial gains, are usually perceived as trusted intermediaries due to their existing links with their communities.

Evans and Syrett (2007) undertook a critical examination of similar arguments that stressed the importance of social capital and trust for the development of the social economy. Given that social enterprises are conceived as a subset of the social economy, it has also been argued that

social capital is equally important for the development of individual (or inter-connected) social enterprise initiatives (Peattie and Morley, 2008; Bridge et. al, 2009). However, despite a growing number of policy initiatives seeking to promote the relationship between social capital and wider processes of economic development, there is less of an evidence base to support those claims (Amin et. al 2002; Evans and Syrett, 2007). The social economy, and the social enterprises that partly compose it, are rooted within specific temporal and spatial contexts which need to be examined, for those contexts specify the templates, the possibilities and the constraints of those organisations' performance (Amin and Thrift, 1994).

In the social enterprise sector, collaborations and other inter-organisational relationships are often presented with an over-celebratory tone, without examining the processes by which such relationships are formed (Lyon, 2009).

It would be useful, for example, following Granovetter, to try and keep track of tie strength in the sector, or following Bourdieu (1985), to ask how 'fungible' or convertible is the social capital that social enterprises own. Following Portes (1998), it would be interesting to investigate whether the networks of the social enterprise sector's intellectual elite are traceable. Learning from those who have exposed the dark side of social capital, such as Putnam (2000), it would also be worth enquiring whether the 'closure' of the sector is excluding new entrants or limiting extra-community linkages.

Key notions from social network analysis such as network density or distance can be applied to look at both the infrastructure and the informal networks that facilitate or constraint the emergence of innovative ideas and solutions within the social economy in England.

Understanding the sector's infrastructure and its relationship with government-led interventions might be helpful to map the efficacy of representative bodies and support organisations and to assert whether it serves to generate innovative ideas or projects. However, trying to go beyond the easily observable, a research methodology that allows assessment of the power of informal networks, such as personal acquaintances, online communities or informal initiatives will be developed.

Peattie and Morley (2008) suggested that 'informal (usually local) networks are often an important success factor for social enterprises, particularly in terms of starting up, acquiring resources, accessing advice and recruiting employees and volunteers' and that evidence pointed to the fact that social enterprises rely more on their own networks developed through personal contacts (Peattie and Morley, 2008: 35). No reference was found in the literature, however, to such informal networks or to the aforementioned evidence. This has potentially serious implications for the reputation of incubation programmes or for the continuity of certain start-up support initiatives.

Deciding to trace informal connections in pursuit of the ultimate goal of this research, is in line with Granovetter's observation that regrettably 'there is almost never an attempt to directly retrace the exact interpersonal paths traversed by an innovation' (Granovetter 1973: 1366).

5. Methodology

5.1 Introduction

After having reviewed three broad and relevant topics in previous chapters (antecedents of the social enterprise sector, theories of innovation and social innovation and inter-organisational relationships) this chapter starts by expanding on the research questions that guided the empirical enquiry. It then summarises the conceptual framework that, building upon the literature review presented in chapters 2, 3 and 4, served as a basis to study the processes by which social enterprises generate innovative ideas and solutions within the social economy. Later on, the selected research methods will be presented, and its applicability discussed. A summary of the case studies will be provided as well. The chapter ends with some reflections on the validity and generalisability of the potential findings and some ethical considerations that were taken into account before, during and after the data collection and analysis.

5.2 Research rationale and questions

Social innovation, as discussed in chapter 3, is a phenomenon that usually occurs at a large scale, not necessarily within the scope of social entrepreneurship or social enterprises, and can be motivated by civic society, social movements, governments or by different forces such as academia, religious groups or science (Mulgan et. al 2007b). Some of the authors that have

attempted to offer cogent accounts of how social innovation occurs highlight its interactive, cumulative, collaborative and cross-sectored nature (See for example Christensen et. al, 2006; Mulgan et. al, 2007b or Murray, 2009).

The literature review conducted on the combined topics of social enterprise innovation and the wider process of social innovation showed consistently the need for more extensive, rigorous, historically aware and context-specific research on how the innovation process comes about. Mulgan et. al state for example, that 'there is a need to test recent perspectives which emphasise the interactive character of the innovation process, the significance of communication and the synergic advantages of networks and clusters' (2007: 26). Similarly, Peattie and Morley asserted in their influential research monograph that 'little is known about the reasons why social enterprises are able to innovate and seize opportunities and also the barriers that sometimes prevent them from doing so' and that there is a need to 'understand *how* social enterprises are able to bring resources together, develop networks and implement strategies to develop a viable organisation and exploit the market opportunity they have identified' (2008: 4, emphasis added).

This research aimed at gaining an in-depth understanding of the processes by which innovative ideas and solutions emerge within and between SEs. The unit of analysis are therefore the innovations that occurred at organisational level, social in nature, whether a project, a programme, a product, or an idea that has contributed to generate social value.

The task of trying to trace the trajectories of such innovations is, however, not straightforward. Despite a consistent body of research on innovation and learning in small businesses, science

and technology and despite an emerging body of literature on social innovation, there is little evidence of the 'innovativeness' of grassroots initiatives such as community enterprises which prevents appreciation of its full potential for change (Seyfang and Smith, 2007: 585). Similarly, learning and relationships in the public and private sector have been well studied but less is known in the social enterprise sector. This research necessarily exhibits an exploratory nature given the absence of theories that explain the conditions for the emergence of innovative ideas within the social economy, and dealing with contested concepts and inherently unpredictable processes it posed theoretical challenges along the way.

Moreover, taking the innovations within the social economy as the unit of analysis, it was necessary to look constantly at the socio-economic, political and institutional frameworks in which such innovations emerged. Amin reminds us, however, that even if the capacity to innovate of individual social enterprises is affected by their micro-circumstances and their local contexts, it is not reducible to them (2009: 12). Much knowledge is to be gained by studying the conditions for the successful emergence of innovative proposals at the organisational level and the role of social networks as the learning obtained can transcend contextual specificities.

The following research questions guided the literature review and continued to guide the data collection, conducted among development trusts in England and among other type of social enterprises.

1. What is the meaning of innovation within the social economy in England?

This question aimed to dissect the perceived notion of innovation among practitioners of SEs, as to challenge the usual assumptions about their innovativeness by instead providing an

analysis of how people appropriate, make good use of the concept and strive for it. This question also aimed at figuring out what types of innovation can be found within the social economy. While innovation in private organisations and in the public sector has been well studied (see for example Parker and Parker, 2007), there are virtually no accounts of the types of innovation that flourish and reach scale within the social economy. This first sub-question served to deepen the typology of innovations encountered within the social economy offered in section 3.7 with examples taken from the survey of community enterprises. It is important to mention that the definition of innovation held by different organisations was also explored, and therefore the characterisation of the experiences of innovation offered in chapter 6 takes into consideration small or minor improvements, or innovations that have not been broadly diffused.

The other research question that guided the fieldwork was:

2. How do innovative ideas or solutions emerge within the social economy?

This question aimed at capturing the sources from where innovative ideas emerge, and it also aimed at exploring the role of networks and interorganisational relationships within the process of generating those innovations. Where there were examples of innovation, this research was also interested in understanding the networks and the learning processes underpinning them, and how had those relationships been built up.

This research should serve to formulate ways in which both social enterprise innovation and the role of social enterprises within social innovation can be encouraged and maximised, therefore having important implications for both policy and practice.

5.3 Conceptual framework

To approach the task of researching inherently fuzzy and unpredictable processes (such as the emergence of a social enterprise innovation), the following theoretical perspectives extracted from the literature review have been identified as instrumental.

5.3.1 Innovation and Social Innovation Studies

Social entrepreneurs are important as they see patterns and possibilities and are willing to try new ways of doing things even when organisations and the wider environment are not enabling. Organisations in turn matter as they deliver innovations. But it has been argued that innovation is in itself what ultimately creates social value (Phills et.al, 2008; Tracey and Stott, 2016). Most of the emerging literature on social innovation is grounded in the academic literature on mainstream innovation (from a science, technological or business perspective), which offers consistent definitions and concepts and thus, constitute a stronger foundation for building knowledge about new ways to produce social change.

Of particular use was the classical distinction between radical and incremental innovation, the specificity of the diffusion phase, and the most researched types of innovation (products, processes, paradigms or position changes) (Deakins and Freel, 2009). Complex models of innovation (as opposed to simple, linear ones) which present innovation as a product of networks of related actors and which emphasise that innovation is usually the result of the articulation of in-house functions with the wider scientific and technological communities were also of use. Finally, a distinction between grassroots innovations, a concept introduced by Seyfang and Smith (2007), and the notion of top-down innovations as used by Osbourne et. al (2008) was also included in the conceptual framework.

5.3.2 Sources of Social Innovation

From the growing body of literature on social innovation, this conceptual framework rescues some of the studied sources of the phenomenon. Mulgan et. al (2007b) used as the departing point of all social innovations, a prompt, an awareness or the realisation that something is not working and needs fixing. The same authors also noticed the important yet invisible role that emulators and replicators can have in generating sparks of innovation using ideas or models that have been tried and tested somewhere else. And in a related vein, the concept of catalytic innovation introduced by Christensen et. al (2006) will also serve as lens. Based on Christensen's disruptive innovation model, catalytic innovations also attempt to describe transformations focused on creating social change by scaling up and replication.

5.3.3 Relationships and Networks

The concepts of institutional thickness (Amin and Thrift, 1994) and social embeddedness (Granovetter, 1985) are important for the study of the context in which innovation emerges. Both approaches focus on the fact that innovation is not a spontaneous occurrence but a contingent response to cultural, social and structural influences which shape economic practices. Similarly, a lens that considers the importance of professional and personal networks within the innovation process was adopted.

Notions of social capital and trust were also addressed as they constitute important elements of the wider institutional framework in which social enterprise relationships are embedded and the idea of focusing on the strength of a tie, taken from early Granovetter (1973) was also kept in mind. This research adopts the view that the exchange of ideas and values within and across sectors and the establishment of inter-organisational relationships are critical mechanisms for social innovation. Strategic alliances, organisational networks and other hybrid forms are likely to be the most promising forms of relationships as they provide a balance between competition and cooperation avoiding the primacy of one over the other (Bachman, 1999).

The concept of 'structural holes' developed by Burt (2004) was also considered, specially to try and find evidence of the role played by the people and the organisations that stand at the intersections between sectors, being able to derive new ideas and create lasting social change through their informal networks.

Table 5.1 below summarises the conceptual framework presented here in relation to the bodies of literature reviewed, to the research questions and to the research methods that were subsequently used.

Table 5.1: Summary of the Conceptual Framework

| RESEARCH QUESTIONS | BODIES OF LITERATURE REVIEWED | CONCEPTUAL FRAMEWORK | RESEARCH METHODS |
|---|---|--|--|
| <p>Q1</p> <p>MEANING</p> <p>What's the meaning of innovation within the social economy?</p> | <p><i>Social Enterprise</i> & <i>Social Economy</i> } Ch. 2</p> <p><i>Innovation</i> & <i>Social Innovation</i> } Ch. 3</p> | <ul style="list-style-type: none"> ● Innovation and Social Innovation Studies <ul style="list-style-type: none"> → Innovation types <ul style="list-style-type: none"> → Product → Process → Paradigm → Position → Radical vs. Incremental → Topdown vs. Grassroots | <ul style="list-style-type: none"> ● Survey of DT's ● In-depth Interviews <ul style="list-style-type: none"> → Stakeholders → Social Entrepreneurs |
| <p>Q2</p> <p>ORIGIN</p> <p>How do innovative ideas or solutions emerge within the social economy?</p> | <p><i>Interorganisational Relationships</i>, <i>New Economics Sociology</i>, <i>Social Capital Trust and Networks</i> } Ch. 4</p> | <ul style="list-style-type: none"> ● Sources of Social Innovation <ul style="list-style-type: none"> → Prompts and Awareness → Emulators/Replicators → Catalytic ● Networks and Relations <ul style="list-style-type: none"> → Professional and Personal → Strength of Ties and Trust | <ul style="list-style-type: none"> ● In-depth Interviews <ul style="list-style-type: none"> → Stakeholders → Social Entrepreneurs ● Participant Observation |

5.4 Philosophical considerations

This research is inductive, in the sense that is expected to produce some theoretical contributions to the fields of social entrepreneurship and social innovation after having collected and analysed information from a defined sample. While some theories of trust, networks, social capital and innovation have informed the literature review and the methodology design, the departing point for this research is the lack of theoretical frameworks to understand the theme of innovation within the social economy. Theoretical contributions are therefore some of the expected outcomes of this project. This approach is opposite to a deductive research strategy, whereby the aim of the research is answering questions posed by the theory. When using a deductive approach, the researcher's view of the theory or literature is not expected to change as a result of the analysis of the data collected (Bryman and Bell, 2007).

Nevertheless, it should also be noted that this project also involves deductive elements towards the end, as an iterative general strategy is put into place to be able to contrast key findings from the social economy with more general theories of innovation and entrepreneurship.

Epistemologically, this research is interpretivist. By using interpretivism, we are acknowledging that the task of finding out the processes by which social enterprises innovate is far from the objects or methods of natural sciences. As Bryman and Bell put it: 'interpretivism is taken to denote an alternative to the positivist orthodoxy that has held sway for decades. It is predicated upon the view that a strategy is required that respects the difference between

people and the objects of the natural sciences and therefore requires the social scientist to grasp the subjective meaning of social action' (2007: 19). It is precisely the subjective meaning and implications of social enterprises joining networks, accessing external support or partnering with certain organisations that this research was after.

Finally, the ontological position that this research adopts is constructivist. Constructivism allows the study of the 'details of the situation to understand the reality or perhaps a reality working behind them' (Remenyi et. al, 1998:35). By adopting a constructivist perspective, it is being recognised that the process of social innovation is continually being accomplished by social actors that, either deliberately or unintentionally, challenge the status quo of society's unmet needs. Furthermore, it is also constructivist in the sense that the findings and the potential theory that might derive from it, are likely to be circumscribed to England, where the field of social entrepreneurship emerged as a result of specific economic and political circumstances and where the sector cannot be understood without a broader picture of civic society, government interest, a robust third sector and well developed support structures. This therefore constitutes a localised version of the reality of social entrepreneurship rather than a definite, universal picture.

5.5 Research Methods

5.5.1 Sample

Before explaining the selected research strategy and the different research methods that were combined, it is important to explain the nature of the sample that was used. As explained in chapter 2, Development Trusts are a distinct subset of social enterprises that come together under a national membership organisation, Locality, previously known as the Development Trust Association (DTA) which also collaborated for the successful completion of this project under a CASE studentship. Locality has 466 registered members across the UK engaged in a wide range of community based activities and services.

This research, hoping to draw conclusions about social enterprises and the social economy in general, included interviews and fieldwork conducted among 9 development trusts, which are part of the community enterprise movement, plus work carried out with other 15 social enterprises flagged out by interviewees (including sector specialists). Issues of access and introductions were facilitated by the sponsoring organisation.

The research strategy, which depends heavily on the underpinning philosophical assumptions that were presented in the last section (Blumberg et. al, 2005), was primarily qualitative and combined different methodologies. A mixed methods approach was adopted, taking into account that it can offer a more complete picture of a very complex phenomenon, although not necessarily a superior one (Bryman and Bell, 2007). The complementarity of the different methodologies was exploited, as typically one dovetailed the other.

The use of mixed methods allows the examination of one global research question, especially a 'how' question, and enables the researcher with the possibility of approaching complicated research subjects by collecting a richer and stronger array of evidence (Yin, 2009). In this case, for example, in-depth interviews and participant observation served to deepen issues that were observable through an annual survey.

Before going into the specific methods, it is important to highlight that throughout the data collection the word 'innovation' (attributed so frequently to social enterprises) was avoided when speaking to interviewees or participants. This strategy was part of an attempt to avoid pre-determined responses but also aimed to view specific organisations and the sector through the eyes of the people being studied. The claimed innovativeness of the sector was interpreted from the perspective of the people participating from it, as otherwise one risks 'imposing an inappropriate frame of reference on people' (Bryman and Bell, 2007: 420). Participants were given, however, all the needed information to decide whether they wanted to participate or not (by saying for example, 'this research aims to understand the processes by which social enterprises find new ways of meeting social or environmental objectives'), including information about their right to confidentiality and anonymity and the potential use of the information.

5.5.2 Community Enterprises Quantitative Survey

The first method for collecting data was the annual survey that Locality carries out with their registered members, which has an estimated 50% response rate. This combination of open and closed questions collects information about different organisational aspects: staff and volunteers, beneficiaries, activities and services provided, legal status, income and assets and quality systems. More importantly, the researcher had the opportunity to introduce some questions related to this study in its 2011 version which asked about the recent (last 12 months) introduction of any new projects, services, products or processes and about the origin of such novelty.

The survey, which is managed by a dedicated member of staff, also asks organisations to describe their work in no more than 500 words and the researcher had the opportunity to add, right after this short description, a request for organisations to say in no more than one sentence what is the 'uniqueness' of the work they do.

The survey in question provided the opportunity to develop a typology of innovation within the social enterprise sector without using the term, while also allowing the inference of general trends: 'a key advantage of a survey is that the researcher identifies broad trends (...) (but) the critical consideration centres on whether the information that surveys elicit validly match the stated aims of the study' (Hoggart et. al, 2002: 171).

This survey, while providing an excellent departing point, was carried out during the summers of 2010 and 2011, facilitating the observation of changes (such as the effect of new government

policies, budget reductions or self-definitions) throughout time. Surveys pose, however, certain inherent limitations, making necessary the use of complementary methods. In this case, the main limitation identified was the self-reported nature of the data with regards to innovation: organisations have the possibility of portraying themselves as innovative, ground-breaking or exceptionally effective without presenting evidence of such affirmations. The actual details of innovations are also shaped by the timing of the survey and the contextual changes faced by the participating SEs. However, the analysis of the types of innovations encountered has wider generalisability.

5.5.3 In-depth Interviews and case studies

In-depth interviews are particularly appropriate in the context of exploratory studies and they constitute good vehicles for understanding attitudes, opinions and not-so-evident processes (Saunders et. al, 2007: 315). Interviews also allowed the researcher to establish personal contact with potentially vital informants, in this case, social enterprise managers or directors and other relevant stakeholders (such as staff working in regulatory bodies, think tanks or government departments set up with the specific purpose of promoting innovation in the sector).

There is evidence suggesting that in the context of business research, busy managers are more likely to agree to be interviewed rather than for example, completing a questionnaire, as interviews allow them to reflect on events without needing to write anything down (Saunders

et. al, 2007). This situation also gives the researcher the opportunity to offer personal assurance about the way in which the information will be used (ibid).

An interview guide was used, including questions on fairly specific topics such as financial and social returns, networks and partnerships, but questions may not have followed on exactly as outlined in the guide (See Interview Schedule as annex 1). This is a valid strategy and Bryman and Bell go further saying that 'questions that are not included in the guide may be asked as the interviewer picks up on things said by interviewees' (2007: 474).

The sponsoring organisation was instrumental in pointing the researcher in the direction of the first 4-5 interviewees. From then on a snowballing technique was used, asking interviewees which of their peers were doing things, delivering projects or services or achieving social impact in a remarkable and different way. A total of 51 interviews were conducted throughout the duration of the research. 24 of them, summarised in table 5.2 (9) and table 5.3 (15), followed the same interview schedule (see as Annex 1); 6 interviews were conducted among sector specialists following informed conversations (Table 5.4); the remaining 21 interviews were conducted ad hoc during an extended period while doing participant observation and while trying to delve deeper into some cases.

As this research was interested in finding ways in which social innovation emerges within the social economy, and in particular what role do professional networks, personal networks, ties and trust play in that process, a case study methodology was adopted. A case study methodology offers tools for researchers to study complex phenomena (such as the emergence of social innovation) within their contexts. As Yin (2009) points out, case studies allow the

deconstruction and the subsequent reconstruction of various phenomena using a variety of data sources. Twelve organisations were selected to be analysed in more depth (detailed in table 5.5). This allowed further exploration of issues related to trust and networks (difficult to touch upon without developing that same trust with the researcher first) and also the identification of common traits among them with regards to the emergence of social innovation, which are expanded in chapter 7 and chapter 8.

The different participant organisations reflected the diversity of the sector: from small organisations to big enterprises were included. Tables summarising the interviews conducted and the type of interviewees, as well as a short description of the 12 cases explored in depth in chapter 7 and 8 are provided here.

The following 24 interviews described in table 5.2 and 5.3 followed the same interview schedule (Annex 1)

Table 5.2: Participating Development Trusts (9)

| Type of interviewee | Organisation | Person interviewed |
|----------------------|--------------------|----------------------------------|
| 1. Development trust | High Trees DT | Margaret Jarrett (Director) |
| 2. Development trust | Cambridge House DT | Clare Gilhooly (CEO) |
| 3. Development trust | Westway DT | Chris Bailey (CEO) |
| 4. Development trust | Action Acton DT | John Blackmore(CEO) |
| 5. Development trust | Keystone DT | Neil Stott (CEO) |
| 6. Development trust | Bootstrap | Sam Aldenton (Director) |
| 7. Development trust | Stockwell Pship | Steven Griffiths (Director) |
| 8. Development trust | Lyme Regis DT | Marcus Dixon (Director) |
| 9. Development trust | Coin Street | Kate Swade (Head of consultancy) |

Table 5.3: Other participating social enterprises (15)

| Type of Interviewee | Organisation | Person interviewed |
|-----------------------|---|--|
| 1. Social enterprise | London Community Recycling network | Ben Metz (1 st Director) |
| 2. Social enterprise | Prep Online | Dave Dawes (Founder) |
| 3. Social enterprise | Patient Opinion | Paul Hodgkin (Founder and director) |
| 4. Social enterprise | School of Everything | Paul Miller (Co-founder and Director) |
| 5. Social enterprise | Fair Knowledge | Jobeda Ali (Founder and director) |
| 6. Social enterprise | Red Button Design | James Brown (Co-founder and technical director) |
| 7. Social enterprise | Spacemakers | Dougald Hine (Co-founder) |
| 8. Social enterprise | Mybnk | Lily Lapenna (Founder and CEO) |
| 9. Social enterprise | Fair Finance | Faisal Rahman (Founder and CEO) |
| 10. Social enterprise | New Generation & Latin American Youth Enterprise (LAYE) | Laura Villegas (Founder of both) |
| 11. Social enterprise | Latin American Youth Enterprise (LAYE) | Tatiana Garavito (Founder & Director) |
| 12. Social enterprise | Stepping Stones Community Nursery | Massiel Garcia (Director) |
| 13. Social enterprise | Stepping Stones Community Nursery | Alex Sutton (Founder and Non executive director) |
| 14. Social enterprise | Stepping Stones Community Nursery | Tanzeem Ahmed (Founder) |
| 15. Social enterprise | Foodcycle | Kelvin Cheung (Founder and director) |

Table 5.4: Participating stakeholders from the SE sector (6)

| Type of Interviewee | Initiative | Person Interviewed |
|--|----------------------|--------------------|
| 1. Social Economy Initiative (Support and mentoring) | Wavelength | Liam Black |
| 2. Social Economy Initiative (Social Investment) | CAF | Paul Cheng |
| 3. Social Economy Initiative (Support) | SSE, Popse, SE UK | Nick Temple |
| 4. Social Economy Initiative (Social investment) | Unltd, SIB | John Jenkins |
| 5. Social Economy Initiative | Community Land Trust | Lorraine Hart |
| 6. Social Economy Initiative (Networking) | SE Alley | Jason Mollring |

Table 5.5: Short description of 12 cases analysed in depth in chapters 7 and 8

| Organisation's name | Brief description (what do they do and where?) |
|---|---|
| Keystone DT | One of the biggest development trusts in the Eastern region of England, delivering a range of projects and services according to the changing needs of the local community, Thetford and surrounding areas |
| Lyme Regis DT | Development trust based in Lyme Regis, Dorset, set up in 1998 with the aim of promoting economic and social wellbeing of the town and its surroundings through different community development and enterprise support projects |
| Bootstrap Company (DT) | Development trust based in Dalston, Hackney (East London) that closed down in 2005, remained closed for 3 years, and then re-opened as one of Hackney's most vibrant community and co-working spaces, arts venue and host of several social and creative enterprises. |
| Action Acton DT | Development trust based in Acton, Ealing (West London) providing community, economic and business initiatives to the local area and to residents of neighbouring boroughs |
| London Community Recycling Network | Social enterprise supporting organisations and communities working to manage resources sustainably, specially through waste prevention, reuse and recycling |
| School of Everything | Web based service and organisation that connects people who have something to teach with those who want to learn all over the UK |
| Stepping Stones Community Nursery (SSCN) | Fulltime childcare provider based on one of Lambeth's most deprived housing estates. Re-investing profits in subsidised places and free meals for local children and in training and development opportunities for local residents pursuing careers in childcare |
| Latin American Youth Enterprise (LAYE) | Entertainment agency led and developed by second generation migrants in Brixton, South London, providing direct employment and volunteering opportunities to young members of the Latin American community |
| Farm:shop | Urban farming 'hub': cafe, co-working space and events venue in Dalston. A derelict shop until 2010, now deemed the world's first urban agriculture centre |
| Red Button Design | London based design company developing products exclusively for the aid and humanitarian market. Reinvesting profits in R&D of new products |

| | |
|------------------------|--|
| Patient Opinion | UK's independent, non-profit feedback platform for health services promoting and encouraging honest and meaningful conversations between patients and health services with the aim of improving the latter |
| Mybnk | East London based SE delivering financial and enterprise education directly to 11-25 years old in schools and youth organisations |

5.5.4 Participant Observation

Although Locality's survey and the in-depth interviews gave structure to the data collection and proved to be valuable sources of information, an additional methodological approach was ethnographic.

Ethnographic methods are especially suited to 'understand parts of the world as they are experienced and understood in the everyday lives of people who actually 'live them out'' (Cook and Crang, 1995:4). Their focus is not only on what people say and think, but specially on what people do (Bennet, 2002) and are therefore well suited to generate insights into the sort of motivations, networks and relationships that organisations develop, as a result of which they manage to achieve greater social impact. For this particular research, three parallel observations were considered. The first one involved a mentoring scheme for social enterprises managed by Locality³². The second was an ethnography of formal social enterprise networks and networking events to which the researcher had access as a result of having worked as social enterprise advisor for the 4 years that preceded this research. Additionally, during the

³² Locality launched this mentoring programme in 2011 and the researcher had an opportunity to provide feedback on its administrative and content aspects. The researcher also participated from training sessions for both mentors and mentees and the programme lasted 18 months, coinciding with the period of literature review and data collection. Mentoring is one specific way in which organisations can learn from each other. The researcher developed an evaluation framework for the mentoring scheme and participated from other monitoring practices and events during the data collection period.

extended fieldwork, the researcher continued to attend and organise such network gatherings and events when she worked as Director of the MA in Social Entrepreneurship at Goldsmiths, University of London. The third one was an observation of online communities. Although the image of the ethnographer is ‘that of someone who visits places or locations, and, particularly in the context of business research, organisations’, it is possible to conceive the internet as a space –a cyberspace- and from this it is just a short journey to the examination of its communities, online or virtual (Bryman and Bell, 2007: 666). Platforms such as twitter, where organisations have the possibility of expressing their thoughts –usually through a designated officer-, referencing documents or events or showing empathy for other organisations and their work, became a very rich source of information on networks and alliances.

Apart from these 3 deliberate and planned observations the researcher also observed and participated from the realities of four out of the twelve organisations analysed in depth in Chapters 7 and 8, wearing different hats at different times in each one. This ethnographic approach with these four organisations is set out in more detail in the following table (5. 6)

Table 5.6: Different roles played by researcher during the extended fieldwork

| Organisations | How the researcher participated from their realities |
|------------------|---|
| Farm:shop | Insofar as this organisation also functions as a coworking space in Dalston, London, researcher rented an office space for two consecutive years, a desk space in a room with the three founders and with other two young professionals. This facilitated access to the core of the Farm:shop community and allowed the direct observation of key organisational dynamics and the development of professional ties with people that remain trusted friends to this date. Case expanded in sections 8.2.1 Ideas from the social sector adapted to different social contexts and 8.3.3 Other industry/sector specific networks. |
| Bootstrap | Given the geographical proximity between this development trust and Farm:shop (one block away from each other), the researcher visited this place frequently, at least three times a week, especially during lunch times (they operate a very nice café) and on Thursday evenings, when they held networking events for creative |

| | |
|-------------------------------|---|
| | and social entrepreneurs. At Bootstrap the researcher was introduced to key informants (such as Sam Aldenton, Ben Metz, Lily Lapenna, Faisal Raman, Lorraine Hart), aided by the trust that the frequent contact and presence generated. See sections 8.3.1 Personal (friends and family) networks and 8.3.3 Other industry/sector specific networks, for further analysis of this network of social entrepreneurs. |
| LAYE | First as a volunteer of the IndoAmerican Refugee and Migrants organisation (IRMO), where the idea was incubated, and then as a mentor to the nascent youth-led social enterprise, the researcher developed a very strong relationship with the three people leading this venture and supported them with funding bids, strategic advice and the coordination and delivery of specific events and contracts. Sections 7.3.2 Empathy based understanding, 7.4.2 Frustration experienced and overcome collectively, and 8.3.3 Other industry/sector specific networks expand on this case. |
| Stepping Stones CN | At the time the organisation was created (early 2009), the researcher worked at the housing association that conceded the space and that supported the development of the social business model. The researcher also helped to secure the funding for its refurbishment and trained the selected management team in social impact measurement and more generally in social management. Sections 7.3.3 Different ways of understanding needs interplaying and 8.3.2 On Professional (including social enterprise specific) networks, both refer to the Head of Programmes at Olmec when speaking of the role played by the researcher. |

Doing ethnography has been the distinctive methodological approach of anthropology. More recently other disciplines that work with human subjects such as business and management or psychology have also adopted it, albeit often with reservations (Herbert, 2000). Ethnographic methods attempt to understand the world from the perspective of those experiencing it and are particularly useful to throw insights that interviews might fail to capture (Cook and Crang, 1995). Participant observation is therefore useful for analysing power structures, issues of competition and trust, decision making processes in organisations and in society, the ways in which social structures and human agents are connected, and how meaning is created through social interaction (Herbert, 2000).

To an extent the ethnographer always assumes a role and takes a position within the setting that is under study. In this case, the position of the researcher was a delicate matter. While it facilitated access and allowed informed conversations, special consideration was needed to avoid biases and ethical dilemmas. Of special interest was the fact that the literature available on social innovation highlights the role of the 'connectors' within any innovation system. The connectors can be brokers, advisors, entrepreneurs or organisations that link together people, ideas, money, and power and it has been claimed that they can contribute as much to lasting change as thinkers, creators, designers, activists or community groups (Mulgan et al, 2007b). For this research, the researcher needed to be particularly careful not to try to play the role of the connector, which one would naturally want to assume, but rather limit herself to observe as objectively as possible how ideas develop, how networks form and how personal and professional contacts influence the capacity for innovation of a social enterprise.

Bryman and Bell (2007) help us to understand another meaning of the word ethnography: it can also be a written product of a research. The data collected through the ethnographic observation was recorded in two field diaries and subsequently categorised using analytical tables, included in the following chapters.

5.6 The Process of Data Analysis

As it was stated in section 5.5.3 (In depth interviews and case studies), a total of 51 interviews were conducted, some following the same interview schedule, and some arising from specific opportunities posed by the fieldwork, the case studies and the participant observations

described above. The interviews were transcribed. These transcripts plus the information recorded in the two field diaries allowed the start of the data analysis.

The first stage of this process included reading through the transcripts and fieldwork notes and identifying a long list of approaches to innovation.

The second stage involved grouping this wide list of approaches into the 5 key themes that were later developed into the 5 non-exclusive sources of innovative ideas. These themes were: understanding of needs, frustration or dissatisfaction, inspiration and replication, networks of varied types and openness/serendipity.

The third stage of the data analysis process entailed re-analysing the data based on those five key themes identified in the first two stages and drawing out the intricacies and differences within each of the themes. These details are explored in Chapters 7 and 8. In Chapter 7, table 7.2 and 7.3 show details of the analysis related to 'Understanding of Needs' and table 7.4 shows the analysis for examining 'Frustration and Dissatisfaction'.

In turn, in Chapter 8 table 8.1 shows details of the analysis related to 'Inspiration and replication', and tables 8.2 and 8.3 allowed further analysis of the evidence as some ideas were replicated within the same social sector (8.2) while others were imported or transplanted from a different sector (8.3). Similarly, table 8.4 expands on the evidence of the different types of networks that helped shape the emergence of innovative ideas, while table 8.5 refers to the examples of 'Openness and serendipity' that also allowed many of the interviewees to develop innovative ideas.

5.7 Ethical Considerations

This research adhered to the Statement of Ethical Practice for the British Sociological Association which stresses the potential problems and conflicts of interest that might arise in the course of professional activities and enquiry, but in particular it adhered to the Middlesex University Research Ethics Guidelines. These make reference to the contents of the research (which were unlikely to involve sensitive topics affecting individual respondents or people engaged in illegal activities), the treatment of participants (with their rights to confidentiality and anonymity protected and the need for informed consent), the potential use of research results (which do not lead to commercial profit or intentional harm) and the likely conflict interests that might arise. In this case, although Locality sponsored this research, there was a formal understanding that the results of the research should not be used to promote their organisational point of view. In full observation of the guidelines, approval from the University Ethics Committee was sought. All interviewees gave their explicit consent at the beginning of the interview. The purposes of the research were explained to the interviewees, and they were given the choice of whether to participate or not in the study. Interviewees were given as much information as possible, including that Locality was partly sponsoring the research, the nature of their participation in the study, that their involvement was voluntary, that they could terminate the interview at any time or point, that the interviews were recorded, and how the data would be treated.

No conflicts of interest arose during the study, and most interviewees thanked the researcher for posing interesting questions that helped them to think and reflect on issues they had not

5.8 Validity

One final reflection on the validity and generalisability of this research needs to be included. The concept of validity refers to 'the extent to which the data collection method or methods accurately measure what they intended to measure' and to the extent to which 'research findings are really about what they profess to be about' (Saunders et. al, 2007: 614). The use of mixed methods hopefully increases the validity of the research, especially as the results of the different approaches converge. Additionally, this research aimed to achieve high levels of 'internal validity', which refers to whether or not there is a good match between the researcher's observations and the potential theoretical ideas that might emerge (Bryman and Bell, 2007: 410). Internal validity tends to be a strength of qualitative research and of ethnographic research, because the prolonged participation in a field allows the researcher to ensure a high level of congruence between observations and concepts (ibid).

Generalisability in turn refers to the extent to which the findings of a research study are applicable to other settings (Saunders et. al, 2007: 614). Development trusts, although a special subset of social enterprises (distinguishable as they own assets), have by and large the same dynamics of other social enterprises. In fact, development trusts fit much more accurately the EMES-proposed definition of social enterprise (which contains four economic criteria and five social criteria) than some other organisations that also claim to be social enterprises. In this sense, and completing the sample with other 15 social enterprises that are not DTs, the findings are applicable to social enterprises in general and to the rest of the social economy.

Geographically, however, this research was circumscribed to England where the infrastructure of the social enterprise sector reflects specific political and economic trajectories. The findings are therefore applicable to other settings as far as there is, at least, a clearly distinguishable third sector which works quite closely with the other two sectors of the economy.

6. Innovation in a social economy context

6.1 Introduction

This first empirical chapter starts by exploring the meaning and the generalised understanding of the innovation concept in the context of the social economy in England. To do so, it draws on data gathered from an annual survey conducted by Locality (specifically during 2011) with a response rate of 51% (out of 423 Locality members in England) and on some of the 30 in-depth interviews conducted with representatives (managing directors, CEOs or founders generally) of well-known social enterprises or support organisations.

Throughout the chapter the first guiding research question used during the fieldwork, namely ‘what is the meaning of innovation within the social economy’ and its associated sub-question, ‘what type of innovations can be found within the social economy’ will be answered. The first part of the chapter presents a snapshot of the community enterprise movement’s experiences of innovation based on the answers to the above-mentioned survey. The second part of this chapter dwells on the contested meaning of the word innovation within the social economy in England and presents some contrasting views that reveal, in some cases, the looseness of the innovation discourse and its practice. Agreeing that in order to understand and analyse innovation processes in the subsequent chapters it is necessary to embrace a flexible enough definition of innovation, one that accounts for incremental, positive and sustainable social change, an analysis of third sector innovation specificities, contradictions, paradoxes, levels at which it occurs and types encountered will be offered.

6.2 A snapshot of the community enterprise movement's experiences of innovation

Part of the fieldwork for this dissertation focused specifically on development trusts (community owned and led organisations well explored and characterised in Chapter 2). Locality conducts an annual member's survey that provides useful insights about the income, earnings, assets and the nature of the projects and of the beneficiary communities in which development trusts operate. In 2011 in particular this survey was conducted in England only, as opposed to previous years which also included Wales and Scotland.

For the purpose of this research 5 additional questions were added to the main questionnaire and classified under a new section titled 'Business development'. Although focused on innovative practices and peer learning experiences, the new section was called 'Business development' to avoid conditioning or influencing respondent's answers.

These questions, borrowing elements from the mainstream literature on innovation which focuses on changes in products, processes, paradigms or positions and adapting it to the realities of third sector organisations as to include also new projects or services, asked the following:

| | |
|---|---|
| a) In the last 12 months, have you introduced any of the following? | <input type="checkbox"/> New Projects <input type="checkbox"/> New Services <input type="checkbox"/> New Products <input type="checkbox"/> New Processes |
| If yes, please describe briefly. | |

| | | |
|--|------------------------------|-----------------------------|
| Where did you get the idea from? | | |
| Within own organisation | <input type="checkbox"/> | |
| Users of services | <input type="checkbox"/> | |
| Other development trusts | <input type="checkbox"/> | |
| Other social enterprises | <input type="checkbox"/> | |
| Media or press | <input type="checkbox"/> | |
| Consultants or trainers | <input type="checkbox"/> | |
| Other | <input type="checkbox"/> | |
| b) Are you currently planning any new enterprises or business ideas? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| If yes, please briefly explain. | | |

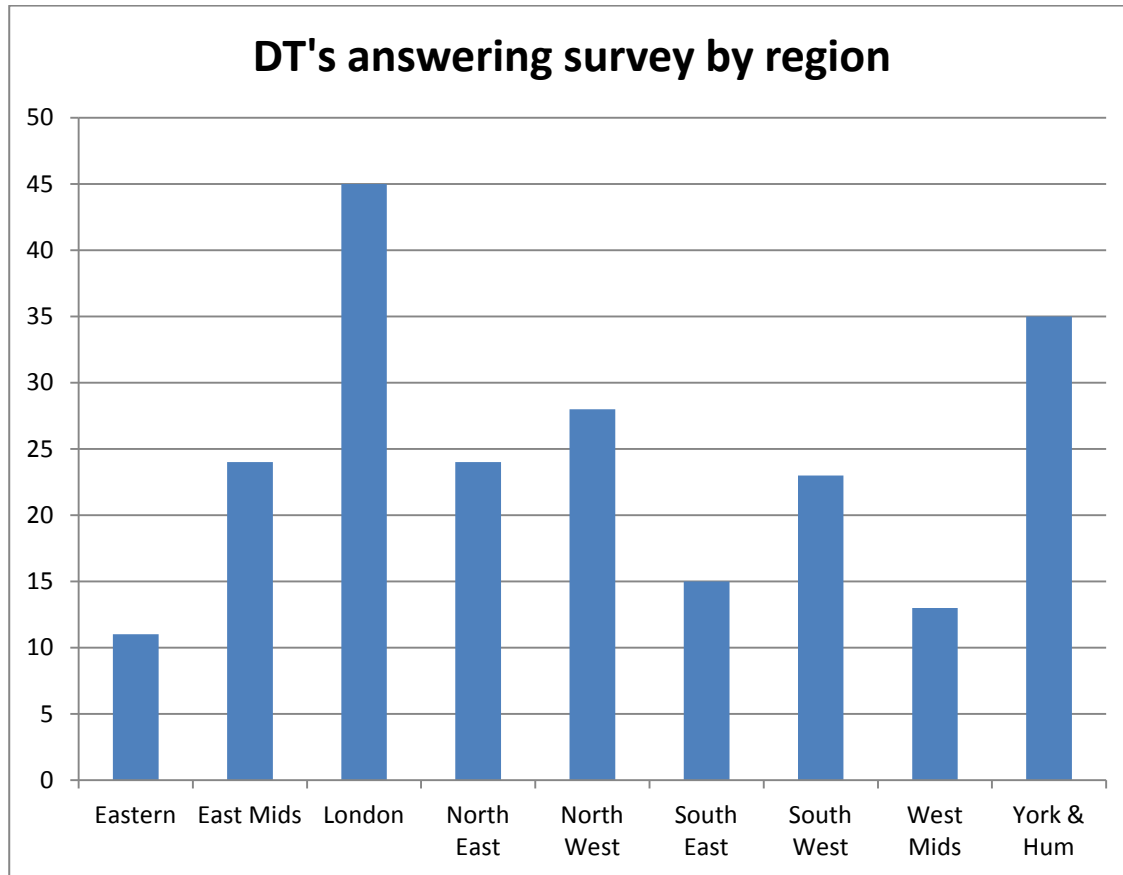
Out of these five questions, three are closed and quantitative (which favour the formation of a snapshot of innovative practices amongst development trusts) and two, as will be shown below, allow some level of analysis based on their qualitative nature.

This survey was answered by 218 organisations across England. The geographical distribution of respondents was as illustrated by both table 6.1 and chart 1.

Table 6.1: Development Trust answering survey in 2011 by Region

| Region | DT's answering survey by region | % |
|---------------|--|----------|
| Eastern | 11 | 5.05% |
| East Midlands | 24 | 11.01% |
| London | 45 | 20.64% |
| North East | 24 | 11.01% |
| North West | 28 | 12.84% |
| South East | 15 | 6.88% |
| South West | 23 | 10.55% |
| West Midlands | 13 | 5.96% |
| York & Humber | 35 | 16.06% |
| TOTAL | 218 | 100% |

Chart 1: Development trust answering survey in 2011 by region

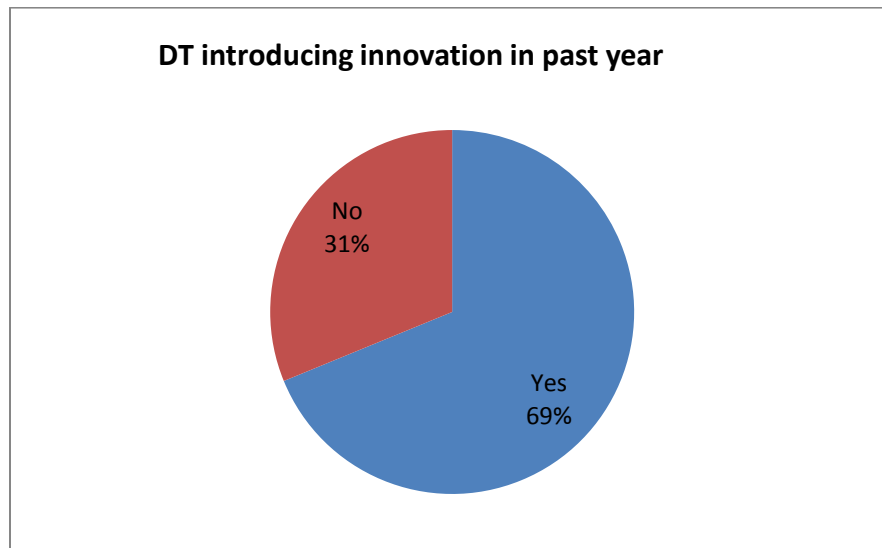


This geographical distribution of respondents coincides with the geographical distribution of Locality’s total number of members by region as published in their Membership Survey Report 2011³³, therefore allowing confidence that this sample is representative of the community enterprise movement.

Of the 218 development trusts that completed the questionnaire, 150 had recently introduced a new project, service, product or process. This is equivalent to 69% of the surveyed organisations, as shown in Chart 2.

³³ Membership Survey Report 2011 available on: <http://locality.org.uk/wp-content/uploads/Locality-Survey-a-snapshot-of-our-members-in-England-2011.pdf>

Chart 2. Development trusts that introduced an innovation in the past year



The fact that nearly 70% of respondents had introduced a new project, service, product or process could easily be interpreted as evidence in support of the enthusiastic claims that social economy organisations (and community enterprises in particular) display high levels of innovativeness. This proposition, however, should be further examined with caution.

Chart 2 shows that 31% of respondents did not engage in any of the innovation types that Locality's survey asked about. The survey did not ask, however, whether organisations were also engaged in other types of innovations which need more conceptualisation (i.e Position, paradigm or grassroots innovations for example). Some of the organisations that did not identify themselves as innovating according to the categories presented, could possibly be innovating in alternative ways not explored in this questionnaire, although this is highly unlikely as often organisations that spearhead changes in paradigms, positions or society at large, tend

to also experiment at organisational level with new projects, services, products or processes on a continuous basis.

32% of organisations surveyed innovated in one type of innovation which means that the remaining 37% innovated in more than one way. In other words, roughly speaking, one third (31%) of respondents did not innovate, another third (32%) innovated in one way and the remaining -slightly larger- third (37%) innovated in more than one way in only one year as shown in charts 3 and 4:

Chart 3: How many types of innovation (all respondents)?

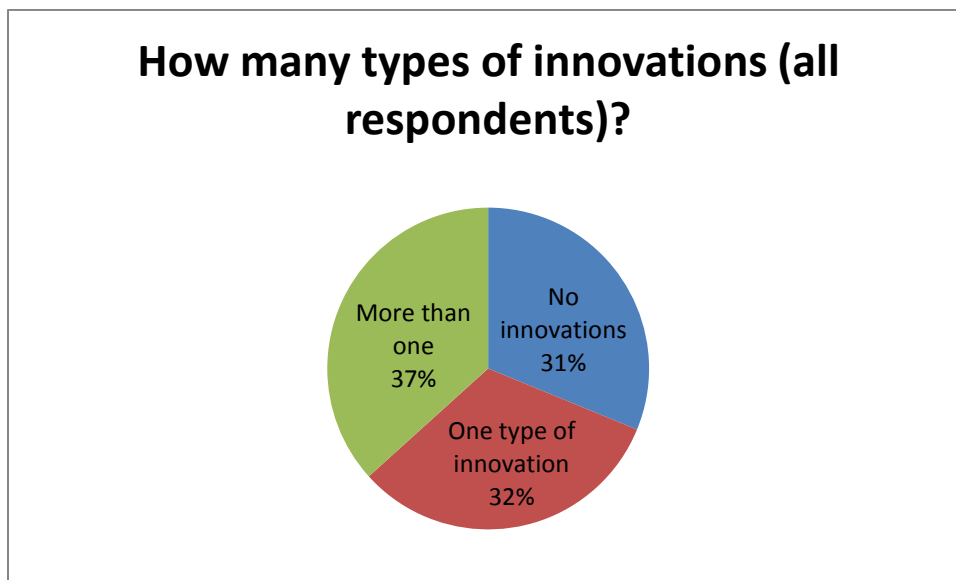
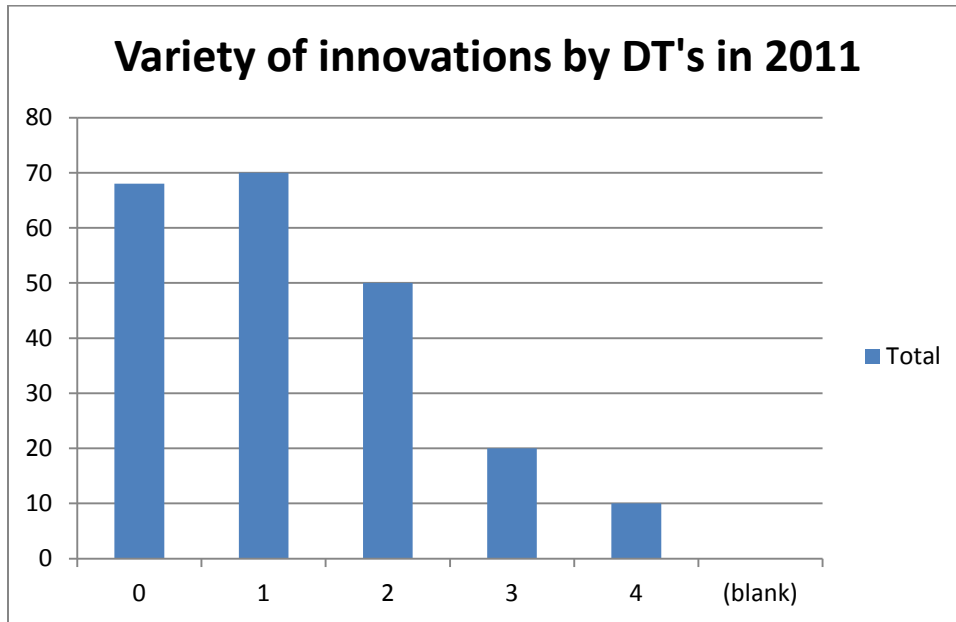


Chart 4: Variety of innovations by Development trusts in 2011



The fact that one third of respondents (37%) innovated in more than one way is an important fact in itself as it is also the fact that from within the 150 organisations that innovated, more than half of them (53%) innovated in more than one way.

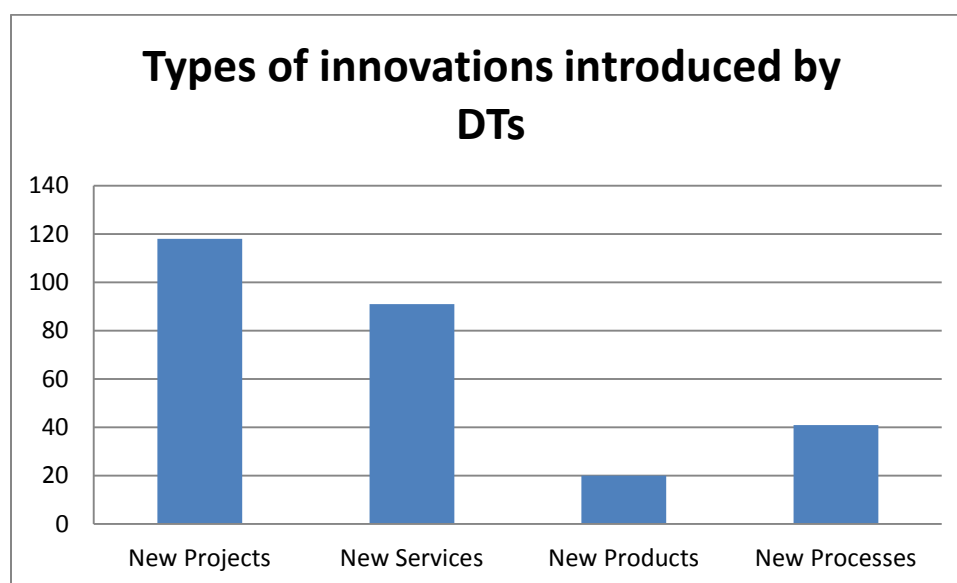
Looking at the types of innovations introduced by development trusts, Table 6.2 and Chart 5 show a clear tendency in the community enterprise movement towards project innovation followed by innovation in services. There is considerable less evidence of product innovation by development trusts. These are reasonable results given the essential characteristics of this type of organisations: they hold, develop and maximise assets (usually land or buildings where new projects or services could easily be introduced) and they tend to be led by local people (not by

product designers), usually trying and testing joined-up approaches to meet the changing needs of a community of place.

Table 6.2: Types of innovations introduced by Development trusts

| Innovations by DTs in 2011 | |
|----------------------------|-----|
| New Projects | 118 |
| New Services | 91 |
| New Products | 20 |
| New Processes | 41 |

Chart 5: Types of innovations introduced by development trusts



Finally, the last question asked whether organisations were planning any new enterprises or business ideas. Despite the tendency towards innovation in 2011 revealed in the previous questions, only 83 of the 218 respondents (equivalent to 38%) said they were planning new ventures as shown in Chart 6.

Chart 6: Organisations planning new enterprises or business ideas



The answers provided in 2011 to the qualitative questions also raise several issues. To begin with, it is evident that we are not dealing with a uniform movement and the breadth of examples of new projects, services, products or services provided confirm that Locality's membership base is diverse, incorporating organisations from across the spectrum of development stages. Their experiences of innovation are therefore likely to differ from each other.

Secondly, and while being aware that innovation is not the same as novelty, the examples provided speak of new things (either projects, services, products or processes) which are only new (and not necessarily innovative) for each specific organisation answering the questionnaire and not for the social economy as a whole.

Some examples of new projects, services, products or processes provided across England included:

- Projects: social enterprise advisory project, a new ESOL project for mature women, a Christmas festival with a Big Sing, a community art gallery, a sports club for young people, a new venture with a well-known transport company to provide Park & Ride services to the local community, a Children's literature festival, a local heritage and history project.
- Services: a broadband service for the local community, health and complimentary therapies, an eBay service to allow people to sell unwanted goods, a new adult learning service, a debt advisory service, a repairing bikes service, a counselling service.
- Products: preserves, arts and crafts to be sold in new community shop, a new theatre production/play, a new business start-up training package and toolkit.
- Processes: a new IT system, new financial protocols, new partnerships, better management procedures, new accounting system.

Most examples presented above might represent a creative response to a localised problem, in a very specific context, and not necessarily a ground-breaking innovation. What is innovative for one organisation at a particular moment in time might not be considered innovative in a different organisational or social context. These examples of innovation should only be looked at taking into account the contextualised nature of their emergence and their relative character.

6.3 Definitions, meanings and the importance of context

Further examination through in-depth interviews with 9 development trusts deemed 'successful' and 'innovative' by Locality staff, their peers and other sector specialists reveal that the concept of innovation in itself is interpreted in multiple ways by people engaged on a daily basis in both innovative and traditional practices. 7 out of these 9 development trusts were based in London and the other two were based in rural areas. Some of the quotes presented below reveal the afore-mentioned variety of interpretations of the innovation concept even within the same community enterprise movement or the same geographical area.

Take for example the case of Cambridge House, an organisation based in Southwark with a history of successfully supporting social change for over 130 years. Historically, Cambridge House has innovated on a constant basis. They opened the first Labour exchange in the early 1900's, they started providing workshops for unemployed people around 1930, they opened a professional staffed law centre around 1940, they established the first Adult Literacy Scheme in the country around 1960 (which was then imitated by Mary Ward Centre and Citylit, among many), they set up the first youth club for children with learning difficulties in London, they established an advocacy programme –the first of its kind- in Camberwell in 1985, among many other things. Reflecting on this trajectory of breakthrough initiatives, Clare Gilhooly, Cambridge House's CEO commented in an interview:

'In the early days, being able to innovate was down to being able to harness the best of the philanthropic values of the Victorian era (...) We were blessed to have founders with a culture of doing things differently and of challenging existing circumstances. But if we talk about now, we

are offering the same core services as any other frontline organisation. Today our innovativeness and the difference we make reside not in the uniqueness of our programmes but in how we deliver support to smaller organisations and how we work with others. We might serve as referees for our tenants, we sometimes sit on their panels, we might operate as fundholders, we provide many of them with governance and financial advice, and sometimes just being a listening ear is the best help you can provide them with. This is what we do best at the moment’.

While Clare is aware that Cambridge House has innovated in the traditional sense of the word (in this case, with visionary projects that led to some radical changes in society, like in the case of adult education), she also recognises that their current ability to innovate is severely restricted by the nature of their funding and of other operations. The amount of time that they spend drafting contracts and preparing claims for consortium work, for example, does not lead to innovative outcomes. Accepting these limitations openly, she turns to what they do best at the moment when asked about their reputation as innovators, even if that doesn’t constitute particularly innovative initiatives. A history of introducing innovations does not prepare Cambridge House better to continue innovating during challenging times.

Another related interpretation of the innovation concept was offered by Margaret Jarret, Director of High Trees Community Development Trust based in Lambeth. High Trees started thanks to the initiative of one highly involved and active resident in the St Martin’s housing Estate, which is jointly owned by three housing associations. They started offering advice and slowly introduced various services over the years focusing each time more on young people. Nowadays High Trees works in partnership with multiple agencies in order to increase

opportunities for young people, children, elderly people and unemployed people in the estate, sits on the panel of the Lambeth Training and Employment providers Network and has been chosen by the Centre for Digital Inclusion as a pilot organisation to deliver an innovative Apps for Good programme, where young people get to design their own applications for smart phones. Fighting for resources constantly and uncertain about her organisation's own financial stability, Margaret says: 'Innovation is being able to meet the needs of people and to increase their confidence where every other service has let them down'.

This concept of innovation offered by Margaret touches on three aspects. It is about meeting the needs of people therefore an intervention doesn't need to be disruptive or radical to be considered innovative as long as it helps to improve someone's life. It also touches on the ability to increase people's confidence and helping them to unleash their potential. Finally, it recognises the redistributive and remedial nature of their work, 'where every other service has failed'. This notion which departs from a social justice angle is shared by many other development trusts, as other interviews confirmed.

In the West London borough of Ealing, operates another development trust featured frequently by Locality and by other umbrella organisations (such as the now extinct Social Enterprise London) as an example of best practice. Action Acton emerged in 1998 around a good funding opportunity, a Single Regeneration Budget scheme that for five years provided them with leeway to establish different initiatives: community development projects (particularly working with refugees and unemployed people), capital projects, a business support service, an alternative schooling project for excluded kids and a day nursery for children from low-income

backgrounds. All these projects continue to date. In 2003 Action Acton registered as an independent organisation, in 2004 recruited its current director who came from a local authority background and in 2007 it joined the community enterprise movement through their membership to Locality. New strands of work have been added in the last 8 years since the current CEO started in post, examples of which are their work with ex-offenders, the development of a strong property portfolio including a Business Start-up Centre and a new community led market. Geographically they have also expanded beyond Ealing covering also the boroughs of Hammersmith and Fulham and Hounslow. With regards to their reputation as innovative, John Blackmore, Action Acton's CEO commented:

'It is primarily our consortium work that makes us very innovative. The variety of projects we run and the fact that they work together and they are successful is pretty innovative. We actually run lots of different types of projects but they seem to fit together within a bigger objective. People from outside usually come and say 'how can you run so many different projects, I did not know you did this or that'. I 100% disagree with the people that advise me to focus on only one area of work. The innovative thing is having a range of projects and making them work together and benefiting the local community. The fact that we combine so well our grassroots side and our strategic side is very innovative. We are working with the local community but at the same time we belong to very strategic groups'.

This conceptualisation of innovation involves a more systemic perspective as it takes into account the interconnectedness of the different organisational activities (both frontline and strategic) and the interdependency between the organisation and other actors. For John from Action Acton, each of their projects is effective on its own, but the innovation lies in how each

of them complements each other and how they relate to the external environment in which they operate.

Bootstrap community enterprise, another successful development trust based in Hackney that will be analysed in detail in Chapters 7 and 8, held similar views to Action Acton in that they refer to the way in which different projects and strands of work amalgamate for social benefit, and to the way in which the organisation relates to other influential actors, as their great innovation.

Capturing the essence of development trusts (in contrast with other organisational types of social enterprise such as cooperatives or social firms), Chris Bailey, CEO of Westway Development Trust in Kensington and Chelsea, an organisation with a strong asset portfolio and with very high-profile support programmes in health, sports and fitness, education, employment, regeneration and community arts, said:

‘Our major support programmes are dynamic in the sense that they are evolving all the time, responding to the needs of our users and our target population. But I suppose our big innovation point was probably around 1975-1976 when the idea of generating income from renting out property to pay up for some community projects emerged. The big turning point was in the decision to more consciously cross-subsidise the commercial space to charitable and community use and in the decision to offer programmes of support beyond our physical facilities (...) The innovation lies in the very idea of the multi-functional organisation which sits across different areas and services, and the fact that we are able to observe the gaps and fill them with new ideas and new projects as needs and communities change’.

This concept of innovation goes directly to the definition of development trusts and to their model of social change through community ownership and use of buildings and land. It is in the very idea of cross-subsidising some services (well established or emerging) with the income generated by renting their property, an apparently logic model that has not been exploited by other enterprises, that Bailey finds development trusts to be innovative.

Outside of London, interviews conducted with two very different yet equally renowned development trusts, namely Keystone and Lyme Regis development trusts, also revealed the existence of a very internalised and routinised concept of innovation. For example, Neil Stott, then CEO of Thetford-based Keystone Development Trust said:

'I think our innovation doesn't necessarily lie in any of our individual projects, the innovation lies in how we interpret and deliver our organisational purpose (...) For me it's the combination of practical action on the ground, research and promotion through our publications and books. And that has become a pattern. We try to do those three things at the same time. Deliver research and let others know about it. That's our spiral of innovation. How do we kick off? Well, knowing your environment, knowing your locality, reading the runes, trying to know where the next funding stream's going to come from. What we don't do necessarily is jump into new things. We tend to do things we've always done. I've been doing this for 20-odd years. Old wine, new bottles'

Once again it is possible to see through the last quote that when trying to relate development trusts with innovation at social level, there is an almost instant association with these organisations' core activities and characteristics and with the way in which different projects and strands of work complement each other.

Up to here, we can start putting together a picture of the meaning of innovation among community enterprise practitioners. Far from the discovery and implementation of breakthrough and disruptive new ideas the people interviewed often referred to innovation in the third sector (or explained their own innovativeness) in terms of meeting social needs effectively, as accountability and transparency linked to evidence of social impact, as maximising available resources and networks for social good, as understanding and knowing the communities in which you operate, as combining projects, people and talent to come up with viable solutions to old problems.

Ultimately agreeing on a unifying definition of innovation for the whole third sector will become a complex task. Development trusts spoke of their core activities and provided examples that involved incremental adjustments over time and the use of well embedded knowledge and experience. Some other social entrepreneurs consulted were more inclined to use the language of 'thinking laterally', 'thinking outside the box', 'creative disruption' or 'disruptive new models' but none claimed originality over their initiatives. These disparities in understanding and in experience can only be brought together under a very versatile definition, one that also acknowledges the importance of place and context. For the remaining of the empirical chapters, the word innovation will be used in a broad sense as to include the generation and the implementation of new projects, services, products, processes or paradigms to meet social needs in more effective ways in a specific context.

6.4 Incremental innovation, replication and paradoxes

Interviews conducted with another 9 social entrepreneurs, all of which have set up award winning organisations, put in evidence a cautionary attitude towards claiming ownership of their original idea for the enterprise. Most of them commented that they had taken the idea from somewhere else, adapting it and successfully implementing it (and in some cases scaling it) to suit the particular realities of their chosen communities.

Faisel Rahman, Founding and managing director of Dalston based Fair Finance commented in an interview:

‘Everybody likes talking about innovation among social enterprises, but all I see, including my own experience is replication. I did not invent microfinance. I was lucky enough to stumble upon it when I finished my degree and to travel to Bangladesh to learn from the real innovator, Muhammad Yunus, at the right time. I tried really hard to understand what was successful about it. I came back full of ideas that needed tailoring to suit the realities of East London, where I grew up and where I wanted to work’.

Likewise, Lilly Lapenna, founder and director of social enterprise MyBnk which provides financial literacy and enterprise education to young people in London said:

‘MyBnk is usually referred to as innovative. But apart from a fortune cookie that I got saying ‘I do not know the solution but I admire the problem’ in the early days, nothing else came as a revelation. I had been frustrated for many years with the limitations of our educational system (...) I finished a degree at a prestigious university with no business skills or a clue of how to manage my money. I travelled to Africa and worked with young people to lose all faith in top-

down development interventions and to learn that I could easily spend the rest of my life working with and for young people. I encountered microfinance and realised what a powerful educational and financial tool it can be. All I did was putting all these pieces together’.

It becomes evident from these two well-known and successful examples that if there is a clear understanding of a powerful theory of change, replication and adaptation of some elements of an initiative can be just as effective as a radical innovation. Throughout this fieldwork, no evidence of breakthrough innovations was found. But the interviews with development trusts revealed the immense value of using and combining resources at hand and of conceiving new services incrementally, out of accumulated knowledge and experience. With a touch of cynicism, John Blackmore from Action Acton development trust observed:

‘In terms of innovation, having an approach of looking ahead and thinking of what’s going to happen and getting involved as early as you can is very important. I am great believer: if something seems to make a lot of sense go ahead and do it. When you take these risks, then you find 5 years down the line that everyone is doing, not to say copying, what you did. Ideas in our sector move in circles. 15 years down the line they will come again as new’.

Similarly, the interviews with prominent social entrepreneurs highlighted that much of the value of truly innovative solutions (such as microfinance) reside in their capacity to be shared, replicated and implemented by others, in different settings. This reality does not coincide with the third sector discourse on innovation which often presents it as an alternative to try and tested approaches or as a magic solution, product of thinking outside of the box, to challenging economic circumstances. For example, none of the stakeholders interviewed for this project (6 in total), all of them working for key support organisations with well-publicised funding and

award schemes, spoke about the great value of replicating a good idea. They all claimed to be supporting cutting edge initiatives.

Two final paradoxes need to be discussed in this regard. Firstly, organisations within the social economy that have managed to innovate somehow, tend to do it in only one of their many aspects. Either they innovate with their solution, with a product or with an internal process but seldom we find that they are good at innovating in all regards. In order to study innovation within the social economy it is therefore necessary to embrace the contradiction that organisations can be innovative in one aspect and lack innovation in all others at the same time. This paradox was reinforced by the survey of development trusts: out of those 150 organisations that introduced an innovation, half innovated in only one way. The other half innovated in more than one way but only a handful of those innovated in several ways, as was shown in Chart 4 (Variety of innovations introduced by Development trusts).

Secondly, it has been noted in particular with regards to the role of social enterprises within innovative solutions, that their leadership can be rapidly eroded by achieving recognition and success. Social enterprises might innovate by imagining a particular solution to a social problem or by linking trading activities to social objectives. But often, this happens slowly, at a small scale and at the spaces where both the private and the public sector have ignored needs and failed to spot opportunities or to imagine a sustainable solution. Social enterprises might pioneer a solution and open a completely untapped source of potential or a new market. But it might not take long before some other actor comes to appropriate the value created. In this regard, Ben Metz, founder of the London Community Resource Network, a social enterprise

supporting organisations and communities working to manage resources sustainably through waste prevention, reuse and recycling, commented:

‘We wanted community recycling groups to play a prominent role within the whole, terrible inefficient waste management system (...) Regardless of all the small battles that were won, we lost the war. Control is still in the hands of the big waste authorities, they personify the paradigm, the absolute opposite of what the community recycling sector were championing. We lost the war because actually government had incentivised the private sector to just come in and take the whole ground because it’s private finance, and public-private partnerships and long-term contract structures. Privatised profit, shareholder value rather than stakeholder value (...) The nature of the market in community waste management meant that unless you scaled and delivered at some significant geographic coverage, you could not get a foothold in and, you’d either fade because you were a grant-funded organisation doing really cool weird stuff with open-toe sandals or you’d end up consolidating with other organisations or getting eaten up by the private sector. Or the private sector would come along and take your idea’

Taking into account the inconsistencies between the innovation discourse in the third sector as promoted by key agencies and funders and the practice of incremental improvements over time based on well embedded competencies and on situated learning, and also considering the two paradoxes mentioned before (1. organisations that innovate tend to do it only partially and 2. Innovators in the social sector tend to experience the mainstreaming of their approaches), the next two chapters will not focus on the tangible outcomes of innovation (such as a product, process or project) but will focus instead into the micro-processes that enable the generation of innovative ideas based on participant observation and on extended ethnography. The cases

that will be studied require the analysis to take place at several levels for some innovations impact at human scale while others do at organisational or societal level.

6.5 Final remarks

The survey of community enterprises conducted during 2011, despite being answered by only 51% of them, provides a snapshot of the experiences of innovation among development trusts for that year. Nearly 70% of respondents had innovated in at least one way, and out of those who had innovated, 53% had innovate in more than one way. Closer examination of the examples provided, however, reveal that these experiences can only be analysed and understood as innovative if the context in which they occur is also considered and dissected. Despite the fact that from the different types of innovation that development trusts have been participating from it could be deduced that they are natural innovators, the last question raises concerns as to why so many of them were not planning new enterprises, business ideas or solutions for the next year (62%). This can be explained, in part, by the challenges brought about by changes in funding and commissioning regimes which have so far put many needed actors out of the game.

From the in-depth interviews it comes clear that those engaged in community enterprises reflect on their routines, their well embedded knowledge and experience, their previous learning, their impact assessment and their incremental improvements when asked about their own ability to innovate. It was not possible to gauge a unifying definition of what innovation is

in the third sector. Flexibility in understanding and defining is therefore required to study the phenomenon.

In the third sector, the goal of innovation often translates into bigger impact. But the practices that lead to bigger impact and more organisational effectiveness are usually plagued by contradictions. Organisations can be innovative and lack innovation at the same time. An innovative organisation can easily lose its innovative charm by obtaining what they were after (mainstreaming their solutions or scaling up). Some so-called innovators that were interviewed were humble as to call their initiatives replications rather than radical new ideas. Innovation in the social economy happens at different scales: human, organisational, industry or societal. But almost invariably, we are speaking of in-house practices and adjustments rather than radical solutions conceived during an eureka moment.

Extrapolating the categories of the mainstream innovation literature and of the emerging body of work on social innovation, it is possible to say that there are examples within the third sector of every type of innovation described elsewhere. An ethnographic approach that included participant observation during an extended period of time allows us to focus on the processes that enabled the emergence of innovative ideas or solutions in the following chapters.

7. Emergence of innovative ideas within the social economy: the role of understanding needs and frustration

7.1 Introduction

Having created a picture, albeit a multi-coloured and diverse one, of what innovation means for different actors within the social economy in Chapter 6, this chapter examines some of the processes by which innovative ideas or solutions emerge within the social economy. It delves deeper into the starting points, the drivers and the motivations behind the establishment of some innovative organisations and projects that were part of the study. The overall research question that this chapter addresses is 'How do innovative ideas or solutions emerge within the social economy?' and the related set of questions that were used during the fieldwork included: How did this organisation (or a particular project in some cases) get started? Where did you (or the people involved from the inception of organisations or specific projects) get the idea from? And finally, what relationships and networks were influential for this organisation (or selected projects) to take its current shape?

With the aim of presenting an accurate analysis about the emergence of innovative ideas within the social economy, a varied selection of twelve (12) cases of innovative organisations was made (Table 5.5 in Chapter 5 detailed those 12 cases). Analysing the data from the interviews, from the extended fieldwork and from the participant observations related to these 12 cases, as described in section 5.6 (The Process of Data Analysis) five node themes were identified. These five node themes are presented in this and in the next chapter as identified sources of

innovative ideas. These are: deep understanding of needs, dissatisfaction or frustration, inspiration leading to replication, networks of varied natures and openness/serendipity. The first two sources are analysed in this chapter in some depth (understanding of needs and frustration or disappointment). The remaining three factors are discussed in Chapter 8. Looking at the evidence base, in none of the cases the origin of the idea can be attributed to only one of the identified sources. On the contrary, these drivers tend to combine and to overlap in difficult to measure and unanticipated ways, confirming that within the social economy (as in other sectors) innovation is also a collage of factors, circumstances and opportunities posed by the context and maximised by the actors involved in a complex, linking process that tends to be unstructured.

7.2 Characterization of the selected cases

It is important to consider, before moving into analysing the first of the identified sources of innovative ideas, that all cases under analysis were either led by a community (ethnic, geographical or community of interest) or by a sole entrepreneur. Following this line of thought, two categories arise from the data: community-led innovations or entrepreneur-led innovations. These are not necessarily exclusive. Collective endeavours have enjoyed a degree of stewardship by a (usually charismatic and committed) leader, and entrepreneur-led initiatives have also relied on the support of different types of communities, but for the purpose of clarity it serves to distinguish that some of the cases presented below have started as collective ventures, led by groups of people working, thinking, planning and acting together

rather than by one individual pursuing a specific agenda. Four out of these ten cases in particular are development trusts, organisations well characterised in Chapter 2.

Table 7.1 describes briefly the origin of the organisations discussed to prepare the reader for the subsequent analysis. When focusing on the origin of the selected organisations, another 3 categories arise. The first five organisations in table 7.1 (highlighted in green) were set up by groups of professionals, specialists or experts brought together with the strategic aim of setting up an organisation to tackle an identified problem. The initiatives highlighted in pink were created by teams of what can be called ‘accidental’ entrepreneurs. These teams responded to specific opportunities, got together as a result of being open to new possibilities in the pursuit of social change and ended up becoming founding and leading entrepreneurs almost inadvertently. The last two organisations (highlighted in yellow) were set up by sole entrepreneurs who fit the epitome of heroic individuals, not willing to take no for an answer (Bornstein and Davies, 2010) and usually described as ‘a special breed of leader’ (Dees, 2001) or as ‘unreasonable people’ that keep trying on changing the status quo despite vested interests (Elkington and Hartigan, 2008).

Table 7.1: How did the organisations analysed in Chapter 7 and 8 emerge?

| | Organisation | Started as/started by |
|--------------------------|---------------------|--|
| Experts/professionals | Keystone DT | Conceived in 2003 by a group of professionals from local and regional government and development agencies brought together with the specific aim of continuing a social and economic development strategy for the Eastern region |
| | Lyme Regis DT | Set up by a combination of community development experts and local leaders brought together in 1998 following a community consultation and planning exercise conducted two years before |
| | Bootstrap Co | Started in 1977 by 2 enterprise support and training specialists supported by a board of community development professionals |
| | Action Acton | Created in 2003 to continue the work of a strategic board that had accessed Single Regeneration Budget funding since 1998 |
| | LCRN | Emerged in 2000 out of the National Community Recycling Network, a strategic group based in Bristol spearheading a community recycling and waste management agenda for all the English regions. |
| Accidental entrepreneurs | School of E | Set up by 5 cofounders |
| | SSCN | Instigated by 3 community development and social enterprise practitioners working within a housing association in South London (Presentation, now part of Notting Hill Housing Group) |
| | LAYE | Conceived by 2 young people and 1 community worker, all members of the Latin American community in London |
| | Farm:shop | Started by 3 professionals (one artist, one community enterprise consultant and one sustainability consultant) |
| | Red Button | Started by a couple of students before leaving university |
| Sole entrepreneurs | Patient opinion | Started by one person, a trained doctor who received social enterprise specific training and mentoring before conceiving the project in its current shape |
| | Mybnk | Started by one person, a young graduate after returning to the UK having worked in Africa and in Bangladesh in related projects |

7.3 Understanding of needs

From the interviews conducted it was possible to conclude that a deep and accurate understanding of the needs of a particular group or community tends to be the starting point of effective responses to them. The cases studied here demonstrated a clear understanding –even though one that kept evolving, augmenting and becoming more acute over time- of the

problems they were tackling. Without a clear understanding of a problem and its roots, most attempts to solve it, however well intentioned, might end up in wasted efforts at best or in more harm than good at worst. The data also showed that sometimes, when the entrepreneurs are themselves part of the intended beneficiary group or community, they are able to spot opportunities and resources and to devise solutions that might be invisible to outsiders.

The way in which the people involved in the selected organisations originally understood the needs they needed to focus on could broadly be divided in two categories: formal understanding of needs as a result of being an expert or a qualified professional in a field or as a result of having studied a problem and its roots in depth for some time (expanded in section 7.3.1), or understanding based on a more empathic and intuitive approach developed through proximity with (or being part of) the target group (expanded in section 7.3.2). The way these two categories interact and overlap is also discussed towards the end of this section (section 7.3.3).

7.3.1 Formal understanding of needs emanating from existing professional expertise or from studying a problem and its roots in depth

The table 7.2 shows which of the selected cases presented evidence of good problem understanding based on existing professional expertise or based on studying the problem in depth.

Table 7.2: Evidence of formal/expert understanding of needs

| Case Study | Evidence of expert and study-based understanding of a problem |
|--------------------------|--|
| Keystone DT | DT started as public partnership (of about 25 experts, professionals from local and regional government and development agencies working on a social and economic development strategy for the Eastern region). They had published research before launching the organisation, and they keep researching specific issues and publishing their findings to justify and develop new programmes |
| Lyme Regis DT | The combination of community development experts and local leaders that came together around the local community consultation and planning exercise conducted in 1997 made up a knowledgeable group that was able to conceive and give shape to the new organisation |
| Bootstrap | The 2 community development and enterprise support specialists that started the organisation in 1977 knew about community work, community engagement and believed in the potential of enterprises to contribute to local development and regeneration, therefore they created an Enterprise support agency. |
| Action Acton | The organisation was set up by a group of residents that actually acted as local experts, fuelled by obtaining Single Regeneration Budget funding in 1998 |
| LCRN | Organisation emerged to continue the legacy of a strategic board -made up of professional people and environment experts- hoping to encourage the roll out of community recycling groups |
| School of Ething | N/A |
| SSCN | A formal snapshot study of needs on the housing state and several focus groups with residents put in evidence lack of childcare as mayor barrier to enter employment or training |
| LAYE | Project conceived by community development worker (Laura) with deep understanding of the needs of the Latin American community PLUS two young people (Tatiana and Diego) who were part of the problem themselves |
| Farm:shop | N/A |
| Red Button Design | N/A |
| Patient Opinion | Organisation started by a Doctor with inner knowledge of the NHS and its failures |
| Mybnk | Once organisation started, founder Lily Lapenna read and learnt more about financial exclusion. The formal understanding of the causes and consequences of the problem gave strength to her discourse and proposition |

The first five of the selected 12 cases presented above started as a result of putting together a group of expert people with the aim of creating a sustainable response, in the form of an organisation, to already identified problems. It could be said that Keystone DT, Lyme Regis DT, Bootstrap Co., Action Acton and LCRN are all cases of approaching socio-economic problems

strategically, using qualified professionals and previous expertise to inform and guide the process. Unsurprisingly, with the exception of Bootstrap which was founded in 1977, these organisations started in the post 1997 period, which saw the role of the third sector enhanced and encouraged through New Labour's policy documents and more importantly, through the provision of funding and support to the development of infrastructure and frontline support services (Amin, 2000; Bridge et al., 2009; Sepulveda, 2009; Teasdale, 2010).

Commenting about the origin of Keystone DT and the circumstances around his own appointment to lead the nascent organisation, Neil Stott, its then CEO, remembers:

'There was a board of about 25 people when I started working, so everyone was involved in the Keystone Community Partnership: two counties, three districts, police, you name it, were on that partnership board. And they took a very big decision which was 'let's set up a development trust' to continue the public partnership. They decided to set it up, bring in a new chief executive, make it an accountable body (...) In my previous job, I was Head of Community Development at Canterbury City Council. When I was at Canterbury, I did exactly the same thing. What do you need to set up a new organisation? You need to build its reputation, build trust, build delivery, be seen to deliver and that's what we did here'.

Although Neil imprinted his own vision for a sustainable and innovative organisation once appointed, and although, as will be seen in the next section, he used his own intuition and empathetic perspective to develop new projects, the decision to set up Keystone DT had already been taken by an expert panel (working as the Keystone Community Partnership) following a regional development agenda.

Similarly, Marcus Dixon from Lyme Regis DT in Dorset commented that the organisation came out of a formal community consultation exercise led by local government professionals in 1996.

In his words:

‘This was a ‘planning for real’ exercise, an ‘out of the box’ consultation and planning process designed to reach as many people as possible, particularly hard to reach groups, and to give local people the opportunity to identify what they saw as the issues that needed to be addressed, to come up with what the solutions might be and then to invite them to get involved in putting the solutions in place. Out of that planning came a number of initiatives and by 1997, despite the change in government, it became clear that we needed to establish ourselves as an accountable body if we were to seriously start to tackle those issues. Lyme Regis DT was born in February 1998. I became involved then as a trustee’.

The community consultation and planning exercise that Marcus described as ‘out of the box’, primarily because it moved beyond a box-ticking activity –that was seen to be typical of previous planning consultations- and because its broad reach, allowed a deep understanding of the needs of the town by the professionals behind it while also serving to engage local residents –Marcus Dixon included- in its subsequent materialisation as an organisation.

Interestingly, both Neil Stott from Keystone DT and Marcus Dixon from Lyme Regis DT mentioned the need for accountability as the motivation to adopt the organisational form they did (development trusts). Along the same lines, John Blackmore, CEO of Action Acton in Ealing (West London) attributes the origin of the organisation to an informed decision taken by a strategic board made up of committed and knowledgeable residents and leaders. This board

had been awarded a significant amount of money (in the terrain of millions) in 1998 through a New Labour enthused scheme –Single Regeneration Budgets- and had been seen as effective with the establishment of several community development initiatives in their first operational years, initiatives that responded to the clear, first-hand understanding of the local dynamics, processes and problems the board had. By 2003, a time when this board was running out of that generous government funding, Action Acton was incorporated as a charity and as a limited company in the pursuit of both legitimacy and continuity:

‘Just at that time they advertised for a new CEO whose job was to keep the work of the expert board going but to expand it and the only way that it could actually survive was becoming financially sustainable. So basically the brief was really to make Action Acton an accountable body, a sustainable organisation that could continue to deliver its charitable objectives set by the board but also someone who would bring more money in. They had reserves, enough to keep the organisation going for about 18 months. That’s when I came in’.

These three cases (Keystone DT in Thetford, Lyme Regis DT in Dorset and Action Acton in West London) share three characteristics: firstly, they demonstrate formal understanding of the needs they were set up to tackle as they were spearheaded by qualified professionals, by energetic community leaders or by a mix of both grouped in an advisory board; secondly, they took shape around specific funding opportunities posed by the new political regime; thirdly, they adopted a development trust organisational form to gain legitimacy –or in their words, to become accountable- and to continue to deliver the objectives of the knowledgeable partnerships and strategic boards that preceded them.

The cases of Bootstrap Company and London Community Recycling Network also serve to illustrate how a strategic approach and a knowledge-based awareness about the problems they needed to focus on gave both organisations a solid start. Bootstrap was set up in 1977 by two community enterprise advocates and professionals (Helen Evans and Martin McKenney) as a training and enterprise organisation aimed at giving unemployed people new skills by helping them set up enterprises. It was focused on people helping themselves and helping others, as in 'pull yourself up by your bootstraps', hence the name of the organisation. Soon it became a nationally recognised organisation in terms of community engagement, social inclusion and support for the unemployed and it was able to open an affiliate organisation in Lancashire which is still going on and is one of the main regeneration agencies in the North of England (Bootstrap Enterprises). The model was also replicated through branches in Swindon and in Lambeth, Camden and Islington. LCRN in turn, had been conceived at the National Community Recycling network, which in fact was a strategic board made up of professional people hoping to encourage the roll out of community recycling groups. By the time the opportunity to set up a representative body in London emerged, they had already secured funding from two donors thanks to their convincing, knowledge-based agenda and their innovative ideas.

The five cases mentioned so far (4 development trusts and LCRN) emerged out of approaching social problems through tactical lenses. Some of the remaining 7 cases which can broadly be classified as coming from either teams of accidental entrepreneurs or from sole entrepreneurs (as per table 7.1), also understood clearly the problems they were set up to tackle, but not so much as a result of relying on expert knowledge and experienced professionals from their

inception, but as a consequence of putting themselves in the shoes of the people they wanted to help. The next section expands on those empathy-based approaches to understanding needs and generating innovative solutions.

7.3.2 Empathy-based understanding

Empathy, which in the context of social change is defined accurately by philosopher Roman Krznaric (2015; 7) as ‘the imaginative act of stepping into another person’s shoes and viewing the world from their perspective’, equips entrepreneurs not just with insights into particular problems and possible solutions, but also with long-standing commitment to stick around until results are palpable. It was reviewed in Chapter 3 how emerging theories of social innovation point constantly towards ethnography, participant observation and empathy as powerful means to understand problems in their full magnitude and to devise effective solutions (Mulgan et. al 2007a, 2007b; Mulgan, 2015; Murray et. al 2010; Krznaric, 2015). The notion of empathy in the context of generating effective responses to social problems resonates with the concepts of user-led innovation and user-centred design which have gained currency within innovation practices and conceptualizations in the last three decades.

The table below (7.3) shows where evidence of empathy (of different types) was available.

Table 7.3: Evidence of Empathy-based understanding of needs

| Case Study | Understanding based on the empathy that emanates from being part of beneficiary group or first-hand experience of problem |
|-----------------------------|---|
| Keystone DT | Once Keystone was set up, two specific projects (META and Green Cycles) kicked off by observing and experiencing local trends and dynamics, 'knowing your environment', 'being part of your locality', empathising with local residents and beneficiaries |
| Lyme Regis DT | Once Lyme R. was established, director used his dialogue with and active listening of residents to conceive new projects for young people (hostel) |
| Bootstrap | Many years after establishment, Director Sam -who grew up in Hackney- was robbed at gun point. This originated their incubated children's project –The Hackney Pirates-, now an independent and effective organisation |
| Action Acton | N/A |
| LCRN | N/A |
| School of Everything | Organisation started by group of young friends, for whom traditional education had not served its purpose. They were the people they were trying to serve through the School. Empathy also used to glue them together as a team and to co-create new projects among them. |
| SSCN | In the first 12 months of operations, director –and local resident- introduced a series of changes as a result of observing parents and local trends (chef hired, nutritional meals offered, parenting, healthy cooking on a budget & music lessons introduced) |
| LAYE | Empathy used as specific engagement technique by Tatiana, the coordinator. Empathy also used to coordinate activities according to young people's interests and school schedules. Empathy as foundation of trust that developed between young people and coordinator |
| Farm:shop | N/A |
| Red Button Design | N/A |
| Patient Opinion | Empathy used to maintain constructive dialogue with service users and to advance their cases within the NHS |
| Mybnk | Organisation was set up after founder found herself in huge financial debt and feeling university had not equipped her for real life, including not providing her with financial management skills. She was the young person she tries to help now. |

The case of the Latin American Youth Enterprise (LAYE) provides a good opportunity to look at the role of empathy within social change processes. LAYE was set up by two young people and one community worker following the end of a funded programme to support young Latin American migrants, the Latin American Youth Forum. The two years that the Forum existed

served to gather a cohesive group of young participants, to start developing specific skills such as acting and dancing amongst the young people and to develop group and work dynamics that were effective for them to secure the continuity of the group. The formulation of the first funded project (the Forum) responded to the awareness that the community worker (Laura) had developed while working at the Indo American Refugee & Migrants Organisation (IRMO). While working as an immigration advisor, Laura, 65 years old in 2009, noticed that beyond the practical, specific immigration advice she could provide to adults, there was an un-met need, an overlooked generation of young people, most of whom were between 12-17 years of age, feeling either numbed by the migration process, muted by the lack of language, or impotent by the lack of financial ability also characteristic of their hard-working parents. Laura, a political refugee herself, despite the age difference, was able to share an emotional response and to understand the young people's needs and perspectives as she had also felt numbed, muted, diminished and professionally blocked by the migration process some years before. It was precisely this, the fact that Laura was able to step into the young people's shoes and that she noticed they were wasting very valuable and formative years that helped her to conceive the project in its original form.

Laura and the two young people that led the formation of the LAYE, used the two funded years of the Forum to observe the young people and really understand their interests, their patterns of attendance, behaviour and engagement, their internal leadership dynamics and their aspirations. Empathy here worked not just as the glue that held them together in first instance through the funded Forum, but also as the source of insights to conceive the project and later on to transform it into a sustainable enterprise. The two young people that accompanied Laura

in this process, namely Tatiana (19) and Diego (20), were not as young as the participants of the Forum (12-17). But having arrived to the UK a few years before and having experienced the loss of identity, the lack of meaningful support networks, the language barrier and the difficulties in understanding the UK educational system, insisted on delivering and shaping continuously the support programme (and later on the enterprise). In this regard, Tatiana mentioned during an interview:

‘We had put together the application for funding for the Forum because we were seeing all this talent wasted in our waiting room and because we, especially Laurita, were talking to the parents of the young people. However, we did not know the level of disengagement and frustration of the young people. We only came to fully realise the extent of the problem when the meetings started and when the group started to take shape. I could understand them so well once they started opening up, because I had also been there. I knew that feeling of not knowing whether you are good for something or not, of not speaking English and of being treated as if you had no skills or if you were invisible’

In a similar vein, founder and director of Mybnk commented how empathy, among other factors, helped her to ideate her social enterprise. She did not refer to empathy specifically, but that can be concluded from her own words:

‘As I grew up and started to study and work in international development in amazing places like Zimbabwe and Bangladesh I developed 2 passions, one for education and one for microfinance. At the age of 18 I decided to go and work in Zimbabwe. I worked in a rural primary school on non-formal education programmes. Together with the community, the teachers and the children we created huge AIDS awareness campaigns, built libraries and influenced local policy makers on issues

relating to education and health. I realised how non-formal education could change communities for the better (...) Then I moved to Bangladesh and there I worked in the rural north with women borrowers and savers. These women were using microfinance to change their lives and those of their children. I was lucky enough to spend months with them and to realise how microfinance was not only a powerful financial tool but also a powerful educational tool. I came to the conclusion that I had spend thousands of pounds on my education but sadly I had no clue how to manage my money nor did I have business skills. Coming back to the UK I found many people my age facing spiraling debt, the majority of adults being financially illiterate (myself included of course), more people in the country getting a divorce than changing banks and a staggering 150,000 young people growing up believing that an ISA (Individual Saving Account) is an Ipod accessory!

The two cases mentioned up to here, LAYE and MyBnk are good examples of one type of empathy that has been well defined in the emerging literature on the topic (Krznaric, 2015). The concept of 'affective' empathy refers to sharing an emotional response, that is to mirror someone else's emotions. Both Laura (from LAYE) and Lily (from Mybnk) went beyond understanding other people's needs. They indeed got to share an emotional response with their future beneficiaries, by understanding and comparing their future beneficiaries' experiences with their own.

Another type of empathy that has been typified in the literature, 'cognitive empathy' can be observed as a drive for setting up an innovative response with the case of the School of Everything. Cognitive empathy, or the idea of empathy as 'perspective taking' concerns 'our ability to step into the into the shoes of another person and comprehend the way they look at themselves and the world, their most important beliefs, aspirations, motivations, fears and

hopes' (Krznaric, 2008: 10). A group of talented young people who had worked together on small endeavours in the past, each of them feeling and reflecting about the inadequacy of the mainstream educational system, got together spontaneously in an East London pub. Based on their understanding of each other's perspectives and based on their ability to step into the shoes of another person and comprehend the way they looked at themselves and the world, as per the definition of cognitive empathy, they manage to give shape to the idea of a marketplace for education, a web-based service where everyone could register to teach or to learn something. The School of Everything intended to be, in essence, an Education's E-bay.

The School of Everything, Mybnk and LAYE were set up by people that were part of the problem they wanted to solve. They demonstrated affective and cognitive empathy but more importantly, the three cases are also good examples of a third type of empathy found in the literature, namely 'consequentialist empathy', which refers to the idea of having an 'appropriate response' and taking action after having engaged in either affective or cognitive empathy (Krznaric, 2008).

Lastly, it is worth mentioning the case of three of the social enterprise directors interviewed, who by being part of their local community and not just working and intervening but also living there, observing, understanding and by allowing different types of empathy to interplay, managed to comprehend new, emerging problems and to develop new high impact programmes within their respective organisations to tackle them. Neil Stott from Keystone Development Trust developed the recognised META programme for working with migrant communities:

‘All of a sudden there was a lot of Portugese. Norfolk is a very white place and a lot of Portugese were coming from places like Mozambique and Angola as well as Brazil to work in agriculture so their skin colour was very different to the Thetfordians. That caused a degree of friction. Previously I’d managed racial harassment services and racial equality services. So we came up with this very simple idea: migrant workers supporting migrant workers’.

Mark Dixon, working at Lyme Regis Development Trust, had not initially focused on services for young people. But as a result of understanding and observing the needs of this group created a hostel that later on became one of the main elements of their support. Finally, Sam Aldenton, director of Bootstrap Co, while working hard on the administrative side of the building and while promoting the co-working space among creative types in Shoreditch, was robbed at gun point outside his office one afternoon. This led him to explore and develop a project for children, the Hackney Pirates: ‘When this kid pulled out a gun and said ‘give me your ipod’ I was pushed to think...what is that we’re doing professionally? Trying to work for a local community and being robbed by part of it was a jolt. What was I doing for this type of kid? How could we get to them before that? I wasn’t going to be able to get them now because I’m scared. It’s too late for me. But I could work with the younger generation, before they get there’. The Hackney Pirates Project was incubated and has now registered as an independently funded organisation supporting the literacy, confidence and perseverance of young people in Hackney during after school hours.

7.3.3 Different ways of understanding needs interplaying

With most social change processes that depart from a good understanding of the needs they need to tackle, there is usually more than one way of understanding needs interplaying. This can be observed with the case of the Stepping Stones Community Nursery, a social enterprise located within a fairly deprived housing estate in Lambeth (Bolney Meadow Housing Estate), South London.

Bolney Meadow was legally transferred from Lambeth Council to Presentation Housing Association (PHA) (nowadays part of the Notting Hill Housing group) in November 2007 following a residents' ballot. Soon after PHA assumed responsibility and ownership of the Bolney Meadow Housing Estate, Presentation's charitable subsidiary, Olmec, was commissioned with the task of delivering many of the social investment commitments residents had been promised. The head of programmes at Olmec at the time, planned and conducted 6 focus groups with 94 residents in total in order to write a snapshot study of residents' needs on the estate. In this one, lack of childcare came across as the main reason why residents were not engaging in the workshops nor in the activities that the housing association started to coordinate and promote (CV workshops, job fairs, IT courses). When the head of programmes heard that there had been a nursery within the housing estate but this had been shut down due to security and quality concerns by Ofsted, she started to explore the possibility of re-opening the space.

Through a networked process that will be detailed in subsequent sections, the head of programmes at Olmec managed to secure funding from the European Regional Development Fund to refurbish, adapt and equip the nursery within the estate. Fast forward to the point

where a director (Massiel Garcia) was selected and appointed to direct the nursery, instructed to run it as a social business and to lead its re-opening, the nursery did not offer lunch meals in its initial months. Neither did it offer special courses for parents, although that was in the plan from the very beginning.

As Massiel, the selected director who is also a resident in the estate, started to notice some trends among parents she had not notice before as a neighbour (for example, some children were being sent Red Bull in their packed lunches, some other Pot Noodles, some mothers were experiencing parenting difficulties, most households were going through economic shortages evident in payment delays, some family members were going through mental health issues), she developed a strong drive to not just give her best to the children, but also to support their parents and families with their lives. Massiel informed the trustees of the nursery that more resources needed to be invested in supporting families holistically. After 6 months in operation and having reached the break-even point, SSCN decided to hire a chef and to introduce nutritious meals in its offer. Similarly, they introduced musical sessions for the children, parenting, budgeting and healthy cooking sessions for the parents, and personal development targets (alongside professional targets) for the keyworkers.

The formal approach to understanding the estate's needs through a snapshot study indicated that lack of childcare was preventing people from engaging in other developmental activities and provided the evidence needed to secure funding for the nursery's re-opening. The empathy and ethnography based approach to unveiling hidden household needs helped to decide how the nursery would invest its resources and increase its impact supporting families holistically.

Most of the twelve cases under study were either a case of a formal, expert-led approach to understanding needs or a case of empathy-based understanding, but these two approaches are not mutually exclusive as the case of SSCN just showed. Moreover, what subsequent analysis of the cases shows is that these two ways of understanding needs tend to interplay and combine in that constant pursuit of solutions that characterises social entrepreneurs and engaged communities. For example, although Keystone Development Trust, Lyme Regis Development Trust, Action Acton Development Trust and Bootstrap were all started by groups of professionals brought together with the aim of designing lasting institutions which in turn generate effective responses (examples of understanding needs formally), their directors have used their observations and their empathy to then conceive high impact local projects. Another caveat to this division of the data (as either formal or empathy based approach to understanding needs) can be found in the cases of Farm:shop, Patient Opinion or Mybnk. The first one, Farm:shop, which was conceived around a particular funding opportunity in Hackney (not around an accurate understanding of local needs), used one expert in urban agriculture after their project had been formulated to guarantee that what they were suggesting and planning was possible and realistic, so they brought in the expertise they needed. Patient Opinion in turn, which came about after receiving social enterprise support and training, banked on the inner knowledge that its leader (Paul Hodgkin) had of the NHS and its failures. And finally, Mybnk, which in this section was presented as an example of solutions based on an empathetic understanding of problems, gained much more legitimacy, strength and funding once Lilly Lapenna, Founder and Director, started understanding, managing and discussing the facts and the statistics about financial exclusion and about young people in need in the UK.

7.4 Dissatisfaction or frustration

When analysing the interviews of the twelve cases under discussion, frustration, dissatisfaction with the status quo or anger at social inequalities and at unfair situations came out prominently as another source of ideas for social change in itself.

There was frustration or anger, informing and prompting effective responses, experienced around several issues, at different levels, among interviewees. Frustration with the lack of resources and lack of opportunities that permeates vulnerable communities for example, but also frustration at specific events or facts that altered the course of particular initiatives. Table 7.4 summarises the interviewees' experiences of frustration

Table 7.4: Interviewees experiences of frustration

| CASE | Frustration with what? | Experienced individually | Experienced collectively |
|-------------------------|--|--|---|
| Keystone DT | In interview Neil talks about frustration several times (frustrated with board, unable to think in business terms; frustrated with SE empty rhetoric, non-sense talk; frustration with lack of knowledge that instigated publications arm; frustrated with asymmetries in the relationship with the public sector; frustrated with SE useless networks; frustration with excessive consultations). | Examples provided refer to frustration experienced individually | N/A |
| Lyme Regis DT | N/A | N/A | N/A |
| Bootstrap | Sam refers to inefficiency, lack of outcomes, lack of clarity of what staff were meant to be doing, in critical terms, before Bootstrap shut down in 2005. After re-opening, he refers to frustration specifically following a violent incident that led to the development of a new programme (Hackney Pirates) and also to frustration on the inadequacy of the social enterprise support agencies | Being robbed at gun point, invited Sam to look critically at his own work and professional scope. The frustration he experienced after the robbery and after reflecting on his own programmes, led him to explore and create a new programme for children (Hackney Pirates). Connect with empathy described in previous section. | N/A |
| Action Acton | N/A | N/A | |
| LCRN | During interview Ben expresses frustration with many aspects: SE infrastructure organisations, funding waves, barriers to scale innovation...but there's no direct relationship between these examples mentioned and his ideas or ventures (LCRN, Waterways Project, Oxford Jam) | In a more general sense, Ben describes his long history of activism (tree hugger) and how he moved from frustrated opposition to active proposition | N/A |
| School of Ething | As founders were also the people they were intending to serve, empathy and frustration play an important role in the conception and development of this SE | N/A | All founders had experienced and discussed extensively their frustration arising from the inadequacy of the mainstream educational system. Frustration also expressed in parallel projects of three founders and interviewees –Paul |

| | | | |
|------------------------|--|---|--|
| | | | Miller, Dougald Hine, and Andy Gibson- (Bethnal Green Ventures, Dark Mountain & University Project, Mind apples, respectively) |
| SSCN | As in Bootstrap and School of Everything, empathy and frustration are interwoven. | On a personal level, one of the SE practitioners in charge of leading the regeneration programme of the housing estate where SSCN is based, was challenged by a colleague, who said it was 'impossible' to open up a business in that space, under those circumstances. | After establishing nursery, management team and board of trustees experienced collectively frustration with the evidence of the eating habits of parents and children, leading to introduction of lunch meals. |
| LAYE | Interviews and data collected through field diaries confirm frustration experienced by creators of the programme (One community worker and two young leaders) and by beneficiaries of it (young people). | Each of the founders had experienced the frustration of feeling muted and unable to fulfil their potential before the start of the programme. This helped them to conceive it and shape it. Young people frustrated after being used as token | Collectively, the cohesive group of participants started voicing their different frustrations through their motions, their events and their campaigns. Frustration as driver to keep active and organising events |
| Farm:shop | N/A | N/A | N/A |
| Red Button | N/A | N/A | N/A |
| Patient Opinion | Frustration as a professional and frustration arising from system that needs changing and improving | Founder knew –critically-intrinsic holes, setbacks in the provision of information and of services and feedback loops within the NHS that gave origin to his organisation | N/A |
| Mybnk | Frustration, alongside empathy, as one of the leading forces for founder to focus on both financial inclusion and work with young people. | On leaving university, Lily felt frustrated by lack of opportunities for engaging in meaningful work, with spiral levels of debt and with lack of real financial management or business development skills. | N/A |

Frustration experienced at different levels and over different issues served as a force for ideating, trying and implementing innovative solutions. Most of people's experiences of frustration were either experienced individually or collectively, as the following two sections will expand on.

7.4.1 Frustration experienced on a personal level

In seven out of the twelve cases under analysis either the directors or the founders of the initiatives experienced frustration individually and this gave them the ideas and the drivers to develop new solutions. Below we'll discuss some examples of leading entrepreneurs who actually experienced that frustration, embraced it and the situations generating it, and managed to turn it into positive action, working through it. People who despite their irritation, managed to propel good ideas forward. This is the case of Neil Stott from Keystone Development Trust in Thetford, East of England, for example, who expressed his frustration vocally at several points during his interview. Firstly, in the context of explaining the contradictory nature of development trusts, meant to make money in places where deprivation gets hold, and guided by a board not really trained into business, Neil said:

'One problem I faced was that although I was brought here to manage a business, the board was quite reluctant to think in those business terms. How contradictory! It took a while to persuade them that A. Trading was a good thing to do if we wanted to be sustainable and B. That we needed to trade outside our boundaries'.

And further down, he mentioned:

Community development is a process. There's nothing new about it. A lot of the stuff we do, to be able to do it, we have to call it something nice. So we're constantly having to reinvent how we do things. Another example, our migrant project, META – Mobile Europeans Taking Action – has been through possibly nine different funding streams. Nine! And every time the funder wants something different'

Neil is well trained in community development and social enterprise issues –he had recently finished a Masters in Community Enterprise at Cambridge- and that might equip him with a more critical perspective than his peers. It is clear from his interview that the frustration experienced with his board, enterprising only in name and in essence timid and risk averse, gave him the impetus he needed to imprint a strongly entrepreneurial and business-oriented approach that still characterises Keystone Development Trust (they developed 5 new enterprises since Neil's appointment). Neil also took the time to criticize the extremely temperamental funding regimes he needed to abide by. These 'funding waves' as he called them, forced already overworked professionals to reframe their work and present their routinised and tried and tested formulas for change as radical new approaches, under usually crispy and sexier names. META, a project whose triumph rested on indeed, not innovating but using common sense (a multi-migrant advisory service where migrant workers support other migrant workers) and a project deemed successful under several lights, had to undergo no less than nine funding streams that obligated them to reinvent how they describe themselves, despite continuing doing the exact same work over the years.

Along the same thinking lines, Neil presents the emergence of a set of publications on the changing social landscape (addressing in particular the arrival of new communities)—now their publishing arm, Keystone Publications- as a result of experiencing frustration:

‘We’ve published a number of books on it. Three now. And that was out of frustration because no one was listening to the issues. Politicians were saying stupid things that were inflaming racial tensions. We had a riot here in 2004. The last race riot on English soil. We took it head on. We were unpopular in the town because people thought we were just for migrants, which was not true. 99% of our publicity at the time was coming from that project, although 2% of our resources were going on it (...) *Workers on the move* was a cry of frustration, as well as based on some research we’d done but it was anger that started the process of research, local intervention and publication that we’ve got into. And I wouldn’t say that was thought through, it just sort of happened’

A publication arm (Keystone Publications) that addresses the realities, the opportunities and the challenges posed by the arrival of new communities, coming out of the anger generated by the lack of understanding and by the stereotypes reinforced by politicians, is indeed a great outcome out of discontent.

Neil’s previous experience of working for the public sector makes him particularly sceptic of public dynamics and processes and as he expressed, recently he has used his frustration over the inadequacies of the public sector to the organisation’s advantage:

‘Our collaboration with other key public services, such as education, social services etc is variable. You can see snapshots in time when it’s good or bad. I would say on the whole it’s us ‘putting out’. It’s very rarely people coming to us. It’s us that have to do the legwork. Something

else that really annoys me is, we're saving the public purse a lot of money with projects like META – we're delivering services for DWP, we're saving the JobCentre a shedload of money – and we get very little in return. It's only recently that the local authority is paying for parts of META, which is good. We've got publicly funded staff downstairs now working alongside our staff – but that's taken years and years of slow hard slog'

Neil also got to critique the government's attempts to promote community development and their exercise of public consultations to try and gauge the public opinion, reflecting his disenchantment with his words:

'What frustrates me the most is the huge amounts of public money spent on things, with nothing left at the end. Do you know New Deal for Communities? Each of them had £50million. Now I've assessed about a third of them. Their sustainability strategies across the UK and, frankly, I can count on one hand the ones who will have a legacy in terms of keeping going (...) We just did a piece of work last year. We did a meta study of all the consultation in the poorest ward in Thetford. In the top quintile nationally. And people had said the same stuff for the last 20 years. And nothing had really changed. Some things had changed to be fair, but they perceived that nothing had changed. And that is shocking as far as I'm concerned. So I do get frustrated'

This frustration, however, has served him to learn how to make the most of his alliances and to navigate the opportunities posed by different government departments. He has signed contracts recently with the Home Office, with Communities and Local Government, and with the Cabinet Office working on the Big Society agenda.

Finally, Neil's critical perspective also extended to the social enterprise networks and the social enterprise rhetoric that he found empty and detached from reality, although this disappointment did not prompt any specific projects, it only encouraged him to use his time better:

'Social enterprise networks? Hopeless. I was the chair of the regional one but I came off it in disgust. I have mixed feelings about infrastructure organisations. They can be very good and they can be absolutely bloody awful. And they can be self-serving rather than helping their members'.

After resigning as Chair of the Regional Social Enterprise Network, Neil is now much more selective in terms of the networks and the relationships that he invests on and quite tactical about it:

'If I and my staff team went to every partnership meeting that people would like us to go to, we'd do nothing else but go to partnership meetings. You have to become very strategic and, frankly, quite mercenary: 'this relationship, in time, may result in something useful'.

Down in London, roughly around the same time (2005-present), Sam Aldenton, Director of Bootstrap Development Trust in Hackney, who as mentioned in the empathy section was robbed at gun point coming out of his office by the same people he was trying to help through his job, also experienced that frustration powerfully, not just the day of the robbery. Sam had started working for the Environment Trust who had been employed by Bootstrap's board of trustees to provide management services. In his time as an external advisor to Bootstrap Sam noticed the inadequacies of the systems in place and this frustrated him:

'I spent about two and half years trying to put together that mess I found when I arrived. You would not believe it, their situation was so insecure and precarious! I started by asking tenants to sign a lease to operate and function from the building, until then, they did not have a signed agreement on rent nor on the use of the space, for God sake!'

It took Sam 3 years to transform that frustration he experienced when he just arrived at Bootstrap into an innovative, trendy and vibrant development trust. During these 3 years (2005-2008) many things happened in Hackney. As a result of becoming an Olympic Borough it underwent a series of injections of cash (in the form of new housing and commercial developments) and it became a investment priority not just for the Olympic Delivery Authority but for the City of London as a whole. At the same time and in more organic manner Hackney became the preferred home of many cultural entrepreneurs and creative industries, a sector that had been growing in importance and recognition since 1998 when Chris Smith published *Creative Britain*. This book described clearly the economic and social opportunities posed by the creative types. Sam Aldenton managed to catch this growing wave, by creating within the Bootstrap building the right office environments that seemed to enable creativity and innovation and by achieving full occupation of his premises by these new, creative entrepreneurs.

But perhaps the most concrete example of how frustration was used as a positive force to create something socially useful reverts to the violent event of the robbery described in the empathy section. From that robbery that pushed Sam to reconsider what he was doing through his work, and from the frustration that followed, emerged a remarkable story of an innovative

project. Sam started to think that the best he could do was focusing on children, and the Hackney Pirates was developed as a pilot project based on a San Francisco experience that Sam and two of his close friends (Catriona, current director, and Ben Metz) had heard off. Hackney Pirates, first a project and now an independent and registered 'enterprising charity' (their own description), works with young people aged 9-12 whose teachers think they need extra support after school. Young people get help through targeted reading programmes and they also participate from creative publishing projects where they are supported in producing their own books, CDs and websites. Both literacy and confidence for young people get reinforced through this organisation and currently their impact reports, available on their website, focus on how students, parents and teachers perceive the programme has helped children at school and in their lives more generally.

Finally, it is worth mentioning that Sam from Bootstrap (and instigator of the Hackney Pirates), like Neil Stott from Keystone, also expressed his frustration with the social enterprise professional networks meant to be strengthening their work. Asked about the importance of these professional networks for his work, Sam responded: 'the only relationship that is really important for Bootstrap is the relationship with our bank, HSBC'.

An interview with Ben Metz, founder and first director of the London Community Recycling Network (LCRN) and subsequently director of Ashoka UK, founder and main instigator of the most important social enterprise 'unconference' (a conference turned on its head) Oxford Jam, and currently working on strengthening the social investment market among other projects, provides us with an excellent opportunity to see how frustration can be used as a force to lead

positive transformations. Ben had a long history of activism and dissatisfaction that he has used as fuel to go and set up innovative projects, organisations and initiatives:

‘Personal motivations? You have to go back a bit further, which is, I was involved in lots of squatting and anti-government legislation movements in the late-90s and moved – I won’t go into the waffle or the long story – and moved pretty much from a position of opposition to realising that we need to be in a position of proposition around 96, 97. Which timed into the Labour government coming in with lots of new initiatives from New Labour and the Greater London Authority act coming in which gave me a great opportunity to come back up to London – because I’m a Londoner, I moved out for 10 years. Came back to London, moved from frustrated opposition to proposition and effectively pushed at the open door of the Greater London Authority and walked in’

The cases of Stepping Stones Community Nursery (SSCN), Patient Opinion and Mybnk are the last examples that will be discussed on this section as they also illustrate how frustration experienced individually fuelled social initiatives that ended up creating change for many. One of the founders of SSCN (out of 3, all of them community development and social enterprise specialists) working on the community development side of the housing association that owned the estate where the nursery is located, was told by a colleague in the Maintenance and Construction department that it was ‘impossible’ to open up a nursery space on the Bolney Meadow Housing Estate (case also mentioned in section 7.3.3 on different ways of understanding needs interplaying). The same officer raised her voice tone to reassure the team working on the community development side that physical adaptations to the proposed

nursery could not happen without the whole physical development of the estate taking place first. This included the need to replace the lifts and most of the estate's glazing for nearly 600 flats, the construction of two new community spaces (the nursery was not one of them) and improvements to the communal areas. One of the founders, Alex Sutton commented upon interview:

' That day this woman came to our office shouting at us, saying it was impossible to advance the project of the nursery until refurbishment of the whole estate was completed, I could see the frustration in my colleagues' eyes. They really believed this had to be the start of any community intervention from the housing association, but they were not ready to wait for years until all the other work was completed. I am glad they didn't. We did not listen to her. We won the funding and opened up the nursery in 2009 and the whole refurbishment work only came to an end at the end of 2013. Opportunities do not have to be sacrificed or wait three or four years on someone's desk or head '.

The founder of Patient Opinion, an organisation that, as described in table 7.1, is the UK's independent, non-profit feedback platform for health services encouraging honest conversations between patients and health services, developed and matured the business idea after having experienced and reflected on the NHS failures and the loopholes in information that made the users experience of the NHS so frustrating. Asked about the origin of his idea Paul Hodgkins said:

'Everybody hates complaints. Patients hate the complaints process within the NHS and staff hate it. So that was all very unsatisfactory to these big hierarchical organisations so a major bit

of what we innovated around is how do you help big hierarchical organisations that are used to controlling information accept that a democratised voice is here (..) We didn't set it up to challenge poor practice. We set it up because people, for years when I was a GP, I'd say 'Maria, how did your operation go?' and you'd say 'It was great but...but I had to wait for three hours on the scanner' or whatever it was. And I could never do anything about the 'but' (...) When web 2:0, when social media came along it was suddenly very clear that you had ways of connecting the 'buts' with the right people in Bideford or Dover. You could send your story to just the right 7 or 8 people who were interested'

Patient Opinion managed to transform people's frustrating experiences of the NHS and of social care into improved and responsive health services all over the country. By encouraging users of the NHS and of social services to share their experiences, good or bad, they acquire the commitment of making sure that information goes in the direction of the people who should be listening, responding and changing services as a result of the complaint.

To finalise this section, Mybnk's founder experiences of frustration, alongside her empathy already described in Section 7.3.2, determined a great deal of what Mybnk would become and focus on. Lily Lapena experienced frustration when she could not find a job on leaving university, so she decided to volunteer abroad and this opened up her eyes and her whole world and put her directly in touch with microfinance and with young people. On learning more about it, Lily felt frustrated about the financial exclusion faced by young people, so she decided to work on both fields through Mybnk. Lily felt frustrated about her spiralling debt but also about how vulnerable young people are to dangerous sources of cash, so she developed

tailored programmes for young people to understand finances. And nowadays, even after all the recognition they have gained and all the funding they have secured, and despite working with varied partners and allies, Lily expresses her frustration around the difficulties they have had ensuring that financial and enterprise education are included in the secondary school national curriculum. In her official response to the proposed amendments to the national curriculum in September 2013, which introduced financial education as a school duty for the first time but excluded enterprise education, Lily said:

‘ We remain concerned that these topics are mere headlines and there is no guidance as to the time and the resources that may or should be expended (...) The best schools will embed financial education into the whole curriculum, not just within Citizenship and Maths, but this requires expertise and experience which is not, at least yet, enjoyed by the majority (...) Those schools incorporating financial education for the first time must find space within a crowded timetable, an acute issue at Key Stage 4 when GCSEs are the priority of schools, parents and students. In summary, we support the DfE’s choice of topics that need to be covered. These topics allow for but in no way ensure good quality financial education for young people’

Lily is a humble entrepreneur. She acknowledges Mybnk’s success, professionalism and originality. But she still feels they are far from finished, and the little importance given to financial and to enterprise education at public policy and national level keep fuelling her anger to a point where she makes the most practical use of it through her campaigns and her daily actions at Mybnk.

7.4.2 Frustration experienced and overcome collectively

Positive social change always starts with individuals; individuals who have understood a need and have done something to tackle it, whether part of a community or not. Or people who have felt frustrated and reacted to their anger in a propositional way. But this anger can also be experienced in groups, as life's ups and downs often surprise us when we are accompanied. This subsection expands on three of the twelve cases where there was evidence of frustration experienced collectively serving to prompt innovative projects.

Frustrations, problems and setbacks are omnipresent yet as a society we seldom take the time to reflect on them or even to see the opportunities they pose. In his book *The Sociology of Disruption, Disaster and Social Change: Punctuated cooperation* (2013), author Hendrick Vollmer reminds us that 'the fact that things occasionally go wrong, that events frustrate expectations, that situations turn awkward and sometimes horribly awry, is congenial to the experience of everyday interactions (..) And there is a common intuition that disastrous disruptions have indeed often been a catalyst for social change' (p. 3).

The case of the 5 founders of School of Everything provides a good opportunity to address this issue. Paul Miller, Dougald Hine, Andy Gibson, Mary Harrington and Pete Brown were close to each other, among others because at that point (2008) they were working collaboratively at related organisations in East London. One day in middle 2008, over beer in a pub, they started airing some of their thoughts on the inadequacy of the mainstream educational system to include large portions of the population and to provide meaning and real life skills to those included. As the hours passed, what started as an informal and unplanned chat was clearly felt

as a 'collective cry', in Hine's words, and soon after it became a cogent proposal described simply as the E-bay for education. The main premise of the School of Everything, as discussed in section 7.3.2 is that everyone has something to teach and something to learn, therefore they provide an online platform to connect potential teachers with potential learners on a local basis.

An idea that originated in a simple way, over sharing frustrating experiences and frustrated views in an East London pub, ended up being widely supported by the Young Foundation and gained much track when flagged up as an innovative proposal by the Prime Minister in 2009. But reflecting on its origin, Paul Miller remembers 'it was that chat about how frustrating we thought the system was and the fact that we shared that frustration that sparked the creation and further development of the School of Everything'. This case was also highlighted in the subsection about empathy, as certainly they were the frustrated learners they were creating this organisation for, but it seemed good to complete the analysis giving room to role that frustration played in this initiative. Moreover, after having established the School of Everything, three of the founders went and set up new, independent initiatives, all of which reflect quite well their individual and more personal frustrations and concerns: Dougald set up the cultural collective for rethinking humanity known as the Dark Mountain Project, Andy Gibson set up Mindapples, a social enterprise breaking down barriers so we can talk openly about the need to look after our mental health, and Paul Miller has created a regional platform for overcoming the usual barriers posed by social investors (Bethnal Green Ventures).

Another good example to observe the role that a negative emotion felt collectively can have in influencing future positive changes is provided by SSCN. Apart from the frustration described above (when one of the founders was told by a colleague they could not try to re-open the nursery before the physical development of the housing estate where it is located as discussed in section 7.4.1), the appointed director and all the members of the management committee started experiencing frustration in the face of the local evidence. Massiel García, local resident and director of SSCN commented:

'I knew many of the parents as they were my neighbours. People I have been seeing for ages. But I did not imagine the situations they were going through. People would come up with all sorts of excuses not to pay me on time. I started talking to them. Their situations were so fragile, that you could see full pack lunches at the beginning of the month and dire lunch packs towards the end of the month. When I told this to the management committee, they were so saddened and decided two things. One was to start the parenting lessons which include a module on how to manage your finances. The other one was the decision to hire a chef and to start offering nutritious meals'

This nursery, that in principle aimed at providing childcare only, now fulfils an important role within the estate. Nutritious meals, parenting and music lessons and tailored support for job seeking parents are some of the services that emerged and are still offered on a continuous basis as a result of having faced a troubled reality and of experiencing in group the disappointment associated.

Lastly, the example of the Latin American Youth Enterprise serves well to illustrate the power of collectively felt disappointment. The founders and leaders of LAYE were taken aback once the group of young people started to take shape in Brixton, South London, and to secure the participation of more than 20 of them. If they intended to provide music, dance, theatre and cultural integration lessons at the beginning, soon they realised the need for these young girls and boys to speak about their real concerns and fears. The fact that most of them felt alien, not really part of British society neither entirely Latin Americans as many of them had not even lived there, gained predominance within their initial discussions. The fact that they could not relate well to other communities of young people from different backgrounds was also highlighted. In this regard, Tatiana, LAYE's coordinator since its inception remembers:

'The discrimination was evident. Not only they did not feel part of the city's dynamics and of the opportunities it offers, but they did not feel part of any community, for that matter. The first debates we coordinated were about identity issues, and we used ice breakers, cultural activities and exercises to provide a common ground, a shared field, a Latin American denominator where at least we could all understand what we had in common and not what separated us. As a result of being able to discuss all these feelings that kept us in the shadows, we manage to conceive Together as One in 2010, our first big motion event, which we then repeated in 2011, 2012 and 2013. Each year Together as One attracted more participants, collaborators, communities and supporters'

Frustration worked as a leitmotiv for the development of LAYE. In each of their Together as One all-day events, they chose one difficult topic to address collectively: Stop and Search policies in

2010, Educational funding cuts in 2011, the exclusion from the Olympic games in 2012 and NEET (Not in Education, Employment or Training) communities in 2013.

7.5 Final remarks

Up to here, we have seen broadly speaking two different ways of developing innovative ideas. The first one, covered in section 7.3 referred to the accurate understanding of an unmet need, whether coming from previous or professional expertise or from an emphatic response. The starting point of this way of developing good ideas seems to be in the unsolved need itself and in the awareness about it. The second conduct to develop innovative ideas, covered in section 7.4 refers to the frustration experienced by some entrepreneurs that prompted them to take positive action. The starting point here, whether experienced individually or collectively, lies in the anger or disappointment felt. The following and final empirical chapter will expand on a third way of developing innovative ideas, based on projects developed elsewhere. When inspiration and replication take place, the starting point is the idea itself that someone has obtained and decided to apply it in a different context.

8. Sourcing other ideas: Inspiration, networks and openness

8.1 Introduction

The previous chapter analysed the first two of the identified sources of innovative ideas within the social economy, namely the appropriate understanding of a social need (whether through studying the problem with rigour and becoming an expert on it or by developing empathy towards the affected community) and frustration or disappointment. This chapter will expand on three other themes to which the entrepreneurs interviewed referred consistently and often transversally when talking about other topics: the inspiration they had encountered, the networks they used and an attitude of openness to the new and the unknown. These three sources, like the other two analysed in the previous chapter, emerged as node themes when analysing the data collected through the interviews, the extended fieldwork and the participant observation (see section 5.6: The Process of Data Analysis, in Chapter 5). There was evidence of innovative ideas emerging as a result of finding inspiration or replicating a good idea or project, and also as a result of meeting (or knowing) someone and maximising weak and strong ties. Evidence, although in minor proportion, also pointed towards an attitude of openness to external and new ideas and influences that allowed some of the interviewees to get, exchange and refine ideas and to take advantage of spontaneous opportunities.

8.2 Inspiration and Replication

Having met someone or someone's work, or having come across a successful social project, is one the most encountered explanations behind the establishment of many innovative initiatives. Table 8.1 summarises the inspiring events and the experiences of replication

described by interviewees, and it allows seeing that, although in varying degrees, all cases acknowledged that their ideas were first developed somewhere else.

Table 8.1 also shows that inspiration meets the entrepreneurs or developers of projects not just at the very beginning of their journey but often on repeated occasions along their way. And inspiration can come from many sources and in different presentations: someone they've met personally (Lily Lapena from Mybnk meeting Mohammed Yunus), someone's intellectual production they have stumbled upon (Dougald Hine from School of Everything getting to know Ivan Illich's work), other projects' success stories (Sam Aldenton –Bootstrap-, Ben Metz –LCRN- and Catriona Maclay founders of the Hackney Pirates hearing about a literacy support programme in San Francisco), among many others. The inspiration encountered often leads to the replication, even if partial, of certain ideas or projects. But in a world dominated by the innovation imperative, replication is not widely celebrated (the so-called 'innovation imperative' was discussed in Chapter 2 and section 6.4 in chapter 6 also expanded on the acknowledgement of replication within the conceptualisation of the innovations explored).

Table 8.1: Examples of inspiration and replication

| <i>Case developed by</i> | <i>Case</i> | <i>Ideas sourced from within the social sector</i> | <i>Ideas sourced from a different sector (public or private)</i> |
|--|---------------------|---|--|
| <i>Expert/professional team</i> | <i>Keystone</i> | <i>CEO inspired by American literature on community development and community interventions in the ‘ghettos’, study tour in Oregon and ‘Robin Hood’ principles. CEO also gets ideas from Locality’s pool of consultants to which he belongs.</i> | <i>Flagship project Innovation Centre inspired by property development, real estate and private housing dynamics. Green Venture Bikes spin off originated from private competitors. Meta project to work with migrants responded to public funding opportunity. Same with project for the unemployed</i> |
| | <i>Lyme Regis</i> | <i>Hostel for young people inspired in housing and homeless charities’ work Idea of exploring the creation of community-owned, ‘digital assets’ developed with other development trusts through a Community Knowledge Transfer Project led by Locality.</i> | <i>Idea for Scientific Study Centre in Lyme Regis inspired by Science Museum. Idea for community-owned wireless network (emulating private providers). Also, developed 3 digital learning tools (apps).</i> |
| | <i>Bootstrap</i> | <i>Spin-off project and organisation The Hackney Pirates inspired in similar project in San Francisco (826 Valencia)</i> | <i>Private sector notion of providing efficiently managed office and co-working spaces Design and launch of rooftop with a membership</i> |
| | <i>Action Acton</i> | <i>Community market inspired in food cooperatives and guided by DTA (now locality)</i> | <i>Work with refugees & unemployed followed Local Authority priorities. Idea for Business Start-up Centre taken from private providers of similar services Expanded geographical coverage of new projects to meet expectations of government funding</i> |
| | <i>LCRN</i> | <i>Based on model of Community Recycling Network pioneered in Bristol.</i> | <i>LCRN solidified around support from and strategy developed by LGA Supported community recycling groups to win contracts with 9 local authorities</i> |
| <i>Teams of accidental entrepreneurs</i> | <i>School of E</i> | <i>Founders inspired by Ivan Illich’s work (De-schooling Society, specifically).</i> | <i>Idea for an online platform to connect offer with demand borrowed from E-bay</i> |
| | <i>SSCN</i> | <i>Founders had come across model of community-owned nurseries in Sweden and social enterprise model of childcare provision pioneered by LEYF</i> | <i>Ideas for parenting lessons and cook on a budget lessons taken from statutory services nearby. Music lessons and meals emulated private quality childcare</i> |
| | <i>LAYE</i> | <i>Came out of funded project for young people (Latin American Youth Forum) developed and housed by IRMO (Indoamerican Refugee and Migrants Organisation)</i> | <i>Idea for entertainment agency copied from private company in Latin America and spearheaded by contracts with local authority</i> |
| | <i>Farm:shop</i> | <i>Inspiration from previous sustainability and urban farming projects</i> | <i>Construction and energy-efficient concept of Passive house imported from private practices</i> |
| | <i>Red Button</i> | <i>Replicated idea of Buy one and Sponsor one, developed by other social enterprises (One, Toms Shoes)</i> | <i>Design thinking and practice linked to humanitarian purposes Idea linked to fashion industry (buy one designer’s bracelet to sponsor one water carrier in Africa)</i> |
| <i>Sole E.</i> | <i>Patient O.</i> | <i>Received social enterprise training at School for Social Entrepreneurs before shaping project</i> | <i>Business model developed around knowledge of NHS failures and complaints system</i> |
| | <i>Mybnk</i> | <i>Inspiration from experience volunteering with young people’s projects in Zimbabwe. Also from meeting Mohamed Yunus and his work in Bangladesh</i> | <i>Need for financial inclusion connected to national curriculum, Ministry of Education Works closely with FSA and private banks</i> |

When analysing the different examples of inspiration and replication there were two main groups into which the evidence could be classified. Many ideas were extracted or sourced from within the social sector yet applied or adapted into a different social context, and many others had been extrapolated from either the private or the public sectors and adapted to the realities of the social problems they were trying to solve.

8.2.1 Ideas from the social sector adapted to different social contexts

Table 8.2 below presents evidence of ideas that, even if replicated within the social sector, can be further divided into ideas that were replicated in the same field or industrial/service area and ideas that were imported or extrapolated from a different area.

Table 8.2: Ideas replicated from within social sector

| Cases | Ideas replicated from the same industrial or service Area | Ideas replicated from another industrial or service area |
|-----------|---|---|
| Keystone | Business and SE development | N/A |
| Lyme R | Digital assets project with other DTs | Hostel for young people |
| Bootstrap | Office space for other charities and SEs | Educational (Literacy) support project and organisation The Hackney Pirates |
| Action a | Support to other community groups | N/A |
| LCRN | Followed structure of CRN based in Bristol | N/A |
| School | Alternative learning | N/A |
| SSCN | Community led nurseries in Sweden | Development of Social impact framework and indicators |
| LAYE | Support project for young migrants (Latin A Youth Forum) | Performing arts lessons for young migrants |
| Farm:shop | Urban farming project | N/A |
| Red B | N/A | Buy one, Sponsor one model |
| Patient | SE business model | N/A |
| Mybnk | Work with young people, Microfinance, Financial Inclusion | N/A |

The case of Mybnk, discussed extensively in the section about understanding needs from an empathetic perspective and also in the section about experiencing frustration individually, allows us to see the impact that an inspirational person and a powerful idea from the social sector can have in sparking change in other corners. Lily Lapena, founder of Mybnk, volunteered for young people projects in Africa before going to university and upon graduating, she went to Bangladesh, where she got first-hand experience of microfinance programmes. Upon returning to the UK she set up a financial inclusion initiative specifically for young people in London. Her original source of inspiration, who she met personally, Mohammed Yunus, is an impactful communicator awarded among many others, with a Nobel Peace Prize in 2006. In this regard, she remembers:

‘For me the turning point was spending that year in Bangladesh, where I came across microcredit and Muhammad Yunus’ Grameen Bank. I was so inspired by him, that once back in London I decided to channel all that inspiration for the benefit of young people in the UK, and in 2007 I established Mybnk in East London’.

But Lily has also been a source of inspiration in her own right. Kelvin Cheung, founder and director of social enterprise Foodcycle came originally to London to do a Master degree in the London School of Economics. While living in London, he started volunteering for Mybnk, and upon grasping the concept of social enterprise, and upon understanding Lily’s business model, decided he also wanted to set up a social enterprise. But his passion was food, so he took the decision of setting up a social enterprise tackling food poverty through a collaborative initiative; Foodcycle uses kitchens and spaces that are not in operation at certain hours and times, food about to be thrown away as they are close to their ‘sell by’ dates, and the solidarity of the

volunteers who prepare the food on a daily basis to be offered to those in need, struggling with food poverty. On acknowledging how influential it was for him to have met Lily and other inspirational people Kelvin commented:

'I'll always be grateful to Michael Norton, as he introduced me to Robert Egger and to the Campus Kitchen project in the States, and they provided the first funding I got to research the feasibility of setting up something similar in here. But also to Lily Lapenna for introducing me to the passionate world of social enterprise. Volunteering at Mybnk gave me many of the skills I needed to 'just do it' when Foodcycle started'

Kelvin got inspiration not just from the social enterprise model that Lily unveiled to him, although in a different industrial/service area (financial inclusion) but also from a similar, food related initiative taking place in United States. Today, Lily Lapenna is in the management committee of Foodcycle, and Kelvin Cheung has been invited to join the management committee of Mybank, as inviting professionals you know and trust to lead organisations from their management boards can be an effective way of using social capital for the advantage of a social initiative and one of the main mechanisms for sourcing other ideas. Evidence of this practice was also encountered in the cases of SSCN, Bootstrap and Patient Opinion. The three of them recognised that they used their personal and professional networks to invite respected professionals to join and strengthen their boards of trustees.

Evidence of importing American models of community intervention was found in the cases of Keystone, in Thetford, and Bootstrap in London. Neil Stott, from the former, commented in the interview that he knew the concept of development trust had emerged from the literature on community development projects in poor communities in America, in the 'ghettos' specifically.

He also mentioned a study trip they joined in Oregon some years before the interview, where they visited successful community organisations. The question that emerged from visiting those American organisations and reflecting about the specificities of Thetford was:

‘How can we make money in a poor place? And the answer was the Robin Hood principle, let’s go to richer places, deliver services there, extract cash from those that can afford it to redistribute it in the poorer places. In a nutshell, that’s what we did in Thetford based on those examples from America’.

In a similar fashion, Sam Aldenton from Bootstrap alongside two other friends (Ben Metz from LCRN and Catriona Maclay) discussed a literacy support programme for young people taking place in San Francisco, named 826 Valencia (www.826valencia.org). Based on this idea, in 2010 and with the support of Bootstrap, they ran a pilot to see if local children, local volunteers and local parents in Hackney –where the three of them were living- were interested in a project of this type. The Hackney Pirates, which after running the pilot project registered as an organisation, has been deemed the ‘UK’s most innovative and impactful out-of-school education provider’ (The Guardian Sustainable Business, Social Enterprise Blog, ‘*How I accidentally started a social enterprise*’ entry, Friday 9th of March 2012). They support the development of young people’s literacy and creativity by giving them one to one attention in an unconventional environment.

When asked specifically about other sources of inspiration to continue his search for effective solutions at Bootstrap and Hackney Pirates primarily, Sam Aldenton goes beyond the replicated

American Project and shows how the factors that have been discussed up to here (including empathy and frustration), rarely work in isolation:

‘There are lots of inspiring people. You have to draw on as many different things as you can so, I read the Financial Times at the weekend because I want to understand how money works and to watch a TED talk can be really inspiring. But most of my inspiration comes from the environment that we operate in. The people. Colleagues, tenants, the people on Ridley Road market that I know. I grew up in this community, I’m from Hackney. You’re in it. You live it. That is what I do and the thing is to have an environment where other people can come up with ideas. It’s almost embedded in the organisation that we can do whatever we want as long as it is trying to improve the social, physical or emotional environment of the people. Other Development Trusts are an inspiration too. Partly because of their scale’.

The case of Farm:shop also illustrates how an idea that had been tried and tested with one objective in mind ended up becoming an organisation in a different social setting. Two out of the three founders of Farm:shop (Paul Smyth, Andrew Merritt and Sam Henderson) had previously worked in a project where they created a garden inside an old and rusty car. The idea was creating a sustainable ‘mini farm’ inside the car and a growing system out of an abandoned machine to demonstrate that there is room for sustainable initiatives within urban environments and in their own words, ‘to bring farming and sustainable practices into the city of London’ (Interview with Paul Smyth, one of the founders). Having successfully adapted the old car into a garden in Haringey, they then bumped into another opportunity offered by Hackney Council, alerted by a friend of two of them who was working there. The initiative ‘Art in Empty Spaces’ launched in 2009 within Hackney, invited community groups, collectives or

individual artists to make proposals of art projects that they would want to develop within Hackney, identifying suitable, underused empty spaces for that. The trajectory of the idea of an urban food hub, a cafe serving food grown onsite and an arts venue (this is Farm:shop in a nutshell nowadays) is easily identifiable from this quote from Paul Smyth:

‘ Neither Sam nor I were artists, so we decided to bring Andy in, as he is an artist, to see if he could help us reframe this urban farming project into an art project. The three of us then conceived Farm: shop. We put our proposal to the council into their terms, we spoke of sustainable practices, urban farming, cutting carbon, reducing waste as the more needed arts for the future, but this time doing inside a house what we had already done inside a car. We also proposed to have an artistic venue within the shop’

Farm: shop has been operating as an urban farm, cafe, arts venue and co-working space since 2010. It currently employs 6 people and it was named in the New York Times 2012 Design Honors List, has been featured on several occasions in Time Out, The Guardian, The Observer and on BBC Radio.

Box 8.1: Support organisations and communities of practice as routes to source other ideas within the social economy

Some of the organisations that were part of the study benefited from belonging to professional networks and to membership organisations in order to develop local projects based on other initiatives. For example, as table 8.1 shows, three of the Development trusts (Keystone, Lyme Regis and Action Acton) used their membership organisation, Locality, to source ideas and explore new opportunities.

Lyme Regis Development Trust, for instance, joined one of Locality's projects in 2011 called the Community Knowledge Transfer Project (CKT). This intended to harness the untapped reservoir of information and know-how within communities in order to 'identify, capture, archive, curate and disseminate knowledge to increase local prosperity and to benefit society at large' (Internal Document 'Community Knowledge Trusts: a scoping report', Locality, 2011). Joining the CKT project gave Lyme Regis the opportunity to explore the creation of digital assets to diversify their sources of income and to increase their impact. As a result of joining this project they developed three prototype digital assets: an open wireless network, the Lyme Regis Jurassic Coast Augmented Reality app and the Digitising Geological Maps of the Lyme Regis Area. Regarding how useful it was for them to have joined this project Marc Dixon commented:

'By joining the CKT we developed the required digital literacy and the capability at organisational level to take the prototype digital assets and turn them in a reality. We want to continue to turn our trust's research and knowledge into informed, user-led applications that can put us on the digital map'.

Similarly, John Blackmore from Action Acton in West London mentioned how Locality, then known as the DTA, had given them advice on setting one of their flagship projects, a community market, back in 2007:

'When we joined the DTA we were able to access their experience with community markets. Setting up a market in a square in front of Morrison's did not sound as a good idea, yet we knew through consultations that local residents were interested. We knew something like a market will bring the communities together and give a focal point to Acton High Street. The DTA supported us at every stage of that process. Then the London Development Agency put up a programme for 5 successful projects in London for what they call Town Centre Regeneration. They had certain criteria, you had to create certain number of jobs, you needed to provide business support, you had to provide training, do this and that. We thought 'why don't we use the market as a key thing for town centre regeneration?', and it was a good timing. With the support of the DTA we put together the proposal, talked to various people, wrote the bid and were very pleasantly surprised to be successful, we got funding for 3 years to run it, that was a big boost to what we were doing'

Both of these cases (Lyme Regis and Action Acton) are often used as examples of best practice by Locality and are considered by them as highly entrepreneurial and innovative. Locality has been championing a peer learning approach to supporting organisations and have been instrumental in fostering the development of a community of practice (CoP) within the UK social enterprise landscape. The concept of CoP, as developed and explored in depth by Etienne Wenger (1998, 2010) refers specifically to groups of

people bound together by shared expertise, experience and passion for a joint theme or venture. Participating from a CoP in these cases has aided the flow of inspirational ideas and the exchange of knowledge and experience, providing clear benefits for those at the receiving end and for the helper.

Another support organisation that has also contributed to the development of a CoP within the social enterprise sector is the School of Social Entrepreneurs (SSE). At SSE peer learning is precisely their preferred methodology for supporting aspiring social entrepreneurs, who can participate from a year-long series of talks and advice sessions delivered by well-known and experienced social entrepreneurs. One of the case studies included in this chapter, namely Patient Opinion, managed to develop their business model as a result of having attended SSE for a whole year:

‘‘So after a while I did set up a social enterprise, which was called Get Fresh Community Coffee. And that company eventually became a social firm because the people in the office next door were looking for a business for young people with learning disabilities – and I was getting bored of coffee. So I gave it to them and it’s still running and still providing employment for about six young people with learning disabilities. It’s now called Busters Coffee and it sells coffee to all sorts of people in South Yorkshire. So that got me into social enterprise and it was just another whole range of people that I’d never come across in healthcare – and different sort of business model. But then I went to the School of Social Entrepreneurs when Alistair was Deputy and Rowena Young was chief exec there and in 2004 I did their course, which changed all this and helped Patient Opinion take shape’

These examples of how an emerging community of practice has aided the development of new ideas also demonstrate that information technology and new social media platforms have encouraged and enriched the peer learning experiences.

From the evidence in the interviews it is also possible to see both *ideas* and specific *practices* travelling in order to create impact somewhere else. On one hand we can see *intellectual traces* or ways of thinking unleashing action from one place to the other. This is the case of the School of Everything where Ivan Illich’s ideological and philosophical legacy as recorded in his seminal book *De-schooling society* paved the way for the critique to mainstream education around which the School took shape. On the other hand we can see *traces of practices* travelling from one initiative to another. Such was the case of SSCN that tried to emulate the workshops for

parents offered by statutory services and the music lessons and quality meals offered by private childcare providers. Or the case of Red Button design, which replicated the one-for-one model pioneered by social enterprises such as Toms Shoes or One Water (Red Button established a partnership with a jewellery designer, where by buying a luxury bracelet people sponsored one of their water carriers, with the possibility of tracking its delivery).

These examples help us see that ideas and practices, or traces of them, can travel fast and far in the pursuit of effective social change. Ideas can certainly be transported, copied and replicated and the degree to which entrepreneurs are willing to accept that their big solution has not been invented there but somewhere else somehow reflects their honesty and their desire to keep on learning. But what the subsequent development of these endeavours demonstrates is that even if a good idea has been copied and replicated, what cannot be copied are the circumstances, the contexts and the personnel to make them as successful as they were on a first instance.

8.2.2 Ideas from another sector applied to the social economy

There was also evidence among the interviewees of ideas that were born in a different sector being adapted to the nuances and the realities of the social sector.

Table 8.3 presented below show evidence of ideas that were imported from another sector, further subdivided into whether they were in the same field or industrial/service area or borrowed from not just a different sector, but also from a different industrial/service area.

Table 8.3: Ideas replicated from outside social sector

| Cases | Ideas replicated from the same industrial or service Area | Ideas replicated from another industrial or service area |
|-----------|---|--|
| Keystone | Property development (Innovation Centre) | Support for unemployed, Support for migrants, Green Ventures (Bikes), Furniture reuse |
| Lyme R | Scientific Study Centre | Apps developed in time for Fossil Festival |
| Bootstrap | Co-working spaces and desk sharing | Rooftop with membership |
| Action | Business start-up centre (Doughnut Factory) | Support for the unemployed, Support for migrants |
| LCRN | Develop many local community recycling groups | N/A |
| School | N/A | Online platform based on commercial E-bay |
| SSCN | Quality meals, Music lessons, Parenting support | N/A |
| LAYE | N/A | Entertaining agency with catalogue of services |
| Farm:shop | Aquaculture, Hydroponics, Mycology (Mushrooms), Worms and poultry | Fresh food café, Artistic Venue and events space for hire to suit 'Arts in Empty Spaces' call for projects |
| Red | Design thinking | Link with fashion industry (designer bracelet to sponsor water carriers) |
| Patient | Improving, NHS complaints, Procedure | Users feedback to build reputation (like Amazon and Airbnb) |
| Mybnk | N/A | Lobbying to Ministry of Education to support financial literacy agenda |

Such was the case of the School of Everything where, apart from the empathy and the frustration that the founders experienced already described, they transplanted the idea of a very successful commercial venture into the realm of education: 'Why don't we create the E-bay for education? With such a simple question, the very idea of creating an online platform to connect supply and demand for knowledge and skills was born, according to Dougald Hine, one of the founders.

Similarly, both Marcus Dixon Director of Lyme Regis Development Trust and Sam Aldenton, Director of Bootstrap in London, stated that productive ideas and practices from the private sector could strengthen their social organisations. Marcus Dixon, on one hand, wanted to provide for the South west region of England, through a development trust, a scientific hub, a centre for researchers, scientists, students, visitors and families, 'doing for this part of the country what the Science Museum does for London and beyond'. And Sam Aldenton, when faced with the reality of his tenants within the Bootstrap building with no lease agreement and no habit of paying rent fees in time, wondered whether he could try to apply some of the real estate sector's efficiency and effectiveness into a development trust:

'It was not rocket science – half the building was empty and most of the people who were in that building didn't have legal agreements and weren't paying the rent. To anyone in business, it's a no-brainer. It's like a dipshit thing you'd do, you'd have to be really dumb to have a load of tenants and not have any contracts and say 'don't worry about it, you can't pay the rent, well it doesn't matter'(...) What I did was quite simple 'Sign this agreement, you're renting from us, you pay' (...) By using this real estate approach we basically turned the business around. We took on another lease of an adjacent building and we did some innovative things in terms of the way we were renting out space, which are now being replicated all over London. No one was really speaking about co-working spaces back then. There was the Hub doing hot-desking but large scale co-working spaces where people have their own desk, that was a new thing to do and we worked out how that worked'

In the process of applying some private sector dynamics and standards to the administration of their building, Sam Aldenton and his colleagues came up with the idea of promoting Bootstrap

as a co-working space, an idea that matched the requirements of the emerging creative class that was rapidly moving into Dalston and that went viral. Today there are more than 18 co-working spaces in London housing social and creative enterprises, according to Treggiden (2017).

The development of a flagship project at Keystone Development Trust, in Thetford, the Innovation Centre, also followed this logic of importing practices from the private sector. Neil Stott referred specifically to property development, real estate and private sector dynamics that he needed to apply in order to make Keystone more sustainable despite their social nature:

‘Without the Innovation Centre we will not be here, at the scale we are now. It is a key part of our asset portfolio (...) What the funders wanted and what they got are two different things. What they wanted, was a sort of porta-cabin for start-up businesses. What we wanted was something that would allow us to make money over a long period of time. We needed something different from the classic managed workspace which development trusts use around the country. What we designed was a four storey office block, prestige, the most expensive place to rent in town, aiming at white collar office workers. We were told by many people, including some very expensive consultants in London, that we were wasting our time and energy because there wasn’t demand. My reply was ‘this is public money, let’s use it to create that demand’. We are on a main route between London and Norwich, this is a busy road. I was pretty convinced that we could make it work. We built it and now it is 90% full. We have many major companies in there, charities as well, we even have a catering business in there. We are making money. That pays our core costs, on the whole’.

Ideas borrowed from the public sector were also identified among the social enterprises selected for this study. Patient Opinion for example, developed their whole business model around their deep knowledge of the NHS, its failures and the shortcomings of their complaints system. Stepping Stones Community Nursery learn from their local authority's children services that workshops for parents, an idea not conceived by them originally, could also be an activity for them to adopt and strengthen their impact. And several other organisations such as Action Acton (with their work with ex-offenders and with refugees), Keystone (their work with migrant communities and with the unemployed) or LCRN (their work with community recycling groups) ended up developing specific programmes with sections of their communities they had not focused on initially, as a result of their local authorities established priorities and funding streams.

The literature on the diffusion of innovations, a concept popularised by Rogers (1962) in a book with that same name (*Diffusion of Innovations*), has sought to explain how and why new ideas and technologies spread. The four main elements that according to Rogers influence the diffusion of new ideas, namely the innovation itself, the communication channels, time and a social system are also relevant for understanding how innovative ideas spread within the social economy and between sectors. But above all, it is important to consider that these are inherently human and organisational processes that do not necessarily follow observable patterns and that sometimes just happen to occur following a nudge, an event, an encounter or a special opportunity to further the goals of the organisations involved in this study.

8.3 Networks as source of ideas, strength and support

This section will discuss the types of networks that were considered relevant by interviewees in the development of their organisations and initiatives. As section 4.4 in Chapter 4 considered, networks are understood to help individuals and organisations achieve more, and the use of networks by entrepreneurs in order to access further resources has been deemed critical for business success (see for example Christakis and Fowler, 2011).

Among the 12 organisations selected for this analysis, there was evidence of the existence and use of several types of networks, as can be observed in Table 8.2. In particular, the evidence provided examples of the use of personal (friends and family) networks, the use of professional networks (including social enterprise specific ones) and the use of other industrial/service specific networks. There was also growing evidence of the use of virtual networks, although social media specifically had been adopted relatively slowly at the time of the study by some of the organisations.

Interestingly, the data also shows that there are no major differences in the ways that networks are used and exploited between the organisations led by teams of experts or professionals, the organisations led by groups of accidental entrepreneurs, and the organisations led by sole entrepreneurs (as per classification according to the origin of the organisation used in Chapter 7). On the contrary, the three types of entrepreneurs provided enough evidence of their varied and skilled use of networks to pursue and boost their social objectives. This was not the case, however, when analysing through participant observation virtual networks and social media, as

those organisations that were set up by accidental and sole entrepreneurs demonstrated a better command of several new tools.

8.3.1 Personal (friends and family) networks

Family members, especially wives, partners, parents and friends appeared consistently in the different organisational trajectories discussed during the interviews. The roles played by the members of someone's personal network were found to specifically have helped them gain access to financial resources, such as initial investments, or emergency funds to overcome financial shortages, but they also played more strategic roles (helping define an organisational purpose for example) and in some cases even took up jobs at the organisations. As table 8.2 shows, Keystone, Lyme Regis, Bootstrap (all of them development trusts), LCRN, SSCN and Red Button have used or worked with a family member alongside their path. The directors of Keystone and Lyme Regis have invited their wives to join their teams (in Keystone as a co-editor and in Lyme Regis as hostel manager). The directors of Bootstrap and of LCRN received mentoring from their parents and they also provided them with contacts that helped them gain access to further expertise. This is what Bourdieu (1985), whose work was referenced in Chapter 4, described as the social capital able of helping people gain direct access to economic resources and able of increasing people's cultural capital, by for example facilitating affiliation with institutions that bestow prestige and good reputation. Or following Granovetter's distinction also reviewed in Chapter 4, these are examples of the strategic, direct, emotional and financial support one can get from *strong ties*.

Table 8.4: Examples of the existence and use of networks

| Case developed by | Case | Use of personal networks (family, friends) | Use of professional and SE networks | Use of other industrial/service specific networks | Use of social media/virtual networks |
|--------------------------|--------------|--|---|--|--------------------------------------|
| Expert/professional team | Keystone | <p>CEO's wife co-editor in books by Keystone publications</p> <p>CEO invited dissertation supervisor to carry out research fellowship at Keystone (Paul Tracy)</p> | <p>CEO is consultant for Locality's pool</p> <p>CEO used to chair the SE regional network –described as useless-</p> <p>Excellent relation with RDA –disappeared by time of interview</p> <p>Strong relationships with county and district councils, health services and several Housing Associations and funders</p> | <p>Belongs to a network of business centres</p> <p>Belongs to regional organisation coordinating recycling services (For Green Ventures and Green Bikes)</p> | Low |
| | Lyme Regis | <p>CEO's wife runs the hostel project</p> | <p>Part of Community Knowledge Transfer Network (by Locality)</p> <p>Active member of Locality</p> | <p>Homelessness networks</p> <p>Recently started going to meetings with Science Centres and venues</p> | Medium |
| | Bootstrap | <p>Director got first job- as consultant- through his dad's links</p> <p>With director's best friend co-created new project and organisation Hackney Pirates</p> | <p>Network of development trusts through Locality</p> | <p>Director belongs to some networks in the cultural industries</p> | High |
| | Action Acton | <p>Two good friends invited to join the management committee to support CEO's ideas</p> | <p>Only recently started using social enterprise networks (Locality and SE London)</p> | <p>Organisations working with ex-offenders</p> <p>Unemployment working group at local authority level</p> <p>Migrants and refugee organisations network –London wide</p> | Nil |

| Case developed by | Case | Use of personal networks (family, friends) | Use of professional and SE networks | Use of other industrial/service specific networks | Use of social media/virtual networks |
|-----------------------------------|-------------|---|--|--|--------------------------------------|
| | LCRN | <p>Director offered the job by a good friend</p> <p>Director used some of his father's contacts to develop his professional network</p> <p>Director has set up another organisation (Hackney Pirates) with best friends</p> | <p>London Greater Authority-most important professional relationship</p> <p>Social enterprise networks early user (SE London, SE Coalition)</p> <p>Creator and founder of social enterprise networks and events (Shine, Oxford Jam, Marmelade)</p> | <p>Community Recycling networks</p> <p>European networks on waste management</p> | Medium |
| Teams of accidental entrepreneurs | School of E | One of the founders' proximity with Geoff Mulgan (Young Foundation) was used strategically to gauge attention, momentum and financial support | Good use of network of organisations working on 'digital commons' | | High |
| | SSCN | <p>A friend alerted one of the founders of a ring-fenced funding opportunity with ERDF Objective 2</p> <p>Founders invited their partners and friends to a Spring Cleaning day (to clear up space) before refurbishment started</p> <p>Partner of one of founders (a banker) invited to join management board</p> | <p>Strong and positive relationship established quickly with Education services at Lambeth</p> <p>Joined soon after establishment membership organisation SE London, and selected as case study by them</p> | Network of Childcare providers in Lambeth, coordinated by Local Authority | Low |
| | LAYE | <p>Founders used 3 of their personal contacts when the project (Latin American Youth Forum) started turning into an enterprise (for advice and mentoring)</p> <p>Close friend provided several workshops for young people on social entrepreneurship and innovation and opened access to networks in SE</p> | <p>Networks of refugee and young people organisations in Lambeth</p> <p>Social Enterprise UK identified them and invited them to participate in SE awards (young enterprise category)</p> | Network of Latin American Consulates and Embassies in London | Medium |

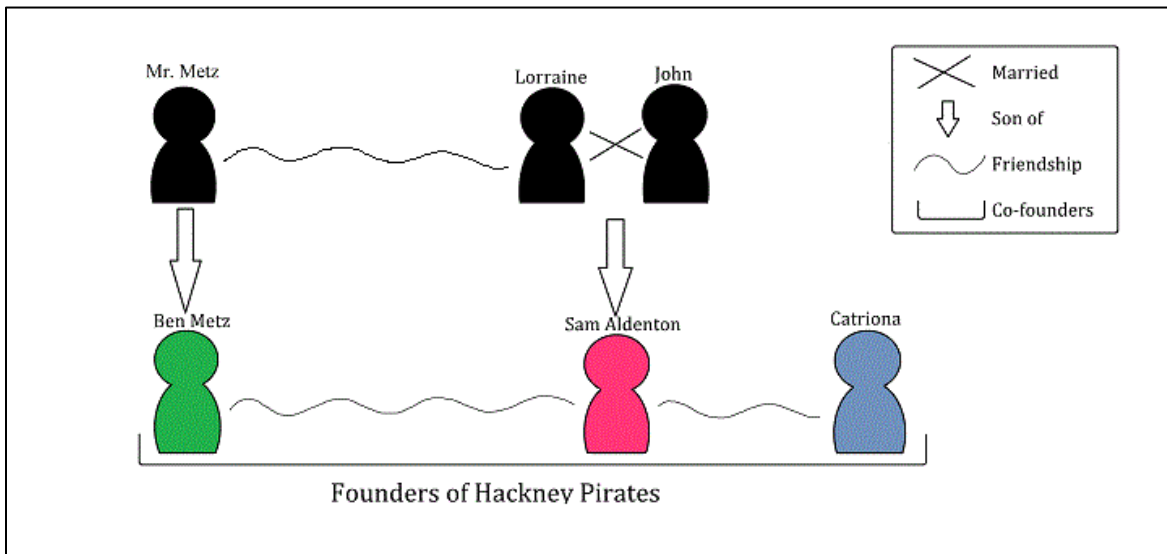
| Case developed by | Case | Use of personal networks (family, friends) | Use of professional and SE networks | Use of other industrial/service specific networks | Use of social media/virtual networks |
|-------------------|------------|---|--|--|--------------------------------------|
| | Farm:shop | Several friends of the two professionals that started initiative were invited to contribute and participate | Passive House professionals Network of Urban farming practitioners | Sustainable cities international network | High |
| | Red Button | Friends asked for assistance with expertise and knowledge on several occasions | Best use of business plan and business start-up competitions (including Dragon's end) Excellent use of social enterprise networks nationally (featured repeatedly) Creators of SE networks in their own right (Shine and Oxford Jam) | International development agencies and funders Use of water sanitation and water specialists around the world Manufacturers in China | High |
| Sole E. | Patient O. | Previous personal contacts from the Health sector used extensively in piloting business model | Network of NHS surgeries and hospitals at local and regional level Good use and active participation in SE networks through School of Social Entrepreneurs | | High |
| | Mybnk | Personal contacts always involved in promoting work of enterprise (Faisal Rahman from Fair Finance, Liam Black from Wavelength, Toby Blume from Archer Academy) | Avid use of social enterprise networks and events (Voice, Shine, Oxford Jam, Skoll World Forum) | Financial Inclusion workforce Hackney education services National Curriculum working group – Ministry of Education | High |

Through participant observation, evidence emerged of a particularly tightly-knit network of social entrepreneurs involved in this study through their association with several organisations. Ben Metz, who founded LCRN in 2000 and directed it until 2006, received guidance and mentoring from his father, a well-known and respected enterprise and community development advisor. Ben's father in turn, Mr. Metz, has been a long-time friend of John Aldenton, founder and director of the Environment Trust. Before the collapse of the Environment Trust, that was deemed the first social enterprise victim of the financial crisis in 2008 (by the now extinct Social Enterprise Magazine), John Aldenton had sent his son, Sam Aldenton, to guide Bootstrap (he later on became its Director) which at the point was going into the crisis described well in section 7.4.1 on frustration, Chapter 7. John Aldenton and Mr Metz inherited their friendship to their sons, Ben Metz and Sam Aldenton. While Ben was directing LCRN Sam started to work at Bootstrap, and both were living in Hackney, sharing socially frequently, mostly in pubs and in barbeques at home. It therefore should not come as a surprise that Ben, director of LCRN until 2006, accompanied Sam during the process of restructuring Bootstrap and helping it be re-born (from 2005-2008). And in 2010, Sam Aldenton and Ben Metz, alongside a third good friend of them, Catriona McClay, cofounded The Hackney Pirates together (process described in Chapter 7).

Going back to John Aldenton, director of the Environment Trust until its collapse in 2008 and father of Sam, it is worth mentioning that he is married to Lorraine Hart, a specialist in community and enterprise development who has worked for Locality among many other organisations, mostly as a consultant and as a commissioned researcher. Lorraine was the person who spearheaded the community owned assets agenda before it became an official

programme through the Asset Transfer Unit established within Locality (then DTA) in 2009. Lorraine was also the person who wrote for Locality ‘To Have and to Hold: A Guide to Asset Development for Community and Social Enterprises’ (2010), an influential publication that detailed the pathway organisations should follow in order to be transferred an asset for their use and ownership. Lorraine acts frequently as a mentor to Ben Metz, advising him on other initiatives he has also decided to engage with (such is the case of two projects Ben is currently involved with: One to revitalise Waterways in the UK and another one trying to create a new paradigm of shared prosperity and shared assets between community organisations). We could try and see the family ties described above in a simple graphic such as this:

Graphic 8.1: Social entrepreneurs whose children are also social entrepreneurs



For Sam Aldenton to get his first job as advisor to Bootstrap, before becoming its director, it was determinant where he came from. And so it was for Ben Metz in order to gain access to his father’s contacts to pursue the community recycling agenda when he started at LCRN.

This same duo, Sam Aldenton and Ben Metz, take part in another virtuous circle of innovative entrepreneurs, this one related to financial inclusion objectives. Faisal Rahman, founder and director of Fair Finance, and long-term friend with Ben Metz, started renting an office space in 2007 at the Bootstrap building in Hackney, administered by Sam Aldenton. Ben, Sam and Faisal's friendship (even if tainted with a landlord-tenant relationship in the middle) only grew stronger with their geographical proximity. When asked about his networks Faisal commented:

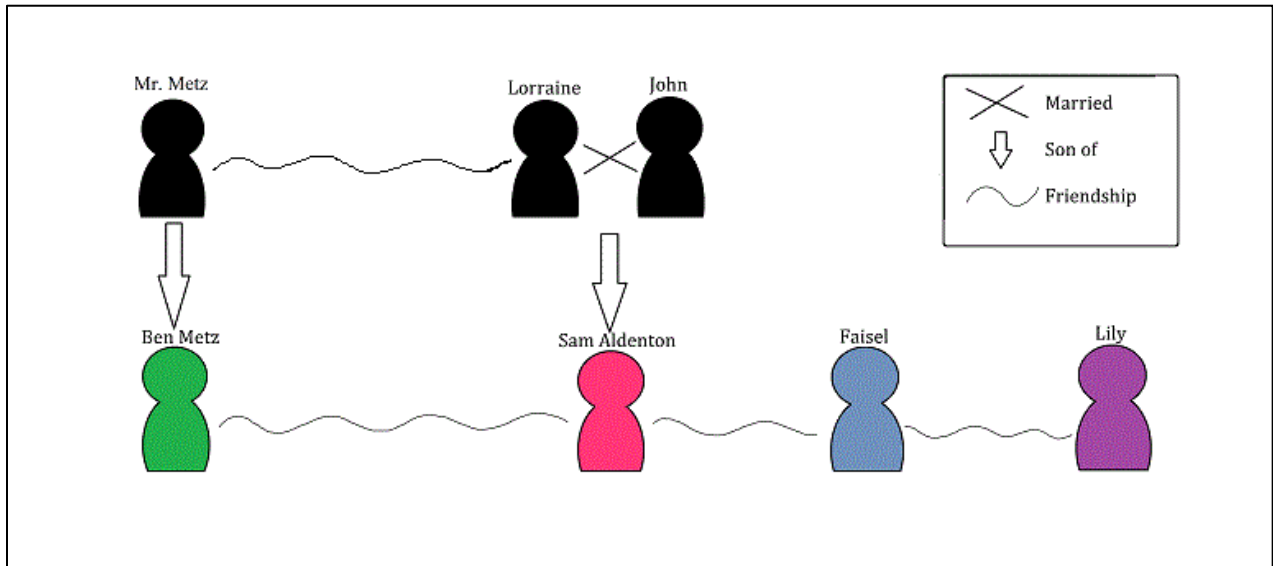
'I rarely take a decision without consulting Ben (Metz) first. Our friendship turns into coaching sometimes. And since I moved into this building (Bootstrap), Sam (Aldenton) has also become a source of insights, laughs and excellent advice'

Faisal on his side, is also a very good friend of Lily Lapenna, founder and director of Mybnk. In this regards he affirms:

'With Lily we share a passion for financial inclusion, and seeing Mybnk evolve and increase its impact has been great. I am very proud of everything she has achieved there'

Almost by a logical extension, Lily is also good friends with Ben Metz and Sam Aldenton. Ben, Sam, Faisal and Lily form a ring of acclaimed social entrepreneurs, each of them celebrated separately, who always look for each other for advice and friendship. The relationships described up to here can be seen in the next Graphic

Graphic 8.2: A younger generation of social entrepreneurs



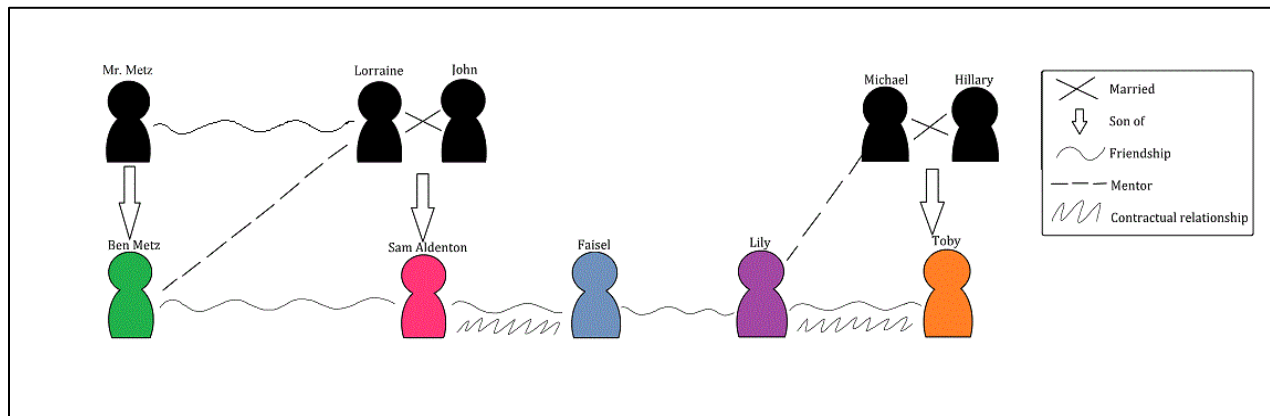
Up to here, it is possible to see a tightly closed network pro-social impact, involved in leading at least 5 different valuable strands of work: Community assets (Lorraine Hart, Ben Metz), community recycling (Ben Metz), alternative and student-centred education (Hackeny Pirates), financial inclusion (Fair Finance, Mybnk) and shared assets and prosperity (Lorraine Hart, Ben Metz).

A third family unit will be added to this picture. Michael Norton OBE, well-known and respected social entrepreneur and founder, among others of the Directory of Social Change (DSC), co-founder of Unltd (Foundation for Social Entrepreneurs) and creator of the Centre for Innovation in Voluntary Action (CIVA), is married to Dame Hilary Blume. Dame Hilary Blume is the founder of the Charities Advisory Board and currently leads on several programmes she has created such as Card Aid, the Good Gifts Catalogue and the Knit for Peace initiative. Together, and more

importantly, each of them in their own right are what can be called serial social entrepreneurs, people who demonstrate the cumulative effect of social innovations described by Mulgan (2011, 2014), where one innovation opens the door for subsequent proposals and further innovations. Michael Norton and Dame Hilary Blume have one son who followed their steps and shares their convictions, his name is Toby Blume. Toby was Chief Executive of Urban Forum until 2012, when he joined Lambeth Council as an advisor on their cooperative strategy and more recently, three years ago he set up an independent school in North London, the Archers Academy.

Michael Norton has been one of the biggest sources of inspiration and support to Lily Lapenna's Mybnk alongside Muhammed Yunus. He not just sits of the management committee of the organisation but also acts as a constant mentor who Lily calls upon whenever she needs his advice. Toby Blume, son of Michael, is also good friends with Lily, and Mybnk has been delivering their financial education programme and their enterprise education programme at the Archers Academy, the school set up by Toby. See these connected stories in the next Graphic

Graphic 8.3: Three families of social entrepreneurs sustaining a younger generation pro-impact



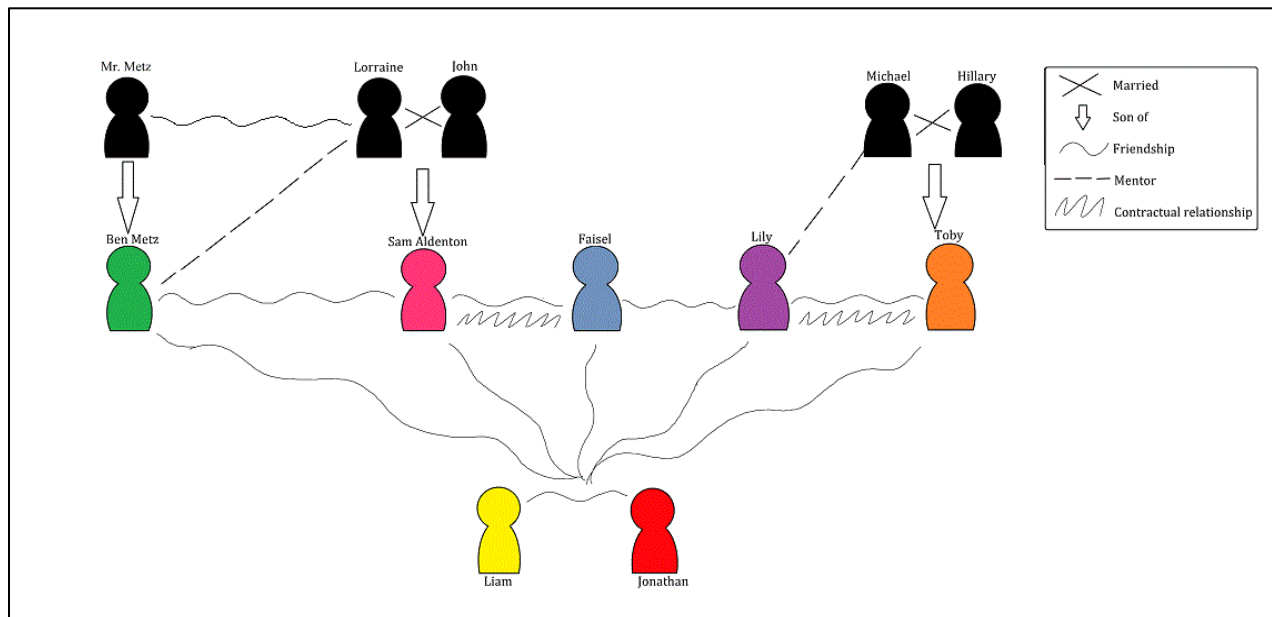
Finally, two other persons will be introduced to this circle, namely Liam Black and Jonathan Jenkins. The former (Black) led a successful Liverpool-based social enterprise called the Furniture Resource Centre before moving into managing Fifteen, Jaime Oliver’s restaurant set up as a social enterprise. Liam was named a Social Enterprise Ambassador when the Social Enterprise Coalition (now Social Enterprise UK) launched that programme in 2007 to promote awareness about social enterprise nationally and at the time he was writing a monthly column in the Social Enterprise Magazine. Liam can be described as an influencer, he knows very well other key influencers and he has something to say (good or bad) about almost everyone else in the sector. Liam cofounded Wavelength around 2010, an organisation that offers leadership development programmes for high impact innovators and he is also a board member of the National Endowment for Science, Technology and the Arts (NESTA).

Jonathan Jenkins, very good friends with Liam Black, has been the Chief Executive of Social Investment Business from September 2011. Before that, he was director of Ventures at Unltd,

the foundation for Social Entrepreneurs co-founded by Michael Norton OBE. While at Unltd, Jonathan launched a seed co-investment programme, the Big Venture Challenge, aiming at helping established social enterprises raise investment and reach higher scales.

Both Liam Black and Jonathan Jenkins are influential and their support is perceived as instrumental within the social enterprise sector. And each of them is connected to the four social entrepreneurs mentioned before, Ben Metz (LCRN, Ashoka, Hackney Pirates among others) Sam Aldenton (Bootstrap, Hackney Pirates), Lily Lapenna (Mybnk) and Faisal Rahman (Fair Finance), in different ways and capacities. Lily has joined Liam’s development programmes at Wavelength. Faisal received a Big Society Award in 2013. Liam shares drinks with Ben Metz regularly, and Jonathan Jenkins visits Sam often in his new workplace, by the Shard.

Graphic 8.4: A tightly-knit network of social entrepreneurs well-known to the UK



The previous example allows seeing the emotional and economic relevance of having and nurturing strong ties for a social entrepreneur, and, at least in the initial stages of certain

initiatives, and as Coleman suggested in 1988, social capital becomes productive, 'making possible the achievement of certain ends that in its absence would not be possible'. Nicholls (2010) had also found that most social entrepreneurs faced with the need to find start-up capital, do not recur to specialised streams of funding but to the people standing close to them (wives, brothers, parents, children). The fact that these social entrepreneurs and their family trajectories are so well articulated helps to corroborate Granovetter's finding that 'the personal experience of individuals is closely bound up with larger scale aspects of social structure' (1973:1377). Their personal experiences as social entrepreneurs are bound up with larger scale aspects of social structure, shaped and aided by them. The examples presented here also show how SEs are combining personal and professional networks, with a blurring of boundaries. In the next section, the professional networks are examined.

8.3.2 Professional (including social enterprise specific) networks

As table 8.2 reveals in its fourth column, all the cases under analysis reported the existence, participation from and use of professional networks to advance their causes or organisations. A closer look at the four development trusts for example, shows that Locality has played an important role in creating valuable inter-organisational relationships among these similar institutions. The CEOs of Keystone, Lyme Regis, Bootstrap and Action Acton all belonged at some point to Locality's pool of consultants and they provided and received support to and from other development trusts throughout time. Among other social enterprise specific networks, the ones led by Locality (such as the Consultants's pool, the Community Knowledge Transfer Network or the Multiple Asset Transfer Group) appear to be well perceived by the

development trusts participating in this study and are understood as useful and functional. But this was not the case when asked about other social enterprise networks, such as the regional ones or those led by Social Enterprise UK: 'Social enterprise networks? Hopeless. I was the chair of the regional one but I came off it in disgust. I have mixed feelings about infrastructure organisations', said Neil Stott from Keystone (opinion also included in section 7.4.1 on frustration), while Sam Aldenton from Bootstrap commented when asked about social enterprise networks that the only inter-organisational relationship that he considered relevant for his development trust was the one with his mainstream bank, HSBC. Out of these four development trusts Keystone also demonstrated good use of other, more specific professional networks such as the ones they have built with several county and district councils, with relevant health and mental health services and with different housing association and funders.

But perhaps the cases (5) that provide clearer evidence of the importance that professional networks can have in shaping and giving strength to a social initiative from its inception are LCRN, Patient Opinion, The School of Everything, Stepping Stones Community Nursery and Red Button Design.

LCRN, as the N in the name indicates, is not a case of a social initiative aided by professional networks, but it was set up as a network in itself. During his interview, Ben Metz was adamant about the strategic decision to set up the organisation as a functional network made up of professionals championing community-based recycling. And out of what was first conceived as a lobbying, campaigning and awareness raising group of people bound together by a shared theme, emerged the idea of a formal organisation.

Patient Opinion in its turn, serves to illustrate a situation where being who *you* are and having *your* professional profile opens doors and facilitates transactions and organisational developments. For a start, Paul Hodgkin knew that he wanted to be a social entrepreneur. But it was only after a year-long training at the School of Social Entrepreneurs, and after refining and polishing his proposal, that he managed to make the most of his professional and personal networks, which proved to be critical for his start-up phase:

‘I went to see Mike Farrar, who’s still very influential in the Health Service but he was, at that time, the chief exec of our local Strategic Health Authority. I knew him a bit, not very much. And I said: “Mike, we’ve got to do this” after explaining Patient Opinion. And he stopped me after about five minutes and said: “Yeah, Paul you’ve got to do this. It’s fine. I’ll find you the money”. So, it was contracted. And it was VATed and it went out to procurement right from the beginning, Mike, and then Bob Ricketts who’s also still at the Department here got us the... we got £123,000 to begin with and then another £90,000 to build set, to set it up, to get us working capital through the first two years. So, that was a contract, it wasn’t a grant and it wasn’t a loan. And their faith was very important’

When questioned about the nature of that faith underlying the contract that he mentions, he replied:

‘Well, I suppose it helps that I was, then anyway, in 2005, a 54-year-old white male doctor. I wasn’t a 36-year-old or 21-year-old, woman, non-medic. So, there’s all those status things. But that clearly is a long way from all of it’

Access to professional networks, it can be concluded, depends heavily on previous professional experience, background, gender and status.

If *who he was* opened doors for Paul Hodgkin, *who they knew* opened doors for the School of Everything and for Stepping Stones Community Nursery. The idea for the School of Everything emerged, as discussed in section 7.3.2, out of a simple conversation between empathetic friends, and as seen in section 8.2.2, it also came about by importing an idea from the private sector into the social realm. But once founded and established, the School acquired a remarkable financial strength thanks to the people they were related to, professionally speaking. In this quote from the interview with Paul Miller (one out of five founders) it becomes evident that having good acquaintances in good places can really ease the transition from idea to implementation and execution:

‘...So those were the five people. (...) I remember Dougald (Hine) saying the phrase I used was ‘I think we can get funding for...’. And I could see how I could pitch it to get us a bit of money to try it out. Shortly afterwards, that happened. I pitched it to a few people. Charlie Leadbeater said ‘You know, that’s quite a good idea’. And then I came and met Geoff Mulgan who I knew before, and I pitched it amongst a few other things, we were just talking about ideas and it was actually the last thing I mentioned to him, and he really latched on to that idea. He said ‘right, there’s something in that, I don’t know what it is’. And then he called me, I think it was a week later, and said ‘I think I can get you a bit of money, I can give you a loan’ as long as I put some money in as well. He wanted me to commit to doing it for a year and he would then give us more money to try it out. That’s how we started out’.

Paul mentioned in this quote two of the most important names in the cultural industries and in the social innovation literature, Charles Leadbeater and Geoff Mulgan. At the time the School of Everything was set up, Mulgan was directing the Young Foundation, then and now the most

influential organisation in raising the profile of social innovation as a field of practice and research, and Charles Leadbeater had already written the first British report on the rise of social entrepreneurship. Some years before, Mulgan had set up Demos, another influential think-tank at which Paul Miller also worked for a period. Given their trajectories as government advisors, thinkers and influential leaders, it does not come as a surprise that both Mulgan and Leadbeater were interested and enthusiastic about supporting and financing a platform for promoting alternative education. But when asked about the nature of the tie between Paul and these well-known 'influencers', or how the trust between them had developed, Paul appealed to the strength of weak ties documented by Granovetter (1973), also explaining how a third significant supporter came in:

'I wouldn't say at that stage we knew each other well but we had enough social capital around us in terms of mutual friends and connections. But he (Geoff Mulgan) was very aware that I'd never done anything like this before. He knew I hadn't started anything. So, that was the critical moment. Another thing happened actually which was – this is where the Channel 4 side of things come in which is a bit 'you're all so fabulous'. I met the guy who was Head of Education at Channel 4 and I actually met him at a reception for another start-up because I was trying to learn about what start-ups were going on. And me and Matt realised we had quite a lot of friends in common as well. Then he got us into Channel 4 and he basically gave us some more money to do research about this project. But he was basically using his research budget to help us learn what we needed to learn in order to set-up School of Everything. And later on that turned into Channel 4 becoming investors in the company, so those two were going in parallel, the Young Foundation and Channel 4'.

Looking with a magnifying glass at this quote, it is possible to pose at least two questions. Why did Geoff Mulgan support the creation of the School of Everything if he knew that Paul Miller had not started anything before that and this was an unproven model? And why if Matt (Head of Education at Channel 4) barely knew Paul Miller, did he decide to use his own research budget so they could use it to conduct market research and pre-launch arrangements? The answer to these two questions is also contained in the quote: 'We had enough social capital around us in terms of mutual friends and connections' or 'Me and Matt realised we had quite a lot of friends in common as well'. The trust that both Geoff Mulgan and Matt (from Channel 4) imprinted on this idea was based not on deep knowledge of the people behind the initiative, nor on the proposal in itself (which was vaguer at the point) but on social ties not particularly strong between them. These helped to guarantee not just start-up funding, but also media coverage and political endorsement that came later on down the line.

Another good example for illustrating the strength that professional networks can have in shaping and propelling a social initiative from its beginning, is provided by Stepping Stones Community Nursery. This case was mentioned on several occasions in Chapter 7, as an example of both understanding needs profoundly (through a snapshot consultation and study) and also as an example of the empathy that grew between the team and the parents that served to incorporate new practices (section 7.3.3). It was also mentioned when referring to the origin of the organisations in table 7.1 that SSCN was developed by 3 community development and social enterprise practitioners working within a Housing Association in South London, Presentation, now Notting Hill Housing Group.

As this research intends to explore the processes by which innovative ideas or solutions emerge within the social economy, the case of Presentation Housing Association deserves its own remark, especially as it connects with the origin of Stepping Stones Community Nursery. Presentation, back in 2008, was the last standing minority-led housing association in London. Its Chief Executive, Mohni Guhral, had been awarded an OBE in 2004 for its services to the housing sector. Mohni was a visionary and a social innovator. He considered that as a housing association (HA) Presentation had the duty to provide more than roofs over people's heads. He therefore created a Community Investment Foundation in 2006, Olmec, to drive and deliver their social vision, to be a Social Investment Agency, in a time that nobody spoke about social investment. Mohni created, as the principal project of Olmec, a Corporate Social Responsibility programme, Nexus, that asked all the providers and suppliers of Presentation HA, to give back one percent (1%) of the amount of the contract they had been awarded to the established community investment foundation.

With this mindset dominating, Mohni pioneered at Presentation what was later to be defined as 'social clauses' within public-private partnerships³⁴. And at the same time that Presentation was trying out innovative approaches to CSR within the housing sector, it was transferred a housing estate within Lambeth (the Bolney Meadow Housing Estate). This transfer process came handy to put in practice the social investment approach that the Chief executive was promoting and instigating. Two community development workers and social enterprise specialists, along the director of Olmec, a good friend of Presentation's CEO, were

³⁴ 'Procurers urged to add social clauses', press release, June 2014, Social Enterprise Scotland: <http://www.socialenterprisescotland.org.uk/news/1000>

commissioned with the tasks of leading on the community interventions that needed to occur in the estate, and with engaging the corporates that were going to have a slice of the cake. The cake, bluntly speaking, consisted of the contracts that were awarded to bring more than 600 flats up to Decent Home Standards (a technical standard for public housing introduced by the Government in 2000) and to build two new community spaces in a short period of time.

A number of focus groups that were held with 94 residents in total in early 2008 revealed that absence of quality childcare was preventing people from participating in courses and workshops they had requested in earlier consultations. And at the same time, a nursery space within the housing estate had been identified. The Head of Programmes at Olmec, who conducted the focus groups, mentioned to Tanzeem Ahmed, the Director of Olmec, the blatant contradiction: there was an empty and derelict nursery space, but there wasn't affordable nor quality childcare provided within the estate so residents could engage in the workshops offered. One day in late August 2008 Tanzeem Ahmed, director of Olmec, received an unexpected phone call from a previous colleague, an acquaintance who was working at the European Regional Development Fund. In this sense Tanzeem remembers how the initial and loose ideas for the community nursery gained strength:

'I got this call from this person I had worked with before on a different European project, and he was blunt. He said something like 'we have some funds left for the Objective II area in South London. We must spend them before November this year. They have to be invested in capital projects. Do you know any group or organisation who might benefit from this?'. And that was when the nursery project jumped to mind. We organised a visit to the nursery space for the next day, and when the two officials from the EU came in and we presented to them the results of

the snapshot study they agreed to award us the money, nearly 120.000 euros, to bring the nursery back to life. This was the type of capital project they were looking for within the Objective II area and Olmec could comply with the due diligence to use and report back on the use of those funds in a short time, which is what they needed'

Analysing this anecdote under the same light of the case of the School of Everything, it was a matter of *who they knew*, or *who Tanzeem knew* in this case, even if only superficially, that served to guarantee funds to jumpstart the nursery. The community workers of Olmec had a good grasp of the needs of the housing estate (through a snapshot study of needs), but only that would not had secured 120.000 euros funding from an European sponsor. Tanzeem's weak ties played that role.

The cases of the School of Everything and Stepping Stones Community Nursery allow seeing how professional and weak ties 'function as bridges and open access to information' as Granovetter puts it (1973; pp. 1368). For the School of Everything the ties of the founders helped them guarantee financial support from important and renowned institutions, the Young Foundation and Channel 4. The bridges with these organisations remain to this date. For Stepping Stones Community Nursery, a whole new window of opportunity opened, facilitating access to information and resources that would not had been available otherwise to a estate-based, low profile nursery without staff. Granovetter also said that weak ties 'allow more people to be reached and strengthen social cohesion' (ibid; pp. 1369), and this was the case with the two cases under study: their speed, their scale and their impact increased as a result of having accessed additional (financial and non-financial) resources through their acquaintances. The following quote from Alex Sutton, one of the champions of Stepping Stones Community

Nursery, serves as evidence of how the additional financial resources that were accessed through weak ties helped to strengthen social cohesion in the neighbourhood where the nursery is located:

‘We got the funding and then spend the following weeks trying to spend it, as quickly and as appropriately as possible. We had to apply for planning permission from Lambeth to put some tarmac on the playground, we bought the nicest intelligent screen and computers, we equipped the nursery with very good quality furniture, we needed to make it DDA compliant so it could be inclusive. It all happened in less than three months. And when the nursery was ready and fully equipped we wondered, who’s going to manage it, who’s going to run it on a daily basis? That’s when we decided with Tanzeem to open a tendering process. We invited people to make proposals for running the nursery. We encouraged local residents with suitable qualifications. We selected a very good team of people that understood our desire to operate the nursery as a social business. They came up with the name. The nursery opened to the public in February 2009, employing 6 people 3 of which live on the estate’

Is not just through the creation of meaningful employment that social value was created, as the following quote also from Alex Sutton allows seeing:

‘During the first weeks of operation, we found used condoms and needles in the playground. People from the flats upstairs would throw their rubbish at us. But when people noticed that we were employing their neighbours, when they started sending their children to us and when they understood that our priority was to give children on the estate a solid beginning, that situation stopped. We don’t have problems with neighbours anymore’

Offering a view into other factors that helped Stepping Stones turn a derelict space within a housing estate into a vibrant hub for families once they received the funding, Alex continued:

‘Knowing how to navigate a planning permission with Lambeth, making the most of all your contacts, high doses of efficiency and more important than anything, having a good connection at community level. Without the input of local residents, who participated from every step of the process and who ultimately assumed the responsibility of running the place, we would not have made it’

Professional networks alone would not had been enough to spark and sustain the entrepreneurial processes embodied in the School of Everything and in Stepping Stones Community Nursery. The last quote for example highlights the importance of another factor: community participation and ownership. But the evidence suggests that the resources accessed through professional networks, often weak in nature, certainly gave a solid start to both initiatives.

8.3.3 Other industry/sector specific networks

During the fieldwork evidence emerged of the use of sector-specific and industry networks to conceive ideas and to advance a social initiative. The fifth column of table 8.2 shows that development trusts are very good at joining industry specific or sector specific networks according to the needs of the particular populations they intend to serve (for example Action Acton DT opening a support programme for ex-offenders) and according to the opportunities

posed by their local contexts or by external funders (for example Lyme Regis DT joining homelessness and museum networks). The case of Bootstrap in Dalston, East London, serves to exemplify this ability.

When Sam Aldenton started working as chief executive of Bootstrap DT in 2007, two years after having arrived with the task of supporting the organisation as an external consultant during the time it went bust (processes also described in section 7.4.1 on frustration experienced on a personal level), Sam noticed that the social fabric of Hackney had changed rapidly. A new community of artists, cultural entrepreneurs, knowledge economy professionals and free lancers had moved into the borough, unleashing new socio-economic and urban dynamics. The creative and cultural industries that Sam learned to navigate had been finding a way into British society. Since 1998, Chris Smith had published *Creative Britain* which expanded on the economic and social benefits of all aspects of the creative and cultural industries sparking a renewed faith and interest from policy makers on this sector of the economy. Some authors, despite recognising the freedom associated with careers based on creativity and self-expression, have expanded on what characterises workers in these industries: the precarious nature of much of their work, the prevalence of short term contracts, the ability to juggle part-time jobs with entrepreneurial activity and with unemployment (Wittel, 2001; McRobbie, 2002; Ellmeier, 2003). Sam Aldenton, who as described in section 8.3.1 on personal networks belonged to a family of prolific social entrepreneurs, understood quickly these employment patterns within the creative and cultural industries and seized an opportunity when proposing to convert the building into a co-working space where this new type of workers could rent desks and meeting spaces. And not just that. As the following quote reveals, he did not just

offer the flexible, co-working space these professionals needed, but also became part of cultural networks and circles himself, where he used every opportunity to promote Bootstrap, its location and its social mission as to attract new tenants. Upon reflecting on how he developed these ideas, he commented:

‘It’s fairly simple and straight-forward. During this time Dalston was changing. Ashbury Street, was the heroin centre of London in the 80s. By 2007, some of the people that were based previously in Shoreditch, the graphic designers, the artists, the people at the forefront of the digital movement – they were looking for new space that was more affordable. I started joining their circles and going to their meet ups and parties. I have a friend, she’s a designer, and she introduced me to key people. My message was always ‘hey, we have this building that’s slightly empty, you are going to love the space and the concept. Come and visit’. They wanted to come in, we wanted them to come in, they could pay the rent. At the time I didn’t think ‘right, we want to get the creative industries into our building’. But the creative industries wanted to come into our building and we said ‘yeah, sure that’s great, you can pay the rent. On direct debit, by the way’.

That ability to enter and navigate other sector specific networks demonstrated by development trusts can also be found in other type of community-led enterprises such as LAYE or Farm:shop. The LAYE group of people guiding the work with the young Latin Americans used their proximity to one of their advisors, to get the personal details of the Colombian Ambassador, and then contacted him with a portfolio of services they could offer to the Embassy and to the Colombian Consulate. One particular proposal developed by them as an enterprise was well received: Oral history workshops for up to 30 Colombian children leading to a final show of

traditional Latin American tales that would involve music, dance, theatre, literature and gastronomy. This initiative, called *Candileja Carnival* and presented in October 2011 at the Colombian consulate, helped solidify the team of the young enterprise and gave them the confidence to develop other products and services for similar clients. In this regard, Tatiana Garavito, coordinator of LAYE, affirms:

‘We did not plan to work with embassies, it just happened, and we saw it as an opportunity that could be further exploited. After our first contract with the Colombian Consulate, the consul was extremely happy with the results and she wanted us to develop a proposal for their Christmas celebration. But before that I asked her whether she would recommend us to other consular services. She agreed and I started accompanying her to many of her consular events. For a period of 6 or 7 weeks I focused on making sure that every Latin American diplomatic office in London knew about our existence. Then we started working with Brasilians, Argentinians, Bolivians, so many embassies and consulates’.

Neither was Sam from Bootstrap a creative type, nor Tatiana from LAYE a diplomat. But in order to pursue their ideas for change and their organisation’s social objectives both of them learned quickly that in joining other professional networks actively they could find more opportunities for their organisations.

A similar approach to sector specific networks was revealed by the founders of Farm:shop, Sam Henderson (a social and community enterprise specialist), Andrew Merrit (a plastic artist) and Paul Smith (a sustainability consultant). In section 8.2.1 (on ideas borrowed from the social sector) it was described the process by which this group of three professionals, two of which had worked together before, were alerted by a friend of them working at Hackney Council of a

special call to develop artistic projects in empty, underused spaces. Upon interview, Paul Smyth commented:

‘By the time we submitted the proposal for Farm:shop to the council, we knew our lines. Urban farming was just arriving from the US and the Netherlands and there was only a few of us that knew about *passive house* methodologies. I remember being interviewed on BBC to talk about aquaponics vs hydroponics. But then we joined several international networks on sustainable cities, networks we did not even know that existed. That’s when we realised that we were onto something bigger, at least bigger than the three of us trying to bring urban agriculture to Hackney’.

Summing up, evidence from all the cases reveals that committed entrepreneurs and coordinators of social initiatives, when exposed to other fields, circles or networks that can further aid their objectives display a remarkable ability to navigate other waters and industries with grace, and usually they do not waste opportunities nor crises that would allow them to expand their horizons.

8.3.4 Virtual Networks and best use of social media

Despite the fact that the fieldwork for this research was conducted during an extended period (2010-2013), one in which social media and internet based tools really took hold in society, the evidence points towards a relatively low uptake of these new communication channels by

development trusts and a more active use by the other types of enterprises. At the time of editing this text, this trend remains very similar.

Interviewees were asked about their use of social media, virtual networks and online platforms. Before looking at the evidence, it is good discussing some dimensions of these new digital tools. The way communications, interactions, flows of information and communication tools have changed in the last two decades has no precedents in history. The emergence of new digital tools, and the infrastructures for communication and interaction they bring with them, has been described as 'probably, the most inclusive and culturally disruptive development of our time' (Botsman and Rogers, 2011: 56). Following the same line of thought, Kanter and Fine (2010) argue that for social enterprises pursuing both social and economic objectives, these developments pose great opportunities to communicate and interact with different relevant stakeholders, and in the sense that they create new ways for organisations to make links and strengthen them, the emergence of these tools is constantly referred to by the authors as 'revolutionary'.

Some of the more logical ways in which social enterprises can benefit from using new tools and platforms might include strengthening community relations in the areas where they operate, influencing the provision of social services, encouraging citizen participation in local government or leading some specific campaigns. Or, as Gibson (ed) (2009) puts it, social entrepreneurs can use new technologies for marketing purposes, to promote specific sales, for communicating directly with their public, to maximise specific financing opportunities (this is

the case for example with crowdfunding campaigns), to publicise their events or to open up the different stages of a community intervention to their beneficiaries and other stakeholders.

However, having enumerated some of the benefits of using new media tools, it is also necessary to dwell on some of the risks they pose for social organisations. For the workers of an organization it can, for example, be seen as a distraction from the task of achieving real life outputs and outcomes. Or it might leave social initiatives under public scrutiny and under threat if the content of the messages posted on new social media platforms such as twitter or facebook is not curated properly by someone who understands the main messages a social venture wants to promote. Another risk that has been identified by Gladwell (2010) is the fact that it is strong ties that usually underpin lasting social change, and online tools and platforms tend to promote the development of weak ones. Finally, it has been said that, while contributing to lighter relationships, new social tools may also be contributing to a significant reduction of real actions, as internet activism, or *clicktivism* as it has been called (Franklin, 2014) does not equate with real life efforts. In this sense, social enterprises might need to try harder to get their followers and online friends properly engaged in their activities, beyond a like, a retweet or a temporal online trend.

A closer look at table 8.2 shows that 25% (3 out of 12 organisations) are not using let alone maximising the opportunities posed by new media tools (these were Keystone, Action Acton and Stepping Stones). Action Acton Development Trust and Stepping Stones Community Nursery at the time of printing (2018) did not even have a website. Interviewees referred to concerns about their time, their limited personnel and even their limited connectivity to explain

this low uptake. Another interpretation might revolve around their localised nature and programmes, which demands and favours face to face encounters with local, real-world beneficiary groups and stakeholders.

Another 25% of the sample could be said to be partially engaged in social media activities (that is another 3 organisations, Lyme Regis, LCRN and LAYE). Lyme Regis for example, has gone into the development of an augmented reality app for visitors who go there looking for fossils. While this has helped to gauge more tourists and more people interested in their other activities, the organisation does not fully engage with their beneficiaries through online platforms or social media, as access to a reliable connection is not easy to guarantee in their town, and even if there is access, usage tends to be low among the specific groups they work with. LAYE in turn, uses their Facebook page as the main mean of communication with the group of young people they work with, and they usually announce meetings and upcoming events in there, while also posting pictures and tagging the youngsters once they have participated from one of their activities. They could, however, be using the high connectivity of this generation to share content and learning material, but they are not doing it. In this regard Tatiana Garavito, LAYE coordinator, commented:

‘Facebook has allowed us to create a vibrant community of those considered young and Latin American, whether they are in Morden, in Edgware or in East London. The exchanges that have place on facebook tend to be superficial, they do not create conflicts or controversy. It would be nice, however, to have more resources to create and own our own platforms, as at the moment we only communicate through facebook and every time we need to adjust some information on the website, we have to pay for it. This is something we could be doing ourselves’

With the exception of Patient Opinion, those organisations that reported a relatively high use of social media and virtual networks (6) are, non-surprisingly, led by millennials, or just about millennials. Kanter and Fine (2010) describe the millennial generation as those born in the final decades of the 20th century, known for their natural ease with digital tools and for their awareness of the world's injustices, often not embedded in a single geographical community, nor driven by a single cause, people capable of becoming 'free agent activists' combining their passions with their 'social media savvy' (139). To go no further, new online tools and platforms are entrenched within the business model of two of these six organisations: The School of Everything and Patient Opinion. These organisations could not be what they are without the technological resources and means that inspired them to begin with. And the remaining four, namely Red Button Design, Bootstrap, Farm:shop and Mybnk highlighted several advantages of having a strong and consistent online presence, including closer contact with those interested in your products or services (Mybnk), a growing culture of reciprocity and recognition with and between similar organisations (Bootstrap and Farm:shop), and the possibility of accessing an ever growing array of virtual communities (Red Button Design), both nationally and internationally, perceived to expand the organisations' horizons. As Hecht (2012) puts it, these organisations seemed to have understood that new technologies are allowing for a new type of 'distributed and collaborative leadership', where influence comes not from creating the biggest organisation, but from playing a valuable part in a 'broader problem-solving network'.

Up to here, we have analysed how different types of networks (personal, professional, cross-sectoral and virtual) influence the emergence of innovative ideas or solutions within the social economy. Networks are understood to increase entrepreneur's chances of innovating, to

increase their ability to work with others and to grow their social capital. At first sight, it is a matter of how many people someone is tied to and the positions they hold that can guarantee access to what entrepreneurs need. However, Ridley-Duff and Bull (2011) remind us of taking a more contextual approach, one that allows valuing the quality of the relationships that entrepreneurs build and the trust that develops between peers. In this sense, the networks described in here as used by social enterprises are not just about growing a web of contacts but about 'mutual learning, creating reputations and learning about the trustworthiness of others' (Duff and Bull, 2011; 89). The evidence also coincides with Peattie and Morley (2008) assertion that success and failure for social entrepreneurs is 'less a function of financial performance and more a question of the loss or enhancement of personal credibility and of social and human capital' (2008; 11).

8.4 On Openness and Serendipity

One last source of innovative ideas will be discussed, namely, an attitude of openness and willingness to embrace the unknown that became evident in many of the answers provided, and the capacity to take advantage of non-planned opportunities. These experiences are summarised in table 8.5:

Table 8.5: Examples of openness and serendipity

| Case developed by | Case | Examples of openness | Examples of serendipity |
|-----------------------------------|--------------|--|---|
| Expert/professional team | Keystone | <p>To embrace new stream of work on migrants</p> <p>To consider and develop several new enterprises</p> <p>To use a social problem (racial tension) to create a publications arm.</p> | N/A |
| | Lyme Regis | <p>To embrace new technologies to increase impact of fossil festival</p> <p>To respond to unanticipated local problems (youth homelessness)</p> | N/A |
| | Bootstrap | <p>To try and test model of co-working and desk-sharing</p> <p>To initiate the Hackney Pirates</p> <p>To open rooftop</p> | They did not go looking for the 'creatives'. The 'creatives' were coming to Hackney around 2006. They just responded to a need. |
| | Action Acton | <p>To pursue new funding streams (work with migrants, ex-offenders and with unemployed)</p> <p>To open up farmers market</p> <p>To expand their geographical boundaries and include also other boroughs</p> | N/A |
| | LCRN | N/A | Smoking marijuana helped director with his lateral thinking. Creativity to conceive new projects. |
| Teams of accidental entrepreneurs | School of E | To set up organisation in the education field, which none of them had experience of. | First discussion about common concerns happened over beers in a pub, unanticipated |
| | SSCN | <p>Appointed director willingness to learn and implement SE model</p> <p>To embrace local reality: started offering nutritious meals</p> <p>To expand horizon of activities and start offering support services to parents (CV advice, Job hunt, Cook on a budget)</p> | First funding opportunity (ERDF Objective 2) by chance |

| Case developed by | Case | Examples of openness | Examples of serendipity |
|-------------------|------------|--|--|
| | LAYE | Did not start up with the idea of setting up enterprise. It happened organically. From beneficiaries of support programme to entrepreneurs Adapted to requirements of specific clients each time | First contract with housing association Contract with Colombian consulate Contract with Bolivian embassy |
| | Farm:shop | To portray their speciality as something else (urban farming into an art project) | Friend worked in Hackney council and alerted them of funding opportunity |
| | Red Button | To adapt their original design in light of the experience To approach the communities in Africa for piloting water carrier with respect and slowly | N/A |
| Sole E. | Patient O. | N/A | Founder 'bumped into SE model' by chance |
| | Mybnk | To allow young people to lead organisation and recruitment To include users and members of staff's suggestions and opinions To adapt programmes in light of the experience and to create new | N/A |

Much of the literature on innovation refers to it as a capacity to try new combinations, and one of the simplest definitions, consists of only 5 words: 'something different that has an impact' (Anthony, 2012: 24).

Associated with the multiplicity of definitions of innovation, however complex or simple they might be, there is always one image: the ability to 'think outside the box'. This idea refers to a much-needed practice that social entrepreneurs should master: thinking laterally, thinking divergently or in other words, the ability to see things and situations from multiple, unusual perspectives.

An open mind allowed many of the interviewees to concretise their enterprise idea, to create new programmes and even to explore a sense of what's possible, a question central to the development of social innovations (Mulgan, 2013).

There was evidence of an open attitude and mind, and of good use of serendipitous events and opportunities coming from almost all the cases under study. The four development trusts, for example, are characterised for their openness to adopt new projects if it fits their organisational objectives or to respond to their changing contexts. Keystone started a new stream of work on migrants and has been considering the development of several subsidiary social enterprises along the years. They also used a negative experience, the racial tension evident during the 2011 riots, as an excuse to create a publications arm. Lyme Regis embraced new technologies to increase the impact of their fossil festival but also responded adequately to the local problem of youth homelessness by creating a new service. Bootstrap pioneered the model of co-working and desk sharing, opening up their space to creative and social entrepreneurs and at the same time opened a rooftop to the public, something no other development trust had tried before and quite a profitable and trendy idea (especially in NY) during summer months. That same character, open to accommodate new interests and projects, also favoured the development of the Hackney Pirates that incubated in there. This flexibility was also evident with Action Acton, as they expanded their horizons to pursue new funding streams to work with beneficiary groups they had not worked before: migrants and ex-offenders.

The case of the School of Everything also allows seeing how five open minds, aided by a couple of beers, dare to question the appropriateness of the educational system they had just finished navigating (all of them had graduated), but also dare to embrace a potentially transformative idea, a platform to connect people in the real world to learn from one another outside of an educational institution. When Paul Miller, one of the five founders, was asked about the processes that helped them come up with such a good idea and business model, he refers to the openness under study:

‘The idea that the internet is something that you use to organise the real world is something that we pushed early on. There was a group of us discussing a new educational project, Dougald actually wanted to set up a different, alternative university and he called his friends. I can’t remember how many people were involved then, but there were five of us who went on to be the co-founders, who were the people who said ‘yeah, I want to get involved’ after a night at the pub, without knowing much about education and more daunting, without knowing if it was going to work’.

Similarly, the case of Stepping Stones Community Nursery owns itself to serendipity. Serendipitous was the fact that there was some European funding left to use and that the person working there knew Tanzeem Ahmed director of the Community Investment Foundation present on the estate. And out of an open attitude, one that also responded to a better understanding of the local reality, several changes were introduced: They started offering support services for parents such as CV advice, job hunt support, Cook on a budget training sessions and for the children they introduced music lessons and nutritious meals not originally budgeted for.

LAYE is also a good example of how chance can alter the development of a social venture. For a start, they never set to set up an enterprise, but it happened organically. The fact that someone from a housing association, after seeing the young Latin Americans rehearse dance and stilts in a park, offered them a contract to animate one of their events, got them thinking about the option of establishing a business. And once it was established, they exhibited an enhanced flexibility as to adapt their services to the requirements of specific clients (as they can animate and cater for events of up to 400 people). Likewise, they never set to work with embassies nor consulates, but once they identified an opportunity there, they reconsidered their list of potential clients and re-oriented their actions.

The case of Farm:shop, narrated in previous sections, constitutes another case of serendipity, as they probably would not have known about the funding opportunity within Hackney Council if the friend who alerted them didn't work there. But once alerted, they also demonstrated intellectual openness to portray their environmental project as an arts project to fit the criteria of this specific call for proposals.

One final, concrete example of an open mind and attitude is provided by Lilly Lapenna, from Mybnk. Lilly is known for starting each working week with a staff meeting, where she usually brings and distributes different hats and wigs among the staff, as to make it amenable: 'We might only speak about workplans for that week, but a wig or a hat make the experience all the more fun and engaging, it forces us to think in divergent ways'. Beyond these habits, Lilly has been open and inclusive enough as to allow young people (11-24) to lead Mybnk from its advisory board and to lead on the recruitment of their freelance trainers. In this regard, she

commented: 'If I set up this organisation to empower young people through financial and enterprise education, I might as well empower them with governance and managing skills'.

Summing up, it is clear that effective social entrepreneurs display an incredible ability to embrace new ideas or opportunities even at the expense of sacrificing their comfort zones. Most cases have provided examples of the creativity needed to adapt their discourse, their image and their programmes to the new, emerging trends and opportunities posed by their contexts, at best without altering their original vision. The entrepreneurs included here demonstrated a good capacity to adopt new ways of working and new themes, to re-organise resources if the context demands it, and to make changes when necessary.

8.5 Final remarks

Up to here we've analysed examples of social change sparked by a good understanding of needs, by empathy, by frustration and by inspiration which has then become courage to take action. Within the social sector, innovations usually and more often than not involve a degree of replication. Most of them adopt local characteristics and adapt to specific contexts with varying degrees of success, but have been created and first conceived somewhere else. Many of the entrepreneurs interviewed for this research were frank when recognising that observing others taking action in similar or related fields and contexts had inspired them to become agents for change. In some of the cases, ideas were borrowed from different sectors of the economy (public or private) to try and solve social issues.

Awareness of a social need, empathy, frustration, inspiration and replication are rarely experienced in isolation and more often it is a combination of these and other factors that propels people and groups of people to take action against unsolved problems.

Networks of all types (personal, professional, virtual, strong or weak) also affect (usually speeding up) the pace and the options available for a social enterprise. Ultimately, this coincides with the concept of embeddedness proposed by Granovetter (1972) which highlights that human behaviours and institutions (such as social enterprises) are constrained by ongoing social relations. As the example of a tightly knit circle of social entrepreneurs showed, social enterprise activities take place within networks of social relations.

Sources of innovation can lie, however, outside a social organisation, amongst its customers, suppliers or beneficiaries. An attitude of openness, specially to new ideas, projects or paradigms, is required in order to identify new opportunities and to be able to participate from their implementation.

Far from a formula or an algorithm for innovating within the social economy, most organisations observed emerged out of at least one of the identified factors and often through a combination of some of them. These factors are not very different from the factors that generate innovations in other sectors of the economy yet they need an underlying context of trust, of strong community relations and of community ownership in order to reach a bigger impact.

9. Conclusions – Towards a better understanding of the emergence of innovative ideas within the social economy

9.1 Contributions to knowledge

Social enterprises, development trusts and social economy organisations more generally, are all expected to contribute to the implementation of new solutions to social problems. The individuals behind many of these organisations know that government and business are not the only vehicles to create change, and are taking it upon themselves and their initiatives to create alternative ways of addressing problems. In doing so, they are demonstrating that by using innovative approaches, it is possible to provide alternatives to traditional forms of social intervention. This partly explains the importance and the recognition that social enterprises and social entrepreneurs have received in the last 20 years. Similarly, the notion of social innovation has attracted supporters and interest from different sectors, with ‘the spread of social innovation funds, incubators, offices, Mayors, networks and prizes’ (Mulgan, 2013) and even indexes trying to measure its presence and scope.

In trying to understand how innovative ideas or solutions emerge within the social economy, and taking as the unit of analysis the innovative projects or organisations, the innovations per se, this research started by providing some historical, political and economic perspectives to explain the current centrality of SE, and its attributed powers such as the capacity to transform public services (while empowering the communities involved), its potential to revitalise

neglected areas, its flexibility to develop context-specific services or its ability to facilitate the accumulation of community-owned capital.

Following this, a review and summary of the mainstream innovation literature was conducted, as innovation studies have provided the departure point of social innovation research. In the same sense that within social enterprise and social innovation research there has been some 'theory borrowing', understanding this as bringing ideas from one theoretical domain to address and explain a phenomenon in another domain (Flory, 2009), theory extension and theory generation must follow in both fields (Haugh, 2012). In a similar vein, the last conceptual chapter (4) looked at theories of inter-organisational relationships and networks to try and build a solid ground for the present quest.

The conceptual framework developed in the methodology chapter, in sum, included notions taken from innovation and social innovation studies (such as the innovation types, or the distinction between radical and incremental innovation), ideas taken from the emerging literature of social innovation about the sources of it (prompts, awareness, emulators, replicators), and key concepts from the New Economics Sociology that stress the importance of the relationships and networks that help to unleash innovative ideas.

At the beginning of this research two questions were posed to address the aims and objectives of this study. The first one focused on the meaning of the word innovation in the context of the social economy in England, and the analysis provided in Chapter 6 is based on a survey of community enterprises carried during 2011 and on in-depth interviews with social entrepreneurs or directors of social enterprises. The second one aimed at answering how do

innovative ideas or solutions emerge within the social economy. While some of the literature on the sources of social innovation was useful, the analysis presented in Chapters 7 and 8 accounts for some unexplored sources of innovative ideas that emerged from the evidence. In the following sections, both questions will be discussed under the light of the empirical findings, followed by a discussion of the implications for theory and practice. Finally, a reflection on the limitations of this study and avenues for future work will be offered.

9.2 The meaning of innovation within the social economy

Innovation, often perceived to be about radical changes to the way things are done, about untried ideas and eureka moments and about novel approaches, appears to be a flexible and variable concept when applied to social enterprises and development trusts.

A survey of community enterprises and qualitative interviews with social entrepreneurs revealed that most examples of their innovative capacity represent creative responses to very specific problems, and not necessarily ground-breaking innovations. The concept of innovation therefore has multiple meanings. What is considered innovative by a development trust in one area, might not be considered innovative in a different setting. Therefore, the examples provided by respondents must be considered only within their contexts and have to be acknowledged as relative.

In different ways, and using different arguments, most of the participating development trusts and social entrepreneurs explained their innovations or referred to their innovativeness in

terms of addressing their essential functions and characteristics: developing awareness of a new problem, meeting needs assertively, creating social impact, being accountable and transparent, maximising resources (with a broad vision of resources, beyond financial ones), connecting opportunities and people, and other seemingly normal and well embedded habits were provided as examples.

There was also evidence of a special disposition for sharing solutions and processes, for learning jointly with peers, and for acknowledging that theirs was a replicated answer rather than an original one. And considering that the creation of social value is the ultimate goal of these initiatives, many demonstrated readiness to be copied, so their approaches could be cascaded and implemented in other, similar contexts, which can be in stark opposition to the attitudes of the private sector. In this sense, the social economy shows signs of a special ability of the entrepreneurs interviewed to connect people in new configurations, helping peers to work collaborative and more effectively.

9.2.1 The types of innovation

The annual survey of community enterprises provided evidence about the prevalence of project innovations, and also innovations in services. It is to be noted that the line between these two (projects and services) is blurred, but many of the respondents provided clear examples of both, demonstrating the difference. Once committed to deliver a service, they were able to conceive new projects, sometimes one followed by the other, in order to continue providing

that needed service. Innovating in services requires more organisational capacity, but as development trusts react and adapt to their surrounding circumstances, they also demonstrated a good ability to do so. Comparatively, there was less evidence of innovation in products or in processes, but still a good number of examples of both. Development trust and community enterprises interviewed did not appear to be innovating in other, more radical ways, such as changing paradigms.

9.2.2 Double impact and concomitant experiences of innovation within one organization

The sample for the quantitative element of the research could be divided into three equal parts: one third that did not innovate, one third that innovated in one way, and the remaining third that innovated in more than one way. The majority of development trusts, according to their own conceptions, were innovating and of these, half were innovating in more than one way. A special attitude of trying new things and being open to new ideas and approaches made these organisations particularly fit for exploring more than one way of doing things differently. From the point of view of a 'traditional' business, it is by challenging the profit maximisation principles that development trusts and community enterprises demonstrate their abilities for innovation. For example, by running an employability programme for refugees, for women or for young people on behalf of a government department, development trusts develop their own formula to create both financial and social value. Traditionally these objectives would be pursued by different actors. Yet it is not just the double purpose that makes them innovative;

once they have the right mindset for innovation, they tend to do it in more than one way. To those more familiar with different social enterprise models, this may be less surprising. While organisations can be examined for evidence of innovation in their existing activities, claims about their innovativeness are, to a large extent, dependent on the perspective of the describer.

9.2.3 Unplanned innovation

Despite the tendency towards innovation revealed by two thirds of the sample as described above, a surprisingly low percentage of organisations reported that they were planning for future innovations. This suggests that organisations innovating in one or more than one way did not plan to do it, in which case their innovations could be attributed to chance leaving little room for analysis and debate, or to their special ability to be open and try new things, grounded in their capacity to learn through experimentation.

9.2.4 Clarity of purpose leads to replication, which also explains innovation

Given the strong presence of replication, also discussed in relation to the second research question in the next section, a deeper exploration was conducted. This connected an organisation's disposition to replicate an idea, a project or a process with the strength with which such idea was transmitted in the first place. Clarity about the impact that one

entrepreneur or his/her organisation are pursuing, in other words clarity of purpose, is one of the most convincing arguments to guarantee external support (from donors, friends, funders or general public) but at the same time, it is a good strategy to secure that someone would want to replicate that idea in a similar context. Those entrepreneurs with a capacity to express more clearly their theory of change, or to demonstrate the impact they have achieved, and whose ideas have been replicated, have multiplied their effects by virtue of being copied, tried and tested in different settings. In the process, the organisations that have replicated others have also benefited by saving time, meeting needs with proved formulas and generally, innovating as well according to their previous models or jobs.

9.2.5 Incremental and marginal approaches to innovation do count

During the course of the research, there was not much evidence of radical innovations occurring in the social economy. It is true that in economic terms the organisations included in the study tend to be categorised as small, or in some cases, medium enterprises. Studies reviewed in Section 3.3 of Chapter 3 confirmed the behavioural advantages of small organisations *vis a vis* their lack of resources available for innovation. Some of these behavioural advantages were documented as more horizontal structures, being prone to risk and less bureaucracy. These factors in turn, allow organisations to experiment and to learn from doing, incrementally and sometimes marginally. The absence of examples of radical and disruptive innovations between SEs and DTs was compensated by the many examples

encountered of communities adapting their responses slowly, considering their experience, and drawing on their local resources to meet needs more effectively.

9.2.6 The bittersweet taste of innovation in the social economy

Innovative organisations are shown to pioneer a solution while opening an untapped source of social value or a new market. In specific geographical areas, such as underserved ones, this might be especially true. However, while the pioneers are the ones with the courage to try first, it might not take long before some other actor comes to appropriate the value created. In other words, by creating social value and by demonstrating that their approach is effective, and by reaching success and recognition, SEs and DTs can lose their advantages to innovate and their models can be mainstreamed by other actors, social, private or public, sometimes at the expense of their own existence. This displacement effect can also occur at a local area level as well as social enterprises and their beneficiaries are forced to move out of areas of rapid gentrification. If it is true that social enterprises propel local economic regeneration processes, it is also true that gentrification can come behind the success of specific initiatives that have gained recognition and that have improved an area (this has been the experience of many development trusts in London and elsewhere).

9.3 The origin and emergence of innovative ideas or solutions between SEs

If it is clear that most social entrepreneurs and social change activists want to effectuate positive transformations and they are plagued with good intentions, there is not much exploration within the existing literature on why some of them fail so openly while others and their models thrive.

In trying to answer the question of how do innovative ideas or solutions emerge within the social economy in England this research revealed several processes and attitudes by which ideas tend to develop, as well as factors that facilitate their subsequent implementation. Some of these have been covered yet marginally in the growing body of literature on social innovation, therefore these findings provide a good opportunity to propose future research avenues and to influence current practice.

When Mulgan affirms that the harder task for social innovation research is to understand its place and its role within wider processes of social change, he also appeals to the same question: 'How do we understand where ideas come from? How do we understand why some flourish and other wither?' (2013; p.3) and with that task in mind, he reminds us that to be studied, social innovation research cannot be 'a detached, empirical social science' but instead should aim to be coupled with practice.

9.3.1 Prompts, awareness and understanding

As history is full of examples of social interventions that have not considered the views of the communities that are the object of their actions, let alone their interpretation of their problems or their ideas to start solving them, it is important to emphasise that without an accurate understanding of the nature of the problems that practitioners intend to solve, and without direct participation of the communities, the integrity of the innovation is at risk. Recent social innovation theories (Mulgan, 2014; Nicholls and Murdock, 2012) sustain that effective solutions depart from a prompt, something or someone that alters someone else's perspective and that reveals, often alarmingly, an injustice or a situation that needs fixing. Awareness of these problematic situations, and proper understanding of the root causes of such problems was encountered at the beginning of the innovation journeys.

9.3.1.1 Trained, expert professionals who decide to take action

The awareness and the subsequent understanding of a situation that needs improving might come from different sources. However, in the development trust movement, many initiatives have been set up following a strategic approach, based on the formal understanding of a problem which is in turn the result of studying the problem with rigour or being an expert professional with direct experience of it. In these cases, the experience tends to be of groups of informed professionals that together, usually in the form of a partnership or a strategic board, congregated around a planning table, managed to conceive the organisations that then

developed into development trusts. Interestingly, there was evidence that many of these professionals had spent considerable amounts of time with the communities they wanted to support, proving first-hand experience of a situation and trying to understand how communities build their own meanings, or in other words, through an ethnographic approach, they became more effective in devising solutions to the identified problems.

9.3.1.2 Empathic changemakers

There was plenty of evidence as well of less strategic and informal approaches and more intuitive, personal motivations to decide to embark on creating and implementing a solution to a problem. When the entrepreneurs consulted felt that they were part of the community they wanted to support, and when the problem affected them personally, levels of commitment remained high and they eagerly spearheaded explorations and experimentations that, despite the lack of certainty of whether they were going to work or not, pushed them ahead and helped them to refine their formulas for their interventions. Even when they did not belong to the target community, there was evidence of the empathy experienced that motivated them to act. Empathy, understood as the art of stepping into the shoes of others (Krznaric, 2015), served as a force for creating solutions and organisations and more importantly, to sustain and insist on those endeavours.

There was evidence of the three types of empathy documented in the literature review (Chapter 3) among participants of this study. Affective empathy, or sharing an emotional

response with the other, was evident when professionals felt the desperation, the neediness, the anger and even the positive emotions, such as hope and empowerment of their beneficiary communities.

Cognitive empathy, or understanding the perspective of the other, without necessarily sharing an emotional response with them, was also observable when entrepreneurs felt compelled to do something about problems they had not experienced directly nor shared emotionally but they could comprehend.

The third type of empathy documented, namely consequential empathy, understanding this as the need to do something, to act after having experienced either affective or cognitive empathy, or after experiencing both in combination, which tends to be the case, was also found consistently. For a start, the study only included entrepreneurs and organisations that had already created responses, in the form of projects or organisations, so whenever they spoke of either sharing an emotion (affective empathy) or about understanding the perspective of the others (cognitive empathy), consequential empathy could be traced.

In the same way that designers talk about the need for 'empathic design', that is design of products or services that takes into account the views and the experiences of future users, findings of this research show that social activists and social entrepreneurs often live more empathic lives, enhancing their abilities to understand their intended beneficiary groups.

Finally, it is worth mentioning that empathy also equipped the participants of this study with the capacity to adapt their projects, their solutions, or their organisations to new, non-

anticipated circumstances and to local, emerging trends that they did not originally plan to address.

9.3.1.3 Minds and guts at the service of social change

Some entrepreneurs and organisations manage to develop their solutions through a formal, professional understanding of a problem or a situation, thanks to their expert knowledge, and some others through an empathic perspective, but there was also evidence of people and organisations combining effectively both ways of understanding needs. In this sense, it is possible to conclude that formal knowledge of the root causes of a problem can and should be combined with internal motivations and gut reactions about those problems, as these two phenomena complement and reinforce each other, and produce a stronger vision of the impact that is sought. An informed professional with a great understanding of a problem but without much of his/her heart put into the solutions created will never be as impactful, in the same sense that a passionate entrepreneur that does not understand the nature of the problems they are trying to solve would not be very efficient either.

9.3.2 Frustration that turns into positive social outcomes

In varying degrees, respondents described their experiences of frustration or dissatisfaction when talking about the origin of their most innovative ideas or projects. Evidence of anger experienced around several issues and at different levels was provided. This anger was not necessarily felt constantly but primarily, at the beginning of their organisational paths.

While well-known characterisations of social entrepreneurs, such as that provided by the so-called father of social enterprise education, Gregory Dees³⁵, or the one offered by Martin and Osberg (2007; 2016), tend to include traits such as relentlessness, boldness and a special ability to persevere despite the barriers they normally encounter, all of them positive features, they rarely refer to negative feelings or impulses such as frustration or anger. The reality, however, is that negative experiences are as prominent among the mentioned sources of ideas as other explanations. Frustration with the status quo, with the fixed structures that surround and limit them and their communities, with witnessing inequalities or unfair situations, or with the incapacity of other actors to act, were some of the examples provided. The ability to turn a frustrating event into a driving force to initiate new projects or solutions also depended on how quickly people managed to move out of the frustration as to become propositional.

Interviewees demonstrated that the experience of frustration can be a personal one, where one person sees something, gets really annoyed about it and decides to do something to remediate that, or it can also be a collective criticism that, with the right mix of skills and energies among the disappointed, can transform opposition into propositions and collaborations to achieve social change.

9.3.3 When copying is good

The social economy is a realm where copying an idea can lead to the ultimate result of a bigger impact. That does not mean, however, that there is an active culture of promoting replication.

³⁵ Who, while at Harvard, introduced in 1994 the first university course on the topic of SE (Brock, 2016)

Apart from the role of replication, it is also important to consider the inspiration that many social entrepreneurs encounter along their way and that served as the principal driver to start their social change journey. Inspiration, like frustration, can come from multiple sources such as meeting personally a social innovator, getting to know someone's intellectual production or hearing about other projects' success stories.

This study shows how the realities and the discourse of practitioners do not match the discourse of the SE sector with their preoccupation for novelty. The entrepreneurs interviewed were happy to accept that their idea had been invented elsewhere or inspired by someone's work. However, none of the funders examined in the study admitted being interested in financing replicated ideas, and on the contrary insisted on their quest for novel approaches. In the social economy, originality tends to be over celebrated and replication seldom acknowledged, despite the evidence that shows its strong presence and its potential.

9.3.3.1 Replication within the social economy

Most transfer of ideas takes place within the same SE sector. Ideas can flow from one city to another, from one continent to the next, from one industrial sector to other or from one beneficiary group to a different target of the population, all within the social economy. In this sense, certain professional networks, formal and informal (such as the 'unconferences' Shine and Marmalade), alongside membership organisations (Locality, Social Firms UK, Coops UK) and other support organisations (SSE, SEUK, Ashoka for example) have served as routes to source

ideas and have aided the formation of a community of practice. It is also important noting that there was evidence of both ideas and practices travelling to spark change in other places.

9.3.3.2 Extrapolated ideas

This research also revealed the transfer of knowledge between economic systems (social, private, public), providing material for concluding that in the pursuit of social impact, SEs are willing to adopt and to develop hybrid structures, projects and agendas. A behavioural advantage can then be attributed to SEs and DTs, one that does not accrue to public or private organisations, and it is the capacity to borrow their public or private counterparts' mechanisms, ideas, systems or ways. Interestingly, replicating an idea or bringing in elements from a public or private organisation reflects also the SEs ability to bridge different contexts, transcending boundaries and opening avenues for similar organisations to do the same.

9.3.4 Networks as routes to impact

Throughout the research the role of networks was explored with regards to the origin of the innovative ideas and projects that interviewees described. Evidence was given of the existence and active use of different types of networks by SEs in order to further their agendas. Participating actively from formal and informal networks exposed the participating organisations to new ideas and opportunities and at the same time, allowed them to spread

their own messages and models. Like with replication, this ability to source ideas from multiple networks reflects a more general ability of SEs to bridge different contexts and to connect previously disconnected stakeholders.

A potentially good idea that does not encounter the right networks to be explored, shared, refined and funded can easily wither. In the sense that networks open access to opportunities and resources that might otherwise be unavailable, for SEs such networks are arguably even more critical than for private or public organisations, as they facilitate not just the mobilisation of scarce resources but also the construction of credibility around their activities. For such reasons, 'network embeddedness' has been previously identified as a critical success factor for SE development (Shaw and Carter, 2007; Coburn and Rijdsdijk, 2010).

A more complex interpretation, however, suggest that it is possible that networks themselves offer new opportunities for the creation of social value, helping to narrow the gap, the 'seemingly insurmountable chasms that separate local solutions from broad system transformation' (Moore and Westley, 2011), and improving human capacity to respond to complex problems. In this regard, networks for SEs can be interpreted not just as a tool for increasing individual organisational effectiveness, but also as a vehicle to build systems and alliances that increase the possibility of achieving social objectives at scale. This differs and goes beyond the emphasis on networks put on organisational growth and on competitive advantages by conventional businesses (Nicholls, 2008).

9.3.4.1 We are family

Social entrepreneurs and their organisations enjoy certain liberties that their public or private peers cannot, and one of those relates to the capacity to work with and employ their friends and family members. Evidence of wives, partners, parents, childhood or university friends participating actively from the conception, refining and further implementation of innovative ideas was plentiful. These links were used in different ways such as securing initial buy in and investments for new ideas, providing hands on support with regards to venues and offices, or covering up for financial shortages. But they were also used in more strategic ways, such as helping to define an organisational vision and mission, or providing influential contacts to access more resources elsewhere. There is a strong correlation between the literature on the benefits of social capital as presented by its main proponents, covered in Chapter 4, and the experiences of the entrepreneurs consulted.

9.3.4.2 Getting ideas from peers and communities of practice

The examples discussed also showed a special ability of SEs to combine personal with professional networks, creating a blurring of boundaries between SE sector and different industry. With regards to the use of SE specific networks to source innovative ideas, there was a preference for those that assemble organisations with similar values, structures or organisational forms such as the ones created by Locality, understood as functional and helpful, and a marked dislike by some case studies of place-based networks, such as regional ones.

There was evidence of organisations that were developing ideas and adapting their plans based on both direct experience but also getting ideas from the experience of others. They were also, developing conceptual frameworks and common narratives for interpreting those experiences, participating at the same time from the formation of effective communities of practice. While these ideas struck via individual members of the SEs, there were transfer mechanisms in place, such as weekly informal outings or planned meetings, by which individual learning and new knowledge became an innovative proposal at the organisational level. The use of other industry networks by SEs was closely related with specific opportunities, specially funding ones, posed by those external sectors. More than evidence of opportunism, this demonstrates that when SEs and the entrepreneurs or managers that lead them are exposed to other fields or networks that can help them advance their ambitions for impact, they tend to make very good use of those chances without considering sectoral or other type of boundaries. By maximising these type of networks, the skill shortages and cognitive limits of a SE can be overcome and the potential of a good idea extended.

9.3.4.3 The dynamics of trust within SEs

A concept deemed necessary for the optimal development of a cohesive society and for strong economic and political systems (Seldon, 2009), trust also plays a critical role for SEs in the process of generating innovative ideas and proposals. Examples include: Trust between the members of a same community as to be able to, jointly, device effective solutions to the problems they understand better than anyone else; Trust between the SEs and their field or outreach workers leading interventions, and the intended beneficiaries of those actions, in order to create constructive dialogue and concerted proposals; Trust between similar SEs to double their impact through shared programmes with bigger scale and scope; Trust between donors and fund holders and the supported organisations; Trust between SEs and their clients, which are not always their beneficiaries. Whether said trust was based on experience, on faith, on negotiating or persuasion skills, on weak or strong ties, varied according to each case. But for innovative ideas to get acceptance in key places, sectors, communities or agencies, trusting relationships were found to be a necessary part of the formula. While naturally many SEs are active network weavers and they tend to build strong relationships with a broad range of stakeholders, this can also be an area posing challenges. In a world characterised by disciplines and specialisation 'the bridges that link ideas, businesses, social organisations and government agencies remain narrow and undertravelled' (Bornstein and Davis, 2010: 71). As a result, some of the potentially innovative ideas of a lone entrepreneur never get to identify or maximise opportunities for getting to fruition.

9.3.5 Open minds and open futures

An attitude of openness allowed many of the participating SEs to conceive, refine and implement new projects and ideas and to take advantage of non-planned opportunities. In the same sense that social entrepreneurs tend to be highly empathic individuals, they also tend to embrace fields, ideas and concepts they are not familiar with, with ease. Thinking laterally, or the ability to analyse situations and events from unusual angles, was a common feature among many of the practitioners that participated from this study. Openness help them react better to changing circumstances and gave them competitive advantage when compared to other organisations married to specific forms of doing things, to specific funding streams or to specific vehicles to deliver their programmes. Looking at development trusts, their openness allowed them to remain relevant within their local and national contexts, by adapting their organisations and their programmes to the rapid changes taking place in their localities without having to alter their driving principles. Looking at other types of SEs, openness has favoured their role as connectors, a concept vital to understand processes of social innovation, given that connectors usually work across disciplinary and sectoral frontiers, closing the gaps between actors and able to speak the different languages of their stakeholders.

Social innovation is a movement based on a central idea: 'an idea about possibility' (Mulgan, 2013), and many of the social entrepreneurs interviewed demonstrated that, even at the expense of moving out of their known territories, they were willing to keep on exploring 'what's possible', embracing the uncertain, being flexible and adaptable, trying things out and learning constantly, even if that means adopting new strategies or reorganising their resources

and their original plans. By demonstrating what's possible, they are also inspiring others to embrace challenges.

9.3.5.1 A look inside the box

In trying to understand how do SEs generate innovative ideas, the notion of 'thinking outside the box' came to the surface, not just from different pieces of literature (especially non-academic) but also from sector specialists. This idea refers to the capacity to think divergently discussed in the previous section. The evidence has demonstrated, however, that rather than conceiving the emergence of innovative ideas as the result of the input of external innovation experts, expected to turn up and pick new ideas from outside, it is necessary to consider each case on an individual basis, considering the strengths and the skills that reside within each community. The cases included in this research speak, in different proportions, of similar themes. They were conceived out of necessity, usually by frustrated people or groups of people who combined their awareness and their empathy with commitment, drawing extensively on personal and professional networks, developing and refining their ideas, acting upon them, failing often, learning, improving their skills, stretching their resources and maximising opportunities to transform their own boxes.

9.4 Implications for theory and practice

9.4.1 Strengthening theory

The mainstream literature on innovation and the emerging body of work on social innovation are useful yet imperfect lenses to look at the generation of innovative ideas in the context of the social economy in England. Although the social economy contains many examples that fit the different types of innovation described in the above-mentioned literatures, these frameworks offer little in terms of understanding the processes that lead to the generation of more effective solutions by SEs. This research has tried to go beyond assumptions about the innovative capacity of SEs to explore both the meaning and the emergence of innovation within the social economy.

With regards to the meaning of innovation, this research proposes a more flexible use of the concept as to include its relative nature, necessarily entwined with context. Given that the concept is relative, the fact that what is understood as innovative in one place might not be so in other, or that innovating in one aspect does not guarantee innovating in all organizational aspects, follows.

It is suggested that rather than contributing to the over-emphasis deposited on the role of innovation in the pursuit of social change, attention is given to the factors that facilitate the generation of innovative ideas as to be able to explore them in more detail, learn about them, and produce more appropriate SE theories that go beyond a set of findings, and instead provide transferable explanations of why innovation in SE happens and how it happens. Innovation per

se should not be valued over and above the pursuit of significant, sustainable and lasting impact. And in terms of contributions to theory, it is best understood as one tool out of many that are needed to fully address the challenges that human society is currently facing.

With regards to the origin of SE innovations, topics such as empathy, frustration and serendipity must have an important weight within the intellectual production on SE, and must inform future research agendas on how to increase the impact of SEs, given that the creation of social value is their ultimate goal and their very *raison d'être*.

9.4.2 Improving Practice

The findings of this research also have implications for the daily activities of social entrepreneurs and for the way that SE is taught in academic or professional training programmes. Both entrepreneurs and learners can learn about psychological perspectives on empathy, frustration and personal flexibility as to be able to live more emphatic lives, to practice the art of stepping into other people's shoes, to adapt to unexpected situations and to learn how to transform negative emotions into forces for social change.

As a result of having conducted this research and linked to the author's professional obligations, a methodology has already been designed and implemented for the last three years, as a final submission of the social innovation postgraduate courses delivered in Cali (Universidad Icesi), Bogotá (Universidad Tadeo Lozano) and Medellín (Universidad Eafit). This consist of, firstly, forming random groups of students. As learning about empathy is one of the

objectives of the exercise, groups must be formed randomly. Following this, students are asked to select a community (any type of community, as long as it is clearly defined). Then students are asked to do ethnographic observations of the selected community, first individually, then in groups, and complemented with some informal interviews. The fieldwork required has to be properly backed up by evidence and sufficient time must be allowed for doing this. Following the site visits and the ethnographic observations, students are asked to put together a map, as in a visual representation, of the main trends, dynamics and observed problematics of those communities and present it to the class. Then students are asked to focus on one of the observed problems, and to conduct a root cause analysis to understand the nature of the problem in depth. Once they have done this, students are asked to do a divergent thinking exercise, where they have to come up with at least 10 solutions to the selected problem, clearly described. Up to here, it is possible to say that every single step of this methodology is a direct result of the early findings of this research. Summarising the following steps, as they go beyond the origin of innovative ideas, the activity continues as follows: A convergent analysis is produced, to get to just one of the solutions proposed. Over this solution, students have to produce: a prototype plan to implement the solution (step by step), a resources analysis (that must go beyond financial resources) and finally, a network analysis of the different actors they are planning to involve. To the author's notice, six of these final assignments have become real life projects (three social enterprises, two b-corps and one campaign).

9.5 Limitations of the research

This research, with its focus on community-led enterprises and especially, on development trusts, has left outside other subsets of SEs which are just as important as DTs. Cooperatives and social firms, with strongly rooted traditions in UK history, are also generating innovative ideas without a proper understanding of how this happens, and there has been even less of analysis as to understand if they manage to conceive ideas in different ways, or if their own communities of practice and representative organisations serve as vehicles for these purposes. In an ideal world, the sample for this research should have a representative proportion of DTs, social firms and cooperatives, in terms of the predominant organisational forms as to allow comparison and knowledge exchange between equally committed actors.

Another limitation to the research is embodied in the nature of the quantitative data used arising from the annual survey of community enterprises in the UK, dating from 2011 and 2012 and conducted by Locality. As the sponsoring organisation underwent major transformations, 2013 was a year in which the survey did not take place, impeding a longitudinal perspective on the analysis. The findings are therefore, not likely to reflect the impact of current socio-economic and political phenomena such as Brexit, which is at odds with the solidarity and inclusive spirit of SEs. While this analysis was a snapshot in time, there is a need to look at the changing environments in which SEs operate over time and how this affects their capacity to innovate.

Considering the differing estimates of how many SEs there are in the UK, the sample in here is of small size and confined to England, so the question of whether the conditions to innovate vary from one part of the UK to the other (Scotland for example) arises.

Finally, taking into account that SEs operate in every industry or industrial service, the sample included in here has left outside organisations that are creating important changes in fields such as criminal justice or mental health, and it might be plausible that the specific sectors in which these organisations operate also shape the generation of innovative ideas and its subsequent development.

9.6 Avenues for future research

Arising from the findings of this study, it is proposed that further research on how to promote and sustain empathy as a way of generating ideas for SEs activities is promoted. Up to now, despite a growing international agenda of education for empathy, spearheaded by one of the most influential SE organisations, Ashoka, and by a Canadian SE (Roots of Empathy) there is little room for this topic within psychology, anthropology, sociology and other social sciences programmes, not to mention that the theme tends to be completely absent from business schools or economics programmes.

In addition, having identified the factors that shape the generation of innovative ideas within the social economy, the natural step would be conducting more in-depth, qualitative research on the subsequent stages, as to understand what are the optimal conditions for good ideas to

reach fruition and the processes by which these ideas can be aided and speeded in their implementation

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Annex

Annex 1: Interview Topic Guide

| | |
|--|--|
| Organisation: | |
| Person interviewed (& position): | |
| Interview agreed/coordinated on: | |
| Interview conducted on: | |
| Important information about the organisation (to consider before the interview)? Include information from their last annual report, website, grey literature, etc | |
| Confidential Notes: | |
| Way forward with this organisation? Include any commitments acquired during interview | |

START BY:

- Introducing Social enterprise capacity building cluster
- Introduce this particular research: trying to understand where do good ideas or solutions come from in the space of the social economy (do not mention the word 'innovation')
- Explain Locality's role: Interested in finding new ways in which they can better support their members
- Confidentiality & anonymity guaranteed, interview will be recorded. Their personal/organisation's name will not appear in the final document unless agreed or validated
- Potential uses of final document

INTERVIEW GUIDE

SECTION 1 (Information on the organisation and key programmes)

1. Main activities? (Areas of work, specific programmes or services)
2. Who benefits? (clients profile)
3. In which order were your programmes/services introduced? (chronology)

(Starting with the oldest ones)

4. How did you identify the need for this programme/service?
5. Can you tell me more about this (refer to newest programme/service or to another initiative mentioned with enthusiasm by interviewee)?

Probes on:

- Origin of the idea
- Thinking behind chosen approach/strategy
- Theories of change
- Stakeholders or partner organisations involved?
- Details and roles of different stakeholders in relation to designing/delivering/monitoring
- Unusual/innovative methods or strategies used

6. Tell me more about the changes, at both organisational and societal level, that occurred as a result of introducing (refer to programme/service mentioned before)
7. If you could create a new programme/service, what would it be?
8. Why hasn't this happened yet?

Probes on:

- Barriers to do it
- Possible ways of overcoming them

SECTION 2 (Focus on the relationships behind one innovation mentioned above)

1. Do you have any established partnerships to deliver this programme/service?
2. How were these established?

Probes on:

- Process
- Leads
- Timeframes
- Funding
- Motivation

3. Do you have any SLAs or are you part of any LSPs/LEPs?
4. How do you know you will benefit from this?
5. What has been your experience of managing these (specific) relationships?
6. Has there been anything that has put pressure on the relationship?
7. Is there any organisation that you would like to partner with in the future?

Probes on:

- Innovative and successful organisations
- Issues of trust and reputation
- Possibility of working across sectors

8. Not including your organisation, who in the SE sector is achieving great impact?

Probes on:

-Definitions of success

-Issues of competition

SECTION 3 (Social enterprise networks/infrastructure)

1. Which formal networks does your organisation belong to (include also professional networks to which interviewee belongs)
2. What do you get from these?
3. Which one is best run and why?
4. Which of the umbrella or support organisation in the SE sector are important to your work?

SECTION 4 (Other external and internal factors affecting the innovative capacity of organisations)

1. Can you tell me more about other organisational aspects or wider issues that affect the way in which you conceive new solutions to social or environmental problems?

Probes on the influence of:

-Management structure

-Leadership style

-Performance Management tools

-Organisational culture/unwritten rules

-Formal and informal communication channels

-Knowledge base

-Public policy

-Economic context

-Local/regional context

SECTION 5 (Wrap up and closure)

1. Is your organisation contributing to lasting social change?
2. How? In which ways?

(Here I can explain innovation hidden research agenda)

3. Interview Closure