

# **SOCIAL ENTREPRENEURSHIP IN CO-OPERATIVES<sup>1</sup>**

Roger Spear, Co-ops Research Unit, Open University, Milton Keynes, UK.

## **INTRODUCTION**

Studies of business entrepreneurship tend to focus on the individual, and the economic aspects of starting a new enterprise and subsequent business development. This paper is concerned with developing a framework which allows both economic and social dimensions of entrepreneurship to be analysed. It reveals a differentiation between the conventional popular model of the individual entrepreneur creating their own enterprise from initiatives involving more than one person, and from initiatives which involve a more formal, institutional focus of entrepreneurial activity. This type of entrepreneurial activity is most common where some level of local development is prominent, and infrastructure is established to allow this development activity to take place. The framework is developed to accommodate the often neglected collective or pluralistic dimension of entrepreneurship. The paper draws on the behavioral approach (Gartner, 1989) to adopt a straightforward definition of social entrepreneurship – the creation of a social enterprise (co-op, mutual or voluntary organisation); but the social dimension of entrepreneurship is examined within the research: by exploring the extent to which social or community goals played a part in its formation and subsequent operation.

The growth in studies on entrepreneurship, has paralleled that of studies of small and medium enterprises (SMEs), since the 1980s. This literature is quite diverse, both in disciplines and in themes under which such studies are classified; a major conference in the field (Babson conference) indicates 25 fields of study – partly based on disciplines and partly based on empirical categories (e.g. strategy and growth, family business, networks, franchises, etc). . Until recently this has not been matched by the level of studies in social and public entrepreneurship, however this is beginning to change, particularly in the area of social entrepreneurship.

As indicated above, although nonetheless it is recognised that there are strong similarities between the two fields (co-ops and SMEs), this paper is concerned with institutional forms associated with the social economy: co-ops (and in later studies: mutuals and not-for-profits). However it is important to recognise some similarities, and draw on the SME literature on entrepreneurship, as well as with the rather sparse literature from not-for-profit studies and social enterprise studies. The approach here adopted, is exploratory, aiming at constructing a theoretical basis for analysing the empirical data collected, in order to reveal the distinctive nature of social entrepreneurship in the co-operative sector. It is important to contribute to a greater understanding of the social economy (co-operatives, mutuals and voluntary organisations or non-profits), since it forms a prominent part of developed economies (Ciriec, 2000). Indeed, co-operatives are also prominent in many less developed countries, with over 700m. co-operators worldwide. And the social economy field forms an important part of many developed economies – ranging from 3.3% to 16.6% of employment in different countries in Europe (Ciriec, 2000), and yet very little

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<sup>1</sup> A revised version of this paper will be published in a Canadian book on co-operatives, later this year.

research has been done on entrepreneurship in the sector. This study takes some small steps in redressing this situation, with the hope that it may also inform mainstream entrepreneurship research.

Initial thinking (based on anecdotal evidence and the literature) indicates that entrepreneurship may have several features that distinguish it from that in the commercial stock company sector. For example, Cecop (1978) identified five different types of model for the creation of a co-operative – including worker buyout, and spinoff. Institutions have also played central roles in the entrepreneurial process of co-ops (Cornforth et al, 1988) – this may be seen in possibly the most economically successful worker co-ops currently - the Mondragon co-operatives of Northern Spain, where the co-operative bank (Caja Laboral Popular) had an enterprise division which nurtured and supported entrepreneurs. Similarly, in Italy the growth of social co-operatives during the last two decades would not have been possible without the consorzi or consortium of local co-operatives that provides management services and supports the growth of new social co-operatives (see Spear, Leonetti & Thomas, 1994 for an analysis of the potential of social co-operatives). There are also particularly interesting examples of institutional roles in entrepreneurship in the UK, and Sweden, where co-operative development agencies have been central to the creation of large numbers of worker co-operatives. There is some theoretical argument for this institutional form of support for entrepreneurship as a way of compensating for deficiencies –Abell (1983), and Fanning, C. and McCarthy, T. (1983) argue that co-operatives suffer an entrepreneurial problem since greater returns would accrue to an entrepreneur if he/she formed an organisation which they owned exclusively rather than one shared with others. This begs a number of questions about the adequacy of individualistic economic theory when examining social or collective activity.

A broad framework for studying the development of a population of organisations (such as a co-operative or NfP sector), is that noted by Badelt (1997): to examine three interacting sets of factors: demand side factors (such as customers wanting services from social enterprises), supply side factors (essentially the supply of entrepreneurs) and thirdly, institutional factors influencing the relation between the two (including influence over the choice of institutional form). The focus of this research is firmly on supply side and contextual factors. However this paper does not go into depth about the factors influencing the supply of social entrepreneurs. Nor does it go into two promising themes for the study of entrepreneurship: social movements linkages to social entrepreneurship, and the role of religion and religious leaders in social entrepreneurship.

The paper builds on an exploratory piece (Spear, 2006), and develops a conceptual framework, based on two small studies of some case studies of social enterprises; the first being a study of co-operatives and employee owned firms in the UK in a range of business sectors, and the second being a set of case studies of European social co-operatives drawn from a much larger study of work integration social enterprise Europe – co-ops were a subset of these social enterprise, which also comprised a large number of non-profits.

The first series of case studies was of UK co-operative organisations formed within the last 3-20 years i.e. with sufficient post-formation experience to be able to reflect on the relevance of different factors, but not so old that it is impossible for respondents (interviewees) to remember what happened. In a few cases the original entrepreneurs have left the organisation, and in a few cases the organisations no

longer exist. Interviews were conducted where possible with all major figures in the entrepreneurial process (since it was one of the hypotheses that it might not be a solely individualistic process). The second study, of European work integration social co-ops (WISCs), is in a sector where government policy, government contracts are important; it is also an area where there are clearly strong social goals to help disadvantaged people. This comparative approach allows an exploration of initial findings from the UK in a wider European context, albeit in a specific sector of work integration.

The overall aim is to develop a framework which is appropriate for analysing a range of types of entrepreneurial activity. It draws both from entrepreneurial theory, and from an examination of these two sets of case studies of entrepreneurial practices.

The study also attempted to cover a number of different sectors and explore different types of entrepreneurship. It was concerned to examine the influence of a number of themes – origins of the co-operatives, motivations of entrepreneurs, models of entrepreneurship, external support, social capital, and outcomes. It was hypothesised that social capital might be an important resource in the social economy. It was considered important to consider the role of formal and informal support structures in the entrepreneurial process (even including the possibility that the entrepreneurial process might be distributed outside the boundaries of the new co-operative enterprise for example to include public sector or social economy players and agencies); and it was felt that learning (see Jakobsen, 1996) and knowledge management approaches would have important contributions to make in understanding how the necessary skills and know how were acquired, and that this could help explain the differences between success and failure.

The study is part of a larger programme of research which is concerned with developing quantitative and qualitative comparative data on social entrepreneurs across a number of different types of social enterprise operating in different sectors and countries (cf. Spear and Voets, 1995; Cote, 1998; Spear, 2000). This research also fits within a wider field of study on social enterprises i.e. trading organisations within the social economy (co-operatives, mutuals, community business, and voluntary or not-for-profit) organisations), see the work of the EMES network: <http://www.emes.net/en/index.php>.

## **ORIGINS OF THE CO-OPERATIVES AND ENTREPRENEUR MOTIVATIONS**

### **The six UK case studies**

Each case will be briefly described, and a summary table is produced at the end of this section.

FT was a small co-op, formed through a merger of existing businesses over 20 years ago. It was successful for many years, providing transport in the wholefood sector, but subsequently failed, after the founding entrepreneurs left. Turnover reached £1.75M in 1992, and the workforce reached 18. A federal grouping of wholefood co-ops (the customer base) provided significant entrepreneurial pull which not only helped create and shape the entrepreneurial initiative, but brought the entrepreneurs together as a kind of merger of their previous activities, which were in the same line of business. The motivation of the central entrepreneurs was positive towards the co-operative structure (avoiding capitalist structures since "the success of capitalism is to do with treading on other people"), and they both wanted independence. Both

entrepreneurs were already working in similar businesses prior to merging their activities to form a new co-operative enterprise with more ambitious goals.

VS was a voluntary<sup>2</sup> new start, created in 1994 by 2 asians to provide video services. It had clear economic motivations behind its formation and has been financially successful. In 1999 it had 4/5 full- time and 8/9 casual workers with a turnover of £55k. Two asian males were centrally involved, one of whom had worked in a co-operative beforehand. The other had small business experience, and a CDA (Co-operative Development Agency) worker played an important supportive role assisting in taking a strategic view as well as providing start-up expertise. The main protagonists began the business informally as a hobby working from home. One of them came from a family where father and brother had their own businesses. Thus there were *supportive external stakeholders*: the family and the CDA. Their primary motivation of the entrepreneurs was to make money, and they chose the co-operative form because they knew the CDA worker, and wanted access to their support (since their experience of small business advisers was bad).

CS was also formed in 1994 but through a quite different formation process. It was an employee owned buyout of a public sector organisation providing computer services to schools, at the end of 1999 it had 17 workers and a turnover of £900k. CS was the most involuntary of the cases, in that it emerged from a privatisation push by a government body, with the 4 central entrepreneurs bidding to save their jobs through a buyout conversion, but knowing they might be in competition with other bidders (in the event TUPE<sup>3</sup> legislation meant that the main competing bidder withdrew because of the requirement to meet such costs. External support was provided through the local CDA.

TR became a new co-operative providing translation services in 1994. Its worker/members were south american refugees with some family connections who succeeded in creating a stable business. Its turnover at the end of 1999 was small at £50k, with 2 part-time workers and 5/6 associated freelancers. Like CS, TR grew out of informal and self-employed activity but by members of a South American family. They were strongly motivated to form a co-operative, because of their collective orientation towards the other members, and their belief in the value of participative frameworks. External support was provided through the local CDA

Established in 1993, LS (like CS) was an employee buyout of a public sector organisation, in this case one delivering leisure services. In both these cases, unusually the privatisation led to a social rather than a private enterprise. LS has been very successful in providing good quality services very efficiently. By the end of 1999 it had 120 full-time and 200 part-time workers, with a turnover of £4m.

CC was formed in 1986, out of the closure of local authority childcare services, when a group of women decided to save their jobs and establish a co-operative.

LS and CC both arose from public sector difficulties (closure and financial pressure). Political negotiations and support played an important role in one case (and in the

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<sup>2</sup> This voluntary/involuntary dimension stands out from the empirical evidence, and it draws on the literature in the field, see for example Paton et al, 1989.

<sup>3</sup> The Transfer of Undertakings (Protection of Employment) Regulations 1981 (as amended) – commonly known as the TUPE Regulations – safeguards employees' rights where businesses change hands between employers such as a transfer of ownership through privatisation.

third involuntary case). The orientation was job saving, but they have both gone on to perform well economically and socially. Despite having a co-operative structure, CC appears to regard itself as not for profit, and it applies for grants regularly to support its social dimension of performance.

### **The six European case studies of WISCs**

Each case will be briefly described, and a summary table is produced at the end of this section.

The **B2** co-operative has its roots in a Belgian voluntary organisation, where a working team, with the objectives of training and creation of work for poor and excluded persons. They developed into the cooperative for the construction and renovation of buildings in 1985. The “founder circle” of members were thus the poor and activists. There was both an institutional and financial link from beginning with the voluntary organisation.

The **I1** Italian co-operative was founded in 1988, by a group of citizens, with the purpose of supporting the social and work integration of prisoners. It operates in the green area, wood manufacturing, cleaning and production of urban furniture. The target group were prisoners, prisoners on probation, drugs addict, alcoholics.

The co-operative was created not as social co-operative but as a labour co-operative. It subsequently became a (type b) social co-operative in 1993.

The **I2** Co-op was created in 1981 by a group of 10 social worker from the mental health department of a neighbouring town in Italy, with the aim of creating job opportunities for people with mental health problems, after the passing of a law regulating the discharge of psychiatric patient from mental hospitals. The member base (and board) included both workers and some public bodies (representative of the local health unit). Initially the co-operative started with cleaning services inside the hospitals, etc. After it became a social co-operative and won a huge tender, the organisation grew and changed its structure, in terms of human resources, work integration, with new markets in neighbouring areas and regions. The cleaning services became a differentiated service with a wide range of public contracts. In addition the co-operative promoted the spin-off of a social co-operative (type a, concerned with providing social/health services).

The **I3** co-operative was established in 1993, in Sardinia, an island off the coast of Italy. This area is quite disadvantaged, due to the rural environment, and a high level of unemployment. The co-op was created by a group of drug addicts assisted by the local social services centre supporting drug addicts, and social workers from the centre. The aim was the social and work reintegration of drug addicts, through education and training. The sector of activity was environmental improvement. After some time, the founder managers left, leading to a period of turbulence, but this has led to a re-invigoration of the original goals of solidarity and work integration.

The **UK4** Recycling Co-operative was started in 1992 by two unemployed people involved in a neighbourhood association involved in recycling in a town on south coast of England. The operation began with recycling from commercial premises. This was followed a few years later by probably the most visible part of the service to the general public which is the weekly kerbside collection of household waste. After a long period of growth and innovation in services, the co-op is facing regulatory and competitive challenges. This is due to legislative pressures on local authorities

forcing the introduction of a city wide recycling scheme funded through local taxation.

The Finnish labour co-operative **F1**, is a medium sized enterprise in the sectors of home services and office cleaning, and catering. It was originally established in spring 1997 by a social voluntary organisation, a wholefoods co-operative and five citizens. It was established for three reasons. First to provide employment for unemployed persons in a neighbourhood of Espoo City and in the capital region; secondly to continue the business activities the social associations had and thirdly to participate in the social development of the neighbourhood and similar neighbourhoods. It began with 25 employees and participants, and by 2002, it had 200 employees (60 FTEs).

<i>Factor/UK Case</i>	<i>FT-Food Transport</i>	<i>VS-Video Services</i>	<i>CS-Computer Services</i>	<i>TR - Trans In Services</i>	<i>LS-Leisure Services</i>	<i>CC-Childcare Services</i>
<b>Origins</b>	Merger	Infomal New start	PubSector Buyout	Informal/Formal	Public Sector Buyout	LA Closure
<b>Motives</b>	Independence.	Money	Job Saving	Control & Service	Public Sector push: Financial pressure	Job Saving
<b>Reasons for choice of form</b>	Pref. of sponsor/ entrepreneurs	Customer pref./ staff involvement	Access to CDA help	Collective Participation	Politically Acceptable	Self Management.
<b>Entrepreneur Model</b>	Joint (2)	Joint (2) + strong CDA support (1)	Group of managers (4)	Leader/ supporter	Team (3)	Joint (2)
<b>EntrP roles</b>	Political/ manager	Ext/ Internal	Functional diff.	Leader/ supporter	Political/leader/Op.	Functional
<b>Ext. E-roles/ Soc. Cap.</b>	Federation sponsor/ customers	CDA, key figures. Family	TU, borough, CDA, customers	Family,CDA	CDA, Council	Council, sponsors, business advisors
<b>Learning</b>	Each other	CDA, other small businesses	CDA, customers, business advisors	Each other	CDA	Exper. business advisors.
<b>Social Dimension.</b>	Promoting good food	Trained Asian videoists	Jobs saved	Refugee help	Quality/ cost (poor residents)	Women returners
<b>Outcomes</b>	Growth; founders left; then failure	Economic success	Stable business	Stable; Satisfaction	Quality and efficiency	Growth, innovation (peripatetic service)



<i>Factor/Euro Case</i>	<i>B2</i>	<i>I1</i>	<i>I2</i>	<i>I3</i>	<i>UK4</i>	<i>F1</i>
<b>Origins</b>	Voluntary organisation	Informal	MH Dept.	Social Services	Voluntary organisation	Voluntary organisation
<b>Motives</b>	Jobs/skills	Jobs/integration	Jobs/integration	Jobs/integration	Jobs/recycling	Jobs/business/community
<b>Reasons for choice of form</b>	No data	No data	No data	No data	No data	No data
<b>Entrepreneur Model</b>	Team/Orgnl	Group	Team/Orgnl	Group/Orgnl	Joint (2)	Group/Orgnl
<b>EntrP roles</b>	No data	No data	No data	No data	No data	No data
<b>Ext. E-roles/ Soc. Cap.</b>	Sponsor voluntary organisation; volunteers	No data	Health services	Local and national consortia (federal bodies)	Green networks	Sponsor organizations. Links with public bodies; subsequently with co-op networks
<b>Learning</b>	No data	No data	No data	No data	No data	No data
<b>Social Dimension.</b>	integration	integration	integration	integration	Integration/ environmental	integration
<b>Outcomes</b>	Growth	New building/ growth/ new services	Considerable growth/ spinoff co-op	Founders left; difficulties; re- invigoration	Problematic changing regulatory context.	Growth

Some diverse themes emerge from an examination of origins of the two sets of cases:

- a) In the UK cases: there was entrepreneurial experience in the *family history* of only one entrepreneur, but in the voluntary cases substantial personal history of *small business experience*. There was not sufficient data from the European WISCs to comment on this aspect.
- b) Half the UK cases were *involuntary*, where strong pressures (of redundancy/privatisation) created an entrepreneurship “push”. This is not typical of the small business sector, but may be more representative of co-operatives (though this would typically be in the range 10-20%). In the Euro WISCs although there were not the very strong pressures of privatisation and redundancy to force “involuntary” or “reluctant” entrepreneurs, changing government policy did create a strong “push” for entrepreneurial activity, for example in the changing policy in Italy towards mentally ill people; similarly in other WISCs where there were high levels of disadvantage.
- c) And in each of the UK voluntary cases there was a clear *transition* from hobby or self-employment or previous work in the same line of work, to a new formal enterprise. This raises questions about the episodic character of entrepreneurship, and poses questions about when key entrepreneurial activities took place. In three of the Euro WISCs there was a slightly different kind of passage – through a voluntary organisation in the cases of B2, UK4, and F1. In these cases rather than raising questions about the episodic character of entrepreneurship, it raises questions of the “place” or fora, where entrepreneurship is nurtured or initiated.
- d) Motivations were quite diverse in the UK cases, this can be seen through the varied reasons for *choice of institutional form* (co-operative), with external influences operant in half the cases, but reservations subsequently expressed in 2 cases. But there was evidence of some ideological orientations (cf. Ackerman, 1996) - 3 cases were strongly in favour of the form chosen (which links with ideological views of entrepreneurship in the NfP sector e.g. Ackerman, 1996). And while Ben-Ner and Gui (1993) raise the issue of for-profits masquerading as NfPs, here there is a case of NfP behaviour (CC - strong social orientation and grant seeking) within a profit-limited structure (co-operative). This clearly exposes rational choice theories of institutional forms as problematic. In such situations the issues influencing choice are highly complex, involving consideration of constitutional, financial, fiscal and legislative matters, and it seems more appropriate that choice of institutional form should be seen as *mediated by professionals* (accountants, lawyers), advisers, and support organisations.

This diverse picture may be contrasted with that of the Euro WISCs, where there were strong social motives in all cases – to help disadvantaged people/communities, as well as environmental improvements. But one would expect strong social motives in the work integration sector.

## **MODELS OF ENTREPRENEURSHIP**

Entrepreneurship is clearly a very diverse phenomenon (e.g. Leighton and Felstead, 1992), but its study and discourse remain dominated by the “great man” school. However, not all writers discuss entrepreneurship solely in terms of the “heroic

individual” (often male) who battles against adverse elements to develop a new enterprise. Van de Ven (1993) in a conceptual paper to formulate a research agenda for studying the infrastructure for entrepreneurship argues that ”the process of entrepreneurship is a collective achievement requiring key roles from numerous entrepreneurs in both the public and private sectors.” In a similar vein, Casson (1995) notes that entrepreneurship can be a distributed process across the public/private divide. He notes that:

“It is not necessarily the case that the private sector requires the best entrepreneurs. Countries such as Japan, France, Germany and Singapore have achieved good economic results using active industrial policies formulated and implemented by entrepreneurial people attracted to high- status jobs in the public sector.”

And while there is recognition of the important role of collective forms of entrepreneurship (especially teams) within enterprises (intrapreneurship), there are generally few references to this dimension in the literature.

In the non-profit field, Young (1987) mentions several cases of collective entrepreneurship but does not develop this out as a distinctive factor. But generally a dearth of studies of entrepreneurship in the non-profit field.

Even in the emerging field of social entrepreneurship studies in the USA (see for example Bornstein (2004), Dees (2002), Leadbetter (1997), and Austin et al (2003), the emphasis is clearly on the individual rather than collective models of entrepreneurship. However as Austin et al (2003) and Mair and Marti (2005) adopt frameworks drawn from the conventional entrepreneurship literature which focuses on processes (of opportunity recognition/construction, and deal-making) rather than focusing on the entrepreneur, this lends itself to collective processes.

In the two sets of cases studied, it is particularly notable that in contrast to the ”heroic” individualistic view of entrepreneurship which is the typical model, the collective nature of entrepreneurship is very prominent in co-operatives.

In all 6 of the UK cases there was a more collective form of entrepreneurship – joint (partnership), leader/supporter, and team/group. And there is a certain intuitive logic here: that those involved with collective initiatives would be more likely to choose a co-operative structure than alternatives (and the same might apply to NfP structures).

And in the 6 Euro WISC cases there is a similar finding of collective entrepreneurship in all cases. However there are three other interesting features of the entrepreneurship process in these latter cases: firstly that organisations play a significant part in 4 out of the 6 cases – thus one might say that it is “organisational”; secondly that the origins of entrepreneurship are within organisations in 5 out of the 6 cases – thus the “place” where entrepreneurship is located is within organisations (for example the two budding recycling entrepreneurs were both members of a voluntary organisations concerned with recycling; and thirdly there was a strong element of “sponsoring” of entrepreneurship by concerned individuals, groups and organisations – many of these people did not take up roles within the new enterprise, or only sat on its board. This latter finding may be associated with the strong social dimension in these initiatives: helping very disadvantaged people.

These findings do not exclude possibility that key individuals could be entrepreneurial, or even play leading roles in a collective process of entrepreneurship, but it does broaden the framework to consider collective processes and individual roles within that, as well as the role of organisations as “places” for entrepreneurship,

and in sponsoring it. This has implications for policies promoting entrepreneurship and an enterprise culture (Keat and Abercrombie, 1990).

## **EXTERNAL SUPPORT AND SOCIAL CAPITAL**

Similarly it is clear that contextual and institutional factors may be more relevant in supporting the setting up of social enterprises, compared to conventional SMEs. Most cases in both studies had significant *support from external stakeholders* like CDAs, family, public bodies, voluntary organisations, and federal structures – these seemed important catalysts of entrepreneurial activities.

The cases show quite diverse patterns of distributed entrepreneurship with external groups or organisations playing key roles in several cases. In some ways this represents *circles of entrepreneurship* around the focal organisation, with the entrepreneurs within the organisation playing central roles, but with a wider group of *supportive external stakeholders* sometimes quite closely and essentially involved. And beyond this a supportive context of players provides resources, and expertise some of which is conventionally supplied, but some of which may be better conceptualised as social capital.

This finding resonates with a strand of the literature on networks and the importance of context, for example Johansson et al (1994) argue for the importance of different types of networks to access resources and knowledge; but some of the relations discussed in this paper seem less instrumental, more social, bearing some resemblance to the moral support discussed by Goffee and Scase (1989), in relation to family. It may be that the collective nature of co-operatives facilitates access to social capital.

Federal structures are quite common in the social economy where they often play economic and political roles; thus the new social enterprise with its new goals were to a significant extent shaped by the pull of the federated customer base. This represents a demand side direct involvement in the entrepreneurial process.

External stakeholders played significant roles, both in influencing the choice of institutional form (co-operative) and in supporting the entrepreneurial activity over a considerable time. Thus in FT the federation of customers sponsored the initiative, and customers helped bring together the two entrepreneurs (who had been carrying out similar transport work independently). In VS the CDA worker was a very central figure, regarding herself as helping the enterprise take a strategic view. In CS the trade union (TU) and the borough (municipality) played minor roles, along with customers; similarly TR showed external support as less significant. However in LS there was considerable political and enabling support provided by external actors, which essentially created the space for the initiative to exist; while CC had a lower level of outside support, but quite varied and more linked to functional issues.

Differentiating between external actors closely involved and a wider circle of support which might be termed social capital is a fine judgement. Social capital was provided in various forms – political support, expertise, assistance, contacts, advice, etc. and by a variety of people from landlords to customers, to various types of business advisor, to neighbouring businesses, family, etc.

And it was not a one way generation of social capital, for example in TR, it was felt that earlier support should be repaid or reciprocated, in the form of – serving on the board of the CDA, providing reduced cost language services, providing practical help

to solicitors' clients, helping brief solicitors about their clients (who had diverse social/cultural backgrounds).

## **LEARNING**

It is clear from this study that learning about entrepreneurship took place in two important spheres of operation: amongst and through linkages with customers who appeared sympathetic to the business (e.g. CS), and it may be that the co-operative structure helped establish this sympathetic approach; and through the support of others who might similarly be considered sympathisers e.g. politicians in LS, Borough officers (CS and LS, and CC), a Federation of customers (FT). While family was not an area explicitly examined (and the literature regards such support as being significant e.g. Goffee and Scase, 1989), it was mentioned in two cases as a significant area of support.

At a more formal level, it is clear that in 3 of the 6 cases, CDAs (the co-operative business support structure) provided a basis for learning, advice, expertise, but this was not without its criticisms (lack of specialist advice).

## **LESSONS AND OUTCOMES**

In general the social dimension (in terms of social purpose rather than institutional form – co-op/mutual/NfP) appeared to be a minor part of most of these social enterprises, however it is clearly important in CC and LS, while in FT and TR their internal operation clearly had a strong social orientation (participative, non-exploitative). Thus it could be said that 4/6 social enterprises had significant social orientations.

For different reasons the achievement of stable business at CS and TR can be considered satisfactory (the latter since it appears to be a preference), the former since it meant saving jobs, however CS was disappointing in not having developed entrepreneurial capabilities. In this respect it was the exception amongst the involuntary examples, since the other 2 cases were very impressive in their growth and quality of performance (including innovation), after being released from public sector constraints.

FT experienced a highly successful growth (from 2-18 staff, with a turnover of £1.75m.) but its subsequent decline and failure, in an increasingly competitive sector provides the worst overall performance (although the founders had left a couple of years before the end).

In subsequent periods of entrepreneurship: 2 out of the 3 involuntary cases appeared particularly entrepreneurial in developing innovative and/or high standards of business and social performance. This confirms the view that independent operators, when released from the constraints of the public sector, can demonstrate considerable initiative and entrepreneurial capability.

## **CONCLUSION**

The findings from this small scale study provide interesting models of entrepreneurship that contrast with conventional models for SMEs:

- motivations were quite diverse, but included ideological orientations;

- the rationale for institutional choice was not always so clearly rational, but more obviously *mediated* through professionals, advisers, or support organisations;
- there was a transitional dimension in all cases (obviously in the involuntary ones from public to private), and this raised questions about the episodic nature of the entrepreneurial activity - when it started and finished.
- a limited degree of innovation took place in a substantial proportion of cases, but not necessarily at the formation stage;
- entrepreneurship was not of the “heroic individualistic” type in any of the cases, but joint, leader + supporters, or team based;
- there was distributed entrepreneurship - circles of entrepreneurial activity, with central roles played by the entrepreneurs within the organisation, but with a wider group of external stakeholders sometimes quite closely and essentially involved – including customers, and distributed across public/private boundaries;
- through the wider circle of support social capital was utilised, and subsequently reciprocated, in a few cases (including through customer linkages);
- learning networks and milieus were not as developed as anticipated, and depended more on social capital within normal trading relations, and on other sympathetic stakeholders;

The findings from these case studies provide a number of issues for further research on a broader sample of social enterprise (co-operatives, mutuals, voluntary organisations). The findings also point to a different more collective and distributed perspective on entrepreneurship which may warrant more empirical research in the SME sector.

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