

# 15 Social Enterprise in the UK

## Models and Trajectories

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### Introduction

There is a growing interest in the social-enterprise (SE) arena in the UK, but this term encompasses a highly diverse community of organisations. In the Anglo-Saxon context, organisations have developed in different policy or business fields, with distinctive legal or governance models. They may also originate from very different historical periods. For example, some may be recent organisations setup with a specific SE focus and, in some cases, with a strong business orientation. At the other extreme, there are organisations with roots in charitable or cooperative entities founded in previous centuries, and these origins continue to affect their aspirations and organisational model today. Overall, the wide degree of variety and hybridity within the field has created difficulties in defining or counting social enterprises in the UK.

At a policy level, in the last 20 years, policymakers have moved from a position of relative neglect of social enterprises towards taking a strong interest in their development. Hence, there have been new or amended legal identities, encouragement for these organisations to acquire physical assets or engage in the delivery of public-sector services, and an endorsement at policy and practice level of the importance of these entrepreneurial organisations. It is also worth mentioning that social enterprises are more common in certain arenas of the economy (particularly in the field of human services) and less common in others (such as high-tech manufacturing), although there are exceptions.

It is also important to indicate the nature of devolved powers to the constituent countries within the UK over the last 20 years. This has led to some divergent policies towards social enterprises being pursued in Northern Ireland, Scotland and Wales. For simplicity, the discussion here mainly refers to the English situation, unless stated otherwise.

### 15.1 Different Types of Social Enterprise

In some countries, a precise legal structure defines what is, and is not, a social enterprise. This is not the case in the UK, where social enterprises use a wide variety of legal forms. These include charities, charitable incorporated organisations, companies limited by guarantee (CLGs), community interest companies (CICs), industrial and provident societies (I&PSs), companies limited by shares, sole traders and partnerships. The CIC, of which there are two types, is the only form specifically dedicated to social enterprise. A brief overview of these various legal forms is given here, before proceeding to discuss the contested narratives that surround the SE sector.

*Charities* form the most prominent part of the SE sector, and their legal structures have been enhanced to facilitate entrepreneurial activity through the new legal form of *charitable incorporated organisation* (CIO). However, many charities may not self-identify as social enterprises, partly because of the business-orientated definition of social enterprise in the UK.

Prior to the legislative changes that took place in 2014, cooperatives were formed under two legal structures: as *companies limited by guarantee* (CLGs) or as *industrial and provident societies* (I&PSs). In August 2014, the Cooperative and Community Benefit Societies Act came into force. This was largely a consolidation of existing legislation. Since that date, new cooperative organisations have registered as either a “*co-operative*” or a “*community benefit society*”, although existing I&PSs have been permitted to retain that legal title if they wish. There is little substantive change. Cooperatives remain a small but important part of the SE population, and public-sector spin-outs may have multi-stakeholder forms with cooperative components.

The *community interest company* (CIC) legal form was specifically developed by the government to support the development of social enterprises and increase their visibility and legitimacy. This legislation has only existed for 10 years and is currently still used only by a small proportion of British social enterprises.

For-profit social enterprises—that is, *companies limited by shares*, *sole traders* and *partnerships*—constitute a relatively under-researched group, and they are not included in all definitions.

Policy narratives, mixed with cultural and historical factors, have played a strong role in shaping or contesting the nature of the field over the last 20 years (Teasdale 2012). Furthermore, Spear et al. (2014: 154) point to path dependency among social enterprises, where hybrid forms emerge from four main origins: mutualism and cooperativism; trading charities; public sector spin-offs; and new-start social enterprises. These origins, combined with dominant policy narratives, still play a role—rhetorically or otherwise—in shaping enterprises’ practices (Spear 2011) and development trajectories.

The remainder of this chapter is structured as follows. In section 15.2, an orientation is given via illustrations of social enterprises operating in three diverse fields. We then examine, in section 15.3, how social enterprises have been conceptualised in the UK by shifting narratives and social-policy changes, and we provide a brief analysis of the institutional trajectories of certain SE models, before some concluding remarks. The overview offered in this chapter is necessarily brief; however, a more detailed account is available in Spear *et al.* (2017).

## 15.2 Illustrations of British Social Enterprises in Three Fields

The British approach to social enterprise recognises the potential for forming social enterprises in a wide variety of areas. In this section, there are illustrations of social enterprises from three fields: work integration for disadvantaged people, community businesses and public services. Other fields—including the production or sale of fair-trade or ecological products or services—are also important in the British context but are not discussed here.

### 15.2.1 *Work-Integration Social Enterprises (WISEs)*

Work-integration social enterprises (WISEs) constitute a prominent field in many countries. These are organisations that aim to assist people on the margins of society to reintegrate into employment, and prevent their permanent exclusion from the labour market and civil society (Spear and Bidet 2005).

There are significant differences between the British field and its counterparts elsewhere in Europe. The goals and structures of WISEs in the UK have been significantly shaped by the unemployment rate, centralised labour-market policy and historical development of the field. WISEs have roots in worker cooperatives dating from the 19th century (Somers 2005; Aiken 2007). In the British policy environment, work integration has been highly centralised and subject to fluctuations arising from high unemployment (1980s); then low unemployment (mid-1990s to 2008); and, since the global recession, back to high unemployment or under-employment (Aiken 2007). At times, policy and funding focused on small numbers of severely disadvantaged people (low volume), while at other times, there was a concentration on large numbers, with strict outcome targets (high volume). WISEs tended to flourish in the first scenario and flounder in the second. The government's focus has tended to be on hard outputs (i.e., exact numbers of individuals placed into employment) (Spear 2001), while softer outcomes, such as increased self-efficacy and confidence, have not been valued (Hazenber *et al.* 2013).

Overall, the rapid changes in policy priorities and funding arrangements have hampered the stability of British WISEs.

### *15.2.2 Community Businesses*

Community businesses are a highly successful model for local community development. They can be effective in motivating and supporting local communities by, typically, providing transport, shops or pubs. The approach involves members of the community taking a share in the organisation and playing a role in its governance. The community business typically develops various projects that address social-exclusion problems in disadvantaged inner-city and rural areas. This is a self-help approach to regeneration by strengthening community structures and services in a community/member-led, democratically controlled organisation. The model has also been used in parallel initiatives such as City Farms. Locality, one of the national umbrella bodies, sees these businesses as organisations run by and for their communities. They may receive support or start-up help by organisations such as Power to Change or Plunket Foundation.

### *15.2.3 Social Enterprises Providing Public Services*

The UK has a very high level of public services delivered by independent private or third-sector organisations. Julius (2008) estimated that private-sector delivery (including delivery by the third sector) represented over 30% of total British public-sector expenditure. Only a small proportion of these services are delivered by social enterprises but this small share makes up a large proportion of SE activity. Social enterprises in this field have emerged from policy initiatives that sought to privatise or reform public services. Four types can be distinguished: first, housing associations, which are regulated charities that took over local-authority (municipal) housing; secondly, leisure trusts, which are staff-controlled multi-stakeholder cooperatives that manage municipal leisure services; thirdly, academies and cooperative schools, which are multi-stakeholder charitable trusts with some parental and staff involvement in governance; and fourthly, public-service mutuals, which represent a recent spin-off from the public sector but are typically management-led, albeit with substantial staff ownership and participation.

*Housing associations* have Victorian philanthropic roots, including the Peabody Trust and Guinness Trust. The Thatcher government's privatisation of public-housing provision implicated these formerly independent non-profit organisations as providers of social housing, albeit within highly regulated markets. The government considered them to be part of the third sector (Mullins 2010), as did other third-sector researchers (Kendall and Knapp 1993, 1996). Yet Mullins (2010) argued

that increases in scale, a decline of voluntarism and tight government regulation had distanced housing associations from the third sector.

*Leisure trusts* are staff-controlled, multi-stakeholder organisations for community benefit. Most emerged after 1993, when municipal leisure services were privatised. For example, Greenwich Leisure Ltd, a charitable social enterprise, has established 115 sport and leisure facilities. Their usual legal identity is an I&PS or a CLG (Simmons 2008).

*Academies and cooperative schools* form the major part of the growing independent school sector. Since 1988, schools have been given the option to opt out of local government control and gain funding directly from central government. New Labour legislated for foundation (trust) schools in 1997; this was followed by legislation for academies, which are usually constituted as non-profit charitable trusts. The governance requirements of academies are based on business terminology and despite the possible presence of employee and parental representatives in governance, democratic control is limited. In contrast, at the time of writing, there were around 800 cooperative trust schools operating as multi-stakeholder charitable trusts, with more democratic and accountable structures, and a large proportion of the preschools and nurseries were also being run as social enterprises.

*Public-service mutuals* have emerged as spin-offs from the public sector amid new public management trends. They are active in health and social care alongside spin-offs from social work, probation, children and youth services, and libraries. Their precise legal form and management/stakeholder structures vary. Further, there are increasing numbers of public-service/third-sector hybrids (Spear 2015) with “mixed” characteristics. These include most hospitals, which have converted into foundation trusts, amid promises of greater financial and governance autonomy. Membership structures exist within highly marketised contexts. These mutuals claim “significant” employee control (Mutuals Task Force 2012: 8) but fewer user involvement features (Ellins and Ham 2009). The spin-out process, supported by £100 million (approximately €116 million) from the government’s Social Enterprise Investment Fund, was often supported by senior staff (Hazenberg and Hall 2016). The scale of public spin-outs is large in terms of staff numbers and turnover. A survey of 27 health and social-care spin-outs found that their annual turnover averaged £18 million (about €21 million); most were registered as CICs (Social Enterprise UK/Dan Gregory 2013).

### 15.3 History, Policy and Context

In this section, we examine the changing narratives and social-policy shifts over the last 20 years in order to better understand how social enterprises have been conceptualised, as well as the current diversity and hybridity in the UK SE sector.

### 15.3.1 UK Concept of Social Enterprise

Prior to the election of a Conservative-led coalition government in 2010, the UK—or, more precisely, England—was seen as having one of the most developed institutional support structures for social enterprise (Nicholls 2010). Despite this, a great deal of misunderstanding remains about the definition of a social enterprise, the number of social enterprises in the country and the legal structures they adopt.

Overall, the British discourse about social enterprise, from an international perspective, appears more business oriented than the EMES ideal type. That focus is clear in the government's definition of social enterprise:

*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: 8)

This formulation differs from conceptualisations derived from notions of the social economy, which give greater prominence to governance or stakeholder engagement; the British conceptualisation, unlike the EMES model, focuses only on social and economic dimensions. Nevertheless, as many British third-sector social enterprises use non-profit or cooperative forms, the engagement of stakeholders is, in practice, mostly operationalised. The British definition also creates problems for organisations such as charities, which do not identify themselves as social enterprises because of the definitional focus on business.

The particularity of the British scene—that is, the absence of a governance-related dimension in the definition of social enterprise—also applies to the emblematic legal form of social enterprise in the UK, namely the community interest company (CIC). This type of social enterprise has an additional—but rather weak—requirement for a stakeholder report. It is also noteworthy that government statistics on social enterprises are collected through data from small-business surveys. This is consistent with a broader business-oriented conceptualisation of the field, which values the employee-ownership route of the John Lewis Partnership (a popular commercially-run chain of British retail stores with an employee-stakeholder system) as well as for-profit models. Overall, though, the government's view contrasts with many academic and third-sector umbrella organisations, which emphasise the third-sector form of social enterprise.

It is useful to examine how the UK's definition of social enterprise is operationalised (particularly in surveys) and the issues this raises.

First, the organisation needs to be trading to generate a certain percentage of its income. The percentage of income requirement from

trading by selling goods and/or services may range from 25% to 50% of the enterprise's income, depending on the particular type of social enterprise and criteria employed by a given agency. This includes trading in private markets and public-procurement markets. There also needs to be one or more paid workers, and this criterion is applied in reporting and analysis of survey data.

Secondly, the primary purpose of the organisation needs to be the pursuit of social/environmental goals, rather than purely for-profit goals. The definition explicitly includes environmental and social purposes. However, because businesses are not classified using Standard Industrial Classification (SIC) or International Classification of Non-profit Organisations (ICNPO), the social character of the goal depends on the assessment of the person responding to the survey.

Thirdly, the organisation should *principally* reinvest profits/surplus into the organisation or community to further social/environmental goals. Charities may not distribute profits. CICs are only allowed to distribute a maximum of 35% of profits; in practice, most CICs have no profit distribution at all. For-profit social enterprises have no regulation on the extent of their profit distribution.

Fourthly, some official surveys involving CICs also include a “self-identification” criterion, asking if the organisation sees itself as a business with primary social/environmental objectives. For example, the British Annual Small Business Survey (ASBS) asks additional questions to identify social enterprises. However, this results in the inclusion in the SE sector of a large number of private-sector legal forms, which would not meet the definition used for entitlement to many forms of support and membership of the main SE associations, such as SEUK and SENSOCOT (in Scotland).

These complexities point to difficulties in establishing what counts as a social enterprise and how many exist. A contrasting approach is to see them as part of the social economy or as part of a much larger third sector. This is common in the UK (particularly in Scotland) and within the EMES Network.

### 15.3.2 Legal Structures

Some countries have specific legal forms for social enterprises, which can thus be identified on this basis. In the UK, as mentioned above, a social enterprise may use a wide range of legal structures, even though only the community interest company (CIC) has been specifically designed to identify social enterprise. The other possible legal forms are: company limited by shares (CLS), public limited company (PLC), partnership, industrial and provident society (I&PS), company limited by guarantee (CLG), friendly society and, since 2013, charitable incorporated organisation (CIO).

In response to questions concerning (1) what counts as a social enterprise and (2) how many exist, recent surveys have adopted contrasting approaches. They have either used a sampling frame of the third sector or a sampling frame of businesses. This has led to two divergent estimates of the SE population, based on two broad types of social enterprise—with either a third-sector or a private-sector orientation.

There have been five widely different survey-based estimates of the population of social enterprise since 2005 in England, as summarised by Teasdale *et al.* (2013). The complexities of the different sampling frames and the vastly different number of totals of social enterprises that emerged from the different surveys are discussed elsewhere (Spear *et al.* 2017; Salamon and Sokolowski 2018).

### *15.3.3 Understanding the British Context Through the Discourse-Historical Approach*

The legal structures and associated surveys, while helpful, do not provide clarity on the size or shape of the SE sector. Hence, a discourse-historical approach is taken to trace the development of social enterprise in England and Wales since the late 1990s by considering specific time periods (Ridley Duff and Bull 2011; Teasdale 2012; Sepulveda 2015). In this way, social enterprise is understood as a contested and flexible concept, which refers to various organisational types, at separate time periods, by different social actors. Below we explore the case of England in depth and then reflect on differences with Scotland.

#### *1997–2000: The Construction of an SE “Movement”*

The first usage of “social enterprise” in ways close to contemporary usage has been traced to Freer Spreckley’s writings (Ridley Duff and Bull 2011), in the late 1970s. However, it is Social Enterprise London (SEL), established in 1997 by cooperative practitioners, that brought the concept into popular usage (Ridley Duff and Bull 2011; Teasdale 2012). SEL’s objects were

*to promote cooperative solutions for economic and community development [and] to promote social enterprises, in particular cooperatives and common ownerships, social firms, and other organisations and businesses which put into practice the principles of participative democracy, equal opportunities and social justice (...).*

Cited in Teasdale (2012: 109)

At this time, a network of people close to the New Labour government began to build on SEL’s framework. They included Baroness Thornton



(Labour Peer with a cooperative background), Ed Mayo and Andrea Westall (New Economics Foundation), and Patricia Hewitt (who later became a government minister); they all saw social enterprise as a possible model for mutual structures in public services.

As Roy *et al.* (2015) and Pearce (2003) identified, British social enterprise has also roots in the community-business movement in Ireland and Scotland. This led to the “development-trust” model, whereby community organisations owned or managed assets to encourage local regeneration. These organisations shared the democratic values of SEL’s worker cooperatives, but had less reliance on trading income. The goals of community enterprises, when contrasted with those of worker cooperatives, were less radical, and they constituted “a response to market failure, rather than (...) an alternative to capitalism” (Teasdale 2012: 109).

The New Labour government, elected in 1997, initiated rapid policy change with strong commitments to social and economic reform. However, New Labour’s “third-way” project also marked a rejection of state ownership and acceptance of market principles (Newman and Clarke 2007). This opened a policy space for SEL and their political allies. This broader notion of social enterprise held out the promise that these organisations could tackle regeneration in disadvantaged areas (Ridley Duff and Bull 2011). Within 18 months of SEL’s formation, “social enterprise” was cited in the Neighbourhood Renewal Unit report (HM Treasury 1999), drawing from SEL’s material (Brown 2003), but the range of organisational types had become significantly broader and now included large insurance mutuals, retail cooperatives, smaller cooperatives, employee-owned businesses, WISE projects, social firms and social-housing initiatives (HM Treasury 1999: 105).

A national SE strategy (Grenier 2009) was developed with representatives from cooperatives and development trusts, but also from social businesses where democratic ownership did not feature. The main focus was on organisational structures favoured by cooperatives and community enterprises (such as I&PSs and CLGs), following the rationale that social enterprises mainly used these forms (IFF Research 2005). The SE construct had widened further.

### *2001–2005: Business Solutions to Social Problems*

In 2001 the Social Enterprise Unit (SEU) was formed and the construct still expanded to fully incorporate social businesses. The policy environment was receptive to the argument that the organisational form was irrelevant. This diluted the influence of cooperative and community-enterprise discourses, which emphasised participative processes (Pearce 2003). Critical voices began to see social enterprise as a neoliberal response to perceived state failure (Blackburn and Ram 2006). The policy

emphasis favoured social-business discourses, although documentation still maintained that social enterprises embodied “stakeholder participation” and “democratic and participative management” (DTI 2002). Policymakers were constructing a platform to include all groups claiming to be social enterprises (Bland 2010). Meanwhile, government’s interest was shifting to the role that these organisations could play in delivering public services.

In 2001, Patricia Hewitt was given SE development as a priority in her government role in the Department of Trade and Industry (DTI; see Bland 2010). Her Social Enterprise Unit (SEU) deliberately created a loose definition of social enterprise to include many organisational forms (DTI 2002). As noted by Brown (2003), after lobbying from different parts of the SE community, the DTI’s definition of social enterprise (presented in section 15.3.1 and still in use today) had expanded. For instance, the reference to surpluses that must be “principally” reinvested in the business or in the community was, according to Brown (2003), intended to permit the inclusion of worker cooperatives, whose members have a financial stake in the enterprise, but this also allowed the inclusion of for-profit businesses with social objectives. The final version noted that social enterprises adopt a wide range of legal forms, including that of private “companies limited by share” (DTI 2002: 7). Hence, the social-business discourse, in which social and economic objectives were not mutually exclusive, gained ground. Furthermore, social enterprise began to be seen as a response to state, rather than market, failure. The new legal form initiated in 2005—namely the community interest company (CIC)—had no requirement for democratic control and ownership (Smith and Teasdale 2012).

### *2006–2009: Moving in with the Third Sector*

In a third phase, in 2006, responsibility for social enterprise was transferred to the Office of the Third Sector (OTS). The policy emphasis was on the fact that social enterprises were part of the broad “third sector”. The SE construct widened to include earned-income discourses (see Defourny and Nyssens 2010) as an approach—to echo Lester Salamon’s argument—to voluntary failure. The government needed to invest in capacity building in order to prepare these organisations for public-service delivery. Infrastructure bodies, including the National Council for Voluntary Organisations (NCVO) and Social Enterprise UK (formerly Social Enterprise Coalition), received considerable resources for this work. Meanwhile, researchers identified links between social enterprise and public-sector privatisation (Haugh and Kitson 2007; Di Domenico *et al.* 2009).

Infrastructure organisations, such as the Charities Aid Foundation (CAF), had a long interest in alternative income streams for their

members. By 2000, NCVO also used the “earned-income” discourse to encourage members in SE activities (NCVO 2010). Meanwhile, the Association of Chief Executives of Voluntary Organisations (ACEVO) encouraged voluntary organisations’ role in public-service delivery by adopting SE terminology (Davies 2008; Ainsworth 2010).

This “earned-income” discourse marked a policy shift away from social business and cooperative/community enterprise and towards incorporating voluntary organisations as public-service deliverers, a position promoted by policy entrepreneurs (see Kingdon 1995). By 2009, the OTS’ vision for public-service reform saw social enterprises as “innovative; entrepreneurial (...). [Social] justice is their guiding principle (...). They enable access to public services (...). They improve outcomes for those ‘hardest to help’” (Office of the Third Sector [OTS] 2009: 1). Given these mythical attributes, what policymaker would dare ignore social enterprise as a policy tool?

#### *2010–2015: New Government, Same Direction?*

A Conservative-led coalition government gained power in 2010, amid economic crisis and ambitions to cut public spending. The OTS, now renamed the “Office for Civil Society” (OCS), cut funding to infrastructure bodies, including Social Enterprise UK, although rhetorical support for social enterprise increased. The new prime minister, David Cameron, saw “Big Society” as a counterbalance to the “Big State” (Alcock 2012), with important roles for voluntary, community and SE organisations in delivering public services (Cabinet Office 2010; HM Government 2011). A new Conservative MP, Chris White, introduced a private-members bill to boost social enterprise through encouraging social-value measures in public procurement. However, due to the complexity of defining social enterprise and social value, these notions remained vague, and commissioners of public services were free to decide whether organisations from the third sector, democratically-owned co-operatives and large private-sector corporations created social value. Much attention shifted to finance instruments for social enterprises with the formation of Big Society Capital, which provided wholesale finance to lending intermediaries.

#### *2016–2018: A Period of Uncertainty*

A new conservative government continued with austerity policies, resulting in a continued decline in SE support and an emphasis on social investment or repayable finance for social enterprises. SE policy was distanced from the “centre” of government when the Office for Civil Society was moved from the Cabinet Office to the Department for Digital, Culture, Media and Sport. As public policy became increasingly

focused on Brexit plans for leaving the European Union, less attention was given to social enterprise. Exceptions include, firstly, the push to boost community businesses by Power to Change Trust's large investment aimed at supporting the spin-out of public services from government and, secondly, the ongoing interest in social investment.

Social enterprise remains a contested concept, whose meaning is culturally, historically and politically variable. In some respects, the English discourse has moved closer to that in the US, construed as liberal (Defourny and Nyssens 2010). However, the socially contested nature of social enterprise is typified within the UK context by the differing experiences of Scotland and England. Indeed, Scotland has seen the emergence of a less business-centric "community-business" model, which is grounded in this country's differing legal and historical traditions and greater commitment to localism, and has a greater focus on collective social outcomes than its English counterparts, which are more individualistic and economically focused (Hazenberg *et al.* 2016).

In summary, British developments have included creating favourable legal and regulatory mechanisms and encouraging non-governmental actors in public procurement. Support, delivered via infrastructure organisations, sought to strengthen social enterprises through business training, capacity building, development of a supportive ecosystem, and finance and funding. Capacity building aimed to scale up impacts, and achievements have been celebrated through awards and public events.

Social investment, grant-based finance and repayable loans made available through philanthropic funds and social investment banks (such as Triodos or Charity Bank) have been important; such finance mechanisms range from grant-like funds to commercial loans/equity finance (Nicholls 2009; Nicholls *et al.* 2015). However, demand-side constraints remain, as trustees or board members are cautious about loans for initiatives involving risk (Lyon and Owen 2019).

## **Conclusion**

This chapter offers a brief review of important features of the British SE sector and examines the changing discourses surrounding social enterprises' trajectories. The British case has sometimes been presented as an exemplary model of SE development; however, a more critical perspective reveals ambiguities and challenges.

The development of SE policy within the Department of Trade and Industry led to a business-oriented definition that has affected subsequent developments. From the late 1990s onward, government discourses led to broad understandings of the notion of social enterprise and ambiguous data about the number of these initiatives. At different times, policymakers emphasised the social goals of cooperatives; cited the importance of community businesses for addressing market failures

in disadvantaged communities; incorporated the charitable sector into the SE arena; enhanced capacity building in charities to “reform” public-service delivery; or advocated the role of business models in public-service provision, encouraging the spinning out of public-sector services, by contracting out or transferring parts of these services to private-sector organisations and social enterprises. As was noted earlier, the experience in Scotland—where there has been a greater focus on community business and less focus on public-service delivery—has been very different from that in England and Wales.

Policy discourse helped shape extensive support for social enterprise and legitimise different types. However, this downplayed wider factors that influence practice, including international movements of social entrepreneurship, traditional patterns of community self-help, and collective entrepreneurship supported by voluntary and cooperative institutions. Legal structures remain very flexible, and this institutional framework has resulted in a high degree of hybridity in the sector. The creation of the CIC legal identity accepts two legal forms (i.e., a company limited by guarantee or a company limited by shares) and, due to the fact that this legislation is relatively recent, only covers a minority of social enterprises.

Extensive policy attention has been given to transforming the voluntary and charitable sector towards markets and mixed economies. However, the responses have been mixed, with some resistance (Oliver 1991; Buckingham 2010). Indeed, the reconfiguration of charities towards SE models has been problematic for some (Spear 2016), and questions remain about democratic deficits in public-sector spin-outs. Furthermore, there is evidence of the scope of WISEs and social enterprises working in welfare services being reduced and of less new social cooperatives being created than in the past decades. However, in a period of public-sector austerity and recession, social enterprises have continued to grow. Looking ahead, the high degree of hybridity among social enterprises raises questions about future trajectories. Will there be convergence or institutionalisation of types of social enterprise, or semi-permanent hybridisation? The diversity of social enterprise may continue with social entrepreneurs in different parts of the UK finding different ways to combine the social and commercial objectives in order to have an impact.

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