

Welfare Reform and Social Enterprise

*Towards an Institutional Theory of
Social Enterprise*

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Introduction

Social enterprise is now widely regarded as a social innovation. Policy makers expect social enterprises to help solve the problems associated with welfare state retrenchment in many developed societies, whereas practitioners expect the third sector in general and the social economy in particular to be strengthened by this emerging sector. To date, much of the scholarly work that has been done on social enterprises has consisted of both descriptive (often from a policy study perspective) and prescriptive analyses (often from a business management perspective). As a result, such works have provided ample lessons for managers and policy makers on how to nurture the development of successful social enterprises. This paper takes on a somewhat under-explored issue, namely, the issue of why social enterprises develop along different pathways in different societies. Based on the welfare regime perspective, we develop an explanatory framework that analyses the ways in which social enterprises emerge and develop in different welfare regimes. We demonstrate the explanatory power of our framework by using a qualitative case study of five societies, namely, the UK, the US, Italy, Sweden, and Taiwan. Our major contention is that the welfare state regime perspective provides important insights in explaining why social enterprises have taken different organizational forms, developed in different scales, and occupied different market niches in different societies. In doing so, this paper draws out two important implications for the development of social enterprises: first, we should expect persistent variations among countries in the area of social enterprise development; and second, we should expect there to be limits to cross-country learning in both management strategy and public policy for social enterprise development.

Over the past two decades, social enterprises have been attracting more public and scholarly attention. In North America, all over Europe and, to a lesser extent, Asia, the concept and practice of social enterprise has emerged as a social innovation (OECD, 1999; Anheier and Kendall, 2001; Bidet, 2002). For policy makers, social enterprise holds the promise of solving a set of problems that have arisen from the retrenchment of welfare in many developed societies, including social exclusion and long-term unemployment. For scholars, the concept of social enterprise deserves clarification and elaboration because of its novelty, and a great deal of scholarly effort has been expended on documenting the forms of social enterprises in different societies (see, for example, Borzaga and Defourny, 2001; Davister et al., 2004; Kerlin, 2006; and Nyssens, 2006). To date, it is widely recognized that although social enterprises are defined differently in different societies, the broadly defining characteristic of a social enterprise is its aim to achieve social objectives through entrepreneurial initiative. These social entrepreneurial initiatives have emerged in many developed countries in the expectation that they will be able to fill the void left by the failure of both the market and the state in creating employment for various marginalized groups. However, the aforementioned scholarly studies demonstrate that the pattern of social enterprise development varies with the local historical-institutional contexts. This paper aims to further explore the way in which social enterprises develop in different social contexts.

More and more scholars have come to view the emergence of social enterprises as resulting from the blurring of traditional boundaries between for-profit and non-profit organizations (see, for example, Borzaga and Defourny, 2001; Evers, 2005; Nyssens, 2006). Meanwhile, an increasing number of developed countries view social enterprises as a way of tackling the failure of both the market and the state in welfare provision. From the 1980s onwards, more and more developed countries have encountered difficulties in sustaining their existing welfare system because of long-term unemployment. Social enterprise has emerged as a common response to welfare reform, although it plays a rather different role within the reform process in different societies. This paper is a novel attempt to link the literature on the welfare state to the study of social enterprises by adopting

the welfare regime framework developed by Esping-Andersen (1990). The vantage point here is that each welfare regime not only has its roots in history but also conditions the development of future policies on welfare provision. We selected our cases from three types of welfare regimes, with the UK and the US representing the liberal regime, Sweden representing the social-democratic regime, and Italy representing the conservative regime. Taiwan is also included to illustrate that the explanatory power of the welfare regime perspective can extend beyond Western countries.

Literature Review: The Embeddedness of Social Enterprise in Local Welfare Regimes

The emergence of social enterprises has drawn much attention from researchers across the Atlantic over the past decade (Anheier and Kendall, 2001; Borzaga and Defourny, 2001; Young, 2001; Evers and Laville, 2004; Kerlin, 2006). In the US, the non-profit sector has a long history, and the study of the non-profit sector is well established (Salamon, 1999). Because private foundations have largely been responsible for founding the non-profit sector, the growth of the social enterprise sector in the US is primarily a result of non-profit organizations (NPOs) strategically re-orienting themselves towards the role of providing products and services in the market (Young, 2001; Kerlin, 2006). By contrast, researchers in Europe have been more interested in the tradition of social economy in various European countries, where economic activities are carried out by various organizational forms such as cooperatives, mutual societies, and associations (Borzaga and Defourny, 2001; Spear et al., 2001; Amin et al., 2002). Because social enterprises have varied origins and take diverse organizational forms, there is a general agreement among scholars and practitioners that a relatively loose definition should be adopted for social enterprises. Hence, social enterprises are best conceived of as a wide spectrum of organizations than as a clear-cut set of well-identified organizations (Borzaga and Defourny, 2001).

Although different countries may have different definitions for social enterprise, policy makers commonly view social enterprises as

an innovative solution for the failure of both the market and the state in welfare provision (Geddes and Benington, 2001; Spear et al., 2001; Davister et al., 2004). Our study on social enterprises therefore starts by examining the welfare provision institutions as the social context within which this new organizational form has emerged. We first examine the institutional environment responsible for the emergence of social enterprises by adopting the typology of welfare state regimes developed by Esping-Andersen (1990, 1999). He defined welfare regimes as “the ways in which welfare production is allocated between state, market, and households” (1999:73). This term is an organizing concept for analysing the social policies of advanced industrialized countries and the government’s roles in managing and organizing the economy, employment, and wages, as well as in providing social protection. Esping-Andersen’s major argument is that each country has developed its social policy on the basis of a guiding principle on the appropriate division of labour among the state, market, and family. He identified the following three different types of regime:

1. The liberal welfare regime relies mainly on the market as the major mechanism in allocating resources. Tax-funded public welfare benefits and services are largely residual, with a predominant role reserved for private provision through the labour market and the family. The state encourages its citizens to participate in the labour market for their livelihood, and welfare provisions serve as a safety net of last resort. As such, welfare benefits are restricted to a clientele of low-income, usually working-class, state dependents. Examples are found in the UK, the US, Canada, and Australia.
2. The conservative welfare regime displaces the market as the predominant mechanism for allocating resources and relies on the family to play a central role in providing social services to its members. Accordingly, the state strives to maintain the family as a coherent and well-functioning unit, and social policies are so designed as to preserve or even reinforce the conventional male-dominated, occupation-based social hierarchy. Relatively generous earnings-related welfare benefits are financed through employment-based social insurance schemes, with a more limited role for the provision of public services. Hence, private

insurance and occupational fringe benefits play a marginal role, while social insurance typically excludes non-working wives, and family services (such as day care) are underdeveloped. Austria, France, Germany, and Italy are commonly included in the conservative regime.

3. The social-democratic welfare regime is built upon a strong state in the allocation of resources and in the offering of a full-range of social services. Equal access and full participation in the labour market is viewed as one of the most desirable social goals, and tax-funded public welfare benefits and services are generous, extensive, and largely universal, with a limited role for private-market provision. Notable examples of this type of regime are Scandinavian countries such as Sweden and Norway.

The welfare state regime perspective expects that in each country social policy reforms will be largely constrained by the existing welfare regime. This is consistent with the work of Pierson (1994, 2001), whose path-dependent theory of welfare reform helps us contextualize the development of social enterprises against the backdrop of welfare reform. Pierson (2001:422-25) pointed out that there are three reform agendas in the post-industrial world, and that each welfare regime usually places a different emphasis on these reform agendas. The three agendas are:

1. “Recommodification”, which refers to changes that restrict the various welfare alternatives to labour-market participation, either by tightening eligibility or cutting benefits.
2. “Cost containment”, which refers to changes primarily motivated by the urgency of reducing the national debt and budget deficits.
3. “Recalibration”, which seeks to make contemporary welfare regimes more consistent with contemporary goals and demands for social provision by (a) rationalization, which means modifications of existing programmes in line with new ideas about how to achieve established goals or (b) updating, which means adaptation to newly recognized social needs.

While almost all societies place a high priority on cost containment in welfare reform, the three welfare regimes differ in reform agenda. Recommodification is the major reform agenda for the

liberal regime, rationalization for the social-democratic regime, and updating for the conservative regime. As Pierson (2001) has argued, even though welfare strategies and programmes appear to be focused on either contracting out or cutting back state provision, the policy objectives are based on different reform agendas. Notable examples include the Swedish reform of their medical care system (which used contracting out as a strategy to achieve rationalization objectives), and the German reform of the country's pension system (which involved cutting back on state provision in an attempt to achieve the updating agenda). All in all, the pre-existing welfare regime structures the subsequent welfare reform towards a path-dependent trajectory.

Universal trends confront each type of welfare regime with a distinct set of adjustment problems because of the differences in their welfare provision institutions. For the post-industrial world as a whole, a so-called "service economy trilemma" has been observed (Iversen and Wren, 1998:3; Esping-Andersen, 1999), namely the difficulty for national governments of simultaneously achieving budgetary restraint, equality of earnings, and employment growth. The argument is that in the global economy, where international competition and technological innovations restrict job creation in the manufacturing sector, capital mobility inhibits fiscal expansion, and productivity gains remain relatively low in the labour-intensive sheltered service sector. Therefore, employment growth in advanced economies can be achieved either in the well-paid public services sector, thereby undercutting budgetary restraint, or in the low-paid private services sector, thereby accelerating earnings inequality. Hence, governments may pursue any two of these goals but not all three at the same time. Since each of the three major types of welfare regime occupies a different position in relation to this trilemma, each faces a distinct set of policy adjustment problems. Accordingly, the social-democratic welfare states of Scandinavia have sustained high levels of both employment and equality by expanding public-sector service jobs, but are encountering increased difficulties in financing the ensuing costs through taxation and borrowing. Liberal welfare states in Anglo-Saxon countries like the UK and the US have created large numbers of private-sector service jobs without threatening the stability of public finances, but are experiencing widespread problems

of poverty and social exclusion among low-wage workers and their families. The conservative welfare states of continental Europe have maintained their commitment to both budgetary restraint and equality of earnings, but at the cost of low levels of employment in both public and private services. From this theoretical vantage point, the emergence of social enterprise can be viewed generally as a convergent response to common challenges. But in each particular welfare regime, there is a different pattern of development.

While the emergence of social enterprise can be understood as a by-product of social welfare reforms in many developed societies, it is also by nature an economic initiative. Therefore, our framework takes into consideration how social enterprise as a new organizational form emerges within its organizational environment. Following the evolutionary approach in organization (Aldrich and Ruef, 2006), new organizations locate their resource base from the environment in order to ensure their long-term survival in the niche. In explaining how and why social enterprises take on different organizational forms in different countries, we look at the process whereby social enterprises carve out a niche in their institutional environment. When the welfare reforms in each society lead to the reallocation of resources within the triplex of state, market, and family, this opens up institutional space for the social enterprise sector to emerge and grow. We follow with the argument that the scale of the social enterprise sector as a whole depends on the new space that is opened up in the process of instituting welfare reforms.

We develop an analytical framework to analyse the institutional contexts in which social enterprise emerges, particularly the way welfare reform conditions the development of social enterprises in different societies. We call our framework the PRAMS, which is an acronym for the five key aspects of social enterprise development. P stands for problem, R for resources, A for agent, M for market niche, and S for scale and scope.

- “Problem” refers to the most pressing problem of adjustment that society is undergoing in the context of welfare reform.
- “Resources” refers to the way in which a society reallocates its existing resources for the development of social enterprises.

- “Agent” concerns the principal agent of social enterprise development.
- “Market niche” refers to the space for social enterprises to develop.
- “Scale and scope” refers to the question of whether the sector performs a significant role in the society, and whether it occupies a well-defined position in the third sector.

Our major contention is that the welfare regime defines the initial societal division of labour among the state, market, and society, and that causes the subsequent adjustment problem facing the welfare state. Welfare reform in response to the problem destabilizes the pre-existing equilibrium, thereby releasing resources for the establishment of social enterprises by various organizational agents. The direction of the newly released resources determines which types of organizational agents are better positioned to capture the new resources, and thus determines the scope of the social enterprise sector as a whole. Also, the volume of the resources is a major factor in explaining the scale of the social enterprise sector as a whole. Through this analytical framework, we attempt to account for the emergence of social enterprise from a structural perspective. In so doing, this paper links the literature on welfare regimes with research on social enterprises through a cross-country comparative study of five societies, namely, the UK, the US, Sweden, Italy, and Taiwan. Drawing on archives and secondary sources published by public agencies and scholars, we compile and compare the main features of social enterprise development in each society. This comparative study will contribute to the strand of scholarly work on welfare states and labour market institutions in which the belief is that the possibilities for genuine cross-national learning and policy transfer are not unlimited (Zeitlin and Trubek, 2003). Although developed capitalist countries may all face broadly similar challenges such as globalization, deindustrialization, an aging population, and family dissolution, these challenges manifest themselves in very different forms and intensities depending on pre-existing economic profiles, institutional configurations, and policy legacies. In the following, our case analysis will illustrate the nature of the path dependency of the emergence of social enterprise in the context of welfare reform.

The United Kingdom

The UK is often classified as a liberal welfare regime, even though the UK government played a relatively large role in the delivery of social services during the 1960s and 1970s. In the more recent era of welfare reform, social enterprises emerged as the state retreated rather extensively from providing a wide range of social services. With the “contract-out” culture and decentralization as two of the main themes in the welfare reforms, third sector organizations have benefited from the opening up of market niches released through the reallocation of resources from the state to the market. As the UK government seeks to integrate employment promotion with social service reform, social enterprises have become one of the major policy tools in the delivery of these new social services (Department of Trade and Industry, 2002, 2003). As a result, the social enterprise sector as a whole is vibrant and occupies a relatively well-defined societal role.

Although the UK is now widely regarded as a liberal regime, its legacy as a welfare state after the Second World War is important. The large-scale retrenchment of the welfare state from the 1980s gave rise to large-scale welfare reforms and, hence, to the more vibrant development of social enterprises than had hitherto been the case. The UK government played a predominant role in the provision of education, housing, and healthcare until the Conservative Party came to power in 1979. The Thatcher government introduced a series of reforms, including the introduction of internal markets such as those in healthcare and education, privatization, the greater use of performance measures and standards, the centralization of power, the reform of local government, and the introduction of a variety of mechanisms designed to give consumers a greater say in the operation and delivery of services. The Conservative governments emphasized the creation of a mixed economy of welfare that envisioned a broader range of organizations from the public, private, and voluntary sectors becoming involved in the implementation and delivery of services than before. This was the period of the so-called “contract culture” (Taylor, 2002). While the emphasis of reforms in the 1980s was on the withdrawal of the state from service delivery, the government still carried the heavy financial burden of providing social protection for the unemployed. Subsequently, in its 1997 election manifesto, the Labour

Party reformulated its approach to welfare reform by announcing that it would direct its efforts into bringing welfare recipients back into the labour market. The central tenet of the “welfare to work” policy is best summarized as “work for those who can; security for those who cannot” (Department of Social Security, 1998, 1999).

The advent of the New Labour government in 1997, with its search for the “Third Way”, resulted in the movement of policy away from a “contract culture” to a “partnership culture” (Fraser, 2003). The significance of the third sector as a provider and partner was underlined in a range of policies and also in the launching of a national “compact” between the government and the third sector that provided a framework of basic principles to govern their future relationship (Home Office, 1998). In essence, the contract culture redirected resources from the state to the market and the third sector, whereas the partnership culture redirected resources from the central government to the local authority and community. Taylor (2002) demonstrated that, as a result of the advent of the contract culture, the third sector has experienced a sustained rise in the income that it receives from the local government. In particular, spending on the third sector as a proportion of the total expenditure of local authorities grew from 1.7% in 1989/90 to 2.8% in 1996/97. The proportion of local government budgets used to fund third sector delivery also increased significantly, with an overall increase in the social services budget of 6% in real terms between 1993/94 and 1994/95, and 18% during 1995/96. In turn, personal social services have been the most rapidly growing component of the third sector (Taylor, 2002:90).

Under New Labour’s Third Way, the harnessing of inputs from the local community is central to the creation of an inclusive society (Amin et al., 2002). Customized local partnerships have been supported by key government programmes of the 1990s for urban and rural regeneration. One of the best-known programmes is the Single Regeneration Budget, which was first initiated in 1994 to provide resources to support the regeneration initiatives carried out by partnerships on local regeneration (Geddes, 2001:170). Another well-known scheme is the Phoenix Fund, which was first announced in 1999. Its main component is a fund of 30 million pounds that aims to promote innovative ways of supporting enterprises in deprived areas.

Many businesses emerging from these areas are likely to be social economy organizations, and many of the scheme's beneficiaries are those grass-root organizations that evolved from older traditions of social enterprise associated with the cooperative movement (Lloyd, 2003:15-16). As of 2002, the scheme had supported 96 projects to encourage start-ups and the growth of businesses in disadvantaged areas, of which 17 focused specifically on social enterprise (Department of Trade and Industry, 2002:36). All in all, these government's drives to promote small businesses in local communities have opened the window for social enterprises to emerge.

Social enterprises first appeared in the UK in various organizational forms and in various economic sectors. Hence, the emergence of social enterprises in the UK can be viewed as a result of new and old organizations filling in the gaps created by the partially public, partially private market for a range of localized entrepreneurial activities with social aims (Lloyd, 2003). Traditionally, a relatively large third sector was involved in social services, education and research, and culture and recreation. Until legal provisions for the Community Interest Company (CIC) were established in 2005, there was no law for cooperatives or specifically for mutual or voluntary organizations. Therefore, social enterprises took advantage of the flexibility in the pre-existing system and registered as various legal entities. As a result, when the UK government set up the Social Enterprise Unit in 2001 to provide a focal point for strategic decision-making across the government, it discovered that social enterprises were diverse, and that most social enterprises were transforming themselves from what were originally voluntary sector organizations, dependent largely on grants and volunteers, and were working to increase their income from trade (Department of Trade and Industry, 2002). There were a wide variety of social enterprise forms, including cooperatives, intermediate labour-market organizations, community businesses, employee-owned businesses, credit unions, community development trusts, social firms, and the trading arms of charities (London Social Economy Taskforce, 2002).

In its 2002 publication *Social Enterprise: A Strategy for Success*, the UK government highlighted the view that "social enterprises have the potential to play a far greater role in the delivery and reform

of public services, and [the government] is currently considering a number of ways to increase the role of such organizations” (Department of Trade and Industry, 2002:24). The welfare reforms and the initiatives to regenerate local communities have created a widening niche for social enterprises. In particular, social enterprises have been targeted as a policy tool to help achieve several key policy objectives, including (1) delivering public services, (2) providing tailor-made jobs and acting as an intermediate labour market, and (3) nurturing a socially conscious consumer base (Department of Trade and Industry, 2002). As mentioned earlier, in late 2005, the UK established a new legal form, the CIC, which is a limited-liability company designed specifically for social enterprises. CICs are supposed to be easy to set up, with some special features to ensure that they are working for the benefit of the community. As of March 2007, there were already over 800 CICs registered in the UK to deliver a wide array of social enterprise initiatives, ranging from running the local cinema, village shop, radio station, or café to providing public services such as housing, recycling, and transport (Office of the Regulator of Community Interest Companies, 2007:30). In sum, both in legal recognition and policy promotion, the UK has given social enterprises new niches for development.

By adopting a broad definition of social enterprises, the Social Enterprise Coalition reported the existence of at least 55,000 social enterprises in the UK, with a combined turnover of 27 billion pounds per year. That is to say, social enterprises account for 5% of all businesses with employees and contribute almost 1% of the annual gross domestic product (GDP) (Social Enterprise Coalition, 2006). From the results of a survey conducted by the UK government, we can obtain further details on the make-up of social enterprises. First, social enterprises are typically of small to medium size, and focus on operating in deprived areas in urban districts. The median annual turnover of a social enterprise is 285,000 pounds. Almost half (49%) of social enterprises employ fewer than 10 people. Over half (51%) of social enterprises are located in social and economically deprived areas, and 89% are in urban areas. For the sector as a whole, 82% of their income is from trading revenues, and 12% from grants and donations, with the remainder coming from other sources (for example, membership fees, investments, and interest). Second, the goals of

social enterprises fit with the market niches that emerged as a result of the welfare reforms and as consistent with local partnerships: 25% of all social enterprises listed as a goal helping people through finding them employment. The most common groups targeted for employment were people with disabilities (33%), followed by unemployed people (23%), specific interest groups (16%), young people (14%), and people of a particular ethnic or racial origin (12%). Third, social enterprises concentrate on providing services on a community basis, with health and social care (33%) and community or social services (21%) combining to form the majority of the services offered by the social enterprise sector as a whole (Small Business Service, 2005:2-4, 16-17, 30).

In sum, the UK represents a case of welfare reform in the mode of recommodification. The process of recommodification not only encourages people to participate in the labour market but also creates quasi-markets for social services through the large-scale contracting out of public services. Because welfare reforms were relatively extensive, social enterprises also developed on a relatively large scale and occupy a relatively well-defined niche in the provision of welfare.

The United States

The social enterprise sector first developed in the US during the community building movement in the 1970s, and has gained momentum from the mid-1990s as welfare reforms boosted public-private cooperation in the delivery of welfare services. While the impact of the non-profit sector on the economy is greater in the US than in Europe, it is evident that the restructuring and repositioning of the non-profit sector itself also pushed forward the development of social enterprises in the US. Therefore, a major driving force for the social enterprise sector is NPOs themselves venturing into revenue-generating activities in order to support their social mission.

The US fits the liberal welfare model in that the government plays a relatively passive role in income redistribution and social service provision (Esping-Andersen, 1990). Still, the financial burden on the government caused by the system of unemployment benefits reached a critical level in the 1990s. The government's response was

to remove people from the welfare rolls and nudge them back into the labour market. Recommodification is thus the major logic for the adjustment of the US welfare system. The basic principle underlying the US reforms has been the “Work First” principle, which means to encourage those who can work to re-enter the labour market. Under the leadership of President Clinton, welfare reform became embodied in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). It signals the transformation of US public assistance policy into a labour policy by introducing a time limit for unemployment benefits that basically encourages people to return to work (Karger, 2003).

Karger (2003) argued that the 1996 welfare reforms marked a radical break with the pre-existing welfare system. This is because an implicit public compact had existed since the New Deal in the 1930s under which the government assumed responsibility, albeit limited, for the well-being of the poor. The 1996 welfare-reform law replaced the Aid to Families with Dependent Children (AFDC) programme with the radically different Temporary Assistance for Needy Families (TANF) programme. Under the new programme, no one is entitled to public assistance, hence the phrase that “welfare as we know it has ended”. Lin (2002) documented a few important changes under the welfare reforms. First, the right of citizens to social protection now comes with strings attached in the form of the responsibility to engage in job searches and/or training. Second, if public coffers run dry, states can deny assistance to eligible applicants. Third, the government is no longer obliged to provide a cash income to public assistance recipients beyond a five-year cap. This means that the only option for those who have exhausted their benefits is to participate in the labour market or to endure extreme poverty. In sum, the goal of these welfare reforms is to move recipients from welfare into unsubsidized jobs as quickly as possible.

Meanwhile, the cutbacks in government spending have also affected the stability of private, non-profit service organizations, which are often considered the heart of the third sector in the US. At the very beginning, government monetary support for the development of social enterprises was relatively limited. Yet the US has a strong tradition of community support, including grants by

foundations, corporate philanthropy, and social venture capital for a variety of NPOs. In 1996, for example, Americans contributed an estimated \$139 billion to various charitable causes, accounting for about 2.2% of personal income, considerably higher than in most other countries. Of this \$139 billion, an estimated \$45.5 billion went to private, non-profit service organizations (Salamon, 1999:25). A strong non-profit sector can be regarded as the backbone for social enterprise development in the US. From the 1980s onwards, NPOs often diversified into revenue-generating activities through providing goods and services on the market. Since the mid-1990s, third sector organizations have also benefited from the contracting out by states of welfare services (Salamon, 1999). Because the federal mandates in the 1996 welfare reforms created the opportunity and incentive for local governments to provide services differently, there had been a significant increase in the contracting out and privatization of welfare services (Sanger, 2003). In other words, through the privatization of welfare services, welfare reforms in the 1990s have provided the social enterprise sector with a strong impetus to develop.

As the policy of welfare reform is implemented from the federal level down to the state and local government levels, governments are increasingly contracting out the provision of needed services to NPOs, as well as strengthening the infrastructure of community-based organizations. Austin (2004) discussed how welfare reform served as a stimulus to the growth of community-based organizations through three major mechanisms. The first is the redefinition of service delivery by the removal of barriers to participation in the workforce, such as in the area of transportation (relating to work and child care), child care services (preparing TANF recipients and other low-income women for jobs in child care), and the co-location of multiple services. The second is an emphasis on the self-sufficiency of support services, such as sheltered workshops for skill enhancement, loan programmes for work-related expenses, support networks between families, hotlines to promote job retention, and the employment of TANF participants in social services agencies. The third is the enhancement of community partnerships. There are more and more partnerships between and among community-based NPOs and county social service agencies

whose focus is on interagency collaboration for special population groups, as well as on increased service coordination.

Welfare reform thus benefited social enterprises due to the growing resources available for state-financed work integration and community building, in addition to other sources of community support including grants by foundations, corporate philanthropy, social venture capital, and an increasingly socially conscious consumer base. According to the OECD (1999:40), the term “social enterprise” in the US usually applies to commercial social purpose enterprises (social purpose businesses, community-based businesses, community wealth enterprises) run by NPOs seeking to use the profits of the commercial enterprises to finance their non-profit activities. The growth of the social enterprise sector is thus associated with the convergence of the non-profit and for-profit sectors that occurred when the welfare reforms stimulated the restructuring of the third sector. This means that more businesses are becoming socially conscious and active along the philanthropic front, while NPOs are coming to rely more heavily on commercial sources of revenue and business methods. Three distinct organizational forms of social enterprise have been identified by Young (2001): (1) Social purpose organizations, which are driven by a mission other than that of making a profit; however, commercial revenues and business activities are seen either as a strategic means to generate income to support the mission or as a strategy to carry out mission-related functions; (2) corporate philanthropies, which are established as for-profit businesses that decide to use some of their resources to advance social causes or to promote the public good in a particular way; (3) hybrid organizations, which are businesses that claim to have dual objectives — to make a profit for their owners and to contribute to the broader social good.

The market niche for social enterprises has opened up with the retreat of the state from the delivery of services on the one hand, and by the emergence of a socially conscious market on the other. Even though NPOs are the major agents for the development of social enterprises, there is no clear market niche for social enterprises in the US. Many of the social enterprises in the US actually compete head-to-head with private enterprises even in bidding for state contracts, not to mention in sales of goods and services to the community (Sanger,

2003). In short, social enterprises in the US have yet to occupy a clearly defined niche in the institutional environment. Young (2001) has argued that there are five interrelated trends in the restructuring of the third sector in the US that opened up the niches for social enterprises to grow:

1. Weaker government support and stagnant charitable giving have resulted in revenue earned from sales and services becoming the mainstay of NPOs involved in the delivery of public services.
2. NPOs have been placing a greater emphasis on developing their own business ventures. They tend to conceive of these ventures as relevant to their missions.
3. NPOs have become more closely intertwined with for-profit businesses both in competitive and collaborative ways. They may compete with them for market share in many areas. They are also collaborating with them in a variety of ways, including through corporate gifts and grants to NPOs, employee volunteer programmes, sponsorships, cause-related marketing, royalty and licensing arrangements, joint ventures, and so forth.
4. The standards of NPOs are expected to measure up to those of business as they compete for societal resources; donors are concerned with accountability and with measuring performance and results.
5. The deepening engagement of NPOs in market environments has been pulling NPOs close to following the management practices of the marketplace.

The US social enterprise therefore does not occupy a clear niche in the market, unlike in many other countries where social enterprises are coupled with a clearly defined societal role. They share in common their concern for social purpose but they are vastly different in terms of their income-earning activities, which range from charging fees for existing programmes to engaging in affirmative business, diversifying into mission-driven product sales or service provision, developing unrelated business for socially conscious consumers, and cause-related marketing through business partnerships with for-profit organizations (Institute for Social Entrepreneurs, 2006).

Because the US social enterprise sector largely emerged from the restructuring of the non-profit sector, we may say that the size of non-

profit sector sets the upper bound to the size of the social enterprise sector there. According to Salamon (1999:22), the non-profit sector included approximately 1.6 million organizations, or more than 6% of all organizations in the country as of 1995. These organizations had revenues in 1996 of \$670 billion, equivalent to nearly 9% of the nation's GDP. The estimated aggregate employment rate for the non-profit sector as a whole was nearly 11 million, or 7% of the US workforce.

Although the US still lacks a common definition of "social enterprise", we may loosely define social enterprise as a non-profit, public-benefit service provider. There were approximately 760,000 active non-profit, public-benefit organizations in the US as of 1996 (Salamon, 1999:34). Among them social services agencies are the most numerous, with close to 40% of all NPOs falling into this category. These organizations are mostly likely to engage in social entrepreneurial activities. Included here are child day-care centres, individual or family counselling agencies, relief agencies, job training and vocational rehabilitation facilities, residential care institutions, and the like. The next largest group is educational and research institutions (22%), followed by civic organizations (17%) and arts and recreational institutions (8%) (Salamon, 1999:34).

In 2000, the Pew Charitable Trusts commissioned the Yale School of Management-The Goldman Sachs Foundation Partnership on Non-profit Ventures to conduct a survey of enterprises in the non-profit sector. The results of the survey help us to evaluate the development of the US social enterprise sector right after the introduction of the 1996 welfare reforms (Massarsky and Beinhacker, 2002:3-6). First of all, the majority of NPOs did venture into various kinds of income-generating activities, as 65% of the respondents reported that they were already doing so or were interested in doing so. Second, the majority of organizations had tied their ventures to the mission of their parent NPO, as 87% of those operating businesses said that the goals of the venture related to the mission of the organization to a great or significant extent. Third, service-related ventures were the predominant type of earned-income venture operated by NPOs, as 74% of those operating ventures reported that they were running

service-related ventures. In sum, the welfare reform did provide a strong impetus for NPOs to turn to social entrepreneurial activities.

The American case demonstrates how social enterprises have developed under a liberal welfare model. With the government remaining more or less passive in the development of social enterprises, the sector was able to develop mostly because of a strong tradition of civil society and private giving. In contrast with continental Europe, American NPOs responded to the welfare reforms and underwent organizational restructuring without much government intervention. In the absence of strong coordination by the government, American civil society demonstrates a strong capacity to mobilize resources.

Italy

Social enterprises in Italy emerged largely as a bottom-up, community-based development. In the pre-existing welfare system in Italy, the government played a relatively significant role in income support but a limited role in social service provision. The Italian government's main focus had been on education, and it played a rather less significant role in the delivery of other kinds of social services. The demand for social services increased from the 1980s, with an aging population and the gradual dissolution of the traditional family model. Social enterprises emerged in the form of cooperatives and basically filled this market niche for social services. In sum, the major pattern in the development of social enterprises in Italy is the emergence of community-based social cooperatives as new social agents to capitalize on the underserved community demand for social services.

Esping-Andersen (1999) highlighted the problem of conservative regimes arising from the "Christian democratic" principle that supports the male-breadwinner/female-carer model with cash transfers. Southern European states in particular, with Italy as the prime example, are characterized by their very generous cash transfers and their almost non-existent provision of social services. In these states, social insurance dominates the approach to constructing the welfare system. The implications of this are twofold. First, social entitlements derive principally from employment rather than citizenship (as in the Nordic model) or from proven needs (as in the Anglo-American model). It is assumed that family dependants rely

on the entitlements of the (usually male) breadwinner. Second, social protection tends to be differentiated by occupational class; benefits will mirror accustomed status and earnings rather than redistributive objectives. In the post-war decades, this occupation-based social insurance scheme was improved relatively easily in terms of the adequacy of the benefits, as incomes rose and the middle class became increasingly affluent. The substantially heavier financial burden imposed by full income maintenance was, until the 1970s, easily absorbed because of sustained growth with low inflation and unemployment. The perceived adequacy of this social insurance scheme implied little demand for private sector coverage. In addition, since contributory social insurance instils a sense of individually earned contractual rights, these social security systems have long enjoyed unusually broad public legitimacy.

The foundation of this welfare system is a traditional family model that is premised on a set of socio-demographic assumptions (Esping-Andersen, 1999). A major assumption is that men enter into the labour force at a relatively young age and remain employed until retirement. It also expects females to be employed for a short period in their youth, followed by more or less permanent withdrawal from the workforce at the time of marriage and the birth of children. This would, in turn, ensure the availability of women to care full time for children, and later, for aged family members. The downside of this system became more apparent since the 1970s, because the lack of social services conflicted with the growing desire of women for employment. Women increasingly desire to work but high wage costs make private care alternatives unaffordable, so that the system imposes a severe trade-off between female careers and motherhood. As a result, Italy's fertility rate is among the lowest in the world. The underdevelopment in the provision of public services has also had a profound effect on the structure of employment. In Denmark and Sweden, public sector employment in health, education, and welfare services reached 25% in the late 1980s, while the figure was only 11% in Italy (Esping-Andersen, 1990:138). The government's financial burden is rising due to persistently high unemployment, rising healthcare costs related to an aging population, and rising pension expenditures due to the aging population and to early retirement.

Italy has one of the highest aging rates and lowest fertility rates in Europe (Kohler et al., 2002). This is why, since the 1970s, NPOs have focused on these areas of social services (Ascoli et al., 2002). Given Italy's reliance on the family to provide social welfare, there is a pressing need to adjust to socio-demographic changes such as an aging population and the transformation of the traditional family. Public demand for such services as child care and elderly care has not been met by the public sector or the private sector. Updating is the major adjustment problem for the Italian government. During the start-up phase between the end of the 1970s and the end of the 1980s, social cooperatives emerged first in under-served areas such as home care and residential care for the elderly, children, and handicapped (Borzaga and Santuari, 2001).

Government support was relatively insignificant when social enterprises first emerged in Italy. Social cooperatives only became widely recognized after the 1990s, and the government even became the primary client through the contracting out of services to some social enterprises (Thomas, 2004). In general, the healthy growth of the cooperative sector in Italy has been greatly facilitated by strong societal support as enshrined in national law. Lund (2000) documented two major legal institutions that have favoured the growth of cooperatives in Italy. The first law, dating to the 1950s, is that any retained earnings of a cooperative organization are not subject to taxation. This provides cooperatives with a major advantage over their privately owned counterparts and has greatly enhanced the sound capitalization of these businesses. Because they have not been subject to taxation, their retained earnings also can never be distributed to members; upon dissolution of any cooperative enterprise, its remaining assets must be used to help the promotion and development of other cooperatives. The second, law passed in 1992, requires 3% of the annual profits of all cooperatives to be put in a special fund that provides equity investments and low-interest loans for the growth and development of new cooperatives. This law has proved particularly beneficial in promoting the development of cooperatives in the southern region of Italy, which is by far the nation's poorest region and where cooperative development lags behind the national average.

Throughout the period from the 1970s to the 1990s newly formed social cooperatives acted as primary agents for the provision of social services to the local community (Borzaga and Santuari, 2001). A rich tradition of cooperatives in Italy is related to the development of a new form of cooperative as the primary model of social enterprise in Italy. Borzaga (2004) documented how these new social enterprises emerged in a grey area in the Italian legal framework. There was a legal restriction against voluntary associations engaging in the stable provision of services. Both associations and voluntary organizations, which are mainly unregistered entities, do not allow limited liability for their members. The idea thus arose of using the legal form of the cooperative to manage these service provision activities, given that a cooperative had the legal status of an enterprise but, in accordance with the Constitution, pursued social ends. Moreover, cooperatives were the only organizations with quasi-non-profit status and were not liable to tax on undistributed profits. Although by law a cooperative could not have members who did not benefit from its activities, this restriction mainly affected those organizations that had begun to employ workers, those that had been set up to integrate the disadvantaged (mainly the handicapped) into work, and those that recruited volunteers who did not benefit directly from the cooperatives. Despite operating under the grey area in the Italian legal system, the new cooperative form spread, especially after the mid-1980s. Throughout this period, those creating and managing these new social enterprises acted like social movement pioneers in terms of fighting for the public recognition of these new locally based organizations (Borzaga, 2001).

This cooperative movement pushed for legal recognition. The 1990s saw the legal reform that recognized “social cooperative” as the dominant form of social enterprise. Under Act 381 of 1991, two types of social cooperative are defined: Type A means social cooperatives delivering social, health, and educational services. Type B means social cooperatives producing goods and services for private customers or public agencies, but in which at least 30% of the workforce consists of disadvantaged, marginal, or hardly employable workers (Borzaga, 2001:186). The nationwide recognition of social cooperatives in Italy signals the institutionalization of social enterprise there. In 1991, when the Act was first passed, social cooperatives

numbered just under 2,000. In the late 1990s there were around 4,500. Roughly 70% of them were of the Type A sort that supplies social services, and 30% are the Type B kind that aims for work integration. It was estimated in the late 1990s that social cooperatives had a total of 100,000 members, with 9,000 volunteers and 75,000 paid workers (Borzaga and Santuari, 2001:172; Borzaga and Loss, 2002).

We therefore follow Ascoli et al. (2002) to argue that the market niche of social enterprises in Italy is a function of the main features of both the Italian welfare system and the Italian non-profit sector as they developed after the Second World War. The Italian welfare system built after the Second World War was based more on the redistribution of monetary resources than on the provision of services. The only social services provided on a large scale by the Italian welfare system were education and health — both supplied by public institutions. Later on, as demand for services increased, the Italian welfare system endeavoured to match the new needs by transferring income from the community to the poor, particularly through the social security pension system. This happened at such a scale that in 1994 88% of total assistance expenditure consisted of cash transfers to families, and only 12% was used for direct service provision (Ascoli et al., 2002:137). It is therefore from this gap between types of public provision and actual needs that the development of the third sector is to be located from the 1970s onwards. During the 1970s, third sector organizations extended the scope of the beneficiaries of cooperative services from members to non-members. The newly established NPOs were created mainly to meet the demands of individuals other than their own members. In addition, they increased the provision of services, as many of the new organizations were formed by people who regarded the difficulties of the welfare system in dealing with new needs as temporary (Borzaga and Santuari, 2001).

Initially, social enterprises sought mainly to fill in the gap between public needs and public service provision, especially in the areas of child care and elderly care. As recognized in the legislation in 1991, the social cooperatives had become even more well established in their niche of providing social services. Social enterprises developed first as a community response to challenges in the existing welfare system. The government then jumped onto the bandwagon

by embracing this model as a tool for a new social policy. Entering the twenty-first century, social cooperatives have been playing a significant role as a social service provider in Italy. The significance of the social cooperative in Italy was demonstrated in a census of Italian NPOs conducted by the National Statistics Institute in 2000 (cited in Borzaga, 2004:59). The census found that at the end of 1999, there were 221,412 active third sector organizations with 630,000 paid workers (of whom around 51,000 were part-timers) and 3.2 million volunteers, and that the total earnings of these organizations amounted to 38 billion euros. It confirms that the third sector is a recent development in Italy: 23.3% of the organizations had begun operations during the 1980s, and 55.2% had been set up after 1990. It was social cooperatives, foundations, and the organizations run by religious orders that employed the majority of paid workers. In particular, social cooperatives, which numbered around 1,000 at the beginning of the 1990s, totalled 4,651 in 2000, employing more than 22% of paid workers in the non-profit sector. The sector with the highest proportion of paid workers is social welfare (27.6%), followed by health (22.8%), and education and research (18.9%). These three sectors account for around 60% of the earnings of the entire third sector.

According to Borzaga and Santuari (2001:175), the overall earnings of Italian social cooperatives in 1994 was estimated at 2,500 billion lira (1,291 million euros), with an average value per cooperative of about 900 million lira (464,811 euros), of which 880 million (454,482 euros) was derived from the supply of services to public authorities or private individuals and 20 million lira (10,320 euros) from public funds. The principal clients of Type A social cooperatives are public authorities (77%), followed by private individuals (4.7%), other non-profit organizations (5.9%), and private for-profit companies (3.1%). In sum, the social enterprise sector mostly consists of social cooperatives that are providing social services.

All in all, the development of social enterprises in Italy is contingent upon a set of contextual factors. First, there are strong local level social networks and a strong, effective mobilization of social capital. This is demonstrated by the development of social cooperatives as a community-based social movement and the strong

contribution from voluntary work. Second, there is a strong consensus-building capacity. This is evidenced by the fact that Italy was among the first to legislate a special organizational form for social enterprises and give it a well-defined societal role. Third, there is a clear gap between public provision and private demand. With social services under-supplied by both private organizations and public agencies, social enterprises have been given a clear market niche in which to develop.

Sweden

The distinctive feature of the Swedish case is the relatively top-down nature of its model of social enterprise development. This reflects the Swedish welfare state's strong tradition of providing both income transfers and a full-range of social services through public agencies. Juxtaposed to this welfare state model is a third sector model that is weak in service provision but strong in cultural activities and interest articulation. Despite a consistently high support for the social-democratic welfare model, since the 1980s there has been political pressure for social services to be delivered in more efficient and flexible ways. As a result, Swedish welfare reform has been dominated by the rationalization agenda, which refers to the determination to find better means of achieving consensual goals in the welfare system. In practise, privatization has been a major strategy in rationalizing the delivery of welfare services towards higher efficiency and flexibility. As welfare reform progressed from the 1990s onwards, social enterprises emerged after the government transferred part of its existing services to new social agents and helped these agents to serve newly emergent social needs. Yet the scale and scope of social enterprise remains relatively limited in Sweden because the state continues to play a dominant role in providing social services.

The Swedish welfare state has been designed not only to protect its citizens from the loss of income due to ill health, old age, or other misfortunes, but also to create a new society based on values of social equality and universal rights (Blomqvist, 2004). The political consensus concerning these social values has made a high level of taxation possible and enabled Sweden to have the highest level of public social expenditure per capita among Western countries

(Ginsburg, 2001). As welfare reform deepened during the 1990s, the major theme was rationalization, i.e. to re-organize the ways in which these resources were used to achieve politically agreed-upon social values more efficiently and effectively. The Scandinavian welfare states have been associated with a distinctive labour market regime characterized by very low levels of unemployment, a high female labour force participation rate, and a comparatively high level of public health, education, and welfare employment (Stephens, 1996). Since the 1980s, tax revenue as a share of GDP has stagnated and, consequently, so has public employment. Private sector jobs need to be increased to compensate for losses in public sector employment. Sweden, like the other Nordic countries, faces a hard choice between liberalizing private services, which leads to higher wage inequality, or a continued adherence to the value of wage equality, which, given existing budget constraints, implies higher unemployment. By the early 1980s, it was agreed among Swedish political elites that the welfare state had not only reached its limits in terms of coverage and taxes, but that expenditures also had to be cut (Handler, 2004). By the early 1990s, political support for reducing entitlements had gathered strength. From the 1990s onwards, modest welfare reforms have been implemented in Sweden, focusing on tightening eligibility criteria and making relatively modest downward adjustments of benefit levels (Blomqvist, 2004). Only modest cutbacks in the social service sector were enforced during the 1990s. Instead, the adjustment problem for the Swedish welfare system has focused on the rationalization agenda, i.e. the need to find new ways to achieve widely accepted goals (Pierson, 2001; Blomqvist, 2004; Handler, 2004).

Meanwhile, the Swedes have also become more receptive to private schemes in healthcare, social care, and social insurance. Indeed, the Swedish government has also followed the trend of privatization by transferring some welfare services from the government to other social agents by creating quasi-markets that give citizens more choices (Eikås and Selle, 2002). Since the 1990s, far-reaching changes have occurred in how social services are provided in Sweden. The previous system of public provision of uniform services, allocated through bureaucratic planning, has been profoundly transformed by replacement with a system under which the choices

of service users play a much bigger role, private providers have re-established themselves (especially in bigger cities), and relations among actors within the system are conducted in an increasingly market-like environment (Blomqvist, 2004). The Swedish state plays a prominent role in distributing economic and social resources. During the construction of the post-war Swedish welfare system, private alternatives for delivering welfare services were actively discouraged. Social services assumed an almost exclusively public character in Sweden, whereas in most other European countries they are provided in (substantial) part by non-public actors. The Swedish state has become the principal financial supporter for social enterprises through its modest privatization of welfare delivery as well as by diverting some of its resources to meet newly emergent social needs.

The Swedish government has long dominated in the provision of social services, providing highly subsidized services to all citizens. In contrast to most other welfare states, Sweden has organized its social service sector as a virtual public monopoly of carefully planned and standardized services. During the 1990s, resources became available for non-profit and private organizations to enter into the welfare service sector mainly due to privatization initiatives such as public contracting, vouchers, and quasi-market arrangements within the public sectors. Social enterprises benefited as more resources were diverted from the centralized public system to the local community and quasi-markets (Blomqvist, 2004). While social enterprises have benefited from resources that became available through the privatization of public services, they may also seek direct public grants and subsidies but must demonstrate in such cases that their activities can help to effectively tackle newly emergent social problems. A typical example is public support for cooperatives: financial support may be granted for expenses directly borne by the cooperative. A cooperative that pays wages may be eligible for wage-supplement funds from the labour-market authorities. Similarly, a cooperative that pays rent for its premises is likely to receive reimbursement, primarily from municipal authorities. Social enterprises that help integrate the socially excluded may also receive subsidies for social workers' salaries and public payment for their rehabilitation services (Stryjan, 2001).

The principal agents in this sector are types of organizations that differ significantly from those in other industrialized countries. They include traditional cooperatives, the popular movement, NPOs, and new cooperatives working mainly in welfare services. Social enterprises have emerged more through the establishment of new organizations than by the transformation of existing ones. The Swedish model, as noted earlier, is mainly characterized by a universal and comprehensive welfare state, with a broad array of welfare services produced and administered by the public sector. Underlying this model is a basically corporatist division of tasks among three organized sectors of society: the state, the business community, and the third sector. In this division, the business community contributes to production and accumulation, the state administers the production and redistribution of welfare, and the third sector is expected to focus on the articulation of interests. The latter's direct role in the provision of services was traded for an institutionalized position of influence over the ongoing expansion of the public sector. Already identified and sanctioned needs continue to be handled by the public sector (Ryner, 2002).

In this model, state-sponsored and state-delivered social welfare protection is extensive, hence leaving little room for service-providing NPOs to operate. While the upshot is a limited service-providing non-profit sector, the non-profit sector as a whole is not necessarily limited. Traditionally, the term "non profit" has no direct corresponding word in Swedish. The term "popular movement" is often used to denote the third sector in Sweden. In fact, Sweden has a relatively strong third sector — but mostly as a vehicle for the expression of political, social, and even recreational interests. As such, the third sector in Sweden is strong in terms of shaping the broad societal agenda but is relatively weak in terms of engaging in social services (Lundström and Svedberg, 2003; Salamon et al., 2003). Until the 1990s, the Swedish legal system made a basic distinction between social and economic (risk-taking) objectives. Cooperatives (economic association) are seen as full-fledged business actors, but generally they are not regarded as serving the public interest. Those organizations with a social objective are expected to refrain from entrepreneurial activities (Stryjan, 2001). Until recently, these rules effectively precluded the

formation of social enterprises, and channelled the resourcefulness of organizations within the sector into economically low-risk fields such as political action, or the articulation of group demands and interests. It is widely recognized that the extensive role of the Swedish state in the direct provision of services has driven the third sector into the fields of culture, leisure, adult education, and interest representation so that relatively few organizations in this sector were engaged in the actual production of goods or welfare services (Salamon et al., 2003). Therefore, even when the privatization of welfare services created more room for social enterprises to emerge, the re-orientation of existing organizations to take advantage of new opportunities was constrained because of their nature as a “non-professional, democratic type of organization” (Lundström and Svedberg, 2003). Even though the so-called contract culture may be a factor that helps to advance a new service orientation, it is difficult to channel the activities of existing organizations from advocacy and interest representation to that of an exclusively utility-oriented service provision.

The growth pattern of social enterprises in Sweden has taken the form of proliferation rather than expansion, that is, welfare reform has facilitated the formation of new organizations in emerging fields rather than the expansion and restructuring of established ones. In turn, the major agent for the development of social enterprises includes a set of new organizations. First, new cooperatives emerged during the 1990s as grass-roots bodies and self-help organizations that were called into being by local initiatives. These cooperatives were usually created as innovative solutions to new problems (Stryjan, 2001; Stryjan and Wijkström, 2001). Second, volunteering centres also emerged during the 1990s. Their appearance has been related to the rise of the new cooperatives in the sense that they strive to link prospective volunteers with existing tasks. They usually shoulder social welfare tasks that neither the public caring services nor the established volunteer organizations want to do or have been able to handle. Their activities thus tend to fill a “residual” function (Lundström and Svedberg, 2003). Third, the cooperative development system emerged as a nationwide network of cooperative development agencies (CDAs, or LKUs in Swedish). By the end of 1999, there were 26 LKUs in operation, employing a nucleus of 70 cooperative

consultants. Each LKU is an independent associate made up of local organizations within a county. The LKU's mandatory task is to promote cooperative development through the dissemination of information, advisory work, and education about the cooperative business form (Stryjan and Wijkström, 2001:225-26).

Along with its distinctive welfare state model, the Swedish social-democratic model also has a distinctive model for the third sector (Salamon et al., 2003). It leaves a small but well-defined niche for voluntary organizations to develop. Even after privatization in Sweden, the expectation that the third sector will continue to be comprised of "non-professional democratic" organizations makes it difficult for NPOs to compete directly with private for-profit organizations for government contracts. As a result, social enterprises focus mainly on newly emergent social problems and aim to serve socially excluded groups. While the third sector has long been largely restricted to the role of interest articulation in the Swedish social model, this rigid societal division of tasks and domains has been eroding from the 1990s onwards. A major reason for this is that the privatization initiative is reshaping the third sector so that core services are now being opened up for non-governmental agencies to take up. These include healthcare, education, child care, and elderly care. Because of this, social enterprises face head-to-head competition with for-profit private organizations. The nature of third sector organizations as a "non-professional democratic" type gives them no clear advantage over for-profit competitors in this market niche. As such, social enterprises may have an advantage in providing personal services for the community such as child care and elderly care. But they are clearly disadvantaged in providing healthcare and education because of their lack of professional experience and expertise in these areas. The market niche for social enterprises seems to rest mainly in the provision of innovative solutions to newly emergent social problems. These solutions usually involve engaging the local community in promoting self-help among new, vulnerable groups.

The Swedish social system is so structured that the state plays a prominent role in resource distribution and service provision. Despite modest welfare reforms that have been implemented since the 1990s, the room for the third sector to engage in social service provision is

still relatively limited. Since most NPOs lack the experience and the incentive to re-orient themselves towards the delivery of services, the social enterprise sector in Sweden is still relatively small in scale and is dominated by small organizations, each specializing in a narrowly defined market niche. As such, we may say that social enterprise is still at a preliminary stage in finding new solutions to new social problems in the context of Sweden's welfare reform. The third sector in Sweden has always been strong in membership participation and interest articulation, but the organizations in this sector are largely uninvolved in the production of goods and services (Salamon et al., 2003). Sweden has had — by international standards — a relatively small voluntary sector in the field of social services. In 1992, voluntary organizations in Sweden had an annual turnover of approximately 60 billion Swedish crowns. The adjusted operating expenditures of the Swedish voluntary sector equalled 4.1% of the GNP (Lundström and Svedberg, 2003:220). In the late 1990s, third sector organizations employed about 100,000 persons, or a little less than 2.3% of the country's labour force (Stryjan, 2001:224). As shown by Lundström and Svedberg's (2003) review of statistical data, Sweden has a strong tradition of volunteering, rooted in traditions of popular mass movements, which is predominantly characterized by a high degree of non-professional and unpaid activities.

This strong tradition of self-help is associated with the rapid development of cooperatives in Sweden after the launching of welfare reforms. Cooperatives have rapidly become one of the most important alternatives to the public provision of social services in the transformation of the welfare state and privatization of the public sector (Birchall, 1997). More than 66% of private day-care centres are cooperatives. This is particularly the case for children's day-care centres. Parents in Sweden have a right to subsidized day care, much of which has been provided by local authorities. However, the use of service vouchers is growing and citizens now seem to prefer cooperative services in many instances. Between 1988 and 1992, both the number of children attending day-care centres, and the number of private day-care centres tripled (the former from 8,500 to 30,000, the latter to over 1,500). Nearly two thirds of these are parental or worker cooperatives; in other words, much of the privatization of child care

is really “cooperatization” (Birchall, 1997:116). A similarly important growth sector for Sweden lies in the provision of home care and professional services for the elderly.

Another contribution of social enterprises to welfare reform is the provision of innovative solutions to newly emergent social problems. One example of a newly emerging field is the rehabilitation and employment of those excluded from the labour market due to mental illness or other functional impairments. The problems facing this marginal group became increasingly visible in the mid-1980s as the public sector embarked on major reforms of the mental healthcare system that included the phasing out of big mental health institutions. Yet, re-integration measures for these patients were insufficient, while admissions to SAMHALL (the public sheltered workplace system) became increasingly selective. For the first time in Swedish modern history, a highly visible problem group was created and released into society. The first effort to address this issue by organizing worker cooperatives for patients with mental illness was initiated in 1989. This gradually became more acceptable to the local authorities. By the end of 2000, there were an estimated 70 functioning social worker cooperatives for former mental patients and the functionally handicapped throughout Sweden. Their membership was estimated at about 900. They typically consist of one to two tutors and five to six users per tutor. The cooperatives in the group produce a broad range of goods and services. These include the running of a staff restaurant in a medium-sized company, the renovation of windows, cleaning, and industrial assembly. The turnover of the enterprises’ commercial operations varies considerably, from about 1.26 million SEK (150,000 euros), for the most entrepreneurial organizations, to a few thousand for those whose chief emphasis is on encouraging social integration (Stryjan, 2001:226-27). There are other social work cooperatives in addition to those serving the mentally handicapped. By 2004, about 90 social work cooperatives were providing work to approximately 1,400 persons from various socially excluded groups. Total turnover for the business activities of these 90 cooperatives was estimated at around 6 million euros in 2002 (Stryjan, 2004:14-15). Another group of social enterprises are the newly emerged “community development enterprises”. Their focus is on the entire local community, and local

activists and organizations will typically participate both in forming these enterprises and in their governance. Community businesses are a relatively new phenomenon; the oldest of the enterprises identified was established as late as 1998. In 2004, eight community businesses operated mostly in sparsely populated areas in the north of Sweden. The estimated total turnover of those local community businesses is 1 million euros (Stryjan, 2004:15).

In sum, the emergence of social enterprises in Sweden is a rather new phenomenon. It is small in scale and is taking up a “residual” role. They mostly specialize in areas where neither the state nor private suppliers are willing to shoulder responsibilities. The case of Sweden clearly demonstrates the “crowding out” effect of a strong state. With the state playing a prominent role in the welfare system, the third sector has evolved historically into the “non-professional democratic” model of interest-articulating organizations. Even after the welfare reform initiated a modest level of privatization of welfare services, the majority of these NPOs remain ill equipped to take advantage of the new market niches. As such, social enterprises in Sweden mostly take up the “residual” role. The scale of social enterprises in Sweden is thus limited, and they serve mostly socially excluded groups. However, as welfare reform continues to convert individual welfare entitlements into funding, social enterprises may see more room to grow. We have therefore considered the Swedish case to be primarily a top-down model of social enterprise development because the third sector can only react to the scale and pace of welfare reform initiated by the state.

Taiwan

The case of Taiwan shows that Asian countries may have a distinctive pattern of social enterprise development due to the nature of their political system. The nature of the welfare system and the course of its reform in the Western countries that we have covered have been influenced by the framework of long-established democratic political institutions. The case of Taiwan shows, by contrast, how the logic of welfare reform can take a very different path when it occurs at the same time as democratization. The issue of welfare reform in Taiwan during the 1990s was triggered as much by financial constraints as

it was by democratization and its associated social movements. The third sector is still the major agent for social enterprise development, but its relationship with the state is quite different from that found in Western countries. In particular, the Taiwanese third sector's reliance on government support is also causing concern over the self-sustainability of these new social enterprises.

The problem of welfare reform in Taiwan during the 1990s differed a great deal from the Western experience. This is because the welfare reform was triggered as much by the process of democratization as by financial austerity. The case of Taiwan highlights the differences between advanced capitalist countries and East Asia because democratization is a major force behind the development of welfare institutions in Taiwan over the past two decades (Aspalter, 2002). Welfare provision in Taiwan became more significant in the 1990s onwards; the watershed was the revision of the Constitution in 1997 that laid down the basic legal context for social policy and legislation in Taiwan. The most significant change was to divide social welfare expenditure into three functions: social security, community and environmental protection, and pension funds for civil servants, with the expenditure on social security being similar to so-called "social welfare" or "state welfare" (Ku, 2002).

Throughout the 1990s, increased party competition in democratic elections directly promoted the establishment and extension of social welfare provisions. In November 1997, the issue of an old-age allowance was actively promoted by 42 out of 80 candidates for election to the legislature (Aspalter, 2002:100-01). The planned introduction of a pension system and the provision of unemployment protection in Labour Insurance since 1999 were also the outcome of intensified electoral competition in the later half of the 1990s. During the 1990s, social security as a percentage of government expenditure rose sharply, from 8.2% in 1990 to 14.3% in 1997 (Ku, 2002:145). Social security in Taiwan consists of social insurance and social assistance, with the former significantly expanding in coverage. By 1980, three major social insurance systems had been established for military servicemen, civil servants, and labourers to cover the areas of maternity, injury and sickness, medical care, disability, old age, death, and funeral allowances. Of the three systems, labour insurance is the

largest, covering 7.5 million workers, equivalent to 34.5% of the total population. Social assistance enables the less advantaged to receive cash benefits. When the Social Assistance Law was passed in 1980, only 0.5% of the population qualified. By the time the government proposed a new Social Assistance Law in 1997, around 5% of the total population were receiving the benefits (Ku, 2002:147-48). Social welfare expenditure also increased steadily as a percentage of GDP from 4.5% in the early 1990s to over 5%, reaching a high of 6.5% in 2001 (Government Information Office, 2004).

The Taiwanese welfare system traditionally features low levels of governmental welfare expenditures in comparison to Western countries, a strong role for the market and the family in welfare provision, and a strong role for the state as a regulator in welfare provision. Nevertheless, the Taiwanese welfare state system is expanding quickly through both the growing number of new social insurance and social assistance schemes and the widening coverage of existing schemes. The main political parties and the majority of the people still adhere to conservative social policy doctrines such as a rejection of dependency-creating welfare programmes, a strong emphasis on the principle that it should be the responsibility of the family and individuals to take care of themselves, and a dislike of state welfare programmes. Therefore, recent efforts in the field of social policy can be regarded as a direct outcome of the process of democratization. Intense political party competition and the emergence of numerous social welfare movements (e.g., the handicapped welfare movement, the elderly welfare movement, the women's welfare movement, and the child welfare movement, among others) have forced politicians and political parties to promote welfare reform in Taiwan (Aspalter, 2002). In short, rising demands for social protection and social welfare have pushed the Taiwanese government into reforming the welfare system. The logic of welfare reform in Taiwan is therefore different from that in the Western welfare systems. We may characterize the problem of welfare reform in Taiwan as a search for the right balance between financial prudence and political support. Social enterprises have emerged as one of the policy tools to achieve this balance.

Since giving and volunteering are not widespread among

Taiwanese (Kuan and Kao, 2001), the government is still the major source of financial support for most NPOs. The Taiwanese government put more resources into the welfare system during the 1990s, but the demands of dealing with the aftermath of an earthquake that occurred on September 21, 1999 caused it to cut financial support for the welfare system in general and to third sector development in particular. The rise of social entrepreneurship is in one sense closely associated with the September 21st earthquake because the incident profoundly transformed the giving pattern of the general public, as well as the way in which the government subsidizes NPOs (Chen, 2002b). NPOs have responded to these developments by engaging more actively in entrepreneurial activities in order to obtain financial support from other sources. The emergence of social enterprises in Taiwan can thus be understood to have taken place within the context of the economic downturn since the late 1990s, and also the September 21st earthquake (Chen, 2002b; Pelchat, 2004). After the September 21st earthquake, the government channelled more funds towards recovery and reconstruction efforts, which meant that subsidies available for non-disaster related projects shrank. Also, huge donations from the general public were diverted to disaster relief and reconstruction work. This meant that even though more people donated, NPOs were not necessarily receiving more funds to support their regular operations and services. Moreover, the economic downturn added to the difficulty of fundraising. These pushed NPOs to be more creative in their fundraising, and some have started experimenting with revenue-generating activities as a means of diversifying their sources of income.

Although NPOs have tried to diversify their sources of income, they continue to rely on the government as the major source of their financial support. The government, sensing the growing importance of NPOs, has over the years been relying increasingly on the third sector to carry out some of its policies (Twu et al., 2002; Pelchat, 2004). This is evident in the community-oriented welfare approach of the government that involves contracting out direct social welfare service programmes to qualified associations and foundations. Other programmes of the government, both at the central and local levels, have contributed to the development of social enterprises (or at least

entrepreneurial methods) among NPOs, especially in regard to issues of employment and community empowerment, by providing subsidies and other relevant incentives.

The government has funded the development of social enterprises in various ways. In 2004, government grants and subsidies contributed to a substantial percentage of the budgets of four of the most prominent Taiwanese social enterprise groups: the Children Are Us Foundation (28.8%), the Eden Social Welfare Foundation (43.3%), the Syinlu Social Welfare Foundation (34.6%), and the Yucheng Social Welfare Foundations (63.6%) (Kuan, 2006). In addition, the Taiwanese government provides social enterprises with other forms of support such as human resources, material assistance and service sale assistance, leases on land and special rights on buildings, and assistance in the promotion and marketing of products and services (Kuan, 2006). Behind the development of many social enterprises are NPOs, themselves a new phenomenon in the 1990s. They are different from the traditional charitable organizations in that they were founded with the aim of mobilizing social resources to meet new and emerging needs (Hsiao, 2003). Moreover, they did not just develop independently of each other into social enterprises but formed multi-sector alliances co-coordinated by the government (Twu et al., 2002).

After the mid-1980s, authoritarian rule gave way to a more liberal democratic order. It is no coincidence that Taiwan's non-profit sector also entered into an important phase of development at the end of the 1980s. With the lifting of martial law in 1987, not only did the government remove political obstacles to the formation of social organizations, it also progressively allowed these organizations to play a more active role in society. Many of them then became more involved in providing direct services to disadvantaged groups, and took on a responsibility that had previously been assumed exclusively by the government. Since the late 1980s, the number of NPOs in Taiwan has grown steadily. According to the 2002 Survey of Foundations in Taiwan, there were a total of 3,014 foundations and 29,496 associations. The majority of foundations involved in the fields of education and social welfare. Almost 65% of NPOs were established after 1987. Two major types of NPOs can be identified:

endowment-based foundations and member-based associations. Endowment-based foundations engaging in social welfare are the major drivers for social enterprises (Kuan et al., 2003).

Another category of major agents for the development of social enterprises includes associations that are engaging in social service and philanthropic work. The Ministry of the Interior reported that there were a total of 31,844 associations in 2003. Among these associations, 9,224 were occupational organizations (trade unions), 138 were political organizations, and 22,482 were social organizations. The majority (48%) of the associations in the “social organizations” category focus their work on arts and culture, as well as on social service and philanthropic work (Pelchat, 2004:15). NPOs in Taiwan that emerged in the late 1980s and early 1990s are different from earlier organizations that were mostly involved in traditional forms of charity. NPOs today play a variety of roles. For example, they provide direct services, conduct advocacy and participate in the drafting of government policies, participate in the creation of job opportunities and community development, and implement the social welfare policies designed by the government. This transition was further boosted by the partnership between NPOs and the government, under which public agencies at various levels contract out to NPOs the carrying out of social welfare, employment, or community empowerment programmes. Even the private sector in Taiwan has become attuned to the importance of the growing third sector, with many companies eager to demonstrate their corporate social responsibility either by partnering with NPOs in philanthropic endeavours or by establishing their own foundations (Pelchat, 2004:15-16).

As noted earlier, the earthquake of September 21, 1999 had a great impact on the third sector. That event also coincided with the economic downturn at the beginning of this century to exert a profound impact on NPOs. On the demand side, NPOs are being called upon to meet social needs that have grown in both number and complexity, and to take on challenges that the government and the business sector have been unable to tackle effectively by themselves. On the supply side, NPOs now have to do more with less funding since government subsidies, corporate sponsorships, and individual donations have all decreased. In this context, many NPOs have started

to engage in income-generating activities in order to increase their financial autonomy and are in a better position to achieve their social missions (Chen, 2002a; Cheng, 2007).

The development of social enterprises in Taiwan was spurred when the government assigned NPOs the role of partners in delivering several social policies. The following are some of the major niches that opened up for social enterprises (Pelchat, 2004:43-45): job creation for the disadvantaged, such as unemployed workers aged 45 to 65, single mothers, disabled people and aborigines, social integration of the disabled, and community development. Many government departments now provide funding for projects that are proposed by communities themselves, and community empowerment has become an important focus of public policies at both the central and local government levels. Community empowerment has been included in many important projects implemented by the government. One such example is the “2008 Challenge for a New Homeland Community Empowerment Project”, which also includes participation by government agencies like the Council of Cultural Affairs, the Council of Agriculture, the Ministry of the Interior, and the Construction and Planning Administration. Under such schemes, local organizations can apply for subsidies from the government to implement projects.

The rise of social enterprises is a relatively recent development in Taiwan. Yet their development has been rapid, corresponding to the fast development of NPOs as a whole during the 1990s, and also because of the active support by the government in this century. Some of the more prominent social enterprises have emerged in Taiwan with the aid of large endowments from private foundations. Their activities may vary, but they more or less operate within the two major policy areas — social inclusion and community development — as set out by the government (Pelchat, 2004:70-84; Kuan, 2006; Lin, 2007).

The business activities of Taiwanese social enterprises fall into four distinct categories: (1) fee-for-services, which are usually related to the mission of the NPO, paid by users (or by the third party); (2) the sale of products, which are often related to the work and mission of the NPO ; (3) affirmative businesses, which involve income-generating activities that provide mentally, physically, economically, or educationally disadvantaged people with training, work opportunities,

competitive wages, and ownership opportunities; and (4) independent for-profit businesses, which are set up as independent companies with the goal of generating profits for redistribution to one or more NPOs (Pelchat, 2004; Lin, 2007).

The growth of the social enterprise sector in Taiwan has been spurred on by endowment-based foundations and has been assisted by favourable government policies and subsidies. It is hard to say that social enterprises as a sector have carved out a clearly defined niche in the society, as there are concerns that social enterprises are overly dependent on government support. Therefore, achieving self-sufficiency remains a key issue in the future development of social enterprises in Taiwan (Pelchat, 2005; Kuan, 2006).

All in all, the process of democratization in Taiwan raised popular expectations for better welfare and services, and also put pressure on the government to satisfy at least some of the rising expectations in the midst of political party competition. Political forces, therefore, largely shaped the welfare reforms and, by extension, the development of the third sector. Government's subsidies and incentives through some specific programmes tend to encourage NPOs to use business models, not only to answer very specific social needs but also to create value at a broader societal level.

A Comparative Analysis

Our starting point is to analyse social enterprises as an institutional innovation. While it is commonly recognized that social entrepreneurs play an important part in the development of social enterprises, this paper takes a structural approach in an attempt to explain how and why social enterprises as a whole develop within a wider institutional context. Our contention is that it is not a coincidence that social enterprises developed rapidly over the past two decades amid the advancing of welfare reforms in many countries. Rather, it was welfare reforms that opened up an institutional space for social enterprises to develop. Over the past two decades, this new institution has arisen as a result of difficulties encountered by both the state and the market in solving such social problems as long-term unemployment and social exclusion. As a result, this gap is being filled by third-sector

organizations that are engaging in business activities with social aims. This is the common thread that runs through all five cases of the development of social enterprises.

Under our analytical framework, social enterprises in different countries tend to follow their own development trajectory. Therefore, we expect there to be a variety of trajectories in the development of social enterprises as conditioned by their proximate context (i.e., the welfare reform agenda) and the broader social context (i.e., the welfare regime). Different welfare regimes have led to the development of different types of social enterprises. This confirms the view of a number of studies on social enterprises that a wide variety of social enterprises exist in different countries. Not only is there a vast difference between social enterprises in North America and Europe, but there are also significant differences among the social enterprises of different European countries.

From our case study, we confirm the prevailing conception that Europe and America have taken divergent paths in the development of their social enterprises. We attribute this difference to the different configurations of their welfare systems and their subsequently divergent welfare reform agendas. We summarize a few important findings, as follows:

1. The extent of welfare reform is associated with the scale of the social enterprise sector. More extensive reforms release more resources from the state to the market and/or the third sector. This therefore tends to enlarge the scale of social enterprises as a sector.
2. The development of social enterprises tends to be affected by the extent to which the initial strength of the third sector matches the emerging market niches for social enterprises.
3. The scope of the social enterprise sector depends on the degree of coordination among the state, the market, and society. The greater the level of coordination and the more specific welfare reforms are, the more likely are social enterprises to occupy a clearly defined niche. The opposite is also true.

Table 1 A Summary of the Findings in the PRAMS Framework

	UK	US	Italy	Sweden	Taiwan
Problem	Recommodification	Recommodification	Updating	Rationalization	Democratization
Resources	State and society	State, market, and society	Society	State	State and society
Agent	New and old	Old	New	New	New and old
Market niche	Emerged from government policy	Emerged from social change	Emerged from socio-demographic change	Emerged from government policy	Emerged from government policy
Scale and scope	Large scale; wide scope	Large scale; wide scope	Large scale; well-defined role	Small scale; well-defined role	Large scale; well-defined role

Sources: Authors' research.

Concluding Remarks

Social enterprises have emerged as an institutional innovation to tackle the problem of welfare reform. It is from this vantage point that we derived the PRAMS framework that helps to explain the development trajectory of social enterprises in relation to a welfare regime. A major contention here is that there are a few clusters in the world with regard to the development of social policies. Even though social enterprise is not solely triggered by government policy, we find it fruitful to view welfare reform as a major structural change that triggers the emergence of social enterprise. In our comparative framework, we have explained how welfare reforms channelled resources and opened up new market niches for social enterprises to develop. In our case studies, we also documented how welfare reform explains the scale, pace, and scope of the development of social enterprises. Following Esping-Andersen (1999) and Pierson (2001), we argue that each distinct welfare regime would have a different adjustment problem in the post-industrial era. It is our contention that the scale of any subsequent welfare reforms would be positively associated with the scale of the development of social enterprises. This is because the reform agenda determines (1) the volume of the resources available for social enterprises, (2) the scope of the activities suitable for social enterprises, and (3) whether the existing or new organizations are better positioned to capture these new market niches. All in all, the welfare state regime perspective provides a powerful framework to explain the development of social enterprises.

Policy makers in different countries have come to appreciate the merits of social enterprises because of their multi-stakeholder approach in tackling the problems of long-term unemployment and social exclusion. While there is some hope that they will become an institutional innovation to the problem of social exclusion and unemployment, this paper argues that the development of social enterprises actually depends a great deal on the institutional space that is opened up by reforms to the welfare system. Based on the evolutionary perspective in organization studies, it can be argued that a new organizational form can only become established when it is able to secure stable resources from its environment. Unless there are a lot of slack resources in the environment (which is usually not the

case), a new organization needs to compete for resources from rival organizational forms by carving out its own niche in the environment. While some social enterprises have emerged through head-to-head competition with existing organizational forms (e.g., those in the socially conscious marketplace), a major source of resources has come from welfare reforms, when governments have switched to channelling resources to the third sector (e.g., through subcontracting). Even though we admit that entrepreneurial initiatives are a major driving force behind the development of social enterprises, our structural analysis also shows how welfare reform triggers the emergence of social enterprises and deepens our understanding of this sector.

All in all, our structural approach points out that there are limits to the development of social enterprises. First of all, the practice of social enterprise is not likely to be applicable in the same manner in every institutional environment. We even contend that the direction and pace of welfare reform largely explains the way in which social enterprise develops in a society. This is because the initial societal division of labour among the state, business organizations, and community organizations plays a major part in determining whether old or new organizations will take the lead in social enterprise development. Another major implication is that cross-country learning may not be as easy as proposed by some social enterprise practitioners and management theorists. No matter how promising social enterprises are seen as a solution to welfare reform, we remind policy makers to be more cautious about the limits of cross-country policy learning (Zeitlin and Trubek, 2003) and remind scholars about the value of carrying out a structural analysis of institutional innovations. Cross-country learning will be limited to places that share a similar welfare system, particularly where policy development for social enterprise is concerned. After all, this paper contends that social enterprises in different countries will have different development trajectories. These will be shaped by a country's post-war institutions of welfare provision, and paced by the extent of the welfare reforms carried out in that country. It may not be unfair to say that this paper downplays the role of agency played by social entrepreneurs. Rather, this paper examines the structural changes that favour the emergence of social enterprise. Entrepreneurs take advantage of the resources offered

by the structural environment and respond to incentives offered by the process of welfare reform. It is our contention that the study of social enterprise as an emerging field could be enriched by reference to two closely related fields of study, namely the literature on welfare regimes with respect to policy studies, and the evolutionary perspective with respect to studies of organizations. Even though social entrepreneurship is a major driver behind the development of social enterprises, we maintain that changes in the institutional environment triggered by welfare reforms condition the scale and scope of the social enterprise sector as a whole.

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Welfare Reform and Social Enterprise

Towards an Institutional Theory of Social Enterprise

Abstract

This paper derives the PRAMS analytical framework from the welfare regime perspective to examine differences in the way that social enterprises develop in different societies. We conducted a comparative analysis of five societies, namely the UK, the US, Italy, Sweden, and Taiwan. We argue that the welfare regime in a society shapes the trajectory of the development of that society's social enterprises, with respect to the type of organizational agent that predominates, the overall size of the sector, and the scope of its operating activities. We conclude that a welfare regime cluster corresponds to a social enterprise cluster. A major policy implication of this is that cross-country policy learning in social enterprise development is largely limited by differences in welfare provision institutions.

福利改革與社會企業 從制度理論解釋社會企業的發展

趙永佳 黃家松

(中文摘要)

本文以福利類型 (welfare regime) 理論為基礎，發展出一個名為 PRAMS 的分析架構，嘗試解釋社會企業在不同國家的發展模式差異。本文選取了英國、美國、意大利、瑞典和台灣五個地區作比較分析，發現福利類型對社會企業發展有明顯的影響，當中包括社會企業以何種組織形態為主、社會企業部門的總體規模，以及社會企業的業務範疇等。本文的主要結論，是不同的福利類型會衍生出不同的社會企業類型；其對政策的啟示，就是社會企業的發展方向和步伐，需要配合本地的福利制度改革。

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