An exploratory study on the potential of social enterprise to act as the institutional glue of network governance

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ARTICLE INFO

ABSTRACT

This study combines two topics of contemporary salience for public administration: social enterprise and governance networks. While operating at different levels, both are institutions which attempt to draw together the three pillars of state, market, and civil society. Nevertheless, the respective literatures focus on particular aspects of the three pillars. We connect the two concepts and suggest that some social enterprises can act as the institutional glue of networks due to their ability to benefit organizations in each of the three sectors. This requires social enterprises to have the managerial capacity to diffuse social know-how, and is facilitated by the trust of other organizations and a supportive policy framework. The links are explicated at the conceptual level before providing evidence from South Korea and the UK. Finally, research propositions are offered, which suggest new avenues for future research.

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1. Introduction

Governance networks and social enterprise have both emerged as responses to an increasingly complex world in which governments, markets, and civil societies attempt to meet diverse needs. As such, both are prominent contemporary ideas in public administration research. In this study, we attempt to shed light on the points of overlap in the two different literatures and to connect the two concepts. In particular, we aim to explicate the role of social enterprise in cross-sectoral collaboration, and thereby contribute to a more comprehensive understanding of social enterprise activity in governance networks.

Despite its current topical nature, social enterprise is not frequently mentioned in research on cross-sectoral governance. Similarly, most studies from the social enterprise perspective do not refer explicitly to governance networks.

Some social enterprise researchers are interested in similar issues; for example, Aiken (2006) analyzes the degree to which social enterprises are closer to the market or state, while Barraket (2008) argues that social enterprise embodies the network governance approach. Nevertheless, their main aim was not to engage with, nor develop, links to the governance literature. This lack of cross pollination in the literature is somewhat surprising, given the recognition that social enterprises have received as important players in public service provision, and as they are known for their relationship building capacity through cross-sector partnerships with other organizations.

We make the case that social enterprise has the potential to link together a wide range of actors, or to borrow a phrase, act as the "institutional glue congealing network ties" (O'Toole, 1997, p. 45). This is a required role to coordinate what may have been previously disconnected actors for an effective response to complex social needs. We do not argue that social enterprise always takes on this role; rather, we seek to highlight the feasibility of social enterprise as institutional glue and to draw out implications for future research. In contrast, in the extant literature

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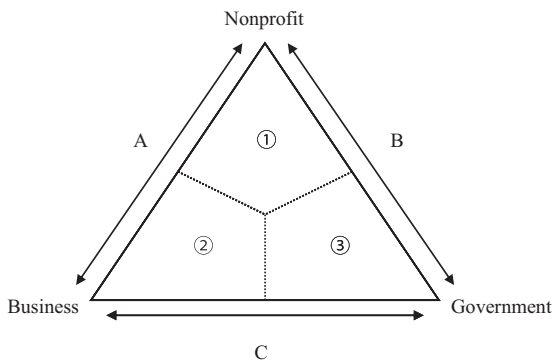E-mail addresses: csp711@gmail.com (C. Park), maw@catholic.ac.kr (M. Wilding).

Fig. 1. The pillars of governance and their three main zones of influence. Spectrums A, B, & C refer to the relationships emphasized in existing literatures.
Source: Drawn by authors.

there is a tendency to focus on particular aspects of collaboration, such as nonprofits and business (Austin, 2000; Kearns, 2000), nonprofits and the public sector (Goldsmith & Eggers, 2004; Linden, 2002; Salamon, 1995), public and private sectors under public–private partnership (Bovaird, 2004), and network governance (Rhodes, 1997). Similarly, perhaps due to the lack of an agreed upon definition of social enterprise in the international context, there is a tendency in the research to focus on particular aspects of social enterprise, that is as a hybrid between nonprofit organizations and businesses (Dees, 1998; Dees, Emerson, & Economy, 2001; Young, 2003; Young & Salamon, 2002), or the provision of state services by social enterprise (Aiken & Slater, 2007; Carmel & Harlock, 2008; Pharoah, Scott, & Fisher, 2004).

2. Exploring governance networks and social enterprise

2.1. The governance approach to cross-sectoral collaboration

As governance networks are usually regarded as coordinating mechanisms, the same actors can be found under the different modes of governance, albeit in differently structured relationships (O'Toole, 1997; Provan & Kenis, 2008). Researchers generally recognize the variety of actors and relationships, but even so there is a tendency to focus on the spectrums outlined in Fig. 1. The network governance approach (Rhodes, 1997; Stoker, 1998) focuses more on spectrum A; public collaboration management (Agranoff, 2006; Goldsmith & Eggers, 2004) focuses on spectrum B; and the New Public Management (NPM) approach (Pierre & Peters, 2000) focuses on spectrum C.

Taking the governance literature first, research that would be included along spectrum A includes that which discusses self-organizing policy networks and government marginalization (Stoker, 1998). Research from the network governance perspective often considers all three pillars; yet, the emphasis is much more on the networks formed by business and nonprofit organizations (zones 1 and 2 of Fig. 1), as is most visible in the "governance without

government" approach (Rhodes, 1997). In response, other authors have argued that the state continues to take a hierarchical approach (Agranoff, 2006; Bell & Hindmoor, 2009), focusing on spectrum B.

Spectrum B includes research that focuses upon state use of nonprofit contractors. The use of charities, religious organizations, and other associations is accounted for in this literature. Over time these organizations have become increasingly involved in the design of services, and social services in particular. However, according to this approach, the greater participation of civil society actors does not substantially undermine hierarchies as "networks threaten or hollow the boundaries of the state in only the most subtle ways" (Agranoff, 2006, p. 63). Much of the research on this spectrum focuses on zone 3 of Fig. 1, and ranges from that which stresses the increased collaboration and participation arising from state-civil society relationships, albeit with a continued role for hierarchies (Goldsmith & Eggers, 2004), through research from a more critical perspective that sees states' attempts at cutting costs and outsourcing as neo-liberalism (Phillips, 2004).

Spectrum C includes research on both zones 2 and 3 in Fig. 1, and ranges from hierarchical contracting arrangements (zone 3) (Bell & Hindmoor, 2009) through more market dominated approaches (zone 2) in areas such as climate protection for example (Benecke, Friberg, Lederer, & Schröder, 2008). Pierre and Peters' (2000) explanation of the emergence of governance also focuses on spectrum C, emphasizing factors such as the financial crisis of the state, the ideological shift from state to market, and the emergence of NPM. In addition, other researchers have made the connection between NPM and governance; for instance, Jose (2007) questions whether governance is shorthand for the predominance of neo-liberalism and NPM.

From this brief overview of the governance literature, we can see that although previous research acknowledges the blurring distinctions among the public, nonprofit, and business sectors, it tends to focus more on one of the spectrums, or even on one of the pillars. We think that focusing on one of the spectrums is not enough to describe the complex reality. Instead we take the position that each of these approaches is useful and can help us to understand the way society is governed in various contexts and the differing roles that social enterprise is able to play.

2.2. Social enterprise in relation to cross-sectoral collaboration

There are some similarities in the social enterprise debates; despite the existence of research that seeks to stress the cross-sectoral nature of social enterprise (Defourny, 2001; Nyssens, 2006; Ridley-Duff, 2008; Ridley-Duff & Bull, 2011), there is a tendency within the literature to emphasize one of the spectrums. In the international context, beyond a general agreement concerning the pursuit of social goals, there is no agreed upon definition of social enterprise. As such, for the purposes of this study we use the term social enterprise to refer to "the broad idea of commercial revenue generation in the service of charitable activities" (Kerlin, 2009, p. 184). However, for the most part, social enterprise is seen as operating along spectrums