



Saving the Other: Exploring the social in social enterprise



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ABSTRACT

Social enterprise is increasingly viewed by governments worldwide as a promising means of promoting development. In South Africa, too, this sector is identified as a strategic growth area. Although there is no final consensus on the definition of social enterprise, certain characteristics are generally agreed. These include the idea that social enterprise prioritises social needs over profit maximisation, and involves marginalised people within viable businesses that have socially beneficial outcomes. Academic research on social enterprise has largely come from business studies, focusing on the internal functioning of social enterprise organisations, the figure of the social entrepreneur, the relationship between the social enterprise sector and the state, and on what the sector needs to flourish commercially. Social issues, especially analyses of power within the sector, have been relatively neglected. This paper addresses that gap, drawing on a wider development studies literature on the social economy to inform an examination of power relationships in the craft industry in South Africa, where narratives of social enterprise are pervasive. I argue that although empowerment is an explicit aim of many craft organisations, the most prominent discourses within the industry often rely on and perpetuate objectifying constructions of producers. These manifest particularly through notions of 'saving', shaping a moral economy that entrenches difference along lines of black–white, north–south, and healthy–diseased. Such discourses run counter to the aims of empowerment that are central to the ethos of social enterprise, and should challenge both policymakers and academics to think carefully about how power works within the sector.

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Introduction

The last few years have seen governments and policymakers worldwide taking an increasing interest in the social economy,¹ and in social enterprise specifically. Although the drivers of this interest are various, debates on the social economy can be contextualised within the perceived need to imagine alternatives to neoliberal capitalism and its negative social and environmental impacts. In the wake of the 2008 financial crisis, whose effects continue to be felt around the world, and subsequent scandals in the international banking sector, moves toward understanding and amending current economic practice have gained impetus. Activist, academic and policy literatures on economic alternatives have all expanded in recent years, with studies and movements relating to the green economy, the social economy, Transition, the creative economy, and community economies all proposing ways of seeing and practising the economy otherwise.

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¹ I use the term 'social economy' to refer to market-based strategies for social development. The term encompasses long-standing economic models such as cooperative production and consumption, credit unions, etc., and refers also, and more particularly in this paper, to more recent trends and initiatives towards 'the use of the market to pursue social goals... and the application of business thinking to strengthen non-profit organisations and foundations' (Edwards, 2009, page 77).

This holds true across both first-world countries such as Canada and the UK, and less affluent regions such as Latin America and Africa. In South Africa, too, the government has identified the social economy, and social enterprise specifically, as a key area for support, viewing it as a strategic means of reducing poverty, increasing work opportunities, and encouraging investment in the country (Steinman, 2009; Karanda and Toledano, 2012). Social enterprise is also encouraged by the government's Broad-Based Black Economic Empowerment (BBBEE) legislation. In addition, several large corporations are actively involved in supporting social enterprise through their own corporate social responsibility (CSR) programmes. These include funding and projects such as the South African Breweries (SAB) Foundation Innovation Awards, the De Beers Fund for development, and the Anglo American Chairman's Fund.

Although there is no clear consensus on the definition of social enterprise, either within or across nations, certain characteristics are common to most, if not all, formulations of the concept. It is generally agreed, for example, that social enterprise uses established business principles and practices in order to achieve its primary aim of delivering social and/or environmental benefits. However, questions are seldom asked as to whether and how such benefits are achieved. Little research has been conducted that systematically interrogates social issues within the sector, such as the values that drive social enterprise and the identities and power

relationships that underpin and are shaped through its discourses, representations and practices.

This paper aims to address that gap through an analysis of the public discourses emerging from the very prominent social enterprise sector in South Africa's craft industry, where aims and claims of 'empowering' producers are commonplace. Drawing on recent theoretical and empirical work on the rapidly growing social economy – including studies of philanthropy, Fair Trade, microfinance, and the NGO sector – I interrogate the idea of empowerment in this sector as it is manifested particularly through social enterprise organisations' (SEOs) own online literature and the accounts of managers and owners. I argue that the power relationships evidenced in these public discourses and representations in fact run counter to the stated ideals of the organisations concerned. While their aim may be to empower, dominant discourses within the sector tend instead to objectify craft producers. Such objectification is manifested particularly in narratives of 'saving' workers – from poverty, unemployment, and ill-health.

These narratives work to shape a moral economy that has unimpeachable aims, yet in discursive practice entrenches difference on multiple scales from the global to the intimate, along lines of black–white, north–south, and healthy–diseased. Without suggesting that craft producers themselves should be seen simply as victims of this epistemic violence, I argue that the social dimensions – and specifically the power relationships – within social enterprise, as they are manifested in both discourse and practice, must be taken seriously in policy and academic discourses. There is a clear need for more critical analyses and theorisations of power – and of how the oft-stated aims of empowerment are enacted – as governments increasingly move to encourage and evaluate the sector's development potential.

The place of the social in social enterprise

The bulk of research into social enterprise has been conducted within the fields of business and management studies, and related fields. Questions of definition have been prevalent in these debates, to the extent that they could be accused of having stifled more interesting or critical discussion (Muñoz, 2010, page 303). These questions have certainly been prioritised (Peattie and Morley, 2008) and the lack of clear answers is viewed by some as a hindrance to both research and effective policymaking (Haugh, 2005). As Jones et al. (2007, page 1) put it with regard to the social economy more broadly, 'The lack of consensus in relation to definitions and conceptual rigour presents problems for the sector ... [it] poses problems for the development of evidence led and differentiated public policies towards the different types of organisation operating in the social economy'. However, as Amin (2009, pages 30–31) argues, there is in fact general agreement on the sector's core characteristics: 'it is commonly agreed that the social economy incorporates economic activities that privilege meeting social (and environmental) needs before profit maximisation, through the involvement of disadvantaged communities in the production or consumption of socially useful goods and services'.

The same broad consensus on characteristics holds true for the more specific concept of social enterprise, since most accounts broadly agree that the latter refers to financially viable and competitive businesses whose primary aim is not the maximisation of profit but social benefits. The working definition adopted by Steinman (2009, page iii), in her exploration of the social enterprise environment in South Africa, encapsulates these ideas: 'A social enterprise's primary objective is to ameliorate social problems through a financially sustainable business model'. Similarly, Fury (2010, page 5) notes that while 'there is no existing South African policy on social enterprise, nor is there a legal definition', these two

elements of 'a core social purpose' and financial sustainability are widely accepted as defining characteristics.

Beyond definitional debates, the themes most prominent in the social enterprise literature include how best to understand and encourage social entrepreneurship, the internal operations of individual SEOs, and the factors enabling or hindering the success of SEOs. It is perhaps the dominance of these themes, rather than a lack of definitional consensus, that has squeezed out more critical reflection on social enterprise. The narrow focus in the literature on identifying tools to measure success and on helping the sector flourish, means that large gaps remain in understanding the wider effects of social enterprise, whether actual or potential, and whether individual or collective. Little is known, for example, about SEOs that fail to achieve their aims, or about the ambiguous or contradictory impacts of social enterprise, since the case-study methodology that dominates research in this area tends to create a bias toward narratives of success (Amin et al., 2002).

One of the reasons for the relative silence around social enterprise's wider social relations is the assumption in much literature and practice that social enterprise is by definition socially beneficial. As Arthur et al. (2006, page 1) remark:

The position that has been legitimised is one where the tension between social and enterprise aims is not just one that has to be managed, but has moved toward one that if the business activities are a success in the market it will follow that the social aims will in essence take care of themselves.

Teasdale (2009, pages 7–8) makes a similar point: 'the assumption in much of the policy and practitioner literature is that if a social enterprise is commercially successful the social purpose will take care of itself'. The same is to a significant degree true also of the academic literature, where 'a "business case" narrative and discourse is being privileged ... to the detriment of providing conceptual and theoretical recognition of the social' (Arthur et al., 2006, page 1). Edwards (2009, page 80) is even more critical, pointing out not just omissions but also the potentially *negative* outcomes of social economy initiatives. This is in contrast to their oft-assumed 'blended value', or the notion (similar to the concept of the 'triple bottom line') that financial, social and/or environmental value can all be achieved simultaneously within individual organisations.

As far as I can see, the theory of 'blended value' that underpins much current experimentation is not a theory at all, but simply a set of assumptions that claim either that there are no negative consequences of mixing different rationalities or that those consequences are insignificant.

Another reason behind the relative absence of social analysis in the social enterprise literature is that surprisingly little of it has come from the social sciences. Hence, the long-standing interests of critical social scientists in the questions of power – encompassing issues of identity, solidarity, collective action, capacity building, histories of oppression, and so on – have received very little attention in the context of social enterprise. However, if the social enterprise literature specifically has little to say on these matters, a more sustained and larger body of research on other realms of the social economy offers useful insights. This includes, but is not limited to, work on the NGO sector, Fair Trade, microfinance and 'philanthrocapitalism' (the term coined by Edwards (2009, page 75) to describe the new trend towards 'the belief that business thinking can strengthen philanthropy and the not-for-profit sector').

The primary criticism cross-cutting these bodies of research (which tackle head-on influential discourses to the contrary, such as those exemplified by Leadbeater, 1997; Gates, 1999; Pearce,

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