

Defining the Universe of Social Enterprise: Competing Metaphors

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Abstract After more than a decade of research the debate over social enterprise definitions and classifications continues. EMES network in Europe argues that there is an ideal type of social enterprise to which all ventures should aspire. The spectrum approach emphasizes the trade-off between pure profit-making and social impact, locating organizations on this continuum. The Schumpeterians take innovation as its central focus, arguing that the disruption of the status quo is an important differentiator. We argue that each falls short of providing an adequate framework for future research, policy, and practice. Instead we offer an alternative metaphor, that of a social enterprise zoo; many different “animals” combine social and market goals in substantially different ways and each species has distinct environments and needs. Using the metaphor we consider the important components of a meaningful research agenda and examine the place of social entrepreneurs within the social enterprise zoo.

Résumé Après plus d’une décennie de recherche, le débat portant sur les définitions et les classifications de l’entreprise sociale persiste. En Europe, le réseau EMES défend l’idée qu’il existe un type idéal d’entreprise sociale auquel toutes devraient se conformer. L’approche englobante, elle, met l’accent sur le compromis entre but lucratif pur et impact social, et place les organisations sur ce continuum. Les Schumpeteriens considèrent l’innovation comme objectif central, arguant que la perturbation du status quo est un facteur important de différenciation. Nous soutenons que chacune de ces approches échoue à fournir un cadre adéquat pour l’avenir, que ce soit en termes de recherche, de politique ou de pratiques. En lieu et place, nous

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proposons une autre métaphore : celle d'un zoo d'entreprises sociales, dans lequel de nombreux « animaux » différents combinent des objectifs sociaux et commerciaux de manières substantiellement différentes, chaque espèce ayant de plus un environnement et des besoins propres. En exploitant cette métaphore, nous prenons en compte les éléments importants d'un calendrier de recherche pertinent et nous examinons la place des entrepreneurs sociaux dans ce zoo d'entreprises sociales.

Zusammenfassung Nach mehr als einem Jahrzehnt langer Forschung geht die Diskussion über die Definitionen und Klassifikationen von Sozialunternehmen weiter. Das EMES-Netzwerk in Europa meint, dass es ein optimales Sozialunternehmen gibt, dem alle Unternehmen nachstreben sollten. Der breite Ansatz hebt den Kompromiss zwischen reiner Gewinnerorientierung und sozialen Auswirkungen hervor und ermittelt Organisationen auf diesem Kontinuum. Die Schumpeterianer betrachten Innovation als zentralen Brennpunkt und behaupten, dass die Störung des Status Quo ein bedeutendes Unterscheidungsmerkmal ist. Wir vertreten die Auffassung, dass keiner der beiden Ansätze ein angemessenes Regelwerk für zukünftige Forschungen, Richtlinien und Praktiken bereitstellt. Stattdessen bieten wir eine alternative Metapher an und sprechen vom Zoo sozialer Unternehmen; viele verschiedene „Tiere“ verbinden soziale und marktbezogene Ziele auf ganz unterschiedliche Weise, wobei sich die Umwelt und individuellen Bedürfnisse jeder Tierart unterscheiden. Mit der Verwendung dieser Metapher betrachten wir die wichtigen Komponenten eines sinnvollen Forschungsplans und untersuchen den Platz der Sozialunternehmer innerhalb des Zoos der sozialen Unternehmen.

Resumen Después de más de una década de investigación, el debate sobre las definiciones y clasificaciones de la empresa social continúa. La red EMES en Europa argumenta que existe un tipo ideal de empresa social a la que deben aspirar todas las empresas. El enfoque de espectro hace hincapié en el compromiso entre la simple generación de ingresos y el impacto social, situando a las organizaciones en este continuo. Los seguidores de Schumpeter toman la innovación como su foco central, argumentando que la alteración del status quo es un diferenciador importante. Nosotros argumentamos que ambos enfoques se quedan cortos a la hora de proporcionar un marco adecuado para futuras investigaciones, políticas y prácticas. En cambio ofrecemos una metáfora alternativa, la de un zoo de empresa social; muchos “animales” diferentes que combinan metas sociales y de mercado de formas sustancialmente diferentes y en el que cada especie tiene entornos y necesidades distintos. Utilizando la metáfora, consideramos los importantes componentes de una agenda de investigación significativa y examinamos el lugar de los emprendedores sociales dentro del zoo de empresa social.

Keywords Social enterprise · Social entrepreneurship · Nonprofit · Taxonomy

Introduction

After more than a decade of research in the US, Europe and elsewhere, debate continues on the definition of social enterprise and pinning down the essential nature

of this phenomenon. One consequence of the lack of consensus on how to define and delimit the nature of social enterprise is that it inhibits the development of a consistent body of research. Researchers know they cannot compare apples with oranges but they are unsure which fruits belong in their baskets and which do not. As a result, defining the universe of social enterprises, much less counting and sampling from that universe, is made so much more challenging. The situation is analogous to the early days of nonprofit sector research, especially when researchers needed to find common ground in order to compare the third sector in different countries (Anheier and Salamon 2006). International comparative third sector research still suffers from the lack of perfect agreement over what exactly constitutes a private, nonprofit organization, for example. Nonetheless, the situation facing social enterprise researchers is more daunting because social enterprises are much more diverse than nonprofits. Indeed, the latter could be considered just one type of social enterprise, alongside new legal forms of social businesses, social cooperatives, inter-sector partnerships, corporate social responsibility programs of for-profit corporations, and myriad combinations of all of these forms.

Some consensus exists on the nature of social enterprise, but only at a high level of abstraction. Most scholars and practitioners agree that social enterprises are organizations or ventures that combine a social purpose with pursuit of financial success in the private marketplace. However, this is where the consensus ends. What constitutes a social purpose and to what extent must it be pursued in order to qualify as a social enterprise? Indeed, what constitutes financial success—must social enterprises be profitable on the basis of earned income from the market or sustainable in some broader sense? That is, to what extent must a social enterprise depend on market revenues or trading for its sustenance? What are the relative priorities between social purpose and financial success required of social enterprises? Is there a prescribed set of legal forms in which social enterprises must be contained or is the legal character of social enterprise a secondary issue? Different approaches to the characterization of social enterprise tend to answer these questions in different ways. If, for example, a traditional nonprofit organization is to be considered a social enterprise then how much must it depend on earned revenue to be so? If a small business is to be considered a social enterprise, then to what degree must it be devoted to social or environmental goals and how should that be measured?

This paper asks whether existing conceptual frameworks for social enterprise are adequate to address the immense diversity of organizational forms that are currently or prospectively included under the rubric of social enterprise, or whether a new, more inclusive framework is required. Specific research questions include:

- To what extent do different existing conceptual frameworks for social enterprise permit consistent identification of social enterprises for purposes of building a body of compatible research?
- To what extent are the different existing conceptual frameworks for social enterprise helpful in analyzing the management, governance, financial behavior and challenges of social enterprises?

- To what extent are the different existing conceptual frameworks for social enterprise helpful in accounting for the different manifestations of social enterprise and how they interact and intersect with one another?
- To what extent are the different existing conceptual frameworks for social enterprise helpful in understanding the stability and economic sustainability of social enterprises?
- To what extent are the different existing conceptual frameworks for social enterprise helpful in addressing public policy issues affecting social enterprise?
- Is there another conceptual framework that may be more helpful in addressing the above research, managerial, interactive, sustainability and policy questions?

In this paper, we will take the view that social enterprise cannot be reduced to a singular construct and that the best way to analyze it and employ it as a strategy for achieving socially desirable goals is to recognize its diversity and complexity, and to build research around that understanding. To reach that understanding first requires review of the various schools of thought that have brought the field of social enterprise scholarship to its present level of development.

Alternative Schools of Thought

Various taxonomies and classifications of different forms of social enterprise have been compiled by analysts and observers over the past two decades. For example, Kerlin (2009) compiled a worldwide comparison of social enterprise forms, noting that in the US the term was most commonly used to connote commercial ventures by nonprofit organizations, while in Europe it focused mainly on cooperatives and other limited profit forms funded by government to carry out programs of work integration for marginalized groups. Indeed, she argued that the various manifestations of social enterprise were a product of the different political regimes and traditions of the countries from which they are emerging (Kerlin 2006).

As interest in new legal forms of social enterprise grew in the US, UK and elsewhere, Esposito (2012) compiled a primer of various hybrid corporate forms, describing entities ranging from corporate social responsibility programs of multinational corporations, to social cooperatives and community interest companies in Europe, to new L3C, flexible purpose, social purpose and benefit corporations now being experimented with in the US. Similarly, Alter (2010) has compiled a typology of social enterprise on the basis of mission orientation, integration between social programs and business activities, and the nature of target markets, also examining alternative operational models, ownership variations and legal status.

Several scholars have recently addressed the issues of social enterprise definition and classification, though often through the lens of social entrepreneurship. For example, Hoogendoorn et al. (2010) examine the research literature on social entrepreneurship, observing a growing but still sparse quantity of empirical work compared to conceptual pieces. These authors identify four distinct approaches—the innovation and social enterprise (earned income) schools of thought associated with

the United States, the Emergence of Social Enterprise in Europe (EMES) approach in Europe, and the UK approach focused on social businesses. These authors confirm the utility of understanding social entrepreneurship from these different points of view, and express pessimism over whether a single unified framework for studying this subject matter, however desirable, will ever be attained. These authors also assert, however, that the different schools of thought are unified around the notion that social mission is the *raison d'être* of a social enterprise. In our view, this assumption requires further scrutiny as discussed later in the paper.

Analysis of the state of research in social enterprise by Peattie and Morley (2008) also cites the variety of social enterprise forms, the controversies over definitions and classifications, and the importance of understanding the implications of this diversity. These authors identify the realm of social enterprise as a segment of the total economy in which business and mutual organizations address community needs. Overall, Peattie and Morley argue that “scholars move beyond presenting definitions of SEs that reflect one particular type (or subset)...[because this]..will allow for a better understanding of different types of SE, and of the differences and similarities that exist amongst and between them, to emerge.” (p. 16). Our analysis builds directly on this perspective.

Recent work by Kerlin (2013) reinforces appreciation of the diversity of social enterprise forms. Kerlin specifically addresses the relationship of social enterprise form to context, and develops a framework that helps explain why different forms tend to emerge in different national settings. This work should prove helpful in determining how to compare social enterprise from one country to another, but is limited in its application within countries. Moreover, it side steps the question of whether common forms of social enterprise or similar public policies or management strategies can be compared across national boundaries. Still, Kerlin's work emphasizes the urgency of developing an inclusive framework that successfully encompasses diverse forms of social enterprise.

A review of social entrepreneurship by Dacin et al. (2011) focuses primarily on social entrepreneurship as a function or activity carried out by entrepreneurial actors, though it also struggles with definitions and conceptual clarity. These scholars conclude that a focus on outcomes and context may be the best way to draw together disparate streams of research on social entrepreneurship but they touch only peripherally on social enterprise research per se, which appears to lie at the intersections of entrepreneurial, innovation and nonprofit management studies.

Finally a dialogue among leading scholars (see Zeyen et al. 2013) on theories of social entrepreneurship provides some tantalizing suggestions about the relationship of social entrepreneurship to social enterprise and hence the understanding of social enterprise itself. In particular, these scholars argue that social entrepreneurship serves critical societal functions including the pursuit of “adaptive efficiency” in a changing environment, response to various public goods problems, and sustainable social value creation. They see social enterprises as the manifestations of the work of social entrepreneurs, implicitly calling for a connection of these subjects via a more robust research framework. While we do not fully concur with the notion that all social enterprises are entrepreneurial in character, one of our secondary

objectives in this paper is to connect social enterprise and social entrepreneurship within a common frame of reference.

Given its diversity, scholars have employed various metaphors to bring some coherence to their understanding of social enterprise. At least three different schools of thought have emerged from this effort—social enterprise as an aspirational ideal type of organization, social enterprise as a spectrum of organizational types arrayed along a single dimension reflecting varying levels of devotion to social purpose versus profitmaking, and social enterprise as the creation of a social entrepreneur. We consider each of these metaphors in turn.

The EMES School

The EMES Network, a group of scholars researching third sector topics, argues that there is an ideal type of social enterprise, or a set of guiding principles to which all social enterprise ventures, no matter what form they take, should aspire (Defourny and Nyssens 2012). These principles include democratic governance, limited profit distribution and devotion to a social purpose (Defourny 2010). According to EMES, social enterprises can be defined as “organisations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits.” (EMES website).

Their metaphor suggests a “north star” by which all social enterprises should attempt to guide themselves; a kind of coordinate system or compass “which can help anyone to locate the position of the observed entities relative to one another and ...establish the boundaries of the sets of organizations that he or she will consider as that of social enterprises” (Defourny and Nyssens 2008). While accommodating a diversity of organizational forms, this definition clearly requires all social enterprises to adhere to particular norms of organizational operation in connection with governance and profit-distribution, as well as giving priority to community benefit over profitmaking. This construction can easily accommodate traditional nonprofit organizations, as well as social cooperatives and businesses explicitly created with a social purpose and with mechanisms for favoring social expenditures over profit distribution to owners. It is less clear whether it can accommodate so-called social purpose businesses that focus on environmental or social goals but are not democratically governed or don't actually try to limit profit distribution, nor would it accommodate programs of corporate social responsibility and philanthropy in more traditional businesses, nor partnerships between nonprofits, business and government designed to achieve a social purpose.

The question raised by the EMES metaphor is whether social enterprise is really a distinct group of organizational forms with common mission, governance and profit-distribution attributes, thereby excluding a number of manifestations identified as social enterprise in certain taxonomies, and if so, how strictly the guidelines apply to forms that violate or neglect one or more of its principles. Thus, the guiding star metaphor tends to exclude certain forms that others would consider part of the social enterprise field, while not offering clear boundaries to separate social enterprise from non-social enterprise forms.

The Spectrum School

Another approach to understanding and delimiting social enterprise uses the metaphor of a spectrum, recognizing that many combinations of profit-making and social purpose exist between unfettered profit-making business and pure devotion to a social mission. This school of thought postulates that social enterprises range from charitably supported nonprofits, to commercial nonprofits supported substantially by market revenues, to socially-responsible businesses to businesses purely devoted to profit-maximization (Dees 1996; Dees and Anderson 2006). Part of Alter's (2010) typology captures this notion, positioning different forms of social enterprise along a spectrum ranging from "social value creation" to "economic value creation"—with "pure" social enterprise located in the middle of that spectrum, traditional nonprofits at one extreme and traditional for-profit businesses on the other.

The strength of the spectrum metaphor is that it highlights the essential idea of social enterprise, the fact that social enterprises entail some combination of social and market goals, indeed that many combinations are possible and that a tension between the two aspirations is likely. This metaphor dispenses with the necessity of imposing particular design features (such as democratic governance or limited profit distribution) and allows the possibility of substantively different kinds of entities to enter the arena. However, while this construct clearly accommodates a range of different forms of social enterprise, it is unclear about where the boundaries are between social enterprise and nonprofits on the one side and businesses on the other. Moreover, combinations or partnerships of nonprofits and businesses (and government programs) would seem to severely complicate the picture, requiring multiple sub-spectra and undermining the utility of the simple spectrum idea as a conceptual tool for understanding social enterprise. Finally, the spectrum metaphor implies continuity over a spectral range, although it might also accommodate the notion of a spectrum with discrete spectral lines. This is important because it is unclear whether social enterprises are sufficiently elastic to accommodate every possible combination of social impact and market success. If one thinks of social enterprises as distinct organizational entities then a discrete spectrum with finite possibilities seems a better fit.

The Social Innovation/Entrepreneurial School

A third approach to defining social enterprise takes innovation as its central focus, arguing that social enterprises are created by Schumpeterian social entrepreneurs who employ market and non-market means to achieve some combination of material and social goals by implementing new ideas and disruptive innovations. Since entrepreneurs may be agnostic with respect to organizational form or sector, preferring to utilize whatever means works best, this school of thought suggests that social enterprises will take a variety of forms, contingent on context, circumstances, and entrepreneurial goals. In short, social enterprises are ventures created by social entrepreneurs who themselves may have a variety of market and non-market motivations (Young 2013).

This metaphor also leaves a number of unanswered questions. In particular, what constitutes an innovation—must it be something truly new or does an existing idea applied in a new context qualify? Why should a venture that achieves a balance of social and market goals within the context of a conventional format using well known programs or technologies not qualify as a social enterprise? For example, should a micro-enterprise loan program introduced by a nonprofit organization to help women in a low income suburb be considered a social enterprise under this definition? The innovation metaphor also raises the question of who is an entrepreneur and why a social entrepreneur is essential to a social enterprise? Should the owner of a small grocery business who opens a thrift shop to distribute products near their expiration dates to needy people in the community be considered a social entrepreneur even if her business is otherwise conventional and the idea is borrowed from other businesses? Can innovative or strategic practices like this be integrated into corporate routines and hence not require social entrepreneurship on an ongoing basis? More fundamentally, must all social enterprises be innovative? Is there something innovative about Newman's Own as a conventional business corporation aside from the fact that it donates all of its profits to charity? Should Newman's Own be considered a social enterprise in this framework?

Choosing Among Metaphors

Clearly each of these ways of characterizing social enterprise, while advancing the field of study by providing a different conceptual lens, is limited in its potential to encompass the scope of this still evolving subject. Finding a more satisfactory framework will involve a number of issues for advancing research on social enterprise. These include (1) its capacity to identify a distinct universe of entities that can be counted, sampled and studied; (2) its ability to illuminate the differences and similarities among alternative forms of social enterprise; (3) its potential for providing guidance on the best ways to manage, govern and finance different forms of social enterprise; (4) its ability to discern how different forms of social enterprise interact and intersect with one another, including potentials for competition and collaboration; (5) its value in determining the long run evolution of different forms and populations of social enterprises, including their stability and sustainability; and (6) its utility in analyzing and contributing to the formulation and analysis of public policies, especially those connected with changes in the welfare state such as privatization and devolution, or those addressed to the solution of social issues such as poverty, economic development and environmental sustainability. Here we briefly elaborate on each of these concerns:

Capacity to Identify and Sample the Universe of Social Enterprise

The amenability to enumeration is fundamental to any comprehensive agenda of research on social enterprise. Existing frameworks for counting social enterprises are all compromised by limitations requiring arbitrary judgments of what extant forms fit their requirements and which do not. Or indeed whether they are directly

connected at all to organizational entities that can be easily identified and counted as social enterprises.

The EMES and Innovation metaphors suffer from their indirect connections with specific organizational forms and hence may not be easily counted. The EMES construct is more amenable to enumeration assuming its criteria for qualification as a social enterprise can be made more specific. If such criteria were strictly applied to each candidate legal form, counting would be possible. However, if distinctions are required within legal forms as to levels of devotion to social goals or democratic governance, the EMES framework would be more problematic. The Spectrum metaphor suggests placing alternative organizational forms along a continuum indicating different balances between the pursuit of social goals and the pursuit of profit. Depending on where lines are drawn on this spectrum, different prospective forms of social enterprise would be considered inside or outside of the range of social enterprise. And again, if particular forms accommodate a range of balances internally, the Spectrum may be less helpful in identifying the boundaries between social enterprises and other types of enterprise. Finally, as previously noted, social enterprises often involve combinations of different forms—for-profit, nonprofit, governmental, cooperative, etc. The simple spectrum notion poses difficulties for delineating the boundaries of the social enterprise universe for these arrangements and hence the ability to count them.

The social innovation/social entrepreneurial framework is one step removed from identifying and counting organizational entities at all. Counting would require surveying either innovations directly or surveying people who call themselves social entrepreneurs, and then associating organizational entities with identified social entrepreneurs or innovations. These are daunting challenges as it would be extremely difficult to create a roster of social innovations or to identify the universe of social entrepreneurs from whole cloth. General survey of all kinds of organizations on the one hand, or people on the other, would be required, and much would depend on the definitions specified to qualify as an innovation or a social entrepreneur (see Seymour 2012 for discussion of methodologies for studying social entrepreneurship).

The zoo metaphor proposed in this paper requires choice of a particular unit of analysis in order to facilitate social enterprise research. Clearly the zoo metaphor implies that social enterprises are analogous to animals—or whole functioning organisms. For this reason, we take (whole, distinct) organizations as the unit of analysis. This is essentially the same unit of analysis as the spectrum and EMES schools are built upon. We therefore do not follow the Innovation school in its focus on innovations or entrepreneurs—the former being devilishly hard to identify and count. Some ambiguities in this unit of analysis, intrinsic to the nature of existing data bases, remain to be resolved. In particular, when should parts of organizations (subsidiaries of large organizations or even particular programs, projects or ventures) be counted as units themselves? And how should partnerships of multiple organizations be counted? We do not claim to resolve these issues except to suggest that for practical reasons, a distinct legal organization unit should be identifiable in such instances, e.g., a self-contained organizational subsidiary unit or an umbrella structure that governs a partnership arrangement. Empirical researchers must

examine this issue on a case by case basis, keeping in mind the available or potentially accessible data as well as comparability with other studies.

Guidance on Managing, Governing and Financing Social Enterprises

The EMES definition is actually quite normative and hence potentially useful as a guide to social enterprise managers and directors. Democratic governance can be codified into a set of good practices, and managing within constraints of limited profit distribution is also fairly well understood. Financial mechanisms for support follow directly from these specifications, including the roles of membership contributions, market sales and volunteer effort for achieving financial viability (see Young 2007 for discussion of these considerations).

The spectrum metaphor is less helpful in this respect, implying only that business management strategies and reliance on market revenues are important to some degree and other forms of support may be necessary to achieve less marketable social goals. No explicit guidance is offered on the nature of governance or the particular mix of income support that may be desirable. However, the James model of nonprofit organizations as multi-product firms may be helpful here (James 1983; Weisbrod 1998) as this implies a chosen mix of programs and revenues sources to achieve a desired balance of market success and mission achievement. The implication here is that social enterprises should be formally managed and governed as business-like entities to achieve their particular mix of financial and social aspirations.

Finally, the innovation/entrepreneurial framework offers yet another view of desirable management, governance and financial practices. Innovation is seen as the result of entrepreneurial effort driven by people with new ideas. The framework is essentially agnostic to organizational form and means of financing so long as the chosen vehicles can be employed to achieve the entrepreneur's purpose. This framework does suggest, however, that management shouldn't be too rigid and rules bound, governance should allow managerial freedom of action as opposed to democratic or bureaucratic procedure, and that all forms of resource support should be on the table.

If one of the goals of social enterprise research is to guide practice, these three metaphorical frameworks lead in very different directions and offer conflicting advice.

Discerning How Different Forms of Social Enterprise Interact and Intersect

Historically, a case can be made that the idea of social enterprise derives from interactions among the business, nonprofit, cooperative and governmental sectors, not from the creation of new entities from whole cloth. In the US, there is a long history of nonprofit organizations engaging in commercial activities in order to support themselves and carry out mission-related or unrelated activities (Crimmins and Keil 1983) Moreover, much of what we might now call social enterprise arose in the era of Great Society programs of the 1960s when government chose to address issues of poverty, health care, environmental degradation and education

through the financing of private, largely nonprofit entities whose purpose was to address social goals in a private, market-like setting. Similarly, in Europe, interest in social enterprise in the 1990s arose in the context of unemployment of marginalized populations leading to government strategies to create and support new private entities such as nonprofit organizations and cooperatives which would specifically address social goals in a private market context.

Any definitional framework of social enterprise should recognize that social enterprises develop in political, social, and economic contexts that help define their purposes and manner of operation. The EMES framework derives directly from the European experience and is helpful in understanding its emphasis on democratic governance (and the cooperative form) as an acceptable alternative to directly addressing social goals through governmental programming. However, it does less to illuminate the relation of social enterprises to the market, specifying only that market incentives must be muted by limits on profit distribution. The Spectrum metaphor is more elastic, recognizing that social enterprises exist in competitive market contexts as well as government-driven contexts and may make a variety of social versus profit-seeking choices depending on competitive conditions, regulations, and managerial and governance intent. The innovation/entrepreneurship framework emphasizes the market context and the necessity for entrepreneurs and enterprises to find viable competitive niches, through a variety of possible organizational and financing choices, in order to achieve their particular social and commercial objectives. Interestingly, the entrepreneurship innovation model does not require profit-seeking or the business form of enterprise although this may be a common manifestation of social entrepreneurial activity. Rather, it recognizes the wide variety of entrepreneurial motivations and organizational choices and emphasizes that social enterprises are pragmatic responses to problem solving (Young 2013).

Again, each of the three metaphorical frameworks offers different guidance on the issue of inter-sector relationships, including competition and collaboration among different forms and alternative sectors. This is especially relevant to the advent of new forms of social enterprise such as social businesses. Will these be competitive with older forms such as cooperatives and nonprofits or will they become new partners and assets to achieving social goals and attracting financial capital to markets in which social enterprises operate? Our understanding of these important questions depends heavily on how we conceptualize social enterprise and analyze the behaviors of entities fitting such conceptualization.

Understanding Long Run Stability and Sustainability

Existing paradigms for understanding social enterprise are essentially static. The EMES framework offers a normative ideal but says little about how to achieve it or how aspiring social enterprises will move closer or further from this ideal. Similarly, the spectrum framework places any given social enterprise somewhere on the continuum but also says little about movement within the spectrum or changes in the overall spectrum over time. The innovation/entrepreneurial paradigm emphasizes the formation of social enterprises, i.e., the beginnings of their life cycles when

an innovation is introduced, but is fairly mute on what happens thereafter, although entrepreneurial activity can take place at various times within organizational life cycles (for examples, see Young 1985).

The long run stability and sustainability of social enterprises is exceedingly relevant, however. In particular, social enterprise is intrinsically concerned with the balancing of alternative goals—social and financial—hence stability is an issue in situations where one goal can suppress or overwhelm another, upsetting the intended balance. So too, sustainability is a concern where financial success is unable in the long-term to support the intended balance or indeed the solvency of the enterprise (Young 2012; Young et al. 2012; Young and Kim 2012). Any robust framework for defining social enterprise should therefore enable analysis of the longer term dynamics of these entities.

Public Policy Choices

The growing interest in social enterprise in recent decades is directly related to public policy issues facing the US, Europe and countries in other regions. In the US, tax and expenditure policies influence the effectiveness and viability of different forms of social enterprise. For example, the tax framework for nonprofits restricts their ability to raise capital, motivating in part the emergence of hybrid forms to potentially overcome this limitation. Similarly, European social enterprise is driven in part by limits to the effectiveness of direct government programming and new laws allowing greater flexibility for cooperatives and other private enterprise forms.

The EMES framework is born out of the policy framework in Europe where engagement of private enterprise for social purposes is relatively new and cooperative enterprise is more common. The Spectrum framework emerged from the profit-nonprofit distinctions in American policy and the emphasis on mixed forms of private enterprise to address social and private goals. The innovation/entrepreneurial framework is less policy-oriented but reflects the American bias toward the private marketplace; more importantly it focuses attention on public policies leading to innovation and change rather than just the appropriateness of different forms to address various kinds of public needs. Again, each of these frameworks emphasizes different policy issues and concerns and none provides a complete perspective on the interface between social enterprise and public policy.

In summary, we have argued that adoption of a particular conceptual framework or school of thought for analyzing social enterprise has profound implications for our ability to compile data for research; understand the differences among manifestations of social enterprise as identified in different contexts and circumstances; illuminate and prescribe management, governance and finance practices to improve social enterprise performance; understand the relationships among different manifestations of social enterprise in the context of the wider economy inclusive of business and government; analyze the stability and sustainability of social enterprise forms; and formulate public policies to enhance social enterprises as solutions to social problems. It is true that the alternative schools of thought as reviewed here, have arisen out of different cultural and geographic contexts, most prominently in Europe and the US. However, each school provides a different view

of social enterprise that can be applied across the board and is not simply an outgrowth of parochial thinking. The Spectrum school would have us draw lines highlighting organizations that provide particular balances of social and market impact; the EMES school would ask us to draw a defining circle around an ideal “north star” social enterprise construct; while the Social Innovation School would have us search for innovations and their entrepreneurial agents. No matter what the context, each would provide different answers about what to count and measure for research purposes, what to prescribe in order to improve performance or increase social impact, and how to shape public policy and inter-sector relations to increase social impact. While there is nothing intrinsically wrong about the current helter-skelter theoretical landscape, we argue that a synthesizing framework, less parochial in its geographic or cultural origins, could facilitate scholarly dialogue and productivity if it were sufficiently inclusive and respectful of the diversity of social enterprise itself.

Indeed, different forms of social enterprise are not strictly regionally separated but now migrate across national borders, suggesting increasing importance for a common conceptual framework that can accommodate different social contexts and offer productive means for comparison and explanation. The quest in this paper is for a common, conceptual, metaphorical framework that serves this purpose. Ultimately, however, the value of such a framework will be judged by the degree to which it is more productive in stimulating empirical research, further encouraging theory development and offering practical and customized solutions to issues of management and policy. No existing framework has yet to prove itself in these terms.

Distinct Forms of Social Enterprise and the Zoo Metaphor

One of the weaknesses of all three of the considered metaphors for defining social enterprise is that they each essentially assume that social enterprise is a singular construct, i.e., that it is just “one thing”—either an organization aspiring toward some ideal, a hybrid combining for-profit and social objectives in some mix, or an innovative product of social entrepreneurs. However, the great variety of forms in which social enterprise is manifested suggests otherwise. While there is consensus that a social enterprise must balance social goals and market success in some way, this leaves open the possibility, indeed likelihood that different organizational logics, legal forms, and overall objectives will drive that balance. Thus, nonprofits may balance commercial goals with mission goals in an overall effort to maximize mission impact, while a so-called sustainable business corporation may pursue social goals within a framework of corporate social responsibility or environmental sustainability in order to maximize long-term corporate profits. Both such entities balance social and financial goals and achieve social good, but in very different ways and for different reasons. And both may legitimately be considered social enterprises.

Indeed one of the values of the social enterprise concept is that it abandons the sectoral straightjackets imposed by insisting that social good can only be achieved by

nonprofit forms or that market success is restricted to business. What this means for the study of social enterprise is that we must be ready to identify the different forms and possibilities for social enterprise before we begin to enumerate, sample, study and generalize about social enterprise as a whole. One way to think about this is to conceptualize social enterprise in terms of a fourth metaphor—that of a zoo containing distinctly different types of animals which seek different things, behave differently from one another, and indeed may (or may not) interact with one another in both competitive and complementary ways. To be sure, we should think of social enterprise as a modern zoo, with expansive open areas for various types of animals to share and interact, but also one which may separate species that are hostile to one another and also has a boundary separating the zoo from the economy of public and private organizations at large. Figure 1 pictures the zoo as the area in a Venn diagram where the pursuit of commercial success and the pursuit of a social mission intersect. The question then becomes, what are the animals in the social enterprise zoo and how do they differ from one another, and from those outside the zoo?

Here, we propose six major species of zoo animals, each containing substantial internal variation (subspecies) as well:

- (1) *For-profit business corporations* explicitly engage in programs of corporate social responsibility, environmental sustainability, or corporate philanthropy for the overall purpose of maximizing long term profits for their private owners. Social goals play a strategic role in these corporations, helping them to improve public relations, build markets, or enhance the motivations and talents of their work forces.
- (2) *Social businesses* explicitly seek to balance profit-seeking with the achievement of a social mission. These animals take various forms including traditional for-profit businesses whose owners formally declare their intent to balance social and commercial goals, new legal forms of business enterprise such as L3Cs, flexible benefit corporations, and B corporations which include specific provisions for such balance in their charters and legal documents. Subspecies also include privately held businesses versus publicly owned stock corporations, each of whose intent is to balance social and commercial goals in some way. The difference between the latter subspecies can be important, however, since public corporations may have stockholders who resist initiatives by directors who try to pursue social goals at the sacrifice of profits, whereas private owners may have greater discretion to do so.
- (3) *Social cooperatives* explicitly include some dimension of general public benefit in their missions in addition to benefits to their members. This is a popular form of social enterprise in Europe, building on strong traditions of consumer and producer cooperatives (Defourny and Nyssens 2008). Given the collective character of cooperatives in general, there may only be very subtle distinctions between social cooperatives and many traditional cooperatives.
- (4) *Commercial nonprofit organizations* are organized specifically to address some explicit social mission. Commercial goals are instrumental to the success of these organizations. Given that nonprofit organizations (at least in the United States) are generally more heavily reliant on market-based revenues

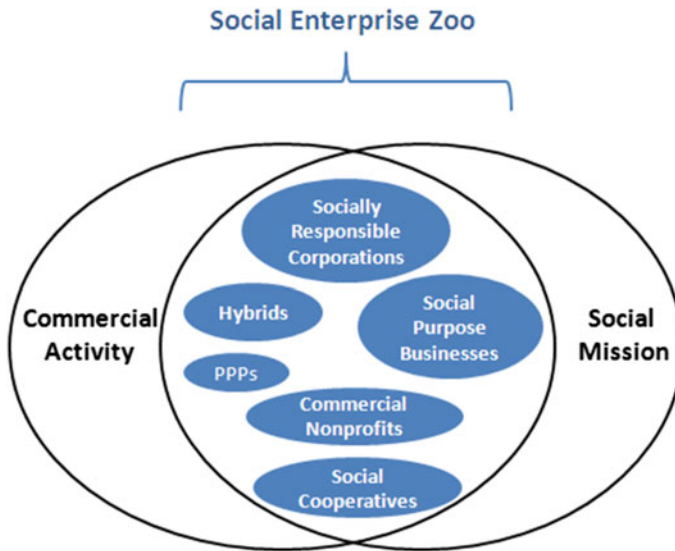


Fig. 1 The social enterprise zoo. The walls of the zoo are the intersection of social purpose and commercial activity. The residents of the zoo represent various distinct forms of social enterprise

than other sources of income (including government support or philanthropy), this category will include most charitable nonprofit organizations, including traditional institutions such as nonprofit theaters, hospitals, schools, and social service providers (Salamon 2012). However, a distinction may be made among at least three important subspecies:

- those nonprofits which charge fees in order to partially recover costs (e.g., college tuitions)
 - those which seek to engage in commercial activities that simultaneously address mission-related objectives (e.g., running a bakery that employs challenged workers) without necessarily making a profit
 - those which engage in commercially profitable ventures in order to subsidize their loss-making, mission-related programming (e.g., museum gift shops or social service organization thrift shops)
- (5) *Public-private partnerships (PPPs)* consist of contractual arrangements among for-profit, nonprofit and governmental entities designed to address some designated public purpose such as community development or the needs of a particular groups such as the homeless (see Andreason 2009). Each partner in a PPP will have its own goals and objectives—profit seeking by business partners, mission pursuit by nonprofit partners, public welfare by government partners, etc. Some partners may themselves qualify as social enterprises, but not necessarily. However, a PPP as a whole will combine the commercial and social goals of its partners in an effort to achieve its social mission. Subspecies of PPP include those with a separate organizational infrastructure (e.g., a

nonprofit organization) and those which operate more informally as cooperating groups bound together by a formal agreement or contract.

- (6) *Hybrids* constitute new forms that internalize the features of other forms of social enterprise by explicitly combining organizational components with commercial versus social goals (see Billis 2010). For example, nonprofit-business conglomerates in the US (see Cordes and Steuerle 2009) take various mixed forms such as for-profit businesses owned by nonprofits (for the purpose of generating net income) and for-profit companies that control nonprofit subsidiaries (for the purpose of carrying out selected social goals). Similarly, Community Interest Companies in the United Kingdom are much like conventional nonprofit organizations in the United States, including features such as asset locks to assure that assets are never transferred to entities for private gain, and a non-distribution of profits constraint applying to most managers and directors; however, CICs do allow for participation by some outside investors who can provide capital in exchange for limited financial returns, as if they were investing in a business. Although all social enterprises are hybrids of sorts since they mix market-oriented activities with social goals, the hybrids are distinct entities in that they mix corporate forms either through subsidiary arrangements or through hybrid legal structures that build the double-bottom-line into the DNA of an organization.

It is clear from this delineation of the major groups of animals in the social enterprise zoo that different varieties of social enterprise operate, in theory at least, by at least four different types of organizational logic, as driven by different overall goals or criteria for success. We can summarize these as follows:

- *Strategic profit-maximization* as in the case of business corporations with defined programs of corporate social responsibility
- *Maximization of members' welfare* as in the case of cooperatives
- *Social mission maximization* as in the case of nonprofit organizations
- *An explicit balance of social impact and commercial success* as in the case of social businesses

We also would like to observe how the zoo metaphor helps to locate social enterprise forms into geographic and chronological context. First, as in most actual zoological parks, animals tend to be housed and identified by areas of the world from which they derive. Similarly, they can also be identified with different stages of biological evolution—from reptiles and fish to birds and mammals for example. In many actual zoos, the micro-environments of each group of animals are varied to reflect their original habitats. These variations within the zoo facilitate a greater understanding of the differences among social enterprise types, while the borders and overlapping domains of the animals within the zoo also raise new possibilities for cross-breeding, ecological balance, and conditions of competition and collaboration.

Given these fundamental differences, there is little reason to put all social enterprises in the same conceptual box. The advantage of the zoo metaphor is to recognize these differences explicitly and to allow the study of social enterprise by

examining each species separately, as well as how these species interact with one another. In particular, the zoo metaphor suggests a number of important research questions and avenues of inquiry, including:

- Developing an accurate assessment of the scale and diversity of social enterprise by counting and studying the different species, rather than all the animals at once or just one or two particular species.
- Deciding on which animals belong in the social enterprise zoo and which do not. Are the species and subspecies suggested here, which occupy the intersection of populations of commercial and social goal seeking entities, correctly identified? Is this zoo too broadly or too narrowly defined?
- How is each animal best nurtured? If social enterprise is to thrive, the zoo metaphor suggests that each species will require separate analysis to determine its best means of resource support and financing.
- Studying the food chain: who eats whom? Which animals get along together and which ones compete for territory? Which should be kept together and which ones apart? Who will survive and who will not? For example, will the experimental new forms of social business compete for capital with more traditional nonprofits or will the two forms work in tandem to expand the capital available for social purpose programming?
- How does each species evolve and change over time? Just as in the wild, our zoo is not static. Perhaps it is more of a wild life preserve where evolution can take its course. What will the various species of social enterprise look like as the economic, political and social landscapes change over time? Are some species better adapted for the changes than others?
- Which ones make good pets and can be counted on to benefit society? Which are wild and risky? Is it possible that commercial nonprofits will lose their way in a competitive environment featuring strong market incentives and a diminishing base of philanthropic and government support? Might social purpose businesses become a ruse for illicit profitmaking, out competing more straightforward business entities by exploiting their social purpose labels without really achieving much social good? Can PPPs consisting of complex structures of nonprofit and for-profit entities lose control of their missions or become too unwieldy to effectively regulate or manage?
- How is each species best trained and bred for its most beneficial characteristics? Unlike natural animals, the animals in the social enterprise zoo are designed and run by human beings. They have design features that can be changed, fine-tuned and manipulated. Each species requires separate attention to determine how best to design the next generation of entities or to modify current enterprises.

The role of the state is a central theme in the social enterprise scholarship. It participates in the design and enforcement of the legal context of social enterprise activity. This includes passing laws that create corporate forms tailored to social enterprise activities like cooperatives or L3C's. Issues of ownership, governance and liability have significant implications on activities in the social enterprise space. Even more importantly government offers various means of financial support of social enterprise. This can take the form of tax exemptions offered to nonprofits, tax

subsidies offered to corporations, contractual arrangements through public–private partnerships, low-interest or guaranteed loans, and grants. The interplay between state action and the size and scope of social enterprise activities is an important topic for consideration that relates to all residents of the zoo in varying ways.

The Role of Social Entrepreneurs as Curators

The metaphor raises an interesting question about one aspect of the social enterprise zoo—who is the zookeeper? Broadly speaking, the sections in the zoo represent various social enterprise species defined by law and regulatory regimes; the state plays a key role in maintaining the boundaries of the zoo in this way. The animals are analogous to individual social enterprises that live within the walls of the zoo, collections of species on exhibit. The role of the social entrepreneur, then, is that of a curator responsible for the selection and cultivation of new animals and sustaining existing populations that reside in the zoo. This role allows for entrepreneurs to shape the institution of social enterprise over time by serving as agents for change within the zoo and in adjusting the boundaries when necessary.

The curation occurs in two primary ways. First, each potential entrepreneur must select a set of goals to pursue in creating an organization. If her goals include both social and profitability considerations then she is locating her venture within the social enterprise space. A decision to seek charitable activities or commercial activities alone relegates them to the space outside of the gates of the zoo. Once a set of goals has emerged from a reflective process or personal experience then the entrepreneurs must select the organizational vehicles that will be used to pursue the goals. They have a broad array of corporate forms and organizational strategies to choose from. Do they wish to raise money through grants (a nonprofit form), equity (traditional corporate forms), will ownership be collective (cooperatives) or limited (partnership)? These decisions, the pursuit of goals and the selection of corporate forms for strategic purposes, shape the current population of social enterprises within the zoo.

The concept of curator requires some nuance, however, since there are distinct types of entrepreneurs operating in the economy (Manimala 1996). The most basic and widespread use of the term “entrepreneur,” especially outside of academics, refers to people who start a business (or perhaps a nonprofit in this context), as well to those that own and run their own businesses even if they did not create them. It is a very broad and encompassing definition of entrepreneurship that allows most people who own businesses to claim the title.

In contrast, the academic literature on entrepreneurship and social entrepreneurship favors the more stringent concept that appeared in French economics in the seventeenth and eighteenth century, defining an entrepreneur as a person that “undertakes” a significant project or activity (Dees 1998). Entrepreneurs are considered to be uncharacteristic individuals that seek new and better ways of doing things. The problem-solving capacities of entrepreneurs are best directed toward the creative arrangement of various means of production in new and interesting ways (Amabile 1996). They have exceptional capacity to deal with ambiguity and conflict

(Teoh and Foo 1997), and above-average tolerance for risk (Stevenson and Jarrilo 1990). Because of the uncertainty inherent in undertaking new ventures, entrepreneurs are also noted for their pioneering character, especially in pursuing a goal or mission in a prophetic and single-minded way (Waddock and Post 1991), or embodying a creative process that results in innovation and economic evolution (Brockhaus and Horwitz 1986).

These entrepreneurial traits have been given theoretical potency through the work of Schumpeter, most notably in *Capitalism, Socialism, and Democracy* (1942). In this work he emphasizes the role entrepreneurs play in disrupting an unstable economic system that is prone to cycles through innovation and strategic reorganization of economic modes of production. Disruption comes in the form of new consumer goods, advances in modes of transportation, advances in technology and manufacturing, new forms of industrial organization, and the creation of new markets (Schumpeter 1942, pp. 82–83). In this way, entrepreneurs renew the system through a process of creative destruction that sustains the economic growth necessary to balance the extremes of capitalism. Innovation enables the temporary creation of market power which provides large profits for entrepreneurs and early entrants into an industry.

Schumpeter has elevated the prestige of the role of the entrepreneur in the economic system. The entrepreneur in this context serves as an archetype of Carlyle's Great Man theory (1993), a physical embodiment of the processes and forces that drive history forward; the protagonist in the story of economic progress. Schumpeterian entrepreneurs are characterized by vision and innovation, as well as the scale of their actions. Society benefits as innovation increases overall productivity of markets. This notion of the entrepreneur, however, is fundamentally at odds with the concept of the entrepreneur as small business owner. Existing businesses will be vulnerable to forces unleashed by Schumpeterian entrepreneurs. While the Schumpeterian entrepreneur disrupts the status quo, the small business entrepreneur must react and adapt or perish.

Data on small businesses illustrate that Schumpeterian entrepreneurs represents the vast minority of all entrepreneurs. A recent study by Hurst and Pugsley (2011), for example, shows that most new small businesses have no interest in driving innovation in markets, but rather prefer to provide pre-existing services to established customer bases at low risk. The majority of small businesses have no desire to grow fast and large; rather small business owners are motivated by non-monetary incentives like flexibility and being their own bosses. The story is similar in the nonprofit sector. We know from IRS tax data that close to one million charitable nonprofits operate in the US, but only one-quarter of these have revenues above \$100 thousand a year (Boris and Roeger 2010). A recent survey of nonprofit entrepreneurs (Lecy and Van Slyke 2012) finds that only 10 % of new nonprofits report a goal of growing rapidly. Of the remaining 90, 58 % report wanting to grow steadily, 29 % would like to stay the same size, and 3 % of survey respondents plan on shrinking or closing. As such, typical businesses and typical nonprofits look very different than Schumpeterian entrepreneurs. The vast majority of businesses are modest endeavors. Typical entrepreneurs, then, are humble and not very innovative in the Schumpeterian sense of the word.

By and large, the field of social entrepreneurship has adopted the Schumpeterian view of the entrepreneur. For example, Light (2005, p. 5) notes the definitions of social entrepreneurs used by some of the most prominent foundations and organizations in this space:¹

- “The change agents for society, seizing opportunities others miss, and improving systems, inventing new approaches, and creating sustainable solutions to change society for the better.” (The Skoll Foundation)
- A different kind of leader “who identifies and applies practical solutions to social problems by combining innovation, resourcefulness, and opportunities.” (The Schwab Foundation)
- Individuals with “the committed vision and inexhaustible determination to persist until they have transformed an entire system” and who “go beyond the immediate problem to fundamentally change communities, societies, and the world.” (Ashoka)

This lens creates an interesting theoretical dichotomy. Schumpeterian entrepreneurs bring about a punctuated change through vision, leadership, innovation, and the reorganization of markets or society. But these individuals are exceptional people, a view supported by the claim made by venture capitalists that only one in ten-thousand entrepreneurs will be funded, or Ashoka’s practice of scouring the world to look for potential fellows that possess a unique array of talents and motivation. In contrast, it is fairly easy to start a business or nonprofit (Fig. 2).

The social entrepreneur in the zoo metaphor serves as the curator, selecting the individual animals in the zoo and paramount to their maintenance and care. But there are at least two kinds of distinct zookeepers. The Schumpeterian entrepreneurs are out in the world discovering and capturing new species, or perhaps genetically engineering hybrids from species in the existing collection, introducing new variety and vitality into the zoo. Once part of the zoo, though, it is the job of the other type of curators to sustain them through cultivation of habitat and breeding programs. This may be the role of the typical small-business and grassroots nonprofit entrepreneurs that adapt existing models to new environments on a small scale. They do much of the maintenance work of an existing species through replication and complementarity. For example, micro-finance models were pioneered by several individuals, legitimizing the organizational form so that now there are thousands of micro-finance organizations around the world. The pioneers and the replicators are both important for the long-term sustainability of the zoo and how we conceptualize social impact.

The distinction raises the question of how social entrepreneurs should be studied. Are we interested in the impact of a specific entrepreneur on an organization of species or social enterprise, or the cumulative impact of a collection of social enterprises on society? How do the three-quarters of nonprofits with less than \$100

¹ There are some interesting operational challenges in using these definitions for research. Is a neighborhood crime reduction program large enough in scale to be considered to impact society at large? If an individual has a grand vision and fails (as many entrepreneurs do) would she still be considered a social entrepreneur under Ashoka’s definition? If not, can you feasibly define a study population or does the criterion of success create a tautology?

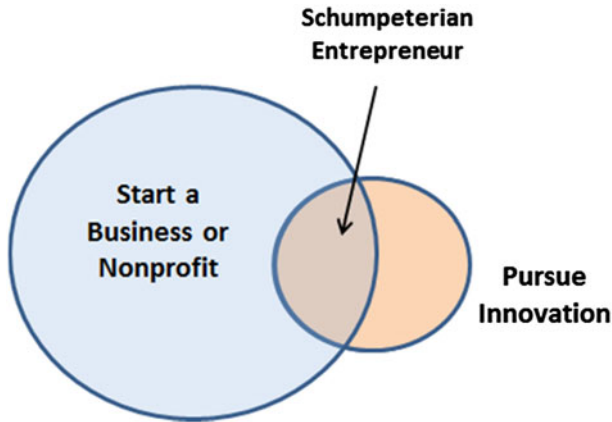


Fig. 2 Conceptual map of “entrepreneurs” in the social entrepreneurship literature

thousand in revenues contribute to social services, community cohesion, the production of social capital, and important cultural activities compared to the other one-quarter of organizations that have achieved scale? What impact do small businesses and nonprofits have on employment and economic productivity in an economy?

If we are creating a research framework to study the zoo, do we care more about the monumental contributions of Muhammad Yunus working to change the regulatory structures in Bangladesh so the Grameen Bank could be born? Or do we care more about the cumulative impact on society that results from millions of people having access to credit through the thousands of micro-finance groups that have been formed since Grameen? The Great Man narrative, the focus on Yunus’s work, generally provides a better story and data is easier to access, but the more significant impact may come from the population of organizations at large.

We contend that the social entrepreneur plays a very special role in curating the creatures in the zoo. We also pose a challenge to the research community that scholars should be aware of the bias in the social entrepreneurship literature toward the Schumpeterian view of entrepreneurship. We assert that both types of entrepreneurship play important roles in the zoo but more research is necessary to understand the interplay between the two types of curators.

Assessing the Merits of the Zoo Metaphor

Social enterprise is a complex and multifaceted field, more difficult to study than sector-defined fields such as business, government or nonprofit organizations. Indeed it is a motley mix of all of these. For researchers, it is tempting to offer another popular metaphor—that of blind men touching (studying) different parts of an elephant. Our contention here is that the social enterprise field, while indeed large and complex, is not confined to just one kind of animal but rather is best

understood as a zoo containing multiple species and subspecies of animals. By recognizing the richness of this field through the zoo metaphor, researchers can more systematically develop their research agendas and move the field forward to a new level of understanding beyond the fragmented efforts reflected in the literature to date.

Earlier we specified a series of criteria by which to judge the efficacy of alternative schools of thought for defining social enterprise, concluding that existing metaphorical frameworks fell short on one or more of these criteria: capacity to identify a distinct universe of entities that can be counted, sampled, and studied; ability to illuminate the differences and similarities among alternative forms of social enterprise; potential for guidance on the best ways to manage, govern and finance different forms of social enterprise; ability to discern how different forms of social enterprise interact and intersect with one another, including potentials for competition and collaboration; value in determining the long run evolution of different forms and populations of social enterprise, including their stability and sustainability; and utility in analyzing and contributing to the formulation and analysis of public policies. How well does the zoo metaphor stack up against these considerations?

By classifying different kinds of organizational entities, each with its own corporate identity, the zoo metaphor tells us what to count in constructing the overall universe, as well as the specific galaxies within that universe. By specifying the animals in the social enterprise zoo, this framework brings more precision to social enterprise research—individual species of social enterprise can be identified, enumerated and studied and an overall sense of the field may be synthesized by bringing these components together to form the bigger picture. However, some ambiguity remains in the delineation of some of the species.

Two obvious challenges arise from a framework built out of the intersection between social mission and commercial activity—operationalizing these terms in a way that allows for the separation of social enterprises from other types of organizations. In particular, criteria will be needed to define what constitutes a commercial nonprofit organization (e.g., what proportion of revenue from market sources?) or whether all nonprofits should be counted as social enterprises. Similarly, what constitutes a sustainable business (how significant must be its program of corporate social responsibility or corporate philanthropy) or should all conventional corporations be excluded from the zoo? In the long-term, we suspect that these questions will be answered by the emergence of precedents and norms within the sector; greater precision is needed to operationalize “commercial” and “social” in a way that clearly defines the boundaries of the zoo.

The zoo metaphor is helpful in guiding the study of how social enterprises are best managed, governed and financed. By acknowledging the different animals in the social enterprise zoo, management, governance, and financing strategies can be studied and developed with appropriate sensitivity to these distinctions. Clearly the answers to this question are different for different animals in the zoo. For example, they don't all have the same diets. The metaphor recognizes this and hence prescribes a customized approach to good practices. Governance and finance offer the clearest application of this realization. Governance and ownership structures

differ markedly among business corporations, cooperatives and nonprofit organizations, for example. Similarly, revenue portfolios of these different kinds of entities are significantly different as well, relying to widely varying degrees on member contributions, philanthropy, and market revenues, and so on.

If the metaphor does nothing else, it does explicitly recognize the distinctiveness of different forms of social enterprise and invites the comparative study of these forms, including how they resemble or differ from one another. The metaphor suggests that care must be taken regarding how the different animals are situated relative to one another. This provides a useful perspective for studying where natural areas of collaboration or synergy exist and where competition may be either helpful or dangerous. For example, what will be the relationship between new forms of social business and traditional nonprofits? Will they graze together and nurture one another or will they compete for resources and threaten one another's viability? This may be an important consideration over time as the field of social enterprise evolves.

Relatedly, the zoo metaphor underlines the importance of examining the stability and sustainability of individual forms of social enterprise. Some forms have long histories (such as for-profit corporations with CSR programs or commercial nonprofits) that indicate that they have been able to successfully balance competing goals of market success and social impact, albeit in different proportions. Other forms such as social businesses or social cooperatives have shorter histories and perhaps greater challenges in resolving the appropriate balance of these competing goals. The zoo metaphor suggest that we pay attention to the internal tendencies and behaviors of these different animals as they develop over time, as well as how well they compete with other forms.

Finally, public policy is an important determinant of what kinds of animals are admitted to the social enterprise zoo and how they are allowed to behave. The zoo metaphor raises this issue explicitly and calls for careful study of tax policy, governance requirements, distribution of profit constraints, asset locks, and other parameters that differentially affect the various animals in the social enterprise zoo. Moreover, public policy is tied to the behavior and performance of the different social enterprise animals. Which ones succeed in addressing social goals most effectively and should be nurtured, which ones require some further genetic adjustments, and which species should be culled from the zoo or allowed to die out? Which ones should be nurtured by public support or tax exemptions and which ones should not? The zoo metaphor raises all these questions for research and policy analysis, in a systematic, comparative way.

In this paper we have proposed that the zoo serves as a helpful metaphor and conceptual framework for understanding the diverse nature of social enterprise and for framing research, policy and managerial strategies in this field. The zoo metaphor itself reinforces the understanding that social enterprise is not monolithic and must be understood as a collection of these various types of animals, while imposing structure on this collection and pointing the way toward appreciation of the bigger picture. Mintzberg observes that "Analogies and metaphorscan open up thinking, [but] can also work in the opposite way, by oversimplifying and so narrowing the range of solutions considered..."(p. 152). In Mintzberg's work,

metaphors are used synonymously with “schools of thought”, much as we characterize the different schools of thought about social enterprise here. A special strength of the zoo metaphor, however, as with Mintzberg’s safari, is that it explicitly calls for the inclusion of the manifestations of different schools of thought.

It remains a philosophical question as to whether the zoo metaphor should be adopted for social enterprise to the exclusion of the other established schools of thought. The paper describes the shortcoming of these other frameworks and argues that the zoo metaphor compensates for their deficiencies. One point of view is that adoption of a new metaphor such as the zoo would concentrate scholarly effort more productively and lead to greater progress in the study of social enterprise. But another point of view, promoted by such scholars as Morgan (2006) in *Images of Organization*, Allison and Zelikow (1971) in *Essence of Decision* and Mintzberg et al. (2005) in *Strategy Safari* is that viewing the same phenomenon through multiple lenses leads to greater insights.

We humbly propose that the zoo metaphor has the potential to add substantially to the understanding of social enterprise, but we do not argue that other schools of thought should be abandoned. In fact, making their frames of reference explicit in future research will simply help scholars, practitioners, and policymakers understand both the assumptions and the implications of their respective analyses. Moreover, the zoo metaphor (paralleling the imagery of Mintzberg in *Strategy Safari*) explicitly welcomes the inclusion of different points of view. Thus the social enterprise zoo includes the social businesses deriving from the Spectrum School, the democratically oriented cooperatives emphasized by the EMES School, and indeed the creative new organizational forms implied by the Innovation school.

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