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Maria Anastasiadis (Ed.)

ECO-WISE
Social Enterprises as
Sustainable Actors

Concepts, Performances, Impacts

Anastasiadis, Maria (Ed.)

ECO-WISE - Social Enterprises as Sustainable Actors

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Social Enterprises as Sustainable Actors.

ECO-SOCIAL ENTERPRISES IN PRACTICE AND THEORY – A RADICAL VERSUS MAINSTREAM VIEW

Nadia Johanisová and Eva Fraňková

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ABSTRACT

Social enterprises have been studied from various perspectives, which can roughly be collapsed under the “mainstream” and the “radical”. From the “mainstream” perspective, social enterprises are seen as complements to mainstream enterprises, mitigating poverty and inequality and enhancing employment and growth. From the “radical” perspective they are seen as alternatives to mainstream enterprises and as part of an alternative non-growing economy, based on co-operation, sharing and equity. The definition of eco-social enterprise depends on the definition of social enterprise, which in turn depends on authors’ perspectives. Based on research from Great Britain and the Czech Republic, we look at eco-social enterprises and discuss their forms and definitions from an explicitly “radical” perspective. We first give a generic overview of different types of eco-social enterprises, showing that not all of them exist primarily to provide goods and services and that many have combined ecological and social goals. We also suggest that social enterprises that have explicit ecological goals are more likely to have beneficial social impacts as well, while the reverse (explicitly socially oriented social enterprises with added-on environmental benefits) is less common. We then suggest a revision of the mainstream definitions of eco-social enterprise to include entities that do not aim at operating in the mainstream economy and those without a formal legal structure. We go on to discuss the structural aspects of social enterprises (share ownership rules, governance structure, not-only for profit character) that arguably give every social enterprise a potential green dimension, and finish with discussing five dimensions of an eco-social enterprise which might form the basis of a tentative sliding-scale definition (goal of activity, dimension of production/consumption process, scale and governance structure).

INTRODUCTION

The last several decades have seen the emergence in Europe of what we might for lack of a better word call *green social enterprises*, or *eco-social enterprises*, usually defined as social enterprises at least part of whose goals are explicitly environmental. These are typically seen as including, among others, local food initiatives such as community-supported-

agriculture, veggie box schemes and farmers’ markets, communal renewable energy initiatives of which the Danish co-operative wind farms are among the earliest examples (Douthwaite 1996), community recycling and composting schemes and of course ecologically oriented work-integration social enterprises. In addition, as we will discuss more fully below, there is a case for many other types of social enterprise to be included under the “eco-” heading in a wider sense, some of which may not be obvious candidates for the title. The question of what is and what is not an *eco-social enterprise* arguably hinges on our definition of what is a social enterprise in the first place. Existing definitions of social enterprise are in turn partly coloured by researchers’ pre-analytical vision, or way of perceiving the world, based on their own value system (Daly 1996).

Despite the proliferation of on-the-ground green business initiatives, business and economics-oriented researchers have been slow to engage with them (but see e.g. Parrish 2007) and literature dealing with them in the social enterprise field has with some exceptions (e.g. works by the authors represented in this volume) been conspicuous by its absence.

Eco-social enterprises have on the other hand been increasingly researched and discussed from other perspectives. As criticism of the current economic system mounts, some social and economic geographers, sociologists and heterodox economists have been attempting to “uncover or imagine new, more liberated alternatives to the exploitative and environmentally unsustainable economic activities that blight our planet” (North 2007, p. xxvii). A pioneer in this field, Richard Douthwaite (1996), suggested that communities focus on “short-circuiting”: supporting locally-rooted labour-intensive enterprises (Douthwaite 1996 uses the term *community enterprise*, p. 341) that use local resources to produce food, energy etc. for the local community rather than for a global market. This would not only be rational from the point of view of safeguarding the environment (through saving packaging, fuel for transport etc.), it would also stabilise communities by providing employment plus energy and food security (see Fraňková and Johanisová 2012 further on the topic of economic localisation). In his book *Short Circuit*, Douthwaite (1996) gives well-documented descriptions of many existing eco-social enterprises such as the aforementioned Danish wind-farms and German, U.S. and British community-supported-agriculture schemes. A more recent book, *Prosperity without Growth* by Tim Jackson, joins the growing number of texts arguing that further economic growth is unsustainable in global North countries and suggests pathways to a steady-state economy, which include the support of what he calls *ecological enterprises*: local or community-

based social enterprises, including “community energy projects, local farmers’ markets and slow food co-operatives”. Jackson decries the “lunacy” of an economic system that discounts such activities because of their labour-intensity instead of seeing their potential in terms of employment and needs-satisfaction as well as of developing a steady-state economy (Jackson 2009, p. 130-133).

The financial and economic crisis has added a new urgency to this discourse. According to Conill *et al.* (2012), the impacts of the crisis have led to greater participation by people with hitherto mainstream values in what the authors call *alternative economic practices* in Catalonia (Spain). These include, but are not limited to, organic food consumer co-operatives, urban community gardens and organic farms. In Europe and elsewhere, many eco-social enterprises were born of social movements such as the Transition Town and degrowth movements (D’Alisa *et al.* 2013). Another movement has grown around the concept of *the commons*. The concept encapsulates a value system based on co-operation, bottom-up approaches and sharing of resources. The editors of the book *The Wealth of the Commons: A World Beyond Market and State*, which also features urban gardens, community housing projects and community forests and fisheries, state in the Introduction: “It has become increasingly clear that we are poised between an old world that no longer works and a new one struggling to be born. Surrounded by an archaic order of centralised hierarchies on the one hand and predatory markets on the other, presided over by a state committed to planet-destroying economic growth, people around the world are searching for alternatives” (Bollier and Helfrich 2012, p. xi).

While there have been attempts to reframe understanding of the social economy and social enterprise as part of such an alternative (e.g. Amin *et al.* 2002), for the most part the discourse around it remains close to a mainstream economic and political perspective. Within such a perspective, social enterprises have a more limited though still substantial (and in some ways even daunting) role to play. Essentially, they are expected to address market failures and “unequally distributed social costs” such as marginalisation and poverty, unemployment and lack of access to basic services “that neither public agencies nor for-profit enterprises can tackle effectively” (Borzaga *et al.* 2008, p. 4-5). The primacy of the market and the state are left in no doubt here. Environmental (climate change, energy) issues are seldom seen as part of the social enterprise agenda (Borzaga and Defourny 2001), and aggregate economic growth is usually presented as an uncontroversial, positive process (Borzaga *et al.* 2008). The “old

world”, in this perspective, works reasonably well, and social enterprises are there to make it work even better.

We believe that it is important to make this dichotomy between a “mainstream” and a “radical” vision in the eco-social enterprise literature explicit, since not only definitions, but research questions (and answers) are often formulated depending on the (often unacknowledged) pre-analytical framework espoused by the researchers. Our own thinking has been influenced by literature warning about resource depletion and biodiversity loss (e.g. Reid *et al.* 2005; Heinberg 2011), which we see as fuelled by the current economic system through processes such as profit-led activities of shareholding companies, bank investment strategies and the implications of money created as debt (Douthwaite 2000; Mellor 2010). Social inequality and unemployment are in our view not incidental externalities but rather systemic outcomes of this process (Korten 1995; Martinez-Alier 2002). We agree with Jackson (2009) and with the academic wing of the degrowth movement (e.g. Schneider *et al.* 2010) that difficult changes need to be enacted on many levels to change the current economic system and its institutions.

This paper then is an attempt to look at eco-social enterprise from what might be termed an explicit “radical” perspective as discussed above: First we give some examples of existing and successful eco-social enterprises and try to make the point that a) a “mainstream” research perspective may mask the existence of some of them, b) there are many more social enterprises with an environmental remit than it may seem at first sight (Vickers and Lyon 2013), and c) there seem to be social benefit implications with many green social enterprises, with the reverse not being necessarily true. We then attempt to broaden the definition of social and eco-social enterprise to more contested areas and finally look more closely at some of the dimensions of an eco-social enterprise definition from this broader perspective. We draw among others on previous research on social enterprises by one of us in Great Britain and the Czech Republic in 2002 and 2003¹ and on papers discussing social enterprises and co-operatives in

¹ This was a comparative study of British and Czech social enterprises, with a total of 71 practitioners (46 in the U.K. and 25 in the Czech Republic) interviewed in both countries in 2002 and 2003. The emphasis was on rural social enterprises with an environmental remit, but the sample included second-tier, finance and other types of social enterprise, including some which were town- or city-based. The results are described in detail in Johansisova (2005), which also contains an appendix with brief descriptions and contact details of the studied projects. See also Johansisova (2008).

the context of economic democracy and sustainable degrowth (Johanisova and Wolf 2012; Johanisova *et al.* 2013).

ECO-SOCIAL ENTERPRISES IN PRACTICE: WHAT DO THEY DO?

With some social enterprises, the environmental dimension is up-front and easy to discern. An example of an unambiguous eco-social enterprise with an up-front environmental remit is the Centre for Sustainable Energy in Bristol, England, founded in 1979². With 50 staff members, operating on a mix of grants and consultation fees, it supports households, organisations and communities in efforts at transition to sustainable energy use as well as providing training, policy analyses, etc. WyeCycle, a community business in South East England, is another obviously green social enterprise³. It started out as a Friends of the Earth recycling and composting group in 1989. Over the years, it has in addition been instrumental in setting up a veggie box scheme, a farmers' market and a community farm, which, like the recycling, are seen as pathways to reducing waste. Another eco-social enterprise with obvious environmental aims is the Hostetin Apple-juice plant in the South-East of the Czech Republic. When it started producing apple-juice in a small Moravian village in 2000 however, its primary aim was not to provide goods or services, as postulated by some of the definitions of social enterprise (e.g. Borzaga and Defourny 2001, see also next section). Instead, the founders wished to provide local smallholders with demand for apples they grew in their gardens, thus giving them a financial motivation for not cutting down their orchards which contain genetically valuable apple landraces (Johanisova 2005). Similarly the Czech Hutzul Farm, located in the mountains of Eastern Bohemia, exists not to offer products and services, but to breed Hutzul horses, a small hardy breed which had been on the verge of extinction in the 1970s. The farm cross-subsidises the high costs of the horse breeding by income from a restaurant, accommodation facilities and government subsidies for organic agriculture. In the case of the Hostetin Apple-juice plant and the Hutzul Farm it is obvious that the provision of goods or services does not represent the reason, or even one of the main reasons, for the existence of eco-social enterprises (Borzaga and Defourny 2001), even though they may be providing goods and services. An acknowledgement of this fact could sharpen the eyes of researchers trying to identify and understand eco-social enterprises.

² <http://www.csc.org.uk>

³ <http://www.wyecycle.co.uk>, <http://www.wyecomunitylandtrust.org.uk>

Our research in any case indicates that there are many more types of social enterprises out there whose environmental bottom-lines are often overlooked because they exist as part of a combined social-environmental remit. For example, Camille Dreissler, a director of Isle of Eigg Development Trust (now the Eigg Heritage Trust), sees the goals of her organisation as "safeguarding the future of the island in human and natural terms, on a principle of not-for-profit ownership" (Johanisova 2005, p. 17). The Trust, which has owned the Hebridean island Isle of Eigg and many of its buildings on behalf of its inhabitants since 1997, has indeed been active in environmental (as well as social and economic) projects, including extensive woodland planting and the installation of a renewable energy system in 2008⁴. Another local project, also involving renewable energy, is the Communal Heating in Svatý Jan project in South Bohemia in the Czech Republic. The village of Svatý Jan nad Malší (400 inhabitants) heats a large part of its public buildings and many private homes using woodchip from its own woodlands via two communal furnaces. It is impossible to clearly divide its social (such as energy security and local employment) and environmental benefits⁵.

As discussed in the previous paragraph, ecological benefits may be overlooked in social enterprises with predominantly social goals (see also the second article by Anastasiadis in this volume). Similarly, less visible social benefits are often a part of projects which are seen as primarily or wholly green. In the case of the Tablehurst and Plawhatch Community Supported Farms, for example, one of the best-known community-supported-agriculture projects in the United Kingdom, respondents in our research cited health, food security and food tastiness among reasons for the project (for an overview of the multiple benefits of community-supported agriculture projects, see Henderson and Van En 2007). In the case of small labour-intensive rural projects such as WyeCycle, Hostetin or the Hutzul Farm, local employment and support for the local economy are practically always a part of the picture (Johanisova 2005).

While explicitly green social enterprises very often have social benefits as well, the reverse is less common (Vickers and Lyon 2013). In some cases there is a similar synergy to that discussed regarding the primarily environmentally-driven enterprises mentioned in the previous paragraph. A case in point is Trans-Fife Community Transport, a successful Scottish

⁴ <http://www.isleofeigg.net/index.html>, see also Johanisova 2005.

⁵ There are over 500 development trusts in the United Kingdom (though not all of them necessarily have an environmental dimension) and in 2010 there were 33 towns and villages in the Czech Republic with their own renewable energy source.

social enterprise whose principal aim is to provide accessible transport via its bus fleet to local people and groups in a depressed rural area. While the goal is very much social, the availability of cheap and reliable public transport may simultaneously lessen demand for car use (an environmental benefit). In other cases, the green dimension of a social enterprise grows out of the environmental consciousness of the people involved: Most of the affordable housing of the Stonesfield Community Trust in Oxfordshire, one of the first community land trusts in the United Kingdom (see Lewis and Conaty 2012) was built to high environmental standard in terms of both insulation and materials used (Johanisova 2005).

While insulating the Stonesfield homes meant not only less energy use, but also lower energy payments by the tenants, the case of the Konzum consumers' co-operative in the north east of the Czech Republic is different in the sense that its managers have for ethical reasons stepped out of the market logic (even the enlightened market logic of the proponents of natural capitalism and factor four approaches, see e.g. Hawken *et al.* 2010) and source their products (mostly food) from local suppliers, even when foreign suppliers' products are cheaper. On their website they also state their preference for long-term contracts⁶. Instead of the market logic of profit maximisation they consciously espouse a logic of community solidarity: As the chief executive, Miloslav Hlavsa, has repeated in interviews, they wish to support the local economy in the area where their members live. Since the co-operative operates close to a hundred shops in the region, the local multiplier effect is considerable. There is also a green synergy in terms of low food miles and other environmental benefits.

SOCIAL ENTERPRISE: RADICAL? NON-MONETISED? UNINCORPORATED?

All the entities we have discussed up to now are uncontroversial in the sense that they merit being called "social enterprise", and thus eco-social enterprise⁷, under its usual working definitions as developed by EMES

⁶ The name of the co-operative is Konzum, obchodní družstvo, the website is <http://www.konzumuo.cz/>. They also organise farmers' markets and sell organic and fair trade products.

⁷ In this section, in line with our view of eco-social enterprises as "social enterprises at least part of whose goals are explicitly environmental" expressed at the beginning of this text, we concentrate on the definition of "social enterprise", because we see "eco-social enterprise" as a sub-set of "social enterprise". However, the case can also be made that a) all social enterprises need to be eco-social enterprises in the sense of an explicit green remit, for otherwise they are not

researchers. These assume *autonomous organisations with democratic governance structures and stakeholder governance involvement, an explicit public benefit aim and some restrictions on profit/surplus distribution*, (see also Anastasiadis' first article in this volume). A social enterprise complying with this definition is already a very different animal from the mainstream for-profit company. The existing definitions however stop short at conceptualising the social enterprise as a "systemic alternative to the mainstream economy" (Amin *et al.* 2002, p. 125) as discussed above. On the contrary, they see social enterprises, different as they are from mainstream firms, as *operating on the market and within a monetised economy, producing and selling goods and services, assuming significant levels of economic risk, and aiming towards paid employment* (Borzaga and Defourny 2001, p. 16-17; Borzaga *et al.* 2008, p. 31). Such a definition may leave out enterprises which, while complying with the first set of criteria, fall foul of the second, because they wish to opt out of the mainstream economy altogether. An example of such a "more alternative" economic project is the Cooperativa Integral Catalana (CIC), operating in the Catalan region of Spain since 2010. This is a network of autonomous co-operative centres, formally integrated under one co-operative structure. The local centres co-ordinate various activities for their members and operate community currencies, which are exchangeable among the centres and are used to pay members who work for CIC. In addition, the project entails an effort at providing accommodation and educational and health services for members. To the extent that the co-operatives build links to local organic farmers, reuse and barter used products, and aim at self-sufficiency and low consumption, they also have an explicit environmental aim. Their wider goal is to build a parallel economic system, independent both of the mainstream economy and of the state, able to satisfy all their members' basic needs (Carlson 2012).

Is the Cooperativa Integral Catalana a social enterprise at all? Using the "mainstream" social enterprise definition, its inclusion is doubtful, because, though it complies with the more basic criteria (democratic structure, public benefit aim, restrictions on profit distribution) it falls foul of the second set: it does not, for example, operate wholly within a monetised economy, nor does it aim at inclusion of its members within this economy in the form of paid employment (Borzaga *et al.* 2008). On the contrary, the members' aim is to create a parallel economy, not subservient

truly social as they do not adequately serve a community's long-term interests b) all social enterprises already are eco-social enterprises in a structural sense – see next section for a development of this argument.

to the market logic but operating on a basic-needs-oriented, egalitarian model of mutual support and co-operation. Authors such as Gorz (1994) and Cahn (2000) have argued against the narrow definition of work as paid employment. For Cahn, a policy emphasis on job-creation within a monetised market economy (geared to ever-increasing efficiency) systemically disempowers and alienates large swathes of the population, who do not hold formal economy jobs. At the same time, the current emphasis on paid work as a social norm ignores the contribution of non-monetised, informal work (involved in being a parent, neighbour and citizen, *ibid.*) which meet vital needs within society and on which the monetised economy ultimately depends. Cahn therefore emphasises the need for a re-definition of “work” as any “activity that creates value for others or for society” (2000, p. 126) and suggests a more widespread use of community (i.e. social, local, complementary) currencies to tap, appreciate and expand this non-monetised economy⁸. From such a more “radical” perspective it makes sense to relax the market inclusion and risk-taking definition clauses and to include alternative economic projects such as the Cooperativa Integral Catalana into the eco-social enterprise family.

Another dimension of the social enterprise definition involves the formal structure of social enterprises: Do they need to have one? On the one hand, it makes sense to assume that an entity labelled “enterprise” will have some kind of officially sanctioned legal structure. Borzaga *et al* (2008, p. 19) assume social enterprises to be “long-standing legal entities”. On the other hand, MacGillvray *et al.* (2001) have made a case for non-officially-registered alternative economic projects to be seen as social enterprises (or micro-social enterprises) if they fulfil other social enterprise criteria. There are in fact many such entities within local economies. Drawing on our own research, an example of a non-

⁸ With more family members leaving home for paid work or school, informal work burdens may actually increase for women in line with the rising volume of material possessions, demand for clean clothes, etc. For a detailed anthropological account of how housework increasingly subsidises paid work in a commodifying economy in a Mexican community, see Heyman (2004). While expanding and valuing non-monetised economies using community currencies may seem like a contradiction in terms, Cahn (2000, p. 72-73) enumerates the differences between mainstream money and a specific community currency (*time dollars*), such as the latter’s inclusiveness (all can contribute), local anchoring and equitable valuing (all hours valued equally).

incorporated⁹ eco-social enterprise would be a Czech informal organic buying group (called Bioclub, see Johanisova 2005): a group of 30 people who bulk-ordered organic food, sharing the work involved (ordering and sorting the goods) on a rota basis. Similarly, many community-supported-agriculture projects lack a formal legal structure (Henderson and Van En 2007). Another type of informal green economic project is exemplified by the Kosenka Environmental Land Trust, based in rural east Moravia. This is a contractual partnership between an environmental organisation (Kosenka) and small local land-owners, overseen by a steering-group, where the land-owners pledge to manage valuable mountain meadows in such a way as to keep up their biodiversity. The environmental group, in turn, helps them with administrative paperwork (Johanisova 2005). This project is not incorporated. It is in addition non-monetised and does not produce products and services, unless we see biodiversity as a product. From a mainstream point of view, the Kosenka project would thus hardly qualify as a social enterprise. However, if we take a more “radical” view and broaden the definition of “the economy” as involving the economy of nature (Johanisova *et al.* 2013), the Kosenka Environmental Land Trust can be seen as safekeeping and reproducing valuable natural wealth (or natural capital) which, like the Hostetin apple varieties and the Hutzul horses, is not valued in narrow market economy terms.

DO ALL SOCIAL ENTERPRISES HAVE AN IMPLICIT ECO-DIMENSION?

From a “radical” perspective, which sees many mainstream economic institutions and processes as indirect drivers of ecological decline (Reid *et al.* 2005), some alternative economic practices, which are not green at first sight, reveal an important environmental dimension. For example, if we see money created via debt and interest to private banks (Kennedy 1995; Mellor 2010) as one of the drivers of environmental decline because of the pressure of interest repayment on further superfluous needs creation, resource extraction and land development, then alternative economic projects such as community currencies (which are debt-free) and ethical and co-operative credit institutions (which may be interest-free, have high reserve rates and/or give loans for ethical projects) can newly be classed

⁹ We use the term non-incorporated here as a synonym for “without formal legal institutionalisation”, rather than in the traditional meaning of “with unlimited liability” (Johanisova 2005, p. 46).

as eco-social enterprises (Lewis and Conaty 2012; North 2007; Johanisova 2005).

Similarly, if we see the current prevailing enterprise model based on external shareholder ownership as one of the actors of an unsustainable economy geared to economic growth and instability (Jackson 2009; Douthwaite 2000), then all social enterprises take on a new meaning as possible alternatives of share companies in a future, more sustainable and resilient, steady-state or degrowth economy (Cato 2013; Lewis and Conaty 2012). A case can even be made that in this sense, *all* social enterprises have at the very least a strong *eco*-social enterprise potential in the sense of not being internally pressured to grow, thus avoiding the *growth imperative* (Douthwaite 2000, p. 30-31). This is because of their share ownership and governance structure as well as their not-only-for profit character (Johanisova and Wolf 2012, p. 565; Johanisova *et al.* 2013, p. 10-11):

- (a) *Share ownership rules*: Equity shares in a mainstream company grow in value with the commercial success and size of the company, and can be sold at any time for the financial value they have at a given moment. On the other hand, any equity shares invested by members/stakeholders in their social enterprise are not as a rule transferrable to others and can normally be redeemed only at their original value (“par value shares”). This discourages a growth-for-growth’s sake approach and makes for a more long-term and place-based membership, more likely to consider long-term community interests and environmental values. A case-in-point would be the Borovna Forest Co-operative in South Moravia in the Czech Republic, where 15 local municipalities together own a total of 2000 acres of woodland and manage it in the long-term interests of the citizens (Johanisova 2005; see also Lewis and Conaty 2012, on the implications of municipal ownership of energy utilities).
- (b) *Governance structure*: As opposed to classic share companies, in social enterprises such as co-operatives there is usually an upper limit to the share value one member can own, and they are as a rule governed democratically by members (one-member-one-vote) or by directors, steering groups or trustees. All are bound to respect the overall aim of the organisation (a public interest goal, such as biodiversity conservation, or delivering benefits to members or a cardinal stakeholder group). Social enterprises can thus more easily satisfy real rather than spurious needs (or produce for use-value rather than exchange value, Amin *et al.* 2002), dulling the edge of the call for more growth. Also, as Cato (2013) has argued, at least with co-operatives,

the urge to grow can be stemmed by concerns about members’ commitment and accountable governance¹⁰. And, finally, the democratic governance structure may open the decision-making arena to a wider spectrum of stakeholders, mitigating possible one-sided commitment to growth and/or its negative externalities. For example, in the case of the Oxford, Swindon and Gloucester Co-operative Society, a large English Midlands consumer co-operative, members successfully pressured management to sell fair-trade and local products (Johanisova 2005).

- (c) *Not-only-for-profit character and concern with equity*: The not-only-for-profit character of social enterprises entails a concern for equity which, as we accept that the economic pie needs to stop growing, will become an ever-more-pressing concern (Cato 2013). At the same time, as with the satisfaction of real vs. spurious needs (see par. b) above), more equitable distribution is likely to mitigate calls for more growth. Within the social enterprise world, this concern with equity has several aspects. One of these is an on-going concern in many social enterprises about sharing the value of production fairly between producer and consumer (as with community-supported agriculture projects) and about fair sharing of resources more generally (Cato 2013). In the case of co-operatives that distribute profits to members, the third co-operative principle emphasises that members who work in the co-operative or otherwise actively engage with it have the same right to a share in the profit as those who have invested money rather than labour, limiting concentration of capital in the hands of investors (Hoyt 1996). With many social enterprises, all or part of the profit (or surplus as it is sometimes called) is not distributed to members, but re-invested either into the enterprise, into national or regional umbrella and support groups or into the local community. An example here is the Port Appin Community Co-operative in a rural area on the western coast of Scotland, which has been running the local village shop since 1984. Its trading surplus has gone into a trust which distributes small grants in the community and into a community enterprise which helps young people start their own business (Johanisova 2005).

¹⁰ According to Cato: “One important stage of development arises when the co-operative becomes too big for all its members to be in the same room at the same time to make decisions. The need to elect representatives reduces engagement and ends direct accountability. For this reason co-operatives are more likely to expand by networking and by creating spin-offs than by expanding into ever-larger businesses” (2013, p. 6).

SO – WHAT IS AN ECO-SOCIAL ENTERPRISE?

An eco-social enterprise is far from easy to define and the definition, like the definition of social enterprise itself, depends on the (often unacknowledged and unexamined) assumptions of the authors concerned. Rather than attempting a cut and dried definition, therefore, we conclude this text by pointing out five dimensions of the operation of a social enterprise which have a bearing on its environmental impacts in an age of increasing energy and materials scarcity, and can form the basis for a tentative, sliding-scale working definition:

- (a) *Explicit green goal of the activity, product or service:* At first sight the most obvious and unambiguous, this dimension may not always prove straightforward. For example, a social enterprise recycling household waste including disposable plastic packaging may actually encourage increased use of the latter by consumers who are unaware of the complex issues involved (plastic is manufactured from petroleum, its production contributes to many environmental problems, plastic recycling has limited potential to reduce the glut of plastic waste, etc.). The eco-social enterprise WyeCycle (see section 2) therefore does not collect plastic for recycling, instead encouraging its clients to use a refill service for cleaning products, etc. As a path to waste prevention, they have in addition pioneered farmers' markets, a box scheme, and a community-supported farm. Also (as discussed in section 2), with some social enterprises social and environmental goals may be interconnected, or the environmental dimensions of goals may be implicit and difficult to untangle. And (as mentioned in section 4), the green dimension of a social enterprise activity is often in the eye of the beholder: from a "radical" standpoint, a community currency scheme can be seen as green because it eschews the environmental implications of official money systems.
- (b) *Environmental dimension of the production process:* Again, at first sight this is a straightforward proposition: to merit the "eco" label, a social enterprise needs to operate with targets to reduce its own throughput of energy, sinks and materials per unit output (Davey in Johanisova 2007, p. 81-82). This can involve implementing environmental management systems (EMS), such as ISO 14001, which however may not be appropriate for small social enterprises (Smith *et al.* 2013). Beyond EMS, it can involve attention to local resource use, reuse of materials and closing of loops, as in the case of WyeCycle who have saved piped water by harvesting rainwater and who have for many years now used biodiesel from used vegetable oil to run their vehicles.

In some cases the closed-loop environmental dimension of a production process may go unnoticed, as with mixed farms that use manure from their animals to fertilise fields (recycling phosphorus and nitrogen and saving fossil fuels) and crops from their fields to feed the animals (lowering demand for soya-based feedstocks originating often in Brazil, where they have caused high social and environmental disruption.) The environmental dimension of the production process is thus arguably linked to the degree of its economic localisation (item c, below).

- (c) *Local or regional dimension of operations/localised provisioning patterns:* Although some definitions of social enterprise have stressed their localised and community character (e.g. Borzaga and Defourny 2001), the environmental benefits of local sourcing for local production and consumption (Fraňková and Johanisova 2012) have to date not been internalised as a key aspect of the "eco" dimension of a social enterprise (Johanisova 2008). However, re-localising supply chains has an obvious impact on reducing material and energy flows and enhancing the environmental resilience of communities (Lewis and Conaty 2012). As indicated in item b) (Brazilian soya feed), another advantage of local resource flows is the fact that possible negative impacts of activities are felt on the spot and can thus provide impetus for change, rather than being externalised to distant locations. Local consumption and production patterns may be explicitly expressed and their environmental dimension articulated as part of the goal of a social enterprise (as in the case of community-supported agriculture schemes), they may be consciously pursued by the social enterprise as part of predominantly social/community goals (as in the case of community currencies, or the Czech Konzum co-operative in section 2), or they may be inherent in the structure (mixed farm) or size of a social enterprise (a small shop or restaurant is more likely and more able to source locally). As mentioned above, small social enterprises with localised provisioning patterns usually have positive social and local multiplier spinoffs, including job creation (see also nef 2003).
- (d) *(Small) scale of the enterprise itself:* As a social enterprise grows, several risks are involved. The first of these has been mentioned above: with member-based organisations, there is a risk of diluting member loyalty and decision-making power, with possible gradual taking over of governance by management and/or umbrella bodies. (Stampfer 2001). This may weaken the benefits of democratic governance as discussed in section 4(b). The second risk involves the danger of a

weakening of localised provisioning patterns (discussed in the previous item) and their environmental benefits. This is linked to Davey's observation that smaller eco-social enterprises are less likely to run up against scale limits (that may increasingly be imposed by state policy in a world of increasing scarcity) and if they do, they can arguably diversify more easily into a new area (Davey in Johanisova 2007, p. 81-82). Thirdly, as an eco-social enterprise grows, it may lose its more stable and less competitive community market (Douthwaite 1996) and be drawn into the vortex of what Terry Clay, founder of a small British credit union, has called "the supermarket model of finance", where business objectives tend to override environmental aims (Johanisova 2005, p. 82-83). It may be due to concerns such as these that many eco-social enterprises have elected to remain small and to expand by replication rather than growth (Vickers and Lyon 2013; Johanisova 2005, see also footnote 10).

(e) *Financial and organisational governance structure*: Finally, for the more "radical" stream of social enterprise thinkers, there is a strong environmental potential in the very organisational structure of social enterprises, which arguably makes them less vulnerable to the growth imperative, less likely to create environmental externalities and more likely to produce (and equitably share or distribute) products which satisfy real needs, thus again mitigating the general growth urge. This is discussed in section 4. Drawing on our analysis in this section (5), we may add that many eco-social enterprises provide employment, thus again dulling one of the most rationales for aggregate economic growth: the imperative of job creation.

Finally, it is important to note that while definitions may be a useful categorising tool, from a "radical" perspective eco-social enterprises are not by any means isolated entities. They can only be understood within the context of the local natural and cultural environment, socio-political culture (Amin *et al.* 2002) and existing support structures. These may include enabling organisations and umbrella groups as well as formal and informal support networks (Douthwaite 1996; Johanisova 2008) which can provide land, work-space, loans and knowledge-free or at non-market rates (Johanisova *et al.* 2013).

CONCLUSION

We have attempted to show that the apparently innocuous and marginal institution of the "eco-social enterprise", addressed from a "radical" (as opposed to a "mainstream") position characterised by strong environmental concerns combined with a critical stance towards the mainstream economic system, can be re-defined more broadly and shown to have an important role in the shift to a more environmentally sustainable and equitable economy emancipated from the imperative of aggregate economic growth.

Further research in this field will benefit from social enterprise researchers' examining their own assumptions and their more explicit positioning along the "radical" – "mainstream" axis, and from a dialogue between those whose work is concerned with "social enterprise" and "eco-social enterprise" and those who examine such hard-to-pin-down entities from other perspectives, including those of social and economic geography, political economy, ecological economics and the degrowth movement.

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