

Social enterprise as an engine for sustainability transition

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Abstract

Embedded socio-ecological problems urgently require novel approaches with a long-term orientation, including reflexive and adaptive policy design and conceptualisations which move far beyond business as usual approaches and which meaningfully address underlying complexes of technologies and institutions. The transitions literature has stimulated debate to increasingly recognise the multi-dimensional shifts required for delivery of sustainable modes of production and consumption. However, transition studies have to date focused heavily on technological and on historical analyses. Within this emerging body of investigation, there is a need for research which more exclusively and explicitly addresses organisational and community level responses to sustainability in a strategic and forward looking manner. While there is growing consensus that human behaviours need to change to a more sustainable paradigm, community driven approaches, such as social enterprise, have yet to be explored as serious instruments of sustainability transition. Social enterprises sit within the third sector of the economy, typically where market or governmental failures exist in the provision of social welfare, and have increasingly become a key driver of social progress. The autonomous nature of the social-economic model applied by such organisations can represent a viable means to reduce state social welfare dependence, and as a proven model for social change. The capability of social enterprises to create both social and economic value is considered a 'win-win'. However, there are clear potentials for social enterprise models to be more extensively applied to address contemporary ecological challenges of neo-liberal market economies, moving towards 'win-win-win' outcomes across social, economic and ecological domains; particularly as these organisations are not motivated by a relentless profit imperative. This paper investigates the value of utilising social enterprises as a driver of sustainability at the community level, with an emphasis on application in the energy sector. Evidence from four social enterprises in the UK is presented and a socio-technical transitions conceptual framework is applied to analyse these social enterprise operations as a form of social innovation. The paper critically evaluates the characteristics of social enterprises which suggest potential for wider socio-technical systemic transformation and appraises the potential for such organisational models to act as 'engines of socio-technical transformation'. Barriers to the widespread diffusion of social enterprise models are identified, as well as operational and strategic challenges in actively delivering on the 'win-win-win' potential of these organisations for sustainability.

Keywords: Sustainability Transitions, Innovation, Socio-technical regimes, Energy, Social Enterprise

1. Introduction

1.1 Aims and objectives

This paper investigates the value of utilising social enterprises as a driver of sustainability at the community level, with an emphasis on application in the energy sector. Evidence from four social enterprise focused stakeholders in the UK is presented and a socio-technical transitions conceptual framework is applied to analyse these social enterprise operations as a form of social innovation. The paper critically evaluates the characteristics of social enterprises which suggest potential for wider socio-technical systemic transformation and appraises the potential for such organisational models to act as 'engines of socio-technical transformation'. Firstly, the academic literature regarding niche innovations is reviewed, sustainability transitions and social enterprises. Secondly, results from four semi-structured interviews with social enterprises from the Liverpool City Region in the UK explore their role within the context of a low-carbon future. A socio-technical transitions conceptual framework is applied here to analyse how social enterprise operations constitute a niche innovation. The potential for wider socio-technical systemic transformation together with the potential for such organisational models to act as 'engines of socio-technical transformation' is appraised. Barriers to the widespread diffusion of social enterprise models are identified, as well as operational and strategic challenges in actively delivering on the 'win-win-win' potential of these organisations for sustainability.

1.1.1. Niche Innovation and Sustainability Transitions

The concept of 'transition' has become increasingly central to futures-oriented thinking (Feola and Nunes, 2014). Deeply embedded socio-ecological problems urgently require novel approaches with a long-term orientation. The transitions literature has stimulated debate to increasingly recognise this and the multi-dimensional shifts required for delivery of sustainable modes of production and consumption, for instance. Within the Multi-Level Perspective (MLP) nested hierarchy, the widely cited theoretical framework applied by Geels and others, the niche level affords space for experimentation and new ideas to emerge (Geels and Schot, 2007). The MLP posits that transitions come about through interactions between processes at three levels: (a) niche-innovations afford space for new ideas to be tested and developed¹; (b) changes at the landscape level create pressure on the regime; and (c) destabilisation of the regime creates windows of opportunity for niche innovations to emerge. The alignment of these processes enables the breakthrough of novelties in mainstream markets where they compete with the existing regime (Geels and Schot, 2007). Niches act as 'incubation rooms' or 'protected space' protecting novelties against pressures of the mainstream, including forces of market selection for instance (Schot, 1998; Kemp *et al.*, 1998). Radical innovations break out of the niche-level when ongoing processes at the levels of regime and landscape create a 'window of opportunity', which allow these niche innovations can then go on to become integral to regimes (Geels and Schot, 2007).

There are significant challenges related to the diffusion of niche innovations, particularly related to the scale of niche innovations within a wider regime, making scale-up challenging and presenting difficulties with replication of conditions for success across wider regime environments (Charnock, 2007; Seyfang and Smith, 2007; Seyfang, 2010). Niche innovations are carried and developed by small networks of dedicated actors, often outsiders or fringe actors (Geels and Schot, 2007). While this assures that sustainable alternatives are considered and acted upon, gathering wider support can be challenging within the context of a regime change. Tensions and contradictions may occur with incumbent regimes as opening niche opportunities emerge and niches start to drive regime transformations (Geels and Schot, 2007; Seyfang and Smith, 2007).

Within this emerging body of investigation, there is a need for research which more exclusively and explicitly addresses organisational and community level responses to sustainability in a strategic and forward looking manner. While there is growing consensus that human behaviours need to change to a more sustainable paradigm, community driven approaches, such as social enterprise, have yet to be explored as serious instruments of sustainability transition.

¹ Niches of innovation offer opportunities to experiment with new practices, technologies and organizational models, with subsequent potential for wider social transformation, should these niche innovations be suitable for wider uptake and diffusion (Geels, 2002; Geels and Schot, 2007; Seyfang and Smith, 2007; Seyfang, 2010).

1.2. Social Enterprise and Sustainability

'Social enterprise' is a collective term for a range of organizations that trade for a social purpose (Haugh, 2007). Cieslik (2016) describes social enterprises as organizations seeking market-based solutions to social problems. Social enterprises are neither typical charities nor typical businesses; rather they combine aspects of both (Ebrahim, Battilana, & Mair, 2014). Social enterprises target economic sustainability but within a wider social mission, reinvesting profits generated to achieve multiple bottom lines (Cieslik, 2016). The primary revenue source is commercial, relying on market activity instead of donations or grants operate and to scale their operations (Ebrahim *et al.*, 2014).

Social enterprises operate within the 'third sector' of the economy, typically where market or governmental failures exist in the provision of social welfare, and have increasingly become a key driver of social progress. In this context, the trend for communities to take greater responsibility for their own socioeconomic development has emerged alongside the withdrawal of services that have traditionally been provided by the public sector (Haugh, 2007). Debates on social enterprise, and more widely on the social economy can be contextualised within the perceived need to imagine alternatives to neoliberal capitalism and associated negative social and environmental impacts (Daya, 2014). The autonomous nature of the social-economic model applied by such organisations can represent a viable means to reduce state social welfare dependence, and can act as a model for social change. The capability of social enterprises to create both social and economic value is considered a 'win-win'. However, there are clear potentials for social enterprise models to be more extensively applied to address contemporary ecological challenges of neo-liberal market economies, moving towards 'win-win-win' outcomes across social, economic and ecological domains; particularly as these organisations are not motivated by a relentless profit imperative. The unique business models of social enterprises deliver multiple advantages when targeting sustainability-related outcomes. Community focused social enterprises hold the potential to ground sustainability-related policy and action in a more visible and meaningful way; for instance, community approaches are grounded in the everyday practicalities of energy use and lifestyle choices more-so than 'top-down' measures (Ockwell *et al.*, 2009).

Community-led social ventures therefore have the potential to deliver benefits over and above economic and financial outcomes as they are closely engaged with people with a shared interest in their creation and management (Haugh, 2007). Participation and empowerment are often forwarded as legitimizing factors for social enterprise (Cieslik, 2016). Social Enterprise has the potential to revitalize communities via meeting local needs, developing the capacity of a community to be independent and generating social capital between individuals and communities (Haugh, 2007). Social enterprises are visible to local individuals and those they are trying to influence and typically face-to-face contact between community members and representatives of social enterprises engender more trust compared to branding and marketing initiatives associated with larger corporations. Consequently, community level approaches and social enterprises allow for greater interactions with local actors and sustainability actions can be tailored to the needs of the community. Importantly, for energy focused social enterprises, local people are involved in active dialogue on future of the energy system for their community (Middlemiss and Parrish, 2010; Moloney *et al.*, 2010), fostering agency, ownership and engagement. Through interactive, inclusive and participatory approaches, social enterprises can become a powerful instrument to engage the public with sustainability.

However, to date, social enterprises have yet to be explored as serious instruments of sustainability transitions. Little research has been conducted that systematically interrogates the dynamics of the sector, including research into the values that drive social enterprise and power relationships that underpin and are shaped through its discourses, representations and practices (Daya, 2014). In fact, there have been very few systematic reviews undertaken in the social enterprise/social entrepreneurship/social field more broadly (Roy *et al.*, 2014). Given that radical innovations break out of the niche level during ongoing processes within the socio-technical landscape and regime create a 'window of opportunity', we investigate social enterprises as an innovation that create multiple positive outcomes across the pillars of sustainability. This study therefore represents a contribution to knowledge in the area of social enterprise research, as well as to the study of niche innovation in the transitions literature.

2. Methods

Qualitative research methods were employed in this study to provide contextual, explanatory and evaluative insights into the social enterprise landscape in Liverpool, UK. Qualitative enquiry methods were selected to enable key informants to share their knowledge in a non-constrained manner during data collection following methods described by Ritchie and Lewis (2003), and applied by Faherty and Morrissey (2014). Primary data were collated

through a series of semi-structured interviews, framed in an open ended format (Hay 2000; Harding, 2013). As described by Wilson (2014), semi-structured interview methods are appropriate when there is some knowledge about the topics or issues under investigation, but further details or insights are required. In this study, semi-structured interviews capturing qualitative responses enabled sufficient flexibility to explore key factors whilst maintaining consistency of approach and scope with all participants, as argued by Harding (2013). The approach recognises that the content of each interview is unique, differing from the other interviews with regard to experiences, tone, personal and organisation involvement, etc. (Dierckx de Casterle, DeGastmans, Bryon, & Denier, 2012).

In this study, 4 Key Informants were strategically and purposefully selected for inclusion in data generation, based on their roles as prominent social enterprise stakeholders in the Liverpool City-region. Key Informants were not selected to provide an exhaustive or representative sample, but rather, for their capacity to provide insightful understanding of the practitioner perspective of the social enterprise and carbon reduction landscape in the Liverpool City-region. Potential interview candidates were contacted via both email and phone in order to arrange interview meetings. The interviews ranged from approximately 40-60min in duration and were conducted in person. An open-ended questioning technique was employed, with informants asked to provide information about their role in the organisation and the issues which they had observed in their experience in the social enterprise sector. Interviews were conducted between the 8th February 2016 and 23rd February 2016. Table 1 provides a summary of the Key Informants interviewed during the data collection phase, as well as their roles and a descriptor of their respective organisations.

Table 1. Summary of Key Informant interviews, Liverpool City-region Feb 2016

Key Informant	Professional Role	Organisation
Key Informant 1	Chief Executive Officer	Social enterprise (energy generation)
Key Informant 2	Chief Executive Officer	Social enterprise (energy use reduction)
Key Informant 3	Research Officer	Business support for social enterprise
Key Informant 4	Project Manager	Public-Private Partnership

All interviews were audio-recorded and transcribed to facilitate the qualitative analysis process. On completion, interview transcripts were double-checked for accuracy and completeness of the interview record and copies of written records were sent to respective interviewees for comment or correction, following the approach reported in Harding (2013). In analysis of this type, the use of pre-prepared frameworks or strictly organised questioning runs the risk of prematurely excluding rich data that may provide considerable insights (Dierckx de Casterle *et al.*, 2012). For this reason, standardised and detailed interview schedules were not produced, following methods reported in Faherty & Morrissey (2014). For each interview, an overview framework was used through which to provide some structure and this is presented in Table 2. Questions presented in Table 2 were supplemented and adapted according to the respective interviewee, with questioning changing in response to emerging discussion points and articulated perspectives (Friedl & Reichl (2016) apply a similar approach).

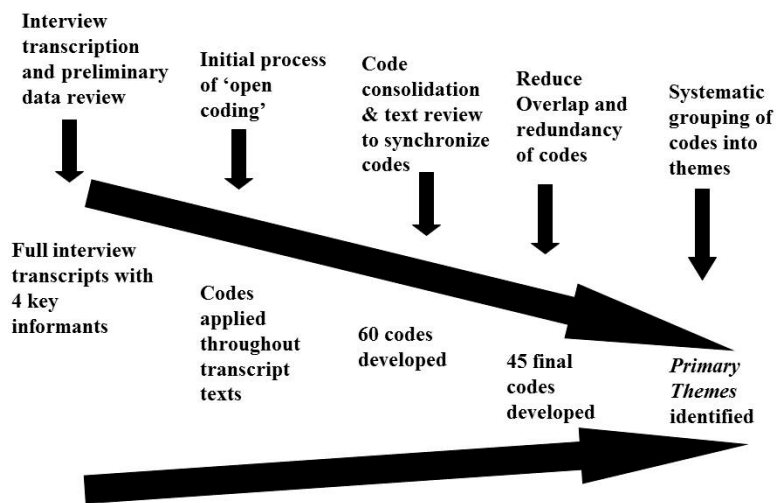
Table 2. Themes and indicative questions applied in semi-structured interview process

Interview theme	Indicative Questions
Organisation	<ul style="list-style-type: none"> • Introduction to organisation? • Role within organisation?
Sustainability / Climate change	<ul style="list-style-type: none"> • Perception of sustainability issues? • Role of Social Enterprise in greener economy?
Business Structure	<ul style="list-style-type: none"> • Legal structures? • Operation structure of organisation?
Income Streams	<ul style="list-style-type: none"> • Types of income? • Financial sustainability of sector?
Barriers within Sector	<ul style="list-style-type: none"> • Barriers encountered to date? • Policy implications?
Future considerations	<ul style="list-style-type: none"> • Impact of your work?

	• Future issues in medium/long term?
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An interpretative approach was applied to data analysis by transcribing the interviews into written text, then condensing the data and coding it into themes, before final stages of reflection and synthesis of findings. This approach follows methods reported in Saldana (2013), Berg and Lune (2012) and Faherty and Morrissey (2014). Outputs from the qualitative analysis of interview transcripts provided a comprehensive characterisation of energy focused social enterprise, addressing internal and external barriers to social enterprise operating within this sector, including legal structures, income streams, interactions with private sector and policy. Figure 1 provides a schematic overview of the approach to thematic analysis that was applied for each of the written interview transcripts.

Figure 1. Coding process applied for thematic analysis.



The process outlined in Figure 1 was both iterative and reflexive, meaning that upon identifying themes initially, the entire dataset was then re-interrogated to consolidate and better synchronise coded extracts and provide validation for identified themes. This process is described by Dierckx de Casterle *et al.* (2012), who argue that once final themes have been identified, researchers typically go through previous stages again, inevitably resulting in partial overlap and interaction between successive stages of analysis. Content analysis generated a short-list of common and critical themes, similar to the approaches reported in Shay *et al.* (2016) and Friedl & Reichl (2016).

3. Results and Discussion

Business structure

Over the last decade, a number of countries have developed new legal statuses to better fit the needs of social enterprises that are neither typical for-profits nor typical non-profits (Ebrahim *et al.*, 2014). For social enterprises, a multitude of different legal structures exist and can be applied in the energy sector, with a range of implications for the organisation depending on the legal structure adopted².

"We are a charity registered with the charity commission and we are also company limited by guarantee which makes us registered with Companies House as well." (Key Informant 2)

Interestingly interview data suggest that the rationale for selecting one structure over another were not necessarily strategically assessed for optimal performance at the organisational level. The influence of similarly focused

² Organizational forms, the social objectives and the fields of activity of social enterprises can vary considerably across countries and even within a given country (Defourny & Nyssens, 2010).

organisations in the region seems to be paramount in providing a model for chosen business structure. New social enterprises follow the template established in other similar organisations within their frame of reference.

“I went to a conference on community energy in London a few years ago and it was pretty much like everyone who’s big in community energy at the time was there talking about the projects they’d done and it was really incredible and then I went away and researched all the different groups and pretty much universally they were all community benefit societies.” (Key Informant 1)

There is some evidence that social enterprises within the community energy sector, which had originally set up as co-operatives, made a change to a Community Benefit Societies model. This model differs from a co-operative model in that the interests of a defined community drive the organisation as opposed to the interests of a discreet set of members. This seemingly small difference has had significant impact on the business models, and therefore viability of energy focused social enterprises.

“The community benefit society means you can trade for the benefit of a wider community, if you’re a co-operative you’re effectively trading for the benefit of your members” (Key Informant 1)

Although newly created legal forms may prove to be important tools in some countries, most social enterprises across Europe, still adopt legal forms that have existed for a long time, namely those of association, co-operative, company limited by guarantee or by share, Industrial and Provident Societies in the UK, etc. (Defourny & Nyssens, 2010). A likely future issue in terms of business structure, is the tendency of successful alternative economic structures to revert to a mainstream model (Johanisova, Crabtree, & Fra, 2013). Johanisova *et al.* (2013) discuss the case of the German and Austrian credit union movement. As members stopped identifying with their local credit union and became withdrawn from the decision-making process, the decision-making power of local credit union entities was eroded and many have lost their autonomy to the powerful federations.

Financial sustainability & conflicting priorities

Social enterprises income streams can come from a range of sources and the composition of these streams can impact on the legal structure of a given organisation. For the social enterprises interviewed, revenue streams consist of feed-in tariffs, grants, share offers and trading.

“So we actually set up a trading arm...to explore the opportunity of trading and providing that professional service to people on the open market.” (Key Informant 2)

From the financial perspective, data from interviews demonstrates the priority interviewees place on the need for social enterprises to become more financial sustainable through generating a larger proportion of their income through trade.

“So that’s the next step for community energy now is moving away from a subsidy based model to one where we just sell directly to customers” (Key Informant 1)

“As a result of that we try to encourage our membership to be much more focused on financial sustainability from a trading perspective to trade their way to sustainability and profitability and to ensure that they are secure and resilient in their business from selling goods and services to people who actually want them.” (Key Informant 3)

This view accords with evidence from the literature. Social enterprises are generally viewed as organizations characterised by a significant level of economic risk. Moreover, to be successful in bearing such risks over the medium-long term economic sustainability is a prerequisite (Defourny & Nyssens, 2010). The social enterprise’s mission is only attainable if the social enterprise itself has a sustainable operation (Sodhi & Tang, 2011). In practice, many social enterprise managers continuously make trade-offs between increasing productivity for financial gain versus increasing productivity for social benefits (Zainon *et al.*, 2014).

“Sometimes there is a lack of focus within social enterprise on what needs to happen to make themselves financially sustainable long-term.” (Key Informant 3)

Social enterprises thus face a unique governance challenge: how to handle the trade-offs between their social activities and their commercial ones, so as to generate enough revenues but without losing sight of their social purpose (Ebrahim *et al.*, 2014).

“The intention is to set up a business which is a self-funding, sustainable business but has very much a values based approach to what we do and has a clear intention to democratise the energy system as we move in to a post carbon energy system.”(Key Informant 1)

Social enterprises that combine social and commercial activities in their core face a distinct challenge because their definition of success includes both dimensions; dual objectives are not necessarily aligned and may in fact be contradictory, potentially undermining the organisation’s ultimate mission (Ebrahim et al., 2014). Evidence from interview data suggests that the issue with creating financial sustainability can be attributed to not only a lack of trading opportunities, but also to the social mind-set of the business leaders focused on multiple bottom line performance.

“If you're looking to specifically build a green economy in a market-based economy the problem with social enterprise is that it is not a cheaper option because there are all sorts of other concerns the impact on the bottom line.” (Key Informant 3)

“One of the challenges for charities particularly is how much of the income is spent on beneficiaries and how much of it is corporate.” (Key Informant 2)

Concern for the legitimacy of a social enterprise as a social organisation may lead to attempts to ensure that the business is fully sustainable from economic, social and environmental perspectives. However, the implication of this is that the costs in creating a fully ethical business can mean that consumer prices are uncompetitive.

“Sadly the end consumer might look at it and say well on a purely financial basis I can't afford to be giving business to a social enterprise, even though they are more ethical, because the price might be greater than with the traditional private company.” (Key Informant 3)

Trade-offs emerge between addressing the demands of their paying customers who are viewed as key stakeholders for businesses, and addressing the needs of the beneficiaries of their social mission who are viewed as principal stakeholders in charities (Ebrahim et al., 2014). As argued by Sekerka & Stimmel (2011), organisations with a strong stakeholder or environmental perspective may not adapt to the practical realities of the bottom line, and accomplish no more than increasing the probability of going out of business.

The importance of social capital

Since social enterprises explicitly exist to benefit the community, and communities typically have a controlling stake in the organisation through democratic ownership structures, social enterprises are more likely to satisfy real needs (and less likely to externalise their costs), than for-profits (Johanisova et al., 2013). The term social capital has been applied in the academic literature for many years and is used to describe social networks where trust and reciprocity are at the centre of transactions that are carried out for a common good as opposed to individualistic gain. In this context, Johanisova et al. (2013) identify the long term generation of positive externalities as a key defining feature of locally rooted enterprises, when compared to large multi-national corporations. Themes of positive externality, and social capital are evident from interviewee data.

“People who run social enterprises are very keen to treat their supply chain fairly, they're very keen to treat the people who work at those organisations in a fair manner.” (Key Informant 3)

“We therefore need to empower people to make their own decisions and then invest in it and that to me is going to come through community and through engagement.” Key Informant 2

Data from interviews reinforces that social capital is an important point of leverage for social enterprise when targeting organisational missions. This manifests in two related ways: in enhancing the credibility of the social enterprise and in providing a sense of legitimacy. Social and environmental profits flow to the community and consequently the economic profits flow back into the social enterprise within the ambit of social enterprise legitimacy (Zainon et al., 2014). The local scale and focus of social enterprises is therefore critically important, and this is evident as a clear theme from interviewee data.

“Energy is something we all rely on and some of that when you put infrastructure locally should be rewarding the locals.” – (Key Informant 4)

“You need to find that balance and find a way of favouring local people as much as possible by local people becoming members and building a local membership base.” – (Key Informant 1)

Niche-regime dynamics – the role of policy

The relationship between social enterprise and the mainstream ‘regime’ would appear to be an uneasy one. Frequently changing environmental policies and interactions with private sectors energy companies presents significant challenge for social enterprise operations. In terms of changing environmental policy, several policy changes have had an effect on the organisations interviewed; for instance the rapidly changing policy positions of the Green Deal and the feed-in tariff for solar energy in the UK have had a disruptive and unsettling impact. The relationship between social enterprise and public policy can be described as uncertain at best. It is evident that radical policy changes can have a detrimental impact on the viability of a given social enterprise as a legitimate business rather than as just a charitable entity. According to Mikami (2014), the failure to define the social economy in an unambiguous way causes confusion in the system of domestic laws that regulates the social sector. Such problems are exacerbated by uncertainty across the environmental and energy policy landscape, as has been the case in the UK for the past number of years.

“The feed in tariff then created this whole business model and so taking it away has just messed it up...every now and again they decide to massively cut the feed in tariff so everyone’s business model goes out. But now it’s basically at zero there’s nothing left.” (Key Informant 1)

“It wasn’t just solar, they cut the subsidies for hydro and wind and took them away a year early for wind.” (Key Informant 1)

“We actually set up a trading arm ... to explore the opportunity of trading and providing that professional service to people on the open market. However, the timing of it was such that the government axed the Home Information Packs, the whole market dropped.” (Key Informant 2)

Such uncertainty is exacerbated by a reliance on top-down funding, and in particular, on grants and subsidies as an integral component of the social enterprise’s revenue stream.

“So when there was a feed in tariff, which made projects profitable, then there seemed to be a way of encouraging a social enterprise to consider community energy...We are in new times as of December with a lower tariff...it makes the numbers a bit harder to reconcile.” (Key Informant 4)

“I don’t see our organisation not operating with the support of grants for a few years. Purely because the tradable opportunity that exists in our field was eco-and green deal, which were the opportunities to engage with householders and acting as a broker and introduce householders to measures.” (Key Informant 2)

More generally, social enterprises broadly remain closely tied to the public sector and to public sector support. Support through public policies has to date, and still remains, a key channel for the diffusion of various models of social enterprise throughout Europe, for instance (Defourny & Nyssens, 2010).

Niche-regime dynamics - Relationships with other businesses

The relationship between social enterprises and private sector businesses can exist in two different forms, competition or collaboration. Both of these issues were discussed by the interviewees. In addition, network building is a theme that cut across both competition and collaboration, and was strongly emphasised in interview data:

Competing:

Mainstream businesses may not be interested in competing with social enterprises in certain “niche markets” that are too small to be profitable. If a social enterprise does subsequently prove to be highly profitable, then other big business may enter the market and compete (Sodhi & Tang, 2011)³. Social enterprises have certain competitive advantages over private companies, but may also be commercially unable to compete with much larger entities.

“There are fewer social enterprises winning larger contracts than would be accounted for by the percentage of the business economy that social enterprises make up” (Key Informant 3)

³ These challenges may explain why there are few successful social enterprises with revenues of over \$1 billion per year (Sodhi & Tang, 2011).

“I know that commercial investment is still going ahead and they want rates of return of 20%. If community groups only want a return 4% interest...you think that they'd have more room to manoeuvre.”(Key Informant 4)

“At the moment there are a lot of small energy companies entering the energy market to compete with the big six. They're able to do that I think because they don't have some of the costs that the big six have.” (Key Informant 4)

Collaboration:

Multi-dimensional social problems which no party can tackle on its own bring in the need for collaboration between business and social enterprises (Sakarya, Bodur, Yildirim-öktem, & Selekler-göksen, 2012). Adoption of collaborative strategies for social causes is primarily derived from financial resource dependence for social enterprises and from concerns for legitimacy for business enterprises (Sakarya *et al.*, 2012). However, interviewees expressed a certain level of scepticism of the motivation for, or the benefit of such collaborations.

“Private companies tend to fund social enterprises and charities out of their CSR budgets and it can be viewed, by some at least, as a way of giving a kind of whitewash to activities that are peripheral to the central mission almost as an organisation.” (Key Informant 3)

“.. this relationship between business and community and third sector charities and social enterprises, the danger that smaller organisations are taken advantage of or seen as a means to make a sale.” (Key Informant 2)

Network building:

As social enterprise is inherently a hybrid form of organization, it can potentially strengthen the ties between various actors. In this sense, social enterprise as a collaborative partner is able may add considerable value to networks (Park & Wilding, 2014)⁴. Interview data suggests that there are key actors within energy focused social enterprises across the Liverpool City Region, and also efforts underway to build and enhance this network's capacity.

“We have worked with the Liverpool City Region Local Enterprise Partnership, specifically on their strategies and their economic development program and trying to make the social economy more of a strand in what they're doing.” (Key Informant 3)

“The work we do with existing organisations, it's primarily around networking, so every couple of months we hold a social value networking event for all of our membership who can turn upand you know, bring your business card to make contact with each other.” (Key Informant 3)

According to Park and Wilding (2014), social enterprise has the potential to link together a wide range of actors.

Innovation for regime transformation & Future outlook

While the energy sector is currently a difficult environment for social enterprises to attain financial sustainability, interviewed organisations were optimistic that this would still be a possibility in the future. Interviewees were also generally optimistic about the role of social enterprise in transforming the energy system to a low carbon model.

“We've identified the low carbon economy as a key sector of activity. So that means that we believe there are jobs and growth to come from green businesses and adapting the energy infrastructure of the region” (Key Informant 4)

“I do believe there will be opportunities going forward for us to trade more....” (Key Informant 2)

However, significant barriers identified included regulatory and policy uncertainty, as discussed and importantly, issues of scale and 'take off'. In transitions terms, 'windows of opportunity' emerge whereby innovations break out of the niche-level when ongoing processes at the levels of regime and landscape align (Geels, 2002). However, such processes do not typically occur unaided, or without policy support or government subsidy. In particular promising niches may require additional support to get to a position to challenge the existing regime. In this context, 'initial hurdle' and 'take off' were terms explicitly used by key informants.

⁴ Under certain circumstances, social enterprises can help to facilitate innovative responses to social needs, greater integration of networks, and more productive partnerships (Park & Wilding, 2014).

“But they just wanted that little bit of funding to get them over the initial hurdle.... if they’re looking to go and speak to someone at the other end of the country they need travel fares or they want to have business office accommodation for a week.” (Key Informant 3)

“The costs to entry and the costs to setting up in that sort of structure are very, very low...It could be that were on the verge of a precipice where actually it just needs a little bit more of a push and you do achieve the sort of take-off speed that they need.” (Key Informant 3)

This is a critical aspect in terms of the role of social enterprise within transition processes, and one in need of further research. According to Johannisova *et al.* (2013), dimensions of scale, place and the environment should be accorded more importance in the social enterprise discourse, something which the authors here wholeheartedly agree with. From a scale point of view, there was recognition that social enterprises were very much operating in a niche environment, and that considerable challenges existed in bridging the gap to the mainstream regime.

“You have maybe three or four people in an office in a provincial city in the north of England working to promote the green economy. Whereas there maybe 300,000 to 400,000 people across the country who are working for a big multinational energy corporations that don’t have this on their radar.” (Key Informant 3)

However, certain advantages of operating in niche, small scale were also recognised. Sekerka & Stimmel (2011) argue that ‘first-mover’ firms are likely to reap advantages in the areas of innovation and culture change, which will help to ensure their future viability. Smaller firms are also better able to respond to changing circumstances and opportunities, as well as being able to take more risks.

“So they can take more risks and if they’re smaller they can be more flexible and more nimble and they and just say things that bigger businesses can’t say, they can put messages out and do things that maybe big businesses or other businesses can’t quite do.” (Key Informant 1)

For social enterprises in particular, the ability to operate without the same degree of commercial pressures as private organisations was recognised as an advantage.

“But if its community we don’t need to make money, we just need to pay back the money that was invested. We don’t need to be making 10% off the top so the figures would surely stack up for us on that basis.” (Key Informant 1)

However, a lack of certainty clearly represents a major barrier to the innovative and competitive potential of social enterprises.

“It’s still a bit murky at the moment to know where the value is going to be.” (Key Informant 4)

4. Conclusions

The autonomous nature of the social-economic model applied by social enterprises can represent a viable means to target social, environmental and economic multiple-bottom lines. Such organisations can develop strong links to their local communities and provide positive externalities in generating financial revenue, while also remaining fully cognisant of, and structured towards social outcomes. There are clear potentials for social enterprise models to be more extensively applied to address contemporary ecological challenges of neo-liberal market economies, moving towards ‘win-win-win’ outcomes across social, economic and ecological domains; particularly as these organisations are not motivated by a relentless profit imperative. From a transitions perspective, this study has demonstrated that a number of barriers exist which in the medium-long term may limit the potential of social enterprises to deliver regime transformation, or to act as ‘transitions engines’. Chief amongst these is a lack of clarity or certainty on the policy and regulatory landscape in which they operate. This is true in particular of the energy and environmental policy landscape, more-so than the regulatory landscape for social enterprises. Ad hoc and reactionary policy change in the UK has acted as a major challenge to energy focused social enterprises. It is clear that social enterprises are already playing an important role in the energy sector. However, there is considerable scope for this role to be scaled up, potentially with minimal grant or subsidy support. However, support for the ‘take-off’ stage was identified as being particularly important. What is also clear is that the social enterprise model could in fact deliver a regime transformation, the evidence suggests that this represents a realistic goal only in tandem with transformative innovation across the regime, including for example, associated changes in practices of consumer behaviour and expectation, and in wider consumer value considerations.

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