

The social economy in Australia: A research agenda

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Abstract

This paper examines the idea of social economy in an era of network governance. In particular, it focuses on recent approaches to social inclusion involving strategic partnerships that combine social and economic objectives. The paper outlines some key themes in both the social economy and network governance literatures, linking them together through the issue of cross-sector joint action. The intention is to highlight the conceptual and empirical challenges this area of research poses. In this regard, we propose some preliminary questions and tentative responses as part of a broader program of research which involves conceptualising and mapping the Australian social economy.

Keywords

Social economy; social inclusion; third sector; network governance;

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Introduction

Current thinking on social inclusion and exclusion has brought to the fore the inter-relatedness of factors involved in disadvantage. Social exclusion is now widely understood as a ‘joined-up’ problem, as a confluence of multiple and interacting factors and effects. As a consequence, ‘networked’ and ‘joined up’ strategies have become prominent in attempts to address the issue by government, and between government, business, and civil society. In public policy, this has seen a growing emphasis on the importance of building social capital and trust for the development of social inclusion strategies, and enriching civil society more generally. The involvement of the third sector—non-profit, cooperative and mutual organizations—is a key aspect of these strategies in policy reforms both internationally and in Australia (see Reddel 2004; Kelly 2007).

Research on these new approaches suggests the relationship between public, private and the third sector is being recast, in particular the strategic partnerships involving government and non-government actors that are aimed at achieving social, economic and environmental outcomes (Considine, 2005; Considine, 2001; Edwards, 2001). In some areas, cross-sectoral partnerships are generating new ‘hybrid’ entities that explicitly span boundaries between social and economic objectives, as well as between traditional third sector, state and private sector domains. These include, for example, the establishment of multi-stakeholder social enterprises—or non-profit distributing social purpose businesses—that formally bring together third sector, local government and local business in support of intermediate labour market programs (Barraket 2008; Gardin 2006). Another example is the Irish social partnerships scheme in which not-for-profit entities have been incorporated to deliver ‘joined-up’

public and third sector services in disadvantaged locales. One way to describe both the traditional field of third sector activity and the emergent field of hybrid activity is as a 'social economy.'

This paper examines the idea of social economy in an era of network governance. While existing definitions of social economy vary, recent approaches to social inclusion involving strategic partnerships that combine social and economic objectives provide concrete examples in need of conceptual clarification. In order to sharpen the analytical lens, the paper outlines some key themes in both the social economy and network governance literatures, linking them together through the issue of cross-sector joint action. A key issue here is how to deal with the conceptual and empirical challenges this field of research poses. In this regard, we propose some preliminary questions and tentative responses as part of a broader program of research which involves conceptualising and mapping the Australian social economy.

Network governance

Over recent decades, traditional forms of social organization have been displaced to varying degrees by new opportunities for citizens to participate at all sort of levels affecting their lives, including in governing processes, services delivery, environmental management, urban development and economic activities. This is indicative of the rise of network forms of governance (Rhodes 1997; Kooiman 2003). There is now a large literature on 'network governance' covering a wide range of interactive modes of governance including policy networks, partnerships, collaborations and other multi-actor interdependencies that generate 'public' decisions, coordinate new forms of joint action, and deliver all sorts of 'public'

services (see Crozier 2007, 2008). In general, these new networks practices are understood to have arisen in response to complex societal issues that are no longer susceptible to the intervention of any single governing agent or agency. As a consequence, new network arrangements can tend to cross all sorts of institutional and sectoral boundaries, and transgress older jurisdictions and domains. This generates far broader capacities for joint action beyond the exclusive control of government, and is sometimes interpreted as providing new opportunities for enhancing citizen participation (see for example, Wagenaar 2007). At the outset then, the critical question this literature thematizes is how new boundary-crossing arrangements may not only ‘get things done’ but also to what degree participation in these arrangements may or may not empower those involved. As part of this general trend in patterns of governance, fresh approaches have emerged to address issues confronting socially and economically disadvantaged communities.

Social inclusion

There are a number of different understandings of social inclusion/exclusion that have led to definitional contestation and problems of precision in measurement (Morgan et al, 2007). However it is beyond our scope here to comprehensively review this debate. For the purposes of our discussion, we draw on Sen’s work (1987; 1999) on social exclusion, which emphasizes the relational features of the deprivation of capability, and the extent to which deprivation is an effect of limited access to resources, rather than limited availability of resources. In operational terms, this means that social inclusion refers to the relational and mediated processes by which people access opportunities for participation in economic, social, cultural and political activities. In popular political discourse, the idea that social exclusion is driven by multiple and

inter-related factors has been used to “legitimize new approaches to government service delivery that claim to deliver far more complex and holistic policy solutions than in the past, through 'partnership' and 'joined-up' government” (Athurson & Jacobs, 2004: 29). In this sense, social inclusion may be viewed as part of a broader repertoire of ‘third way’ policy discourse that includes the third sector as a significant mediator of social, economic, cultural and political participation (Reddel 2004; Kelly 2007).

In public policy practice, this has played out differently in different jurisdictions. In the UK, for example, there has been relatively strong government investment in parts of the third sector, through the establishment of a government-voluntary sector Compact (Casey and Dalton, 2005), and the initiation of a social enterprise development strategy (Barraket, 2008). In Australia by contrast, governments have given relatively little attention to the role of the third sector (Lyons and Passey, 2006), though this is now changing. The recent establishment of a social inclusion portfolio under the Rudd federal government has led to explicit acknowledgement of the third sector in a number of political speeches, along with the announcement of a new compact to articulate relations between parts of the third sector and federal government (see Stephens, 2008). At state government level, South Australia has established its own social inclusion unit, while Victoria and Queensland have conducted inquiries into strengthening their community sectors.

One of the limitations of emerging government approaches in Australia is the lack of quality evidence of the impacts, or even the scope, of third sector activity, third sector-initiated innovation and new models of social enterprise. Fractured regulatory arrangements across federal and state jurisdictions, siloed approaches to data

collection within governments (see Flack & Ryan 2005), and little investment in data collection and maintenance by the sector itself, has significantly constrained the quality and availability of evidence necessary to understand its impacts, needs, and emerging innovations. Significant work carried out by academics in the mid-1990s (see Lyons & Hocking 1996) stimulated some government interest, but has not been routinised as part of national data collection. In addition to the lack of quality data, the literature on joined-up approaches to ameliorating social exclusion has tended to concentrate primarily on the effectiveness of integrated government approaches and the new governance arrangements themselves (see, for example: Geddes & Benington, 2001; Sullivan & Skelcher, 2002; Alcock & Scott, 2002; Plowden, 2003), and have given very little attention to the impacts of networks and institutional innovation initiated by the third sector.

The development of the notion of social economy arguably can assist in redressing these deficiencies and shortfalls in our understanding of these new forms of hybrid social economic activity. At the outset, greater conceptual precision would help to refine the analytical focus on what constitutes social economy activity. This in turn would then add methodological clarity to the generation of comprehensive data on this type of activity and its interpretation.

Social economy

The idea of 'social economy' has its roots amongst nineteenth century French economic thinkers who distinguished social economy from political economy and applied economy, as the 'contribution of the economic sphere to social justice' (Moulaert & Ailenei, 2005: 2040). Recently, the term has gained traction in relation to

welfare reform and the role of the not for profit sector in social and economic life (see Evans & Syrett 2007; Kay 2005). The current social economy literature presents both narrow and broad conceptualizations of the term (Teague, 2007). The broad, and dominant, conceptualization (see e.g. Lyons 2001; Haugh & Kitson 2007) uses ‘social economy’ as a simile for the economic impact of the third sector - including non-profits, cooperatives and mutuals – present in many western democracies. This usage is consistent with traditional continental European definitions, and contests traditional economic conventions of understanding the economy as embedded within a two sector framework of public and private sectors (Haugh & Kitson, 2007: 974). In operational terms, this broad definition underpins studies that measure the aggregate economic impact-including the value of volunteer resources, employment creation and service exchange-of the third sector.

A narrower and more recent use of ‘social economy’ refers to a distinct, albeit internally diverse, subset of the third sector known as social enterprises (Teague, 2007; Oatley, 1999). This narrow application of the social economy language is typically used to describe that subset of the third sector that is explicitly concerned with using economic vehicles to achieve social objectives. This definition has been taken up in policy discourses in Canada, and in academic studies in Europe (see e.g. Evans & Syrett 2007; Kay 2005).

While recognizing that the intent of both the narrow and broad definitions of social economy is to shed light on the contributions and needs of third sector organizations, they are constrained by their continued presumption of distinct sectors as the organizing framework for collective responses to social and economic need. More recent theorizing about the social economy places this field of activity both *within* the

third sector and *across* boundaries between third sector, government and business. Gonzales (2007), for example, positions the social economy within a network approach to understanding social welfare systems in a post-industrial era. She argues that the social economy perspective represents a divergence from both state-centric understandings of welfare in terms of political economy, and mixed-economy approaches that emphasize shared responsibility for social welfare across states, markets and third sectors, proposing ‘a more fluid conceptualization of the third sector as an important nexus of interaction between different principles (i.e. exchange, redistribution and reciprocity) otherwise seen as distinctive characteristics of either [sic] economy, state or community...’ (2007: 198).

Gonzales’ approach is problematic in that it limits the social economy to the domain of welfare, and presents a rather idealized characterization of social economy organisations. Nevertheless, it is useful in testing whether discourses of social inclusion as a ‘joined-up problem’ have given rise to new forms of activity that transgress traditional sectoral boundaries.

This conceptualization of the social economy is consistent with a growing international movement concerned with a ‘social solidarity economy’ (see Moulaert & Ailenei, 2005). The idea of the social solidarity economy places a focus on the range of redistributive activities that support social justice, rather than on demarcating the activities of particular sectors. In an examination of the way practitioners define social economy, Moulaert and Ailenei (2005: 2048) observe that the term is used to signify a ‘wide spectrum reality ranging from market firms with a partially social agenda to purely solidarity firms or [local economic trading systems] where the capitalist market mechanism is completely neutralized.’

Theoretical implications and research challenges

The idea of social economy thus provides a way to begin to comprehend new types of social action involving network modes of operation and issues of social inclusion. In the case of the growing activist support for a social solidarity economy movement especially, there is evidence of increasing permeability of the boundaries between sectors in support of social inclusion through redistributive economics. This is suggestive of the need to give increasing analytical focus to social *innovation* as a process which occurs across sectors, rather than on a functional approach, which conceptualises responses to social exclusion according to presumed structures and roles of state, civil society, business and household sectors.

This presents a number of interesting conceptual puzzles in which prevailing functional categories may need to be reassessed for theoretical and analytical adequacy. For instance, if older functional distinctions manifest in sectoral differentiation are being transgressed in order to overcome societal blockages and dysfunction then this would tend to suggest that at least some reconsideration of the efficacy of these distinctions needs to be undertaken. This type of revision is already occurring in the policy formation literature where the relationship between politics and policy is being rethought, especially in the wake of new patterns of network governance (see e.g. Bang 2007). The forms of social innovation now emerging in the area of ‘social economy’ thus seem to prompt a serious rethink of some of our fundamental categories of social analysis.

On the other hand, the current proliferation of definitions of social economy poses certain analytical challenges for empirical research. In the first instance, the imprecision that prevails about what constitutes the social economy makes it difficult to operationalize research about its dynamics, dimensions and extent. Among other things there is the issue of mapping a social object whose properties are still contested and in some aspects somewhat opaque. This means that there is a need to have a highly reflexive methodological procedure that is alert to how the tools of investigation may be involved in the constitution of the phenomenon as an object of analysis. An illustration of this is the conundrum of where to draw the line between social purpose economic activity occurring as part of institutional innovation and, for example, social marketing to maximise profit for individual shareholders. While the concept of social economy raises new possibilities for conceptualising responses to social inclusion, it also raises new issues about the normative drivers that may or may not be involved in this type of social action. Some current government approaches are predicated on the assumed virtues of both civil society actors and governing through networks. Whether such virtues are well founded needs to be tested in the face of concrete practice. If social inclusion is the normative objective, then there is an urgent need for empirically informed research which interrogates these types of assumptions in the Australian context.

Conclusion

Cross sectoral forms of joint action have emerged in recent years in bids to address a range of system blockages and dysfunction. In some instances these new forms of action have offered new possibilities for increasing levels of citizen participation. In areas of social and economic disadvantage, experiments in social economy activities

are being undertaken that promise novel modes of addressing issues of social inclusion. As in the wider phenomenon of network governance, these experiments tend to involve participants from across traditional functional boundaries in order to generate new capacities and possibilities. Our purpose here has been to outline some of the challenges this specific area poses for research and further experimentation on the ground. This paper represents a starting point rather than a conclusion for research on the social economy in Australia.

[2505words]

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