



# Social entrepreneurship and the negotiation of emerging social enterprise markets

## Re-considerations in Swedish policy and practice

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### Abstract

**Purpose** – Sweden, and many other countries, has, during the twentieth century, developed a rather large public sector providing social welfare services to citizens. Only to a small extent were private for- or nonprofit organizations providing these services. During the last decade we have seen a shift towards more services being provided by private for- and nonprofit actors. This shift means that roles are reconsidered, renegotiated and reconstructed. In this debate social entrepreneurship, social enterprises and innovation are emphasized. The aim of this paper is to problematize and analyze how social entrepreneurship and social enterprises relate to public sector management and governance.

**Design/methodology/approach** – In the paper theories on (social) entrepreneurship and innovation is combined with theories focusing on welfare structures. Empirically, the analysis is based on the current policy development in Sweden and five social entrepreneurship initiatives.

**Findings** – The analysis discloses the relationship between the public sector and social entrepreneurship as negotiation of emerging social enterprise markets in which aspects as the creation of value, dependencies and innovation are emphasized. Even if the study has a geographical focus both theoretical contributions and implications for policy and practice can be of use also in other contexts.

**Originality/value** – Through combining social entrepreneurship with welfare services and public management this empirically based study contributes both to problematize and align the emerging field of social innovation.

**Keywords** Social enterprise, Civil society, Social entrepreneurship, Public management, Public governance

**Paper type** Research paper

### Introduction

The relatively large public sector dominated the provision of social services in Sweden during the latter part of the twentieth century. Private for- or non-profit organizations provided only little and complementary services (Trägårdh, 2007; Wijkström and Zimmer, 2011). A policy shift has however occurred whereby public-sector activities have become subject to competition. This development has rapidly increased the number of public services that are provided by private for- and non-profit actors. Nonetheless, in the case of Sweden, these welfare services are financed by public funding distributed by public procurements and/or through customer vouchers.

Occurring with this shift has been increased interest in social entrepreneurship and social enterprises. Both terminology and implementation in policy and practice remain



fragmented and uncertain, even though the internationally predominant positive connotation ascribing both innovative and noble traits is clear (Gawell *et al.*, 2009). The aim of this paper is to further explore and analyze the roles of social entrepreneurship and social enterprises in society with a specific focus on their interplay with public policies based on a fundamental question: how do we understand the relationship between social entrepreneurship and social enterprises, on the one hand, and policy development in a welfare state, on the other hand? This analysis both investigates policy developments and adopts an actor perspective, represented by case studies in Sweden. In addition, because the topic is discussed internationally, the findings of this study are also relevant for other settings, even if each context has its own unique characteristics.

The paper begins with a presentation of the Swedish context and current policy shifts. This presentation is followed by a discussion of the role of social entrepreneurship and social enterprises in society. Following a methodological account is an analysis of how five entrepreneurial initiatives have responded to current policy changes. Finally, a concluding analysis highlights the major results.

### **The so-called Swedish model and current policy development**

The tradition of organizing different types of social initiatives has a long history. In Sweden, as well as in several other countries, the development of such initiatives has been rather systematic, especially as public welfare structures emerged during the twentieth century under what has been referred to as the Swedish welfare model. This approach has been called the third way or *Folkhemmet* (translated as “people’s home”). This model illustrates what Esping-Andersen refers to as the social democratic welfare regime and is characterized by a general public social security system and a high level of social services provided by the public sector. Social security and social services are primarily funded by a tax system based on individuals’ income and contain redistributive features to facilitate equality between citizens (Esping-Andersen, 1990).

The emergence of a large public sector led to few amenities, such as hospitals, schools and child-care centers, being operated by non-profit organizations during the late twentieth century. However, associations with a broad membership base, leisure associations, alternative educational organizations with roots in adult education and other sectors have compensated in terms of both the number of associations and financial turnover to provide Sweden a non-profit sector comparable to those of other Western countries – but with special characteristics (Lundström and Wijkström, 1997).

To ground the discussion on the correlation of the relatively new concepts of social entrepreneurship and social enterprises to the organization of welfare, this section continues with a review of the Swedish welfare model and the third sector as well as the shift in the public policies occurring since the 1980s. Following this passage is a review of enterprise policies that also relate to the emerging policies on social entrepreneurship and social enterprises.

#### *The Swedish welfare model and the third sector*

*Folkhemmet* was initially a right-wing concept that referred to a place where poor people could have access to public information, newspaper and literature at a reduced

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price. In the 1920s and 1930s, the Social Democratic Party, influenced by a new view of the state that extends beyond solely governing by law to engaging in the organic development of society, adopted the concept and imbued it with a spirit of citizenship focusing on justice, equality, solidarity, humanity and compassion. In 1928 the term *Folkhemmet* was introduced to the Social Democratic parliamentary rhetoric, referring to a welfare society as a good home for all citizens based on consensus and equality (Larsson, 2008). The “spirit” of *Folkhemmet* influenced policies in such areas as housing, education, health care, child care, elderly care and taxation.

The notion of collaborative societal development also included the relationships between industry, labor associations and the state. In 1938, an agreement between the largest workers’ union, Swedish Trade Union Confederation (LO), and the largest employers’ association, today called Swedish Enterprises, was signed. The agreement regulated negotiations on the labor market including both payments and protocols for conflicts. This agreement has since continued to be a model for future agreements and part of the Swedish social contract.

Swedish civil society has also been influenced by these ideas. Some organizations played a vital role in the formation and mobilization of the welfare model. The (religious) revivalist movement, the temperance movement and the labor movements emerging during the late nineteenth century and their organizations became collectively referred to as *Folkrörelser* (translated as “popular mass movements”). As these organizations institutionalized, this term has increasingly been used to refer to a certain type of organization, characterized as having an extensive open membership base, democratic structures, an ideology and at least partly working with advocacy. Even though there are several different forms of non-profit organizations, the popular mass movement has dominated the Swedish understanding of civil society organizations (Hvenmark and Wijkström, 2004). Politics relating to these organizations have often been based on the argument that such organizations foster democracy and support and mobilize social values such as solidarity, humanity and public health (SOU, 2007, p. 66).

A common narrative among several of the established *Folkrörelse* organizations highlights their historical innovative role whereby these organizations identified problems in society and initiated activities to address these problems, primarily with private funds. The next part of this narrative emphasizes these organizations’ advocacy work through which the identified problems were addressed and adapted to the public agenda and, furthermore, were incorporated into public policies and services provided by the emerging public sector during the twentieth century. One example is the Swedish Red Cross, which identified the need for dental care among children. In 1926, the organization instituted dental care through equipped and staffed busses traveling across the country. Meanwhile, the organization lobbied to include dental care for children using public sector welfare services. In 1938, the Swedish government introduced public dental care, allowing the Red Cross to gradually prioritize other needs.

However, the relationship between public policy actors – in other words, the state – and civil society in Sweden is not simple, but is instead characterized by a rather paradoxical political culture (Trägårdh, 2007). The early emergence of a centralized state was grounded in a corporatist state (Heckscher, 1946; Rothstein, 1992) and later combined with an open and democratic society in which citizens had access to political

processes through both formal channels and informal networks (Trägårdh, 2007): public access to official records (offentlighetsprincipen) is protected by constitutional law, there exist procedures for inquiries into government commissions (offentliga utredningar) and for referring public proposals for consideration (remissförfarande), and several less institutionalized councils and advisory groups have been commissioned over the decades. This development has facilitated the participation of many interest groups including organizations that not only work on behalf of but also are founded and operated by people with, for example, different types of disabilities (SOU, 2007, p. 66). These channels have to a large extent been characterized by corporatist unity (Trägårdh, 2007).

*A shifting terminology and reconsidered roles.* In recent decades, the common narrative of popular mass movements has been slightly downplayed as concepts such as *ideell organization/sektor* (non-profit organization/sector) have increasingly been used. On the one hand, the shift in terminology revealed types of non-profit organizations different from the *Folkrörelse* model. On the other hand, the shift facilitated international comparisons, which highlighted the influence of the *Folkrörelse* characteristics of the Swedish non-profit sector (Lundström and Wijkström, 1997).

The conceptualization of the social economy has also been introduced in the Swedish context (Swedish Ministry of Interior, 1998; Swedish Ministry of Culture, 1999). The influence of co-operative principles in the discourse on the social economy had more in common with the traditional *Folkrörelse* model compared with some of the other organizational models and traits within the non-profit sector, such as charity organizations without open democratic membership structures. In fact, the term charity was even taboo in the Swedish context for decades, having been associated with inequality and unfair dependency.

Since the turn of the millennium, the concept of civil society has had a large impact in practice as well as in research (Amnå, 2005). In 2009, the government launched a bill on policy for the civil society in which references to both the above-mentioned concepts and newer concepts such as idea-based organizations, social entrepreneurship and social enterprises are made (Prop, 2009/10:55). However, the new concepts do not replace former perceptions and characteristics in politics or in practice. These existing components are transformed into new or renewed applications. At times, this shift appears as “the emperor’s new clothing”. However, the specific traditional characteristic has to a certain extent diminished, which has also provided space for different interpretations. At times, there can be several competing arguments regarding the role the welfare state, the third sector and individuals (Trägårdh, 2007).

*Public services subject to competition and enterprises entering the welfare scene*

The 1980s witnessed increased discussion on the role of competition as a tool for development. This increase was followed by a deregulation of the financial sector in 1985, public procurements of rail transports in 1990, a deregulation of the telecom sector in 1993 and electricity distribution in 1996. During this period, a school reform occurred in 1992 that aimed to balance the conditions between public and private schools, which led to the possibility of having almost equal rights to public funding for private schools (tuitions or other types of private funding are not allowed in primary schools and severely restricted in higher education, which is primarily publically

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funded). A law on public procurements was passed in 1992 as part of reforms related to Sweden's accession to the European Union in 1995. During the 1990 s, health care, elder care and other related types of welfare services became subject to competition. Due to the independent governance structure of municipalities that have extensive responsibilities over many of these services, the timing and degree of privatization have differed in different parts of the country ever since. These changes were made both under Social Democratic-led governments (1982-1991 and 1994-2006) and liberal/conservative-led governments (1991-1994 and 2006-present).

These policy shifts meant that private actors were invited to bid on contracts or to offer their services within client-choice models. Within the renewed public system, competitive neutrality was emphasized with the aim of not influencing market conditions. However, the procedure of procurements and the size of contracts alone made it difficult for many small enterprises as well as non-profit actors that were not as familiar as larger or multinational enterprises with the language of tenders and quotation to compete.

*Labor-oriented and (neoliberal) growth-oriented enterprise policies.* The current development of policies for social entrepreneurship and social enterprises also draw on what today is called enterprise and innovation policies, which thus are also of interest. These policies have to a large extent developed in parallel with social policies and policies for civil society.

Industrial policies emerged primarily out of financial and trade policies. In addition, policies concerning infrastructure relating to both physical transport as well as wired and later also wireless communication have played pivotal roles. In Sweden, both labor market policies have had a strong position and an explicit influence on industrial policies. Sweden's Ministry of Industry was founded in the late 1960 s. During the 1980 s, policies with a focus on small businesses emerged, and during the 1990 s, entrepreneurship also attracted attention. The Ministry of Industry was later renamed the Ministry of Enterprises. Ministry of finance and Ministry of international affairs are important agencies for the government's policies related to enterprises.

The strong influence of labor policies on industrial policies continued until the mid-1990 s, when labor market arguments almost faded from industrial policies amid the explicit emphasis on financial growth through efficiency and productivity, innovations and market development. Neoliberal deregulation and lower taxes were regarded as the fundamental tools for growth. It was the liberal/conservative government of 1991-1994 that articulated these new goals even if this development continued with the Social Democrat-run government starting in 1994. During the current liberal/conservative government (2006-), labor market policy has been reintegrated into enterprise policies. Labor market aims now tend to be expressed as complementary to growth policies and as a defense of sound public finances.

The focus on economic growth also prompted references to the third sector and it almost vanished from national or regional strategies. Instead, such strategies highlighted competitiveness and commercialization. However, in recent years, there has in this economic discourse been renewed interest in civil society as "putty" in society, as creators of social capital facilitating financial growth, or as important actors advancing the development of innovations (Swedish Government Statements, 2008, 2012a).

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*Policy attention to social entrepreneurship and social enterprises*

Interest in social entrepreneurship and social enterprises has emerged among politicians and civil servants. However, the expressions and implementation of this interest are fragmented. No clear, generally accepted definitions of either social entrepreneurship or social enterprises exist, even if there are specific criteria connected to some policy initiatives, such as the Ministry of Enterprise's efforts to support the development of work integrating social enterprises (WISE). The Swedish government officially referred to social entrepreneurship (or, more precisely, "entrepreneurship in the civil society") for the first time in a governmental bill on Policy for Civil Society in 2009 (Prop, 2009/10:55). This term relates to social entrepreneurship, societal entrepreneurship, social economy and social enterprises. However, no suggestions were made regarding specific legal structures, subsidies or other benefits related to this type of venture. Some of these concepts, especially that of civil society, were for the first time also recognized and even highlighted in the government's 2012 innovation strategy, which is an important document for the coming work at the national level as well as at the regional level, for example as inspiration for the development of regional strategies.

Even if the "social" component of social entrepreneurship and social enterprises relates to other policy areas, it is in the field of enterprise and innovation policies that the increased interest is explicitly expressed. In addition, the "social" component is addressed in rather general terms as "contributing to meet societal challenges" [author's translation] (Swedish Government, 2012b).

**Social entrepreneurship and roles in society – a motley and ambivalent field**

The review of the Swedish setting indicates a complex interplay between politics and other factors such as ideological trends, economics and institutional structures. The field of social entrepreneurship departs from an actor perspective, focusing on change and paying little attention to structures (Gartner, 1988; Schoonhoven and Romanelli, 2001). With regard to roles in society, for instance in relation to different aspects of social welfare, social entrepreneurship meets structures and theories emphasizing an institutional approach that focuses instead on continuity (Garud *et al.*, 2007). However, even if these theoretical perspectives partly form an ambivalent, even ambiguous, framework, both approaches represent parts of the dynamic in society commonly referred to as development.

*Emphasis in theories on social entrepreneurship and social enterprises*

Entrepreneurship theory has been primarily embedded in economic discourse and focused on business start-up and development (Hjorth *et al.*, 2003), even though entrepreneurship, regarded as a dynamic force in which ideas are implemented in novel ways, is evident in all spheres of society (Schumpeter, 1934; Swedberg, 2000, 2008). Theories of social entrepreneurship have drawn substantially from the field of entrepreneurship research, but the dynamic process is primarily related to the social sphere, taking different forms inspired by the for-profit, non-profit and public sectors (Hisrich *et al.*, 2000; Dees, 1998; Mair *et al.*, 2006; Nicholls, 2006; Perrini, 2006; Gawell, 2006).

However, the current discourse on social entrepreneurship has been strongly influenced by development in the US and the UK during the 1980s and 1990s

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(Leadbeater, 1997; Dees, 1998) as well as by several resourceful key actors and their view on social entrepreneurship (Nicholls, 2010). The ideal type that appears to dominate the literature focuses on hero entrepreneurs, who contribute to community development and replace the public provision of common goods through the use of business models (Nicholls, 2010).

Other views are also apparent, such as the co-operative-based tradition that studies ventures with social aims under the headline of social enterprises (Borzaga and Defourny, 2001; Borzaga *et al.*, 2008). In this stream of research, a collective process approach and democratic governance structure based on membership rather than capital ownership are emphasized, as is a collaborative but still independent relationship with public welfare provision (Nyssens, 2006). This collective approach is also found in a stream of research using the concept of societal entrepreneurship (Gawell *et al.*, 2009). Despite terminological differences, work on both social entrepreneurship and social enterprises addresses expressions of social engagement combined with entrepreneurial action and the constructs of enterprises as means for operations.

#### *Ventures embedded in different types of welfare models*

The concepts of social entrepreneurship and social enterprises relate to how societies are organized and specifically to how social services are provided in different models. Social entrepreneurship and social enterprises often appear to provide services on behalf or in lieu of public efforts. These phenomena also relate to political concerns such as the articulation of interests, shaping structures for social engagement, and civic participation, especially in spheres where social needs are at stake. However, the manner in which social needs are addressed and political structures are organized differs between countries. Esping-Andersen (1990) has identified, apart from the Social Democratic welfare regime referred to above, liberal and conservative welfare regimes. In the liberal regime, markets are regarded as the primary distributor of resources and services. Many women and immigrants are employed in a low-paid market-based private service sector that, for example, provides child care or household services. Non-profit organizations interact with the dominant market-based structures and rely on donations, grants and voluntary engagement. The UK and USA are considered to be examples of liberal welfare regimes.

In the conservatory welfare regime is, according to Esping-Andersen (1990), based on corporatist principles emphasizing the individual's role in his or her work life. One's economic and social status depends heavily on one's occupation and position in the labor market. The role of the family is emphasized, which leads to a relatively low rate of women in the labor market. Charity organizations primarily run on a voluntary basis. They tend to have an active role prioritizing beneficiaries of social services. Germany and Italy are two common examples of such regimes (Esping-Andersen, 1990).

These different welfare models provide different contexts for social entrepreneurship initiatives and social enterprises. The models are however not rigid and at times they are influenced by similar trends such as the so-called new public management (NPM) that has been noticeable since the 1980's. Based on strong influences from private-sector managerialism, NPM increased demand for efficiency in the public sector through market adjustments including sales and charge systems and

the decentralization of financial responsibilities (Osborne, 2009). This led to more market-like relationships between organizational units in the system.

Meanwhile, there has also been an increased interest in participatory citizen involvement as a response to a perceived “democratic deficit” and difficulties faced by governments in controlling the implementation of policies (Pierre and Peters, 2000; Newman, 2005; Osborne, 2009). Efficient public decision-making, on the one hand, and participatory collaborative governance, on the other hand, are both part of the context that social entrepreneurship and social enterprises currently are embedded in.

#### *Roles constructed in practice*

Societal roles are not given, even if some are institutionalized and therefore resistant – but not immune – to changes. The roles of the public sector, non-profit organizations, business and the private sphere vary. They are constantly (re)constructed, often similarly to earlier practices, but innovative changes may be made. Entrepreneurship is ascribed to play a part in these changes, from a rather radical role, according to Schumpeter (1934), to an active organizing role, according to Kirzner (1973).

However, entrepreneurial initiatives potentially leading to the creation of new enterprises are heavily interdependent with their context. This interactive process containing cognitive, literate, social aspects as well as highly practical aspects such as legal forms, financial means, infrastructure and facilities may be smooth but can also be complicated, frustrating, chaotic and almost impossible. This process is influenced by established practices and more or less intentionally set goals, and in entrepreneurial processes, creation appears to occur through action (Hjorth *et al.*, 2003; Sarasvahty, 2001).

The intricate interplay in which policy development, entrepreneurial initiatives and social enterprises participate leads to questions concerning the roles of social entrepreneurship and social enterprises. However, before conclusions are drawn, attention will be paid to experiences from entrepreneurial initiatives that have led to different types of social enterprises.

#### **Methodology**

This paper is based on a study on policy development in Sweden and studies on social entrepreneurship initiatives within the same setting. This method was developed using social science terminology and the narrative approach to organizational and entrepreneurship studies (Czarniawska, 1998, 2004; Silverman, 2001; Steyaert, 2004). The empirical gathering of material that has been transformed to data has been conducted since 1997 through participatory observations with interactive features, semi-structured interviews and analysis of a variety of documents (including documents dated before 1997). More specifically, the empirical foundation of this analysis may be divided into a study of policy development in this field and a study of entrepreneurial cases operating within this context.

The systematic gathering of empirical material describing policy development began with participation as an expert in an official working group relating the concept of the social economy to the Swedish setting (see Swedish Ministry of Interior, 1998; Swedish Ministry of Culture, 1999). This activity was followed by participation as expert in an official investigation of the popular mass movements (SOU, 2007, p. 66) that highly influenced the government’s bill on policies on civil society (2009/10:55). In

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addition to these assignments, empirical material was gathered through participation as an expert in the development of a programme for work integrating social enterprises (Swedish Agency for Economic and Regional Growth), a mapping of social enterprise funding (Swedish Agency for Growth Analysis) and work with a Swedish “compact” between the government, municipalities and idea-based organizations with a focus on health and social matters (the so-called Överenskommelsen). Prior and parallel to these assignments, work within the field of policy development related to small businesses, entrepreneurship, industrial development and growth has provided a wide universe for the selection of what to include in this study and the selection of sources/references. The data sources in this study rely on official material.

A total of five cases have also been included in this analysis. These cases have been selected out of a population of 145 studied initiatives. Because there exist no adequate statistical data (no specific social enterprise law or other definition of social entrepreneurship that is statistically traceable), the population has instead been based primarily on actors that have received project grants from two major funders in this field (the European Social Fund and the publically managed Swedish Inheritance Fund); four cases unrelated to these funds have been added to the population to provide specific complementary aspects. The selection of cases was conducted in two steps. First, ten cases were chosen for in-depth analysis because. Second, of these ten cases, the five included in the analysis presented in this paper were selected. The selection of cases is therefore based on a broad population and chosen because they represent areas where shifts may currently be observed in practice and in policy debates and, for one case, because it adds an innovative perspective at more than just an organizational level. The cases represent slightly different fields that provide a certain dynamic to the analysis. The cases were studied during 2009-2012, except for Attac’s study, which was conducted in 2001-2005 with a follow-up analysis in 2010.

The interpretive analysis is conducted in what may be described as three steps. First, the gathered material is summarized to contribute to an overview of the field. This step, which Hernadi (1987) has described as explication, aims to understand the texts in a semantic way (Ecco, 1990). In this study, the explication step is grounded both on documents and on observations. The second step of the analysis is in line with what Hernadi (1987) calls explanation, in which the texts are examined with the aim of detecting the manner of expressing content with the eye of a critical or semiotic reader (Ecco, 1990). Finally, the analysis is presented as a constructed text, which includes elements of exploration according to Hernadi’s “triad” (Hernadi, 1987).

### **Entrepreneurial initiatives’ responses to the policy debate**

In this section, the entrepreneurial initiatives included in this analysis are presented, and a short account of their response to current policy development is provided.

Fryshuset ([www.fryshuset](http://www.fryshuset)) was launched in 1984 as a response to youth riots in Stockholm. New groups of young people, many of whom were from the suburbs, did not join established youth organizations. Many were frustrated and became “troublemakers”. The initiative of channeling their frustration into constructive engagement to improve their living conditions was led by individuals who joined forces with the YMCA as well as people seeking music facilities. Fryshuset has grown since then and is now a well-known non-profit foundation with an explicit anti-violence approach. The initiative conducts social projects and sport and leisure activities,

facilitating rehearsal possibilities and arranging concerts. In addition, Fryshuset operates an upper secondary school and currently employs over 400 people. Fryshuset not only adopts but embraces the new language of social entrepreneurship. In fact, some of the respondents prefer the action-oriented social entrepreneurship discourse than a label as what they call ever-talking traditional associations or bureaucratic public administrators. Fryshuset constantly struggle to find resources, even though they also “ride the wave” of privatizations in the field of welfare services. They also struggle with routines of procurements as well as the detailed contracts preventing them from working in the way that they find most suitable or efficient.

Another case under study is Criminal’s Return to Society (CRIS). The organization was launched 1997 by former criminals and/or drug abusers ([www.kris.a.se](http://www.kris.a.se)). The society’s core is a membership-based association open only to those individuals who “share a background” and want to change their lives. This organization combines principles of honesty, comradeship and solidarity with a strict position against making available drugs including medical treatment with methadone and other similar substances. Apart from visits to prisons to inspire convicted individuals and the core of the comrade association, CRIS also operates outpatient care and different types of housing projects, which relate to the discourse on social entrepreneurship and social enterprise. The organization even operates a training program called “Creative Honest Entrepreneurs”, which aims specifically to develop a new organization and to increase members’ ability to create and hold jobs. Regarding its core activities, however, this organization is more reluctant to adopt the language of entrepreneurship and enterprises. Members emphasize that these activities rely on interpersonal man-to-man relationships (most of members are men) that are impossible to replace with notions of commerce. Members also emphasize the difficulty of funding the long-term daily support required by some members due to a long history of severe dysfunction, which is often combined with social and/or neuropsychiatric disabilities.

Vägen ut! ([www.vagenut.coop](http://www.vagenut.coop)) was founded in 2002 as a collaboration between public actors managing labor-related and social work program in Gothenburg (the second largest city in Sweden) and co-operative advisors. The initiative was funded by the European Social Fund (ESF). Today, Vägen ut! is a consortium with ten work integrating social enterprises (WISE) affiliated with the co-operative moment. Vägen ut! is also active in national and transnational initiatives to promote the development of WISE.

Another initiative aiming to develop WISE as a tool for work rehabilitation and integration of long time unemployed people to the labor market is Kuling ([www.kulturarvet.se](http://www.kulturarvet.se)). This initiative was started by a municipality in central Sweden (Falun) in 2008 and was also funded by ESF during its first three years of operation.

Both of these initiatives heavily favor the development of WISE as a means of work training and, if necessary, to provide jobs that are tailored more to individuals’ needs compared with work offered in the ordinary labor market. These initiatives highlight their flexibility combined with a holistic approach and a focus on each individual’s needs as well as micro-level methods of communication that empower people who many times have experienced exclusion for a long time. These initiatives stress participation and aim to offer partial ownership. However, for most attendants, participation is dependent on the leaders’ good will.

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Vägen ut! relates closely to the enterprise discourse and emphasize the possibilities for the long-term unemployed to become less dependent on public welfare benefits. Kuling, however, relates more closely to the discourse on work rehabilitation, individuals' right to adjustments and fair conditions related both to expected work output and to business risks borne by everybody. They have chosen to explore the possibilities of WISE as a potential solution but raise arguments beyond the enterprise discourse related to the overall conditions for people with different types of reduced working capacity. Kuling stresses the need for decent long-term conditions, even for participants who for different reasons are relatively passive and quiet.

Yet another case studied is Attac Sweden. This entrepreneurial initiative was inspired by the global justice movement that attracted extra attention during the late 1990 s and early 2000 s. The Swedish organization describes itself as a "party-political independent network aiming for global justice and democracy" ([www.attac.se](http://www.attac.se), author's translation) and was launched in 2001. This organization does not provide welfare services, instead focusing on advocacy "for another world" based on solidarity. The organization rejects for instance the notion of regarding basic resources that everyone needs, such as water, as trade commodities. Members argue that such resources should instead be viewed as an extended human right. In addition to opposing the dominant economic development discourse, it emphasizes statutory rights on the freedom of speech and the freedom to organize. This organization's approach to social engagement targets systemic change rather than specific social services. Therefore, this initiative may be specified as activist entrepreneurship or political entrepreneurship.

### **Concluding discussion – negotiating emerging social enterprise markets**

The issues addressed by social entrepreneurship, social enterprises or public welfare actors are not simple or easily translated into services of any type. We have observed how attempts to cope with and manage these issues have been executed in slightly different ways over time. This study is based on Sweden but we know that even if it varies between countries some influences are global, such as the focus on competition and financial growth during the last decades.

The policy shift enabling public activities to be subject to competition has facilitated arenas for more private service providers while rendering the relationships between public and private actors more market oriented. Calls, tenders, client-choice models, contracts and invoices dominate practice. But in spite of the privatization of service provision, welfare services remain publically funded in Sweden. Municipalities, county counties or the government, depending on type of issue at hand, have the overall responsibility and the role of orderer/buyer or rule setter for client-choice models. This follows on years of management by objectives and refined auditing within public management, which means that routines build on extensive administrative routines.

Meanwhile, the people who are to benefit from the different initiatives are given the role of and are at times also considered to be customers. As customers, however, they have somewhat limited power. Through the public procurement system, public authorities determine what these beneficiaries are offered. Under client-choice models, beneficiaries may choose between different actors but are restricted to what public authorities have specifically decided to fund. The specification and ensuing auditing relate to the new public management, even if the client-choice systems by connotation

may be associated with a higher degree of variety and even influence on the governance of the different welfare services.

The publically funded system provides however means that not everyone would necessarily have access to individually. The case studies emphasize the marginalized condition of many citizens, whose needs are seldom met by an ability to pay, which, combined with a willingness to pay, are conditions to translate needs into market demand in economic terms. The implementation of such system features financial empowerment for individuals with little economic capacity who in other welfare regimes would be served by philanthropists or charities. This study reveals indications that the level of this financial empowerment is low and at times perceived to be insufficient – specially by those who work with people with great needs for support and/or adjustments, even if some enterprises operating in the publically funded health care or education system have reported remarkable profit. However, this study does not provide hard data on empowerment with which to compare the expressed experiences.

*Acting in line with and beyond the dominant transformation*

The analysis of the cases in relation to the policy development included in this study indicates close ties between what policy makers promote and demand on the one hand and what is perceived by entrepreneurial initiators as necessary targets of action on the other hand. Some of the cases “fit” well – even very well – with public authorities wishing, for example, to integrate the long-term unemployed into the labor market. This perspective is compatible with Kirszner’s (1973) view on entrepreneurs as alert organisers and a creation of value in accordance to what is “demanded” and thereby valued by the system. The studied cases all illustrate this aspect to a greater extent (the initiative for youth, the work integrating social enterprises as well as Criminals’ return into society), or to a smaller extent (in the case of Attac). Attac’s mission opposes the dominant politics, even if the initiative corresponds to a public desire for young people’s engagement.

Nonetheless, the initiatives that appear to be in line with the dominant policy trends raise issues beyond “what is asked for”. CRIS, for instance, disagrees with public policy on the medical replacement of drugs. They argue that people should instead be helped to stop using and to find ways to live with the difficulties faced by many, even if doing so is more strenuous and costly than the alternative. The other organizations studied generally do not oppose this development, even though they raise critical questions on behalf of their target groups as well as questions regarding conditions for their type of venture. And they do argue, more or less explicitly, that they are able to provide better services to their beneficiaries than the public sector has been able to first and foremost by “doing the right thing” and, beyond that, meeting beneficiaries face-to-face as fellow human beings rather than as official public servants.

As in the narrative on the roles of popular mass movement organizations, the studied entrepreneurial initiatives and the social enterprises that emerged out of these initiatives contribute with arguments of what issues are to be addressed and how to do so. The cases that stand out behave largely in line with the dominant development, even if they also highlight some oppositional arguments as well as arguments that are beyond the field of public policy. Their services are thus also valued, at least rhetorically, in terms of the dominant discourse. Initiatives opposing the dominant

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discourse of development, in this article illustrated by the case of Attac, are not necessarily ascribed the same value-creating role within the existing frames. However, there are other examples, such as civil rights movements, labor movements, feminist initiatives, etc., that in analogy with the global justice movement have aimed to change the system, only later being recognized as creating value according to a newer system's valuation criteria. This more radical innovative aspect that these initiatives at least aim for is more in line with Schumpeter's (1934) view on entrepreneurship in which established orders are changed.

### *Negotium*

Within policy discussions and the discourse on social entrepreneurship as well as social enterprises, there are arguments raised that these types of ventures signal a movement away from a dependency of public grants for individuals and for organizations. The analysis of the Swedish case confirms a shift from the dependence on public grants and services provided by the public sector. However, this analysis also reveals an increased dependence of market conditions, which are to a large extent set by public policies and the implementation of these policies. As all enterprises are dependent on their customers, this dependence has changed in character rather than decreased, and the social enterprises under study all aim to explore what the actual conditions for individuals and for ventures in these areas are. The form as such is not highlighted by these enterprises as the most important, even if it is relevant for everyday practice.

A second set of questions revealed in this study concern priorities and control over resources beyond what is arbitrarily set by policy makers, civil servants, or, from the beneficiaries' point-of-view, relatively resourceful entrepreneurs unless the entrepreneurial initiative has strong bottom-up representation and even bottom-up ownership. This question relates to the traditionally relatively strong bottom-up and self-organizing approach of, for example, people with disabilities, which may represent themselves instead of relying on others' initiatives. The study indicates that the question of representation and social entrepreneurship as a channel for peoples' own representation and/or beneficiaries' dependency on entrepreneurs requires further analysis, even though these ventures act "on behalf of" their specific target group. In the case of CRIS, the entrepreneurs are part of the target group. In other cases, the entrepreneurs act in close dialogue with – but still "on behalf of" – the target groups.

These ventures are arguing for their sake. The Latin "negotium" may be translated as business, affairs, employment, trouble and pain. It is also related to "negotiations". These aspects are all central in the current implementation of a discourse on social entrepreneurship and social enterprises in practice as well as in policy development. However, the negotiations are not explicit and perhaps even overshadowed by promising rhetoric and positive connotations. From the entrepreneurship and enterprise perspective, the role of actively delivering valuable services (Kirzner, 1973) is combined with arguments conveying beliefs of market solution and assumptions of the innovative force of entrepreneurship (Schumpeter, 1943). Meanwhile, the public-sector perspective emphasizes forms of public management and governance (Osborne, 2009). The Swedish narrative indicates a shift from public governance framed by ideas regarding the "third way" and Folkhemmet. This approach was later replaced by ideas expressed in line with the so-called new public management, which

aims for efficiency, and a new public governance that is framed primarily by a growth-oriented discourse.

Even if the emerging discourse on social entrepreneurship and social enterprises does not explicitly address the negotiation of values or priorities or even the explanatory connections provided by different models, this study reveals a negotiation of emerging markets in which both services but also relationships are negotiated. Both individual private initiators, as well as public policy makers and administrators of public bodies are involved, though not always in a transparent or coherent way. In addition, even if this study is limited to policy development and a finite number of cases, there are indications that this negotiation extends beyond social entrepreneurship and social enterprise initiatives. Different groups of people (with varying degrees of organization) engage and raise arguments in this debate, and this study indicates that the power relations between the involved actors are intricate and far from equitable.

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