Abstract
Social enterprise has emerged as a viable strategy to address increasingly complex social problems. Despite the field of social work’s commitment to solving social problems, it has been absent from the growing social enterprise movement. This paper describes the compatibility between social enterprise and social work. Furthermore, the argument is made that social workers have an ethical responsibility to play a role in shaping the growing field of social enterprise.

Keywords: social enterprise, social entrepreneurship, business, nonprofit, social work

Introduction
A new approach to addressing social problems is garnering mainstream attention in the United States: social enterprise. Social enterprise—the use of business strategies to address social problems—has emerged as a vehicle that blurs the traditional boundaries separating for-profit, non-profit and government sectors. The Harvard Business Review heralds it as the beginning of a new era, where “for-profit businesses are tackling social and environmental issues, nonprofits are developing sustainable business models, and governments are forging market-based approaches to service delivery” (Sabeti, 2011). Although it remains to be determined whether the rise in social enterprise will deliver long-term, sustainable social change, the interest and energy the movement has mobilized is cause for celebration. Infusing social work values, theory, and practice within the larger context of social enterprise offers social work professionals an opportunity to advance the field’s goal of addressing social problems while working collaboratively across disciplines.

Insofar as social enterprise and social work both seek to address social problems, it might be expected that social workers would welcome this mainstream interest in finding creative solutions to society’s most urgent problems. Indeed, a few scholars have emphasized the natural and complementary intersection
between the two fields (Gray, Healy & Crofts, 2003; Germak & Singh, 2009; Berzin, 2012). Despite an
overlap in mission, the field of social work is not visibly present in the growing movement of social enter-
prise. The major players in the developing field of social enterprise primarily have backgrounds in busi-
ness, public health and public policy. The purpose of this paper is to argue that there is congruence between
social enterprise and social work, both in skills and values. Furthermore, it is the social work field’s ethical
obligation to be an audible voice in guiding the direction of social enterprise. First, social enterprise will
be defined. Next, the current state and challenges facing the field of social work will be discussed. After
considering the factors leading to the rise of social enterprise, its compatibility with social work skills and
values will be outlined. Finally, recommendations for how the field of social work can engage in the social
enterprise movement will be made.

What Is Social Enterprise?

There is no consensus on a singular definition of social enterprise, which is often used interchange-
ably with the related terms social entrepreneurship and social business (Thompson, 2008). A description of
the activities most commonly referred to as social enterprise will be helpful to illustrate the intended meaning
of the term throughout this paper. The broadest interpretation typically refers to the use of business strategies
to address social problems, such as unemployment, homelessness or poverty. These strategies include gener-
ating earned-income from the direct exchange of products or services, community development and financing
operations, and creating employment opportunities for populations who traditionally have difficulty entering
the workforce (Social Enterprise Alliance, n.d.). A single social enterprise may use a combination of strategies
to accomplish its social mission. For example, FareStart in Seattle serves meals to those in need while provid-
ing culinary job training and placement for homeless individuals (FareStart, 2009).

Lyons et al. (2009) explain that social enterprise may refer to income earning activity that exists
within a larger non-profit or to a for-profit business that generates income to advance a social mission.
The perspective of this paper is consistent with the view that the social mission must be the driving force
behind the venture when referring to the term social enterprise. Corporate responsibility programs, for
example, seek to reduce the damage an enterprise may have on the environment or local community, but a
social mission is not the driving force behind the business’s core activities.

Although there is rapidly growing interest in the potential for social enterprise to solve contemporary
social problems, the concept itself is not new. Consider Goodwill Industries, which may be best known as a
chain of retail stores that sells donated, used goods. The revenue generated by Goodwill’s storefronts supports
the organization’s ability to provide job training, employment placement services and other community-based
services. Similarly, Gray et al. (2003) assert that social workers have used social enterprise in the area of com-
munity development for decades. Some of the misconception around social enterprise being a new concept
is related to various fields’ indiscriminate use of terminology. In fact, the business-leaning language used in
mainstream conversations about the application of business strategies to address social problems may be a
barrier to entry for social workers for whom business jargon does not resonate.

Within the public sector, little distinction is made between social entrepreneurship and social en-
terprise. Although this paper draws heavily from sources that refer to social entrepreneurship, the author’s
sole use of the term social enterprise is intentional. It is not within the scope of this paper to discuss
the current debate over the aforementioned terms, however readers who are interested in the author’s rationale
to avoid using the term ‘social entrepreneurship’ should refer to Martin and Osberg’s (2007) article “Social
Entrepreneurship: The Case for Definition.” For the purposes of this paper, the term ‘social enterprise’ and
‘social entrepreneurship’ refer to analogous concepts.
The Current State of Social Work

Before considering the place of social workers in social enterprise it is necessary to discuss the rapid changes taking place in America’s social, political, and economic landscape. Changes in national healthcare policy, technological advances, continued recovery from the economic recession, and systematic inequality illustrated by the class divisions and the police brutality in Ferguson and Baltimore all highlight the challenges facing Americans today. In addition to the challenges affecting society more broadly, specific factors have contributed directly to changes in social service provision in the United States. Key challenges include decreases in funding for social services, increasingly strict accountability requirements by funders, and increasing demand for social service provision (Berzin, 2012).

Social work practice is affected by the current transformations taking place in the welfare sector. Germak & Singh (2009) state that changes in American policies have resulted in the responsibility for social welfare being shifted from government to non-governmental organizations (NGOs) or contracted out to for-profit service providers. The result of outsourcing social service provision to NGOs has been a growing nonprofit sector, and thus increasing competition for limited funds (Hasenfeld & Garrow, 2012). From 2002 to 2012, the number of nonprofits registered with the IRS grew 8.6 percent, to a total of 1.44 million (National Center for Charitable Statistics, 2014). At the same time, charitable giving has not risen to the level it was at before the recession, a high of 348 billion dollars in 2007 (National Center for Charitable Statistics, 2014).

Increased pressure for social service providers to demonstrate measurable outcomes has also affected the social work field (Gray et al., 2003). While the growth of evidence-based social work practice is positive in that it advances knowledge of what works and increases the legitimacy of the field, it has implications for the competencies required of social workers. Current trends in the nonprofit sector suggest that social workers are spending significantly more time budgeting, grant writing, and evaluating programs. In addition to being tied to specific outcome requirements, external funding for NGOs whether through grants, government contracts, or philanthropic donations often has restrictions on use of funds (Gray et al., 2003). For example, many government grants must be directly used for programs and cannot be used for operating costs or overhead (Germak & Singh, 2009). Articles such as “The Nonprofit Starvation Cycle” (Gregory & Howard, 2009) capture the daily reality facing professionals who work in human services: program futures are often uncertain and dependent on time-limited grants, leading to disruption and gaps in services. In the case of earmarked donations, an organization might have funding for programs but be unable to keep the lights on or pay staff members. Caseworkers are often posed with seemingly impossible challenges such as balancing lack of resources with pressure to obtain measurable outcomes.

The current social and political climate has increased the need for trained social workers within a variety of service delivery systems. Amidst the challenging conditions facing the field of social work, demand for social services is growing (Germak & Singh, 2009). In many cases social workers are being asked to do more with less (Gray et al., 2003). The Bureau of Labor Statistics predicts employment opportunities for social workers to grow 19 percent from 2010 to 2022, faster than average for all occupations (2014). It has been observed within the field that social work educators are “continually challenged to provide professional training which effectively prepares students for the ever-changing and increasingly demanding contemporary practice context” (Mirabito, 2011, p. 245). In order to develop the capacity of future and established social workers, the field must be engaged in public discourse about how to address increasingly complex social problems (Wuenschel, 2006). Growing service delivery needs, coupled with contextual shifts in social service provision, creates a need for linkages between social work and social enterprise practices in order to effectively address contemporary social problems.
In the face of these challenges, social enterprise has emerged as a viable strategy to address our country’s increasingly complex social problems (Germak & Singh, 2009). Despite social workers typically occupying the realm that has been most challenged by contemporary changes in the political, economic and social landscape, the field as a whole has remained fairly absent from the growing social enterprise movement (Gray et al., 2003; Germak & Singh, 2009). Berzin (2012) notes that mainstream conversations about social enterprise have been dominated by the fields of business and public policy. Business schools have been most active in offering curriculum and professional development opportunities related to social enterprise (Berzin, 2012). The purpose of this paper is to argue that there is congruence between social enterprise and social work, both in skills and values. Additionally, the field of social work has an ethical responsibility to engage in the public discourse about social enterprise as viable means for addressing social problems.

Social Enterprise and Social Work

Insofar as social enterprise and social work both seek to address social problems, it might be expected that social workers would welcome this mainstream interest in finding new solutions. Despite an overlap in mission, and in spite of the noted challenges facing social work practitioners, the field of social work as a whole has not directly engaged in the mounting public discourse on social enterprise. Some individuals within the field of social work have addressed the question of whether social work and social enterprise are compatible. Berzin (2012) argues that the link between social work and social enterprise should be strengthened. Germack and Singh (2009) argue that it is time for social workers to embrace social enterprise, noting that business activity is both compatible with social work principles and already a necessary part of running a nonprofit agency. While Gray et al. (2003) agree with Germack and Singh (2009) that social enterprise could potentially improve the quality and extend the reach of social services, they caution that it should not be viewed as a replacement for government involvement in providing social services.

Some social workers, however, assert that social workers have no business getting into business, be it social business or not. Entrepreneurial voices have expressed similar sentiments (Cameron, 2010 as cited in Berzin, 2012), stemming from the view outside the field that social workers are embedded in bureaucratic systems and contribute to maintaining the status quo. Both stances illustrate how misconceptions surrounding the language of social enterprise and entrepreneurship have discouraged social workers’ engagement in this growing field. Criticism within the field questions whether social enterprises are empty marketing ploys with little intention of creating real social change, instead taking advantage of the increasing importance consumers put on social responsibility. The view that social work and business acumen are antithetical, however, fails to acknowledge that social workers are increasingly required to consider business issues of service administration, reimbursement and funding (Mirabito, 2011). Indeed, it appears that by working together social enterprise and social work could bolster their common goal of addressing social problems.

Gray et al. (2003) identify three reasons social enterprise is receiving so much attention. First, transformations in the welfare sector are changing how social service provision in the United States is organized. The introduction of the New Deal by President Roosevelt in the 1930s defined the government’s role in providing assistance to impoverished Americans (Hasenfeld & Garrow, 2012). Numerous social welfare programs were created in response to the Great Depression including Aid to Families with Dependent Children, The Works Progress Administration, and most famously, the Social Security Act. In the 1980s the Reagan administration eliminated or reduced many federal welfare programs. The federal government has since reduced its role in providing social services directly (Hasenfeld & Garrow, 2012). Instead, social service provision is increasingly outsourced to non-governmental organizations (NGOs) or to for-profit providers by way of government contracts (Germak & Singh, 2009).
The second factor contributing to the rise of social enterprise is a funding scarcity in the nonprofit sector. Social enterprise is a means for nonprofits to bring in unrestricted funds that can be used for indirect costs or program innovations that do not meet strict outcome requirements (Grey et al., 2003). The demand for nonprofit agencies to provide social services has grown while federal funding for these services has decreased (Hasenfeld & Garrow, 2012). Additionally, the use of government funding and philanthropic donations is often restricted to direct program costs or tied to specific outcome requirements. Gregory and Howard (2009) report that “the indirect allowances that grants do fund [often] don’t even cover the costs of administering the grants themselves” (p. 50). They discuss one example where the time spent on reporting requirements for a grant was equivalent to 31 percent of the grant’s total value, yet the funder only allowed 13 percent of the grant to be spent on indirect costs, such as administration (Gregory & Howard, 2009).

The third reason social enterprise is being considered as a viable approach to social problems is that it “resonates with some aspects of progressive critique of established welfare policy and practice” (Gray et al., 2003, p.144). Social enterprise may empower service users by providing opportunities for sustainable social and economic development. The Grameen Bank is a Nobel Peace Prize-winning social enterprise that provides small loans to the poorest residents of Bangladesh without requiring collateral (Germak & Singh, 2009). The bank’s founder, Muhammad Yunus, believed that providing the poor with financial resources they were typically excluded from would provide an entry point to develop the skills needed to get out of poverty (Grameen Bank, n.d.). As of 2011, the bank has provided loans to 8.4 million borrowers, 97% of whom are women (Grameen Bank, n.d.). The remainder of this paper discusses the compatibility of social work and social enterprise in terms of skills and values. Finally, recommendations are made for how the field of social work can help shape the growing social enterprise movement.

Skills Alignment

Traditional for-profit businesses have a single priority: to make a profit. In contrast, social enterprise, which utilizes business strategies to advance a social mission, requires balancing business priorities with social priorities. To say that social workers, particularly those who are program managers or nonprofit administrators, are not required to balance business and social priorities fails to capture the current reality of social work practice. Social workers frequently deal with balancing the priorities of multiple stakeholders, from funders who desire specific outcomes or programming, the wants and needs of the populations they serve, and the input of the greater mezzo and macro systems in which they work. Germak and Singh (2009) go so far as to claim that “nonprofit agency-based social work is an enterprise more similar to for-profit business endeavor than many administrators can understand or would like to believe” (p. 81).

In light of increased competition for funding and stricter accountability requirements, recommendations have been made from within the field of social work that students should be trained to navigate the political and business aspects of organizational life (Mirabito, 2012). Berzin (2012) recommends strengthening the link between social work and social enterprise to assist social workers to better understand the business side of practice, while infusing social work’s unique perspective into the fabric of the social enterprise movement. In fact, the complexity of current social problems has spurred an influx of funding for cross-sector partnerships that leverage the expertise of multiple fields.

Calls for collaborative proposals have become a popular approach to solving pressing community problems. For example, in 2014 Detroit’s Social Impact Challenge brought multidisciplinary teams together to address transportation access in the city (Center for Social Impact, n.d.). The winning proposal, Youth Transit Alliance (YTA), provides youth with free transportation from school to their after-school programs, and then takes them directly home to their doorstep. Detroit has hundreds of after-school programs, but many youth lacked the safe transportation necessary to participate. Providing door-to-door rides
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home enables the maximum number of kids to participate regardless of what time the program ends. In its first year, the YTA gave 5,711 rides with a single 24-seater bus (Didorosi, 2015). The Director of Development for the Detroit Bus Company, an MSW, said of his experience collaborating in the Social Impact Challenge:

Working with a business student, someone from public policy, an urban planner, and then all having dialogue around [this social issue], you are challenged to step outside your norm, and you’re going to go into the workplace better prepared. If you’re a business person, you’re going to have to talk with stakeholders that don’t speak your language, and being able to diversify how you approach these interactions has unbelievable value (Center for Social Impact, n.d.).

Social work values and the field’s commitment to ethical practice distinguish it from other professional fields. The core values of service, social justice, dignity and worth of the person, importance of human relationships, integrity and competence “are the foundation of social work’s unique purpose and perspective” (National Association of Social Work [NASW], 2008, preamble, para. 3). In 2002, Healy made the argument that “if social workers are to achieve service outcomes consistent with their values, they must be conversant with the new public management discourses now shaping the field” (p. 529). Social enterprise discourse is shaping the ways our country addresses social problems. In 2010, President Obama founded the Social Innovation Fund (SIF), a program within the Corporation for National and Community Service (CNCS) that provides funding to innovative, community-based solutions in the areas of economic opportunity, healthy futures, and youth development (n.d.). In addition to supporting cross-sector social innovation, the SIF prioritizes program evaluation and impact assessment. As such, the field has an ethical responsibility to pursue the best solutions and should engage in social enterprise to offer insulation from disruptions and gaps in services.

Rather than criteria for exclusion, social work values should be considered coveted credentials for entering the space of social enterprise. Social workers not only have a skillset applicable to social enterprise, but also an ethical responsibility to explore the best possible solutions to social problems. The reluctance of the social work field to align with social enterprise may be in part because of a belief that business enterprise of any kind is incompatible with the values that guide social work practice. Again, the vocabulary commonly used in the social enterprise movement may be unnecessarily alienating to social workers. Discussions of profit and business strategies may make some social workers uncomfortable. It is important to acknowledge the discomfort or skepticism social workers may feel related to certain threads of social enterprise. The collective conscience social workers can bring to social enterprise should not end in disengagement with the field, but instead a heightened involvement to help ethically best practice come to form. Rather than avoid a movement that is currently mobilizing enormous amounts of attention, energy, human talent and funding towards solving social problems, social workers should be present in social enterprise initiatives to evaluate whether measurable social impact outcomes are attained. In fact, this writer argues that it is the social work field’s ethical obligation to be an audible voice in guiding the direction of social enterprise. To the extent that social enterprise has the potential to enhance social work practice, empower clients, and provide alternative funding sources, it supports the field’s values of service, social justice, integrity and competence.

Ethical social enterprise has the potential to dramatically improve the quality of services and number of clients served (Germak & Singh, 2009). The Youth Transit Alliance (YTA) is an example of a micro-transit social enterprise that dramatically increases the number of youth who are able to access
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after-school programming. The YTA is even better than traditional public transportation, “with a driver and kid-facing conductor on board, kids are met with care, always accounted for and never left behind” (Didorosi, 2015). Government funding and philanthropic support has historically sustained social service provision. The discontinuation of services or programming due to austerity measures, time-limited grants, and reliance on donations are very real barriers to the quality of care social workers can provide. Mirabito (2012) asserts that “larger caseloads, limited resources, and restrictions imposed by managed care and accountability demands” (p. 251) are ethical challenges social workers face related to quality of care. This issue of competence and quality of care is even more important when considering the field’s commitment to serving populations who are vulnerable themselves and may not have access to alternative services. Additionally, by providing an alternative to earmarked donations and government funding that is tied to specific programming outcomes, social enterprise as an alternative source of funding may allow more freedom to develop programs that cater specifically to client needs. (Gray et al., 2003).

The NASW identifies the empowerment of marginalized populations as central to the primary mission of social work (2008). Social enterprise has the potential to support the ideals of empowerment, as has long been recognized within the area of community economic development. Gray et al. (2003) state that “community economic development initiatives ‘can genuinely improve service users’ lives by providing opportunities for the recognition and development of their skills and knowledge and for their participation in social and economic development’” (p.144). Goodwill Industries, arguably the first social enterprise, has a mission statement that strongly resonates with social work values: “Goodwill works to enhance the dignity and quality of life of individuals and families by strengthening communities, eliminating barriers to opportunity, and helping people in need reach their full potential through learning and the power of work” (Goodwill Industries, 2015). Social enterprise also empowers the businesses or agencies that utilize it by engaging their local communities and raising awareness for their mission.

Finally, social workers have an ethical responsibility to evaluate their own practice and to participate in the shaping of practice in broader society. There is a need for evidence-based research on social enterprise. There should be ongoing evaluation of social enterprise activities to determine whether social impact is being achieved. Social workers’ training in program evaluation makes them well positioned to evaluate the level and nature of social impact outcomes. Given the commitment to values and ethics that social workers have, there is an advocacy role for them to play in social enterprise. If the field of social work wishes to remain a relevant leader in addressing social problems, the onus is on the field to establish a presence in the emerging discourse of social enterprise. If social workers do not engage in the discourse that is shaping society’s approach to social problems, Germak & Singh (2009) caution that “other professionals may lead social work agencies in greater proportions, and the impact on the clients served would be a result of the values and ethics of professions other than social work” (p. 91). The NASW states that social workers “promote the responsiveness of organizations, communities, and other social institutions to individuals’ needs and social problems” (2008, preamble). Now is the time for the field of social work to engage in social enterprise as advocates for the populations those enterprises serve, instilling in it the field’s commitment to ethics and values.

Implications for Practice: Recommendations

The social enterprise movement is of increasing relevance to social work, particularly against the backdrop of scarce funding and increased accountability requirements. The use of business strategies to pursue a social mission is not a new concept, and whether social workers formally acknowledge it or not, the field already engages in social enterprise activities. Confusion surrounding the vocabulary used to talk about social enterprise may be contributing to the misconception that it is in conflict with the guiding
values and methodology of the field of social work. Closer examination reveals that social enterprise and social work are compatible and even complementary. By not engaging in the public dialogue, the field of social work is missing an opportunity to benefit from the funding, talent and attention being garnered under the movement of social enterprise.

This paper closes with two specific recommendations to the field. First, the social work field needs to embrace social enterprise strategies explicitly. Professional social work associations should make a concerted effort to engage with social enterprise organizations and associations. It would be beneficial for social work leaders to introduce topics related to social enterprise into the field’s public dialogue and venture to join conversations taking place outside the field. Social work literature acknowledges the need for the field to remain part of society’s broader discourse on how to approach social problems (Wuenschel, 2006). Engagement in macro systems includes a willingness to bend with innovations in the public sphere to best benefit clients within their changing environments.

The second recommendation is that schools of social work incorporate into the curriculum, at the very minimum, courses dedicated to social enterprise. Schools of social work that wish to offer students more comprehensive training in social enterprise should follow the excellent examples set by the Columbia University School of Social Work’s concentration in Social Enterprise Administration, and the George Warren Brown School of Social Work’s (at Washington University) Social Entrepreneurship Specialization. Schools of business and public administration have been quick to provide entire concentrations dedicated to social enterprise, entrepreneurship and social business. Schools of social work that coexist in universities with schools of business, policy or administration might consider collaborating to provide joint offerings to student from both disciplines. Students would likely benefit from the experience of learning alongside peers from other disciplines and this would mimic the broader trend of cross-sector collaboration they will likely encounter in the workforce. A hallmark of the social work field is that it draws from other disciplines in order to take a systemic view of social problems and individual wellbeing. For this reason, the field has been at times criticized for not having a specific theoretical perspective. It would be a terrible irony for the field of social work to be left behind as various sectors combine efforts to solve the world’s problems under the umbrella of social enterprise.

References


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