

# **Social Enterprise, Social Innovation and Alternative Economies: Insights from Fair Trade and Renewable Energy**

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## **INTRODUCTION**

The transition towards a more sustainable economic system is increasingly seen as an urgency to respond to the social, environmental and economic challenges of our times. Mirroring this increased attention, the scholarly literature on transition and transition management, 'degrowth' and sustainable development (e.g. Loorbach 2007; Boulanger 2008) has considerably developed across a set of disciplines (sociology, geography, economics, engineering, etc.). The solutions put forth by the different literature streams vary to a large extent and rely on distinct if not opposed ideological foundations, from the radical, anti-consumerist vision of degrowth to the much softer and vaguer, reformist trend of sustainable development.

Common to the different literature streams, however, is to mainly focus on two levels of analysis. First, the systemic level receives most attention when it comes to diagnoses of limitations in the extant system and exploration of what alternative – non-growth, post-transition or at least sustainable – systems or economies would look like. This focus

on systems is logical given the scope of the expected (r)evolutions to undertake. It is also coherent with the main disciplines involved in this ‘macro-level’ research effort: economics, sociology, political science, philosophy, etc.

A second and subsequent level of analysis that has been considered lies at the other extreme of the continuum: the individual. Indeed, as the failures of the extant economic system have been linked to the unrealistic and ideologically oriented vision of the individual as an ever-calculating, utility-maximizing “homo oeconomicus” (Stiglitz 2009), questions have arisen about the human behaviour required to generate or at least participate in the alternative systems conceived at the macro level. Put another way, to what extent and in what sense do we need to change our individual behaviours, in terms of purchasing, working, voting, investing, moving, and acting in general, in order to liberate ourselves from the homo oeconomicus patterns and consider alternative behaviours that, put together, may contribute to alternative systems? This ‘micro-level’ perspective has relied on work in psychology and anthropology in order to (re)discover new avenues for increased reflexivity and conscious action.

Between the macro and micro perspectives lie a diversity of ‘meso’ actors consisting of more or less formalized groups of individuals, organisations and institutions such as: public authorities (from local to global), businesses, civil society, educational institutions, etc. Much work has been undertaken on the role of these different types of ‘meso-actor’ in the transition towards alternative economies, but in view of the author of this chapter this has been developed either in a superficial way, mentioning the different actors to engage in these processes, or using ‘black boxes’ that suppose homogeneous sets of actors such as ‘companies’ or ‘civil society actors’. In other words, although several case studies enter into the complexity of one or several of these black boxes, there is lack of clarity and depth in the study of how different types of actors, especially economic actors, may engage in and inspire societal change. In particular, little work makes the connection between how economic organisations function

internally, and how they (may) act towards society (e.g. Moore et al. 2009).

This chapter does not aim, of course, to fill this knowledge gap on its own. It intends to bring a modest contribution to understanding the role of meso actors and in particular economic organisations by focusing on one specific, under-researched but important actor that is social enterprise. As will be described further, social enterprises are still weakly defined and heterogeneous (Dart 2004; Defourny and Nyssens 2010; Huybrechts and Nicholls 2012). Yet, they share two features that seem of particular interest in the debate mentioned here. First, they do not correspond to a neatly defined organisational category as they precisely lie at the intersection of two spheres that are commonly clearly separated and often opposed to each other: the market and the civil society. Such a ‘hybrid’ nature offers the potential for a specific and original contribution to the debate on alternative economies and systems, insofar as hybridity is synonym for innovation and unconventional thinking, as this chapter aims to show.

A second feature of social enterprises is their supposed coherence, at least theoretically, between internal functioning and external contribution. In other words, the new societal solutions that social enterprises offer through their products and services are supposed to be coherent with the solutions experimented within their very organisational structures. Despite their diversity and their obvious limitations, it is thus suggested here that examining social enterprises may offer at least two contributions to the discussion on alternative economies. First, by understanding the potential of hybridity, i.e. combination of distinct institutional patterns, to the reconfiguration of economic systems. Second, by highlighting the link between intra-organisational functioning and societal behaviour, in order to show how engaging actors in building alternative economies must involve in one way or another these two dimensions.

This chapter proceeds as follows. In the next section, the concept of ‘social enterprise’ is introduced and connected to that of ‘social innovation’, which can be seen at both the intra- and the extra-

organisational levels. The features of social enterprises in dealing with social innovation, as highlighted in the conceptual discussion, are then illustrated in two areas: fair trade and renewable energy. After briefly presenting these fields in the third section, the fourth section explores the role and contributions of social enterprises in terms of social innovation and societal change based on the two fields. Finally, the conclusion summarizes and discusses the main elements of the analysis.

## **SOCIAL ENTERPRISE AND SOCIAL INNOVATION**

The notions of social enterprise, social innovation and social entrepreneurship have received a growing attention over the last decades and have been used with diverse meanings and in a variety of contexts. Fair Trade, in particular, has been examined as a typical illustration of social enterprise (Doherty and Tranchell 2007; Huybrechts and Defourny 2008; Huybrechts 2012), social entrepreneurship (Nicholls 2006; Hervieux 2008) and social innovation (Mulgan et al. 2007; Phills et al. 2008). Although these terms set different boundaries around the observed phenomena and examine them under different perspectives, they are presented here, for the sake of clarity, as referring to different levels of analysis. Put simply, ‘social entrepreneurship’ would be the dynamic process through which specific types of individuals deserving the name of ‘social entrepreneurs’ create and develop organisations that may be defined as ‘social enterprises’ in order to experiment processes and/or generate outcomes defined as ‘social innovation’ (Mair and Marti 2006; Defourny and Nyssens 2008).

This chapter focuses on social enterprises as alternative organisational models capable of generating social innovations that can inspire and feed the transition of our societies. Two avenues for social innovation can be distinguished: ‘external’ and ‘internal’. ‘External’ refers to the capacity of actors (here social enterprises) to engage in innovative solutions to unmet needs. ‘Internal’ refers to the innovative solutions

experimented within the organisation. While these two avenues are conceptually distinct, they of course feed each other insofar innovations in organisation models may serve as experiments and drivers of new responses at the society level, as much as they should be reinforced by these new responses.

As the focus here lies on social enterprises as alternative and innovative organisation models, the most useful approach is based on the work developed by the EMES Network since the second half of the 1990s in Western Europe (Defourny 2001; Nyssens 2006). According to EMES, social enterprises can be defined as

“not-for-profit private organisations providing goods and services directly related to their explicit aim to benefit the community. They rely on a collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity” (Defourny and Nyssens 2008: 5).

These authors locate social enterprise within so-called third sector forms (non-profit or cooperative) that secure the pursuit of the social mission through a strong orientation towards a participatory management process as well as a democratic decision-making. In this sense, the EMES approach does not entirely subscribe to the idea of increasingly “blurred frontiers” among organisational forms, as suggested by other perspectives on social enterprise and social entrepreneurship (Dacin et al. 2010; Bacq and Janssen 2011; Nicholls and Murdock 2012).

In line with the participatory and democratic nature of social enterprise governance, the authors of the EMES network observe an increasing involvement of various stakeholders in the decision-making processes, leading to a ‘multi-stakeholder’ configuration. Such a configuration is associated with the variety of goals pursued by social enterprises – economic, social, and political – and the variety of resources raised (Petrella 2003; Campi et al. 2006; Defourny and Nyssens 2006). The insistence on the possibility of combining various types of re-

sources – rather than on their sole market origin – contrasts with the approaches that focus on the market as the main or even exclusive source of resources. Finally, the EMES approach highlights the capacity of social innovation inherent in social enterprises through the different types of innovation distinguished by Schumpeter (Defourny 2001).

These social enterprise innovations are located at both an internal (new production processes) and an external level (new products and services, new market organisation, etc.). These levels can also be found in the broader literature on social innovation, where the latter is presented as both a process (new relationships within and around the organisation) and an outcome (new products and services). Whatever type of social innovation, most authors lay the emphasis on how the innovations are diffused across organisational and sector boundaries. Different diffusion steps can be distinguished, from prototypes and sustaining through building the organisational model, to external diffusion and ultimately systemic change.

This chapter proposes to examine the way in which social enterprises engage in social innovation and participate in alternative economies both internally and externally. Note that these two dimensions are not necessarily synonyms. While building alternatives to extant institutional arrangements necessarily requires innovative thinking, the reverse is not necessarily true. Indeed, innovations may be undertaken to better respond to social and environmental needs without seeking to contribute – at least potentially – to systemic change. The type of innovations that will be examined here, in the context of fair trade and renewable energy, are those that contribute to conceiving and experimenting intra- and inter-organisational arrangements and encompass the seeds of systemic change.

After the presentation of fair trade and renewable energies in the next section, the role of social enterprises in these fields will be examined and compared in terms of: (1) how they respond to unmet needs in society, (2) how their organisational models connect with their societal role, and (3) what inter-organisational strategies used to generate and diffuse social innovations at a societal level.

## FAIR TRADE AND RENEWABLE ENERGY

### Fair Trade

The origins of the Fair Trade (FT) movement are generally located just after the Second World War, with experimental initiatives of import and distribution of handicraft (e.g. Moore 2004; Nicholls and Opal 2005; Diaz Pedregal 2007; Raynolds et al. 2007). In the 1970s, the experimental fair trading partnerships were formalized into a model with explicit rules, and organisations were created specifically for this purpose. In the 1980s, several international networks were created to harmonize rules and practices, such as the International Federation for Alternative Trade<sup>1</sup> (Moore 2004; Diaz Pedregal 2007; Raynolds and Long 2007; Crowell and Reed 2009).

Labelling initiatives also appeared at that period, starting with “Max Havelaar” in the Netherlands. The various country-based labelling initiatives joined together into “Fairtrade Labeling Organisations International” (FLO or FLO-I), now “Fairtrade International”, in 1997. The emergence of labelling has brought a fundamental change in the evolution of FT (Moore et al. 2006; Raynolds and Long 2007; Reed 2009). Indeed, it opened the door of the FT sector to any type of company through the possibility of having products recognized as meeting the FT standards by an external certifying body and not specific organisations. The participation of supermarkets and food multinationals in selling FT products resulted in a huge increase in the volume of FT sales but also in debates about the possible “dilution” of FT (Nicholls and Opal 2005; Moore et al. 2006; Raynolds and Wilkinson 2007; Jaffee 2010).

More recently, a range of new FT-focused businesses emerged, selling non-labelled FT products through both ‘mainstream’ and ‘spe-

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1 Later changed into ‘International Fair Trade Association’ and finally ‘World Fair Trade Organization’ in 2009.

cialized' outlets (such as worldshops). Although mainstream channels such as supermarkets now account for the largest part of the FT market, social enterprises still play an important role in producer support, education and advocacy, product development, new retail opportunities, and labelling and certification (Becchetti and Huybrechts 2008; Huybrechts 2012).

## **Renewable Energy**

Over the last two decades, the field of renewable energy (RE) has tremendously developed, including wind and solar energy, but also hydropower, biomass and geothermal energy. RE sources (RES) have been increasingly promoted in the context of public climate policies aiming to reduce the dependency on non-renewable energies. In Europe, the '20-20-20' strategy aims to reduce carbon emissions by 20% and achieve 20% of RE by 2020.

Two main economic functions can be distinguished relating to RES: the production of RE and the supply of the produced energy, typically under the form of electricity based on RES ('E-RES'). According to the European Renewable Energy Council (EREC), the percentage of RES in the total production of energy in the EU has evolved from 8 to 12% between 2005 and 2010, and from 15 to 21% if we only consider electricity. The proportion of this energy produced by REScoops, however, remains weak although growing: from 1 or 2% in Southern and Eastern Europe, to 6% in Belgium and France and an estimate of 15% in Scandinavian countries (REScoop.eu 2011).

The market of energy supply, particularly in the form of electricity, is even more difficult to enter for REScoops, as it has only recently been liberalized and is still controlled by a small number of electrical companies. An additional difficulty is that the electricity grid is often owned by the historical electricity provider in each country. Several REScoops, however, have overcome these barriers and started distributing E-RES, with the goal of controlling a larger part of the supply

chain and increasing their outreach towards customers and thus their membership.

In all countries, however, the RE market is dominated by large corporations. Although REScoops offer numerous advantages in terms of both economic efficiency and citizen involvement, they still represent a small share within the RE market (Huybrechts and Mertens 2011).

## COMPARATIVE ANALYSIS

### Responses to unmet needs

In both fields, social enterprises have been instrumental in conceiving new solutions to societal issues, thereby preparing concrete pathways for alternative economies. This is most evident in FT, where social enterprises have been pioneers in conceiving a whole, alternative system for trading with producers in the South. Based on diagnosis of the “unfairness” of international trade in terms of power asymmetries, unequal access to information and markets, unstable prices reflecting speculation rather than supply and demand etc., pioneers decided to move from campaigning and advocacy only, to concrete illustration of alternative ways of organizing the economic activity. This involved experimentations, negotiations, and creation of new networks across traditional sector boundaries (typically between NGOs and businesses). A number of key individuals such as priest Frans van der Hoff (Roosen and van der Hoff Boersma 2001; van der Hoff Boersma 2009) played an instrumental role throughout this process, not only as entrepreneurs, in the sense of creators of new organisations, but also more broadly as ‘institutional entrepreneurs’, creating new and alternative institutional arrangements and diffusing them at the system level (Maguire et al. 2004; Levy and Scully 2007).

New rules were set up to govern the trading relationships between marginalized producer groups in developing countries and importing organisations in the North, based on ‘fair’ and stable prices, partial pre-

financing of the orderings, social premium for local projects, empowerment for producer groups, etc. These rules obviously responded to the needs of producer groups asking for better trading conditions and access to international markets. But the rules also responded to the aspirations of consumers for more ethical purchasing and, at least in the beginning, for (more) direct links with producers in the South (Goodman 2004; Nicholls and Opal 2005).

Indirectly, FT also answered the needs of other stakeholders concerned with the development of populations in the South, typically NGOs and governments (both South and North) having very little grasp on trading issues. In brief, it seems clear that FT was developed in response to a series of needs and aspirations that were clearly not met neither by the market nor by the state (Becchetti and Huybrechts 2008), as is often observed in the emergence of social enterprises (Defourny 2001; Santos 2012).

In RE, the first unmet needs that spring to mind are environmental ones. Clearly, dependence on fossil energies, evidence of climate change and technological innovations have brought needs and opportunities for developing RE facilities. These needs have been accentuated in recent years. In this case, many actors other than social enterprise were at the basis of the development of RE, including universities and research centres, governments, SMEs and large corporations. Nevertheless, the role and potential of social enterprises as alternative organisation models appears more clearly when examining the 'non-environmental' societal needs related to RE and energy in general. These needs and issues include, for instance, access to energy, citizen participation and local anchoring, transparency for customers, distribution of profits, and broader challenges of the ecological transition (reduction of energy consumption and building of a 'post-oil' society).

It is related to these different issues that social innovations were set up, not so much on the products itself (RE facilities are technological rather than social innovations), but more on the processes regarding the ownership, governance and objectives of RE production and/or supply. These process innovations include involvement of citizens in decision-

making or even ownership of local ‘short circuit’ RE projects, reinvestment of profits into the local community, new types of alliances between energy businesses, local communities and public authorities, innovative schemes enabling poor households to consume from and own RE facilities, follow-up of citizens’ energy consumption reductions, etc.

The innovations have been set up by environmental NGOs, local non-profit organisations, municipalities and, increasingly, social enterprises. Indeed, one answer to the abovementioned issues is when citizens come together to build community-owned businesses pursuing social and environmental aims prior to profit maximisation, i.e. REScoops.

## **Organisational models**

In both sectors, social enterprises have not only been at the forefront of ‘external’ innovations through new solutions to societal problems; they have also tried to build internal organisational arrangements that are coherent with their societal goals and contrast with mainstream business practices.

In FT social enterprises, these internal arrangements can easily be compared with the requirements applying to the trading partnerships and particularly to producer groups. Typically, the requirement of democratic organisation and decision-making, applying until recently to producer groups in the FT system, was relatively taken-for-granted among pioneer social enterprises. The latter emerged as non-profit organisations and later cooperatives for which democratic decision-making in the governance structures (such as the general assembly) was legally statutory but also ideologically favoured (Huybrechts 2007; Becchetti and Huybrechts 2008).

One may question the ‘innovative’ character of democratic governance structures, as organisation forms such as the cooperative have existed for more than 150 years. But social innovation, however, does not necessarily imply new in the sense of ‘never seen before’, but rather

new as ‘contrasting with extant practices’. Many social innovations thus involve re-actualisation or adaptating ‘old’ devices in order to respond differently to societal challenges. Democratic decision-making along the supply chain, as experienced by FT social enterprises in the North and in the South, is one such example.

Another key governance issue is stakeholder participation, i.e. the way in which stakeholders not initially or formally members of the organisation are involved in the making and implementation of strategic decisions. In the FT system, producer groups have thus been encouraged to involve ‘non-members’ intervening in the production such as male producers’ wives, cooperative staff and producers’ temporary workers, etc. This has been mirrored to various extents in FT social enterprises in the North, many of which have associated their staff, partner NGOs, or consumer representatives in their decision-making. Going even further, some major FT importers have associated the producers groups with whom they interact through different schemes such as participation in the capital and/or representation on the board of directors (Davies et al. 2010; Huybrechts 2012). This has clearly reinforced the ‘general interest’ dimension of FT, with the aim of benefitting not only trading partners but also broader communities.

*Case study: Divine Chocolate* – Divine Chocolate is a FT social enterprise that was set up in 1998 through a partnership between Twin Trading (another FT social enterprise), The Body Shop Plc, and two charities (Comic Relief and Christian Aid). The social enterprise has focused on importing and distributing chocolate products through both alternative outlets (FT shops) and mainstream retailers. This has resulted in rapid growth and important benefits for small-scale cocoa farmers in West Africa. As for other FT social enterprises, the business activity is a means to support the social mission, i.e. to improve the livelihoods and opportunities for small-scale producers.

Interestingly, the social enterprise has sought to align its internal management and governance on its external social mission. This has resulted in an innovative governance scheme involving different stake-

holders concerned by, and able to monitor, the pursuit of the economic activity explicitly directed towards the pursuit of the social mission. As the most concerned stakeholder, the cooperative of cocoa farmers 'Kuapa Kokoo' in Ghana has been more than just 'involved' as it has been given 45% ownership and has two seats on the Board of directors. This means that the producer organisation does not merely benefit from but can concretely shape and implement Divine's social mission. This pioneering mechanism in the FT and more broadly social enterprise sector allows producers "to gain added value from the entire value network and not just from the selling of the primary commodity" (Doherty 2011: 370). The governance structure also involves other key stakeholders such as founding and partner social enterprises (Twin Trading) and alternative financial institutions (Oikocredit). Divine has also developed strong connections with supporter networks in schools, universities and churches, and FT shops, which strongly contributes to its advocacy work.

In brief, Divine has been particularly innovative and pioneering not only in its work as a FT social enterprise but also in the alignment and consistency between social mission and internal governance structure, striving for "fairness" throughout the supply chain. The innovative governance of Divine has served as an example for many other FT social enterprises that are now implementing similar devices.

Such governance innovations can also be found in REScoops. While democratic decision-making has been a key feature of the cooperative model, participation has clearly not been a distinguishing feature historically. Indeed, as for-profit businesses, cooperatives primarily aimed to serve their members and were thus governed in a way that shares power among members only, consisting of one particular category such as consumers, producers or workers (Birchall 1997). Integrating a more general trend among cooperatives (Münkner 2004), REScoops have been conceived as 'multi-stakeholder' organisations in which different stakeholder groups intervene and in which different economic roles are combined by a same group of people – typically citizens who are also

investors (through their shares in the coop), (co-)producers of energy, and consumers of this energy (Huybrechts and Mertens 2011).

*Case study: Ecopower* – Ecopower is a Belgian REScoop that was created in the 1990s from a student environmental protest organisation. The cooperative has built an impressive experience in setting up, managing and funding citizen-based RE projects, including wind turbines, small hydraulic projects, solar panels, and biomass. In the early 2000s, Ecopower obtained access to the grid in order to directly supply consumers all over Flanders. This dramatically increased the number of members (now exceeding 40,000) and the market position – Ecopower now supplies 1.1% of households in Flanders with green energy.

Consumers are all members who receive equal vote in the General Assembly. The cooperative seeks to educate its members in terms of rational energy use and ecological transition in general. This has resulted in an impressive decrease in the members' consumption (average of 30% over the first year of membership). Due to the profitability of RE projects, the cooperative has generated profits, but these have been mainly reinvested in the project but also in other REScoops across Europe. The founders wish to take advantage of their success to support growing citizen-based RE initiatives as well as other cooperatives, thereby contributing to cooperative relationships among cooperatives. To help diffuse citizen engagement in RE development and public appropriation of RE sources as 'public goods' (wind, sun, etc.), Ecopower has been instrumental in creating and sustaining networks at the national and international level (REScoop.be and REScoop.eu).

Innovative governance schemes have also been conceived to enable different levels of financial participation. Indeed, most REScoops have gained financial participation by a broad array of constituents, some of which directly concerned as inhabitants of the region of the RE facilities, others supporting the initiative as institutions, and still others more remote and with a more indirect stake. Different groups of cooperative members have thus been created to involve only relevant members to

certain decisions and to avoid take-over by members with a less direct stake – in other words, to remain locally focused in spite of non-local participation. Another organisational innovation is the access to membership facilitated for poor households not able to afford one share. In some REScoops, shares have been given as a ‘loan’ reimburseable thanks to the future economies on energy consumption and in some cases on energy prices (see [www.rescoop.eu](http://www.rescoop.eu) for an overview of these innovative practices).

### **Diffusion strategies**

Finally, it is suggested here that the diffusion of both internal and external social innovations as ‘alternatives’ to dominant models requires strategies that are partly similar to but also partly different from traditional innovations. The focus will be laid in this section on the specific features of social innovation diffusion. Two aspects are common to FT and REScoops: the open dimension of the diffusion process, and its connection with institutional change at the society level.

Both in the FT and REScoops case, the initial experimentations and gradual formalisation of the ‘alternative’ initiatives have been based on collective learning and information sharing. In FT, besides the joint structuring of rules through certification by labelling initiatives, extensive work has been devoted to developing networks enabling not only common representation of the movement’s interests, but also exchange and sharing practices. These practices included identification of and information about producer groups, division of labour in terms of shipping and import, joint sales outlets, as well as joint education and advocacy initiatives (formalized into the creation of a common lobbying platform at the European level). In REScoops, the emphasis was laid from the beginning on replicating citizen groups and supporting them in setting up their cooperative. Due to the local and participative ambition of REScoops, the extension of the model has not consisted in having individual REScoops grow and become large, possibly multinational businesses, but rather in replicating REScoops in a large number

of local contexts. In this process, pioneer successful REScoops have invested more than what their economic interest would allow in supporting new initiatives and help them grow and acquire legitimacy in their respective contexts. Similar supporting mechanisms have been observed in FT.

While some of the sharing and diffusion practices can be observed in other industries, specific in both cases presented here is the “openness” of information and practice sharing, as well as the collective endeavour of societal change in which such sharing takes place. Indeed, the goals of FT and citizen-owned RE, as genuine or potential social movements supported by networks of social enterprises and activists, extends far beyond the promotion of an industry to aim a more or less important societal change (according to the position on the continuum between ‘reformist’ and ‘revolutionary’ stances). This is consistent with the characterisation of social innovation diffusion, the ultimate step of which is ‘systemic change’, i.e. changes in behaviours, practices and rules at the global level that make the innovations “irreversible” (Callon 1986).

To achieve systemic change, what none of the alternatives examined here have achieved so far, it seems clear that broad and solid alliances are required. In both cases, alliances have been developed not only with other social movement and civil society actors, but also with public authorities and committed businesses. FT has featured innovative and successful multi-stakeholder collaborations such as the ‘Fairtrade Towns’ campaign (and its sisters of Fairtrade schools, churches, regions and even nations) or the ‘Fairtrade@Work’ program. REScoops have fewer records in this area but have started to engage in collaborations with transition networks, with municipalities and regions and with businesses, both at the local and at the global levels.

*Case study: Fairtrade Towns* – The Fairtrade Town campaign emerged from the pioneering initiative of a local Oxfam group in the British town Garstang. The initiative aimed to promote Fair Trade at the local

level by involving stakeholders such as the municipality, local charities and citizen groups, local businesses, schools, etc. Thanks to a large success and support by the Fairtrade Foundation, this scheme was replicated all over the UK. The principles for 'Fairtrade Town' certification were structured into five goals clearly extending the focus on FT to include broader sustainable development initiatives: explicit support from the council; availability of FT products in local shops and cafés; preference for FT in the consumption by local businesses and organisations; media coverage and stimulation of public support; and steering group involving representatives from different stakeholder categories.

The campaign was later replicated in many other countries and a FT town network was created with the support of the European Union. This campaign has successfully managed to gather diverse stakeholders, many of which not initial FT supports, around a local and stimulating project. Even if such a mobilisation of diverse actors may have diluted the 'alternative' dimension of FT and its political content, this case shows how a social innovation can be diffused precisely through innovative networking processes transforming passive stakeholders into active supporters.

Nevertheless, both initiatives inevitably face the same paradox when considering the diffusion of alternatives and the pursuit of systematic change. Indeed, as systemic change requires involving a broad array of partners, some of which are inevitably less 'alternative' and have interests in maintaining extant institutional arrangements, each further diffusion step comprises both the potential of deeper change and the risks of instrumentalisation and denaturation of the intended change (Hargrave and Van De Ven 2006). Hence, choices have to be made on who to involve and how in order to better serve the social enterprise systemic goals but also their economic needs. The different responses to these choices explain the divergences and possible conflicts among participants in the social innovation, as the evolution of the FT movement, divided into different branches, has shown.

## CONCLUSION

This chapter has examined the role of social enterprises as alternative and innovative organisational models. Using the cases of Fair Trade and renewable energy, social enterprises have been shown to engage in innovative and potentially alternative action in three ways: (1) as pioneers in developing new goods and services responding to societal needs; (2) as pioneers in conceiving organisational models contrasting with those of traditional businesses and NGOs partly by hybridizing features from these established models; and (3) as creators and leaders of networks devoted to pursuing systemic change.

The cases of Fair Trade and REScoops demonstrate the potential of social enterprises in preparing and promoting alternative economies. But the cases have also shown the pitfalls of these hybrid models combining alternative ways of doing with integration in the extant economic landscape. This inevitably brings paradoxes for social enterprises that become located “in and against the market” (Le Velly 2004). Such paradox shows that social enterprises cannot imagine, build and sustain alternative economies alone; there place is of another type, that could be labelled “bridging” (Tracey et al. 2011). Indeed, because of their hybrid nature and their combination of social, economic and political goals, social enterprises connect different types of stakeholders, some of which are at the forefront of alternative thinking and action while others act within extant economic structures. Hence, social enterprises should not be seen as “solutions” on their own but rather as laboratories of alternative economic practices and as one among other pillars on which alternative economies can be conceived and built.