
Social Entrepreneurship & Networks

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Abstract

The importance of networks as both an organisational form and an access route for the exchange of resources has increasingly been recognised in business and management. Social enterprise is just one area in which government funding has been used to support the development of formal support networks. This paper reviews the theoretical constructs of social network analysis and applies them to the analysis of a social enterprise network organisation. These constructs, relating to the structure of networks, the nature of the relationships or ties within them, the content of these ties, the context of the network overall, and the degree to which a network is purposive or goal-directed, are found to have relevance in shaping strategy and measuring performance for social enterprise networks.

Introduction

Between the 1st century BC and the 15th century, a series of routes stretched some 8000 km from Xi'an province in China via Asia Minor to the Mediterranean. These routes, known as the Silk Road or Silk Route, were the trading links between continents, cultures and civilizations. They provided the West with access to valuable commodities such as spices, ceramics, jade, and of course, silk, and in exchange China acquired glass, ivory and precious metals including gold.

An enduring motif of the Silk Road is that of the *Han*, or *Kervanserai*, which was a resting place for the travellers, traders and animals who journeyed along part, or all, of its length. As well as food, water, shelter and security, the *Han* provided a venue for social interaction:

"The merchants would meet with the other travellers in the Han, and among themselves, would discuss their goods, carry on commerce, buy and sell, spreading out their goods and negotiating prices in a floating bazaar, all in a myriad of languages. Commercial alliances and new friendships were formed, with merchants often making plans to form groups to travel together...these Hans also served another important, non-commercial feature: they helped to spread news and information throughout the empire. People from all areas and countries came together and related events, shared situations they had experienced, and told of news from their home regions. This news was then passed on to the local villages and towns. In this sense, the Hans served as an information hub, local news center and a sort of oral public library." (Branning, 2007:1)

The importance of building social relationships in the field of commerce has received considerable attention in recent years (Shaw & Conway, 1999; Hoang & Antoncic, 2003), and the strategy of bringing individuals and organisations together in formal business networks has been promoted and funded by the UK Government in many sectors. The rationale for this support is the increased access to resources gained from participation in networks which enhances small firm creation and growth.

Social enterprises are businesses that are driven primarily by social objectives rather than the generation of private profit (DTI, 2002). They are seen by the UK Government to have a key role to play in meeting societal needs, stimulating new levels of corporate social responsibility, improving public services, and encouraging a more enterprising culture (OTS, 2006). There are 55,000 social enterprises in the UK, and it has been estimated that they constitute 5% of all businesses with employees, and contribute 1.3% of their total turnover, around £27 billion per annum, to GDP (ibid). Appropriate business support has been shown to be a critical success factor in the establishment of social enterprises (Lyon & Ramsden, 2005), and the Government has pledged to ensure that this type of support is available to social enterprises across the UK, primarily through funding provided to the Business Link advice service (OTS, 2006). As far back as 2002 the UK Government recognized the importance of networks in providing business advice

and support to social enterprises. Social enterprise networks are regarded as a key partner of Business Link and a provider of specialist expertise and have been established in all nine English regions (ibid).

“...networks play an important role in the sharing of best practice. They link social enterprises together with other organizations with common characteristics and goals, helping them to build mutual support frameworks and assisting the spread of people and ideas.”

(DTI, 2002: 60)

The challenge for researchers, and practitioners, is to establish how networks perform their roles of enterprise-linking, framework-building, and spreading of people and ideas. In our paper we propose that previous work in the area of social network analysis provides a rich understanding of how networks operate and suggest how this information can be used by a social enterprise network to evaluate and improve its performance.

The paper is laid out as follows. We present a brief account of the growth in interest in networks. This is followed by an overview of the key concepts used in social network analysis. Using previous research into social networks to give a contextualised understanding of how formal networks operate, the paper then explores how a social enterprise network can use this knowledge to analyse its activities and evaluate its performance.

Networks

Networks have received particular attention in recent years. In the media the growth of social networking websites such as *myspace* and *facebook*, and interactive sites such as *youtube* and *wikipedia* have all raised the profile of networking. In the business environment too networks are increasingly seen as the single most important organisational concept of the modern era (Parkhe *et al.*, 2006). The study of the structure and interconnectedness of network relationships is referred to as social network analysis (SNA):

“...a set of methods for the analysis of social structures, methods which are specifically geared towards an investigation of the relational aspects of these structures”

(Scott, 1991:39)

Networks have been studied in a wide range of disciplines and their importance in the social sciences has originated from three sources (Kilduff & Tsai, 2003; Scott, 1991). To begin, German researchers who had been influenced by field theory in physics, such as Lewin, Heider and Moreno, began to describe networks in terms of social interaction. This was followed by advances led by US researchers who analysed, rather than simply described, social networks. Finally, drawing on anthropological research, sociograms (graphical depictions of social relations) were applied to networks by Kapferer and others in the 1970s (Kilduff & Tsai, 2003).

Two major studies are associated with the growth in interest in networks. In 1967 Milgram conducted an experiment to establish the degree of interconnectedness between individuals who did not know each other. In his experiment he asked a selection of participants to forward a package, which was addressed to someone they did not know, to an acquaintance whom they thought might be likely to know the ultimate recipient. Although the research method has been criticised for a lack of robustness (Kleinfeld, 2002), the term he used to denote the average number of stages before the package reached its destination - six degrees of separation - has entered the English language and become a popular dinner party game. Second, in 1973 Granovetter (1973, 1982) investigated how a sample of individuals found out about employment opportunities. He concluded that an individual's most frequent contacts were less likely to generate information about

employment opportunities when compared to other less frequent contacts. Less frequent contacts were found to have links with other networks which could provide valuable information previously unavailable to those within a small, closed network.

Although Scott (1991) and Hoang & Antoncic (2003) suggest that SNA is not a robust theory, Kilduff & Tsai (2003: 64) maintain that the “eclecticism of social network approaches militates against a unified programmatic theory of organizational networks”. The diverse origins of interest in network analysis present an opportunity to bring these distinctive approaches to the study of networks. In our paper we focus on examining the role that a formal, government supported, network could play in developing and supporting new and existing social enterprises.

Key Concepts in SNA

The classical perspective of network research which focussed on structural issues (Granovetter, 1973; Adler & Kwon, 2002) has been expanded to include the influence of network content and ties. In this section, key network concepts of structure, ties, content, context and purposiveness are examined.

Structure

Analysis of the structure of a network requires a specific vocabulary of constructs which has been defined by Kilduff and Tsai (2003). A member of a network is an actor and a tie is the connection between two individual actors. Density is the mathematical expression of the number of possible relations - ties - divided by actual ties. Centralization is the degree to which a network depends on one or a few members, reachability is a measure of the speed in which information can be transmitted across the network and balance describes the degree of reciprocity between actors in the network. Shaw and Conway (1999), citing Mitchell (1973), extend the analytical constructs to include anchorage (the element of the network that forms the focal point for network research) and range (the number and heterogeneity of actors in contact with the anchorage). For Aldrich and Zimmer (1986:8) a heterogeneous network is crucial to the establishment of a small firm:

“Within complex networks of relationships, entrepreneurship is facilitated or constrained by linkages between aspiring entrepreneurs, resources and opportunities”.

The absence of ties between individuals in a network is referred to as a structural hole (Burt, 1992). Structural holes present an opportunity for network actors to create a bridge between previously unconnected actors. For the firm, being connected to a broker or other intermediary can increase efficiency by allowing access to all the resources that this intermediary reaches (Aldrich & Zimmer, 1986). To illustrate, Krebs and Holley (2006), in a case study of a business support agency in Appalachian Ohio, found evidence of an increase in the connectedness and reachability of small businesses in the study area which was attributable to the active intervention of the business support agency.

Analysis of the structure of the networks of individual social enterprises to identify structural holes will enable social enterprise network organisations to design and implement effective strategies to link previously unconnected social enterprises, and enhance the delivery of business support to all social enterprises in their remit.

Ties

Five characteristics of social networks, related to individual relationships and not the overall structure of the network, have been proposed by Shaw and Conway (1999). Content refers to what is exchanged between ties, for example friendship, information or other resources. Durability charts the length of time over which the relationship endures and direction measures the way the relationship flows between ties. Intensity is the degree to which actors feel obliged to assist, or free

to exercise rights, in a relationship between actors, and frequency records the number of encounters between actors, and is measured by the time spent on individual relationships. According to Kilduff & Tsai (2003) the characteristics of ties can be defined by investigating reciprocity, strength, and multiplexity - the latter measures the number of functions the link between two actors serves - for example where actors are both friends and business partners.

Analysis of the ties of individual social enterprises will enable social enterprise network organisations to design and implement effective strategies that will deliver appropriate content, such as business support services, to the network; encourage frequent, regular and productive participation in the network; and enhance the creation of long term, durable networks between social enterprises in their remit.

Content

As noted in the previous section, the content of the relationships between ties refers to “what flows through the network and is exchanged between actors” (Shaw & Conway, 1999:378). Research in entrepreneurship has examined the role of networks in exchanging resources. In a study of the networks of small firms Shaw (1999) found them to be an important, if not critical, resource for the owner-manager which contributed to the firm's establishment, development and growth. Similarly, Chell & Baines (2000) recorded a link between firm growth and networking activity.

The content of the relationship between ties however is not restricted to the exchange of business information. As in the Han, social resources are important in business - “it is not just what you know but who you know” (Aldrich & Zimmer, 1986:20). Social capital is a measure of the density of relationships between an individual actor and their network. Bourdieu (1986:249) defines social capital as “the sum of resources, actual and virtual, that accrue to an individual or group by virtue of possessing a durable network of more or less institutionalised relationships of mutual acquaintance and recognition”. A dense social network has the potential to link the actor to resources which can be turned to additional resources such as economic or political advantage.

For example, Kilduff & Tsai (2003) identify decision-making as a key area in which individuals tend to rely on others in their network for help. Networks might be used to source advice (Krackhardt & Hanson, 1993); business information and help with problem solving (Hoang & Antoncic, 2003); and Aldrich & Zimmer (1986:20) suggest that “successful entrepreneurs will be found in positions with weak ties to people who are in positions to provide timely and accurate information, to people with the resources to act as customers, and/or to people with resources to invest”. For Powell (1990:304), the need for “efficient reliable information...obtained from someone you have dealt with in the past and found reliable” makes a network especially valuable. Knowledge and skills which are difficult to both price in a market and to communicate through corporate hierarchies lend themselves to being transmitted in the reciprocal environment of a network. Finally, Uzzi & Lancaster (2003) document the way in which trust between network members facilitates the sharing of private, as opposed to public, information.

Investigation into the content of the exchange relationships between members of a social enterprise network will uncover the basis of the relationships between members. It will enable the network to measure social and business-related exchange relationships and, in association with measures of effectiveness, use this information to identify opportunities for appropriate interventions to enhance the performance of the network and its actor members.

Context

Until the mid 1980s theories to explain entrepreneurship centred on the personality of the entrepreneur and built on the assumption that the entrepreneur was a rational decision maker who would always seek to maximise economic returns (Aldrich & Zimmer, 1986; Haong & Antoncic, 2003). This under-socialised view of entrepreneurship has been replaced by a more socially-embedded perspective which sees entrepreneurship as:

"...embedded in a social context; channelled and facilitated or constrained and inhibited by people's positions in social networks"
(Aldrich & Zimmer, 1986:4).

The extent of embeddedness influences the behaviour of the entrepreneur and undermines earlier assumptions of economic rationality:

"patterns of transactions within and between firms may depart from what might be expected from a pure economic perspective"
(Kilduff & Tsai, 2003:26).

In certain contexts, the importance of close ties, boundaries and identity may be enhanced to provide support to actors who are marginalised and excluded from other networks (Aldrich & Zimmer, 1986). This is particularly relevant so social enterprises where a core of shared sectoral values differentiates them from other organisations. The Government supported national network for social enterprises - the Social Enterprise Coalition - actively promotes networking between its members (SEC, 2007) as do trade associations for specific types of social enterprises, such as credit unions and social firms. These sub-sectors present a further contextual factor for generalist social enterprise networks, who seek to unite all those in a diverse field, as McCall and Livesey (2005:11) point out:

"Social enterprise networks have to contain this ideological diversity, and somehow form shared values and a common vision enough to build the social capital to sustain the network."

Participation in networks has also been noted to vary in relation to the stage of development of the firm. Johannisson (1987:54), examined entrepreneurship in both community and corporate contexts and concluded that entrepreneurs rely greatly on their networks. He distinguished between the start-up period when the network was used as a safety-net, and more established firm when the network was used "more as a resource bank, managed by both contractual and barter relationships." Similarly, Powell (1990:297) describes how "pre-existing networks of relationships enable small firms to gain an established foothold overnight."

Purposiveness

Networks can be differentiated between those that are established to achieve a specific set of goals (purposive) and those that emerge spontaneously and in which a set of goals may, or may not, emerge during the life of the network. Kilduff & Tsai (2003) define them as either goal-directed networks - which develop consciously and strategically around specific goals that members share - and serendipitous networks in which actors link together individually, by choice, and with no central guidance or overarching objective. Goal-directed networks tend to be more centralised and form rapidly around a goal which is shared by actors, whereas serendipitous networks are diverse and decentralised and tend to evolve slowly through the development of dyadic ties between actors. In goal-directed networks the priorities are to

ensure that goals are realistic, goal achievement is evaluated, and conflict between the goals of subgroups is minimised.

In the UK, the approach of policy has been to encourage the creation of formal, goal-directed networks, however the legitimacy of government sponsored networks has not been proven. In the context of small firms, the assumed spokesperson role of government sponsored small business agencies has been criticised (Perren & Jennings, 2005:180):

“‘Voice of Small Business’ is a discourse of (un)representation that subjugates entrepreneurs so they become voiceless, and are treated as dependents that must be spoken for like the worse portrayal of children.”

Similarly, for social enterprises, the issues of centralisation and goal directedness are pertinent to the claims made by some social enterprise networks to be the official voice for the sector (SEC, 2007; RISE, 2007; SEEE, 2005a).

The literature presented thus far has outlined the key concepts used in SNA. With few exceptions (Johannisson, 1987; McCall & Livesey, 2005) the majority of empirical research has investigated networks in the private sector and research on social enterprise networks “is underdeveloped in particular when contrasted to the literature relating to private sector organisations” (Murdock & Bradburn, 2005). However, the potential of networks to assist social enterprise creation and development has been recognised (Haugh, 2005; Hines, 2005; Lyon & Ramsden, 2006). The analysis presented in this paper considers the relevance of the key concepts to examine a specific social enterprise network that is supported financially by the UK Government.

Methodology

The aim of the study was to examine the theoretical concepts of SNA and consider their applicability to a social enterprise network (Table 1). This is achieved by empirically investigating a social enterprise network organisation which is supported by funding from central and regional government. The purpose of this is to determine how theoretical concepts might assist practitioners in improving the network effectiveness. The network studied is the Social Enterprise East of England (SEEE).

Documentary evidence was gathered directly from SEEE. This included notes, memos and minutes from meetings held during the process of establishing SEEE; strategy documents and analytical papers prepared after its creation; and publications disseminated via SEEE website. In addition, primary data was gathered in a series of interviews with the Chief Executive. Finally, the first author's involvement in SEEE (as Director) provided a rich and deep understanding of the context, activities and challenges of the organisation. Although the author's involvement in SEEE has the potential to bias data collection and analysis, the benefits of access to information and informants and deep knowledge of the subtleties of networking justify our approach.

Concept	Potential application for network practitioners
Structure:	
• Density	• Measure density among network members and in relation to potential total membership.
• Anchorage	• Examine network from various actors' perspectives
• Structural holes	• Analyse who is missing from the network
Ties:	
• Durability	• Monitor length of network relationships
• Direction	• Measure the degree of reciprocity in network relationships
• Strength	• Assess strength of ties between members
Content:	
• Information & knowledge	• Facilitate the flow of information and knowledge between members of the network
• Ideas testing	• Develop channels allowing testing
• New business	• Promote inter-trading and market opportunities
Context:	
• Boundary-setting	• Explore issues of identity around social enterprise
• Business activity/mission	• Consider potential for clusters of firms with similar trading activity or social mission
• Stages of growth	• Group firms at similar stages of growth
Purposiveness:	
• Setting of goals	• Identify and agree goals to facilitate network growth and unity
• Conflicts with sub-groups	• Anticipate and mitigate possible conflicts
• Tendency to centralise	• Provide structures encouraging decentralization

Table 1 Conceptual Framework

Social Enterprise East of England

Between 2002 and 2005 the European Social Fund (ESF) funded a project entitled Supporting the Social Economy in the Eastern Region (SSEER). The aim of the project was to investigate the social economy in the east of England and to find ways of supporting existing, and the creation of new, social enterprises in the region. Social Enterprise East of England (SEEE) emerged from SSEER. SEEE was incorporated as a Company Limited by Guarantee in June 2005 (SEEE, 2005b), and formally launched at a public event in Cambridge on 17 October 2005 (InTouch, 2005). SEEE works closely with the regional development agency (East of England Development Agency) from which it receives a significant proportion of its funding. In practice, SEEE works in partnership with the sub-regional networks from the six counties in the east of England - Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk.

The SEEE network offers its members the opportunity to meet others in their local area, share news, views and best practice, and explore trading possibilities. The vision of SEEE is to promote a prosperous and vibrant social enterprise sector in the east of England and its mission is to be an influential, knowledgeable, professional and innovative network which supports social enterprise across the region (SEEE, 2007b). SEEE aims to be the primary source of knowledge about and information for social enterprises in the region (SEEE, 2007a). The explicit goals of SEEE provide evidence that it is a goal-directed, or purposive, network (Kilduff & Tsai, 2003).

SEEE employs four staff (Chief Executive, Marketing Officer, Membership Officer and Events Officer) and there are 15 members of the Board of Trustees (the maximum membership of the board being 17). It disseminates information via a website (www.seee.co.uk), a monthly email newsletter (InTouch Express) and a quarterly magazine (InTouch) which is sent to approximately 1000 subscribers. Although accurate information is not available, it has been estimated that there are between 1,500 and 5,500 social enterprises in the east of England (SBS, 2005; OTS, 2006). By August 22 (2007) SEEE had 103 members, of which 69 were social enterprises and the remainder are partner organisations and other regional umbrella groups relating to social enterprise and third sector organisations, such as Social Firms Eastern Region and the Development Trusts Association (SEEE, 2007a) (Fig 1).

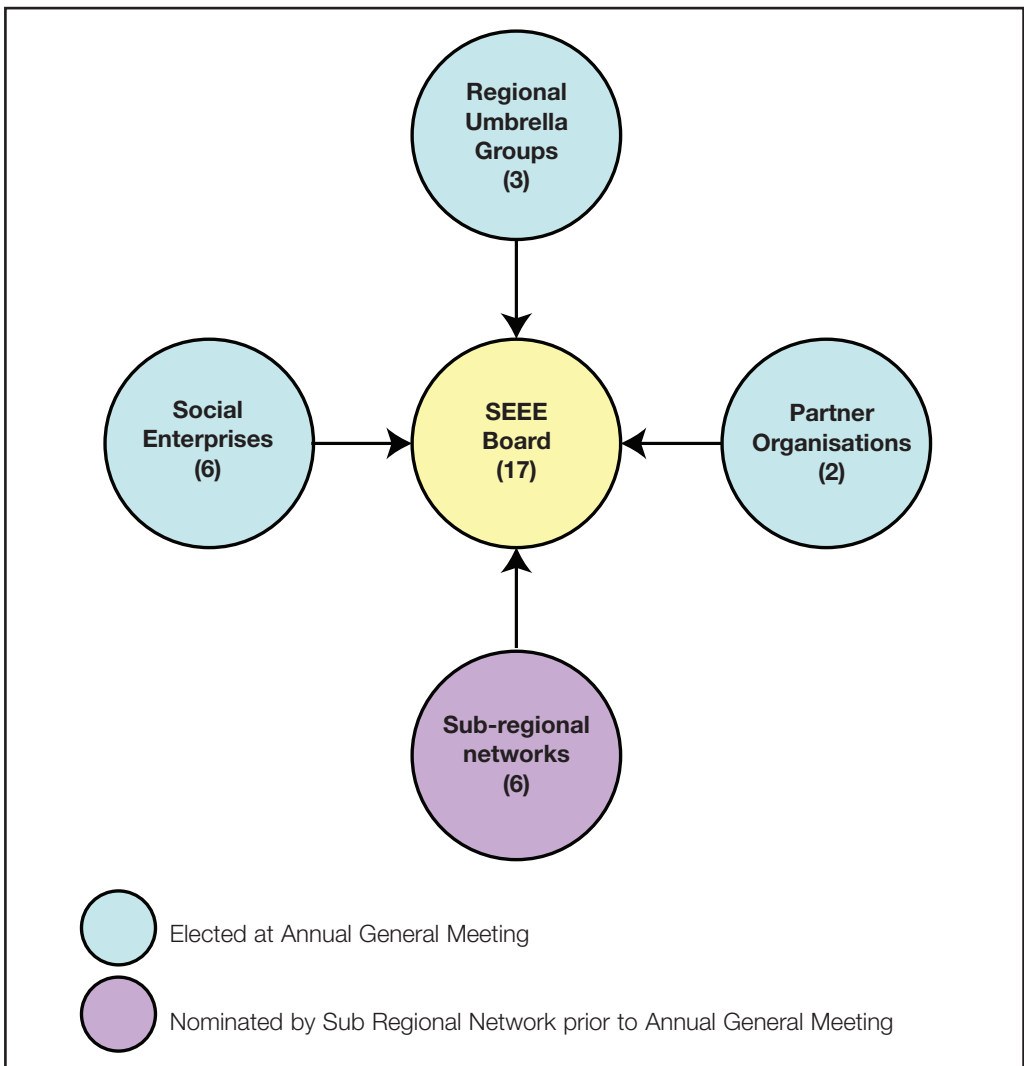


Figure 1 Structure of SEEE (Source: SEEE, 2007c)

Network Structure, Size, Content, Context and Purposiveness of SEEE Structure

The density and centralisation of the SEEE network can be measured in two ways. First, the internal density of the network can be measured by examining the number of ties between members. This is then compared to the maximum possible number of ties between all members to assess overall density and measure centralisation. The information could be gathered by asking SEEE members with whom they network and for what purpose. Data analysis by sub-region would establish structural variations, and further data gathered longitudinally to assess changes in the density and centrality of the network. The second approach is to examine density in terms of the connections between members and non-members of SEEE. Commence with a measure of the ties within SEEE, add the ties between members and non-members, and divide by the total possible number of ties between social enterprises in the east of England. The membership of SEEE (n=100) and the circulation of its publications (n=1000) means that descriptive data concerning density would be excessive for our purposes. Deeper insight into the activities and performance of SEEE was gained from studying fewer actors in greater detail (Brady, 2006).

In SNA, anchorage refers to the actor(s) occupying the focal point of the network. Density and centralisation measures would have the advantage of allowing mini-maps of individual member networks to be constructed. Cross-case analysis could then be conducted to compare the networks of members who share certain characteristics, such as organisation type or size, and to identify opportunities for purposive introductions and pro-active network building. Analysing the network in this way would enable staff from SEEE to encourage greater networking between members and maintain its commitment to managing a member-driven network.

The presence of structural holes in the SEEE network is an issue of extreme importance. The aims of SEEE are to support social enterprises and understand their needs, and feed this information into policy by playing a strategic role both in the region and nationally. The achievement of this aim is dependent on a full understanding of the needs of social enterprises in the region - both members and non-members of the network. Analysis of the membership and its internal and external density, as well as analysis of non-member organisations in the region, is an essential pre-cursor to identifying structural holes and the subsequent design and implementation of strategies to introduce and connect previously unconnected social enterprises.

Ties

Networks are likely to differ in terms of the durability and intensity of relationships between members. Some are characterised by long term, obligation-bound relationships whereas others are more transient and fluid. Durability, the length of time a tie endures, is of particular interest to networks due to its close association with other network qualities such as trust, reciprocity and strength. Data collection and analysis concerning the durability of ties, their purposiveness and effectiveness will be helpful for providing guidance to social enterprises about the potential returns from investing time and resources in networking activities. In addition, measurement and analysis of network membership churn (the rate at which members join, leave, re-join) is likely to be an important indicator of the value of SEEE to the region.

The direction in which content flows between ties indicates the extent of reciprocity between actors. For SEEE, the regular supply of information from them to members ensures that there is a content flow from the centre. This includes the publications listed in section 5, as well market information and business advice. This type of content and flow is to be anticipated in a goal-directed, government-sponsored network. However, the rationale of SEEE is to be an accountable and

member-controlled network (SEEE, 2007b) and hence an assessment of reciprocal relationships between itself and members, as well as between members, is essential to monitoring their effectiveness in maintaining their philosophy. Proxy measures of reciprocity, such as member and non-member attendance at SEEE events, responses to requests from SEEE to social enterprises in the region for input to events and discussions, and contributions from social enterprises to the website and newsletter, would provide information about the effectiveness of SEEE in building mutual relationships.

The final characteristic of ties which SEEE could explore is the strength of ties between itself and members, and between members. Data concerning the frequency of contact and extent of trust could be used to define the cohesiveness of the SEEE network. This is especially relevant in a goal-directed network like SEEE where the tendency to centralization can lead to potentially damaging tension and pressure from and between sub-groups. The sub-regional dimension of membership of SEEE makes this an issue of high concern.

Content

SEEE was established as a primary agency for collecting and disseminating information and advice to social enterprises in the region.

"The task before SEEE is therefore to develop ways of collecting, recording, storing and disseminating information in various forms, while developing a genuine network of individuals who will provide the knowledge that makes SEEE the authority on social enterprise in the East of England."

(SEEE, 2005c:1)

The SEEE website, email newsletter and InTouch magazine aim to deliver information to members and subscribers. Each of these communication tools can be monitored in terms of usage and effectiveness. Further, the participation of members in social enterprise events, their contributions to publications not controlled by SEEE, and their involvement in mentoring and coaching new and growing social enterprises reveals a deeper level of content and commitment to knowledge transfer. The current mentoring and coaching project illustrates how SEEE acts as a broker of connections between network members. In the project SEEE is responsible for training a cohort of managers of established and successful social enterprises to be mentors and coaches. Each is then partnered with the manager of a fledgling social enterprise. The purpose of the partnership is for managers to be compensated for transferring their tacit knowledge and expertise to a new generation of managers.

As well as providing business advice and support, SEEE aims to facilitate connections between social enterprises as a route to new business opportunities. Members of SEEE can promote their products and services via the SEEE website, and advice on working in partnership is available from SEEE and other social enterprise networks. Evaluation of the effectiveness of SEEE in facilitative introductions and partnerships could be gathered directly from members and their business partners.

Context

The establishment of a network by definition creates a boundary between actors who are members and individuals and organisations who are not members. SEEE aims to represent social enterprises and its target membership is drawn from a specified type of organisation and a spatial region. The definition of a social enterprise is contested - they are positioned at the juncture

between private businesses and charities and voluntary organisations. Eligibility for membership is therefore a complex issue and in practice SEEE has experienced pressure to join the network from applicants who are not social enterprises, namely non-trading voluntary sector groups and private businesses who do not direct profits to a social objective, and from organisations who satisfy the social enterprise definition but do not define themselves as such.

The control of membership criteria is necessary at one level, however the value of a network is enhanced by a combination of strong and weak ties (Granovetter, 1973). Strong ties within SEEE, enhanced by weak ties with other organisations and networks are likely to benefit SEEE members (Brady, 2006). For SEEE, ties with a range of trade associations such as the Association of British Credit Unions Limited, the Community Development Finance Association, and Social Firms UK, extends the network and facilitates knowledge transfer between members.

Purposiveness

As noted, SEEE was created as a goal-directed network and it is guided in its work by the Strategy for Social Enterprise in the East of England (SEEE, 2005d). The Strategy, and the decision to create SEEE, was developed after a consultation process involving 90 organisations from the region. The goals of SEEE were defined in a collaborative process between SEEE and social enterprises in the region. This stakeholder-led approach to goal setting ensures that the activities of SEEE are oriented to meeting the needs of the region as well as contributing to policy at national level. The collaborative philosophy of SEEE has been maintained and will ensure that future goals adapt to changes in the environmental context.

An important theoretical issue concerning goal-directed networks has been the tendency to centralise:

“The network that pursues a goal-directed trajectory is from the beginning highly structured around a leader or set of leaders who articulate the goals of the putative organization and recruit members”

(Kilduff & Tsai, 2003:95)

SEEE is a small organisation with 4 employees who manage the daily activities of the network. Its employees deal with a diverse range of social enterprises located in a large geographical area (19 114.2 sq km) with wide variations in economy, topography, and political orientation. The dangers of an over-centralised approach were recognised by the contributors to the 2005 strategy:

“Concern was expressed that a regional network might duplicate local services; compete for funds with existing agencies; be a mouthpiece for strategic bodies rather than social enterprises ... and fail to reflect the views of grass roots organisations.”

(SEEE, 2005d: 12)

To mitigate the pressure for centralisation SEEE monitors membership, actively manages representativeness in its board structure, and is pro-active in working in partnership with sub-regional networks which each have a place on the SEEE board, and offer linked membership with SEEE, yet maintain complete autonomy in their other activities. The success of this strategy has not yet been realised as two out of six sub-regional networks are currently not represented on the SEEE board, only three submitted an activity report to the board meeting in August 2007, and recruitment to SEEE varies across the region (Table 2).

A major challenge facing SEEE is the management of relationship ties between itself and the sub-regional social enterprise networks in the region. There is potential for conflict between SEEE and the sub-regional networks due to lack of alignment between their objectives. Conflict of this type can be extremely damaging to goal-directed networks if not resolved (Kilduff & Tsai, 2003). The management of potential conflict is a high priority for SEEE as it aims to synchronise its activities with other organisations across the region.

Sub-region	Represented on SEEE board	SEEE membership	Report submitted August 2007
Bedfordshire	Yes	10	Yes
Cambridgeshire	No	25	No
Essex	No	29	Yes
Hertfordshire	Yes	12	No
Norfolk	Yes	12	Yes
Suffolk	Yes	15	No

Table 2 Board Structure of SEEE (Source: SEEE, 2007a, c)

Conclusion

In our paper we have explained the key concepts used in network research and shown how this knowledge can be used to analyse the activities and performance of a network organisation. We have drawn heavily on social network analysis to illustrate how theoretical concepts can be usefully applied to an empirical context. In electing to investigate a network organisation for social enterprises we have explored a novel structure in a dynamic socio-economic and political context.

In the UK there is a multiplicity of network structures for social enterprises which vary in terms of their coverage (national, regional and sub-regional), industry and service sector representation, and purposiveness of their creation. They also differ in relation to their purpose, duration and source of funding. However, we have found that the concepts of structure, ties, content, context and purposiveness identified from theory are applicable to the analysis of a social enterprise network.

The findings from our review have implications for network stakeholders in three distinct groups: network members, network sponsors and those who create goal-directed networks. For network members, an enhanced understanding of networks can inform their expectations about service levels from formal networks, and contribute to more effective use of their existing networks. It can assist them to use networks in more targeted way, maximising the returns on their investment in participation in networking activities. Knowledge of structural holes can inform their decision making concerning the creation of ties with previously unconnected actors. For organisations involved with sponsoring the creation of network structures, either through providing advice or other resources, such as knowledge and contacts with actors, an enriched understanding about the structure and content of networks can assist in the evaluation of their investment in sponsoring activities. Knowledge about density, intensity and reciprocity can help them direct resources to strengthening and deepening network ties. However, it is network leaders who have most to gain from applying theory to practical networking. We have identified five broad areas (structure, ties, content, context and purposiveness) in which network organisers can examine and evaluate the effectiveness of their activities and use this information to both measure their progress and, where needed, improve the quality, quantity and focus of their work.

The UK Government has placed a great emphasis on social enterprise in achieving economic, social and environmental objectives (OTS, 2006). As the sector journeys along its Silk Road towards this vision, it remains to be seen whether social enterprise networks can succeed in providing the fertile environment for commercial co-operation, ideas testing, knowledge transfer and social interaction that was embodied so well by the medieval ^{Hans}.

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