

The business of being good: a new language for social organizations

Julia Morley traces the shift towards the language of business

Over the last ten years, the language used in the social sector has begun to shift. Increasingly, those who engage in social activities for the good of humanity speak the language of business. For example, in 2009, a report by the consulting think tank Monitor Institute praised a Tanzanian distributor of solar panels funded by a non-profit mezzanine fund (Freireich and Fulton, 2009). More recently, on 15 September 2014, the Sydney Morning Herald commended a social enterprise backed by AUD\$95 million in investment capital for producing a surplus of \$8.3 million and delivering returns of 12 per cent to its investors. Even the Pope has endorsed a G8 initiative to encourage social impact investing, welcoming attempts to develop 'an international framework - al changes in the 1990s. During this decade, the emergence of the social enterprise as an organizational form blurred the distinction between charitable and commercial activities. The term 'social enterprise' is not clearly defined and can be used to refer to a variety of different organizational forms (Teasdale, 2012). However, it is generally agreed that such an organization will use commercial strategies to maximize social value as it will

...tive. Social entrepreneurs provide the same kinds of social activities as charities, such as counselling young offenders, finding adoptive families for children in care or providing youth clubs in deprived areas, but they do so using innovative strategies and new funding sources, such as earned income from selling goods or services or from social investment. They may also attempt to deliver a combination of financial returns and social impact, known as 'blended returns' and many have registered as a new form of organization, the Community Interest Company (CIC). The CIC was introduced in the Companies Act (2006) to address the needs of social enterprises, allowing directors to be paid a salary and some financial distributions to be made, in contrast to the volunteer boards required by charities.

How are these changes in the organizational structures for doing good work connected to the language used by social organizations? The answer often given by social entrepreneurs is that they believe their chances of attracting funding are improved if they speak the same language as potential funders and can demonstrate their effectiveness. What might this mean for an after

...social investment funding is not as large as some have suggested. The £202 million of funding identified by Big Society Capital (2013) actually represents a very small part of the market for third-sector funding (Beanbag and bullsh!t.com). If this is the case, no other options exist for raising funds, why have social enterprises adopted business language, as if they are courting the attention of social investors? What - or who - might have persuaded social sector organizations to employ the language and practices of business?

To answer this question, we must turn to the activities of a group of elite investment professionals who have played an important role in disseminating the message that business approaches add value to social enterprise. These professionals have been involved in the creation of a number of different organizations within the new social investment space. These organizations include think tanks, such as New Philanthropy Capital and New Economics Foundation, which advise and provide training on social impact measurement; financial institutions, such as Big Society Capital, which provides liquidity and aims to stimulate investment, and other so-called investment intermediaries, such



