

Third Sector Research Centre

Working Paper 107

## **Gender balance in the governance of social enterprise**

Fergus Lyon and Anne Humbert

August 2013

This is an Author's Accepted Manuscript of an article published in *Local Economy*, December 2012, vol. 27, no. 8, pp. 831-845. Information for the final version of the article as published in *Local Economy* (copyright SAGE Publications), available online at: <http://lec.sagepub.com/content/27/8/831.abstract> (DOI: 10.1177/0269094212455158).

## Abstract

There are high expectations placed on social enterprises as alternative forms shaping local economies. However, little is known about how they are governed and their accountability to their local communities. The gender balance of their governing boards and representation of women is therefore an important issue. This paper makes a contribution to examining the claims of greater equality proposed by social enterprises. The results draw on an analysis of a survey of 825 social enterprises and show there is a more equal gender balance in social enterprise governance compared to the private sector. The survey also finds that women are still under-represented on boards when considered as a proportion of the population or the proportion of women's employment in social enterprises. There is also considerable sectoral concentration and a smaller proportion of women on boards of larger organisations. Social enterprises have the potential to be alternative spaces to encourage greater representation of women in the governance of local economies, but at present there continues to be an imbalance.

### Keywords

Social enterprise, boards, governance, gender, women.

### Acknowledgements

We are grateful for the provision of the data by Social Enterprise UK and for the comments from Simon Teasdale, Stephen Syrett and three reviewers. All views expressed are those of the authors.

This is an Author's Accepted Manuscript of an article published in *Local Economy*, December 2012, vol. 27, no. 8, pp. 831-845. Information for the final version of the article as published in *Local Economy* (copyright SAGE Publications), available online at:

<http://lec.sagepub.com/content/27/8/831.abstract> (DOI: 10.1177/0269094212455158).

# Contents

- Introduction..... 3**
- Social enterprise in the UK..... 3**
- Women and organisational governance ..... 5**
- Methodology ..... 6**
- Findings..... 7**
  - Proportion of women on boards..... 7
  - Sectoral segregation..... 8
  - Scales of operation ..... 9
  - Differing income sources and business models of social enterprises with male and female dominated boards ..... 11
- Discussion ..... 13**
- Conclusion ..... 14**
- References ..... 16**
- Appendix 1: Proportional and nominal effect of gendered governance on sector ..... 18**
- Appendix 2: Proportional and nominal effect of gendered governance on income source..... 18**

## Introduction

There is a growing academic and policy literature on the role of social enterprises in providing services, employment and social capital in local economies (Amin et al., 2002; Evans and Syrett, 2007). There are also claims that social enterprises can tackle inequality through social inclusion programmes and promoting diversity. However, little is known about governance and in particular about women's involvement in governance roles. This paper examines the extent of women's involvement and whether there are differences between social enterprises with male and female dominated boards and draws conclusions for local economies. Social enterprises (defined as trading organisations with social objectives) provide the potential for an alternative space from which women can shape the provision of socially beneficial services (Social Enterprise Coalition (SEC), 2010). The research therefore examines the extent to which social enterprises are tackling gender equality issues in governance or whether they are reinforcing existing patterns of inequality.

The issue of gendered boards is discussed widely with regard to private sector business forms, but it is important to examine if social enterprises are any different. This paper explores whether there is evidence of a social enterprise oriented economy encouraging greater equality for women through involvement in the boards of social enterprises and responds to the following research questions: what is women's involvement in the governance of social enterprises? What sectors are more likely to have more women's involvement? How does the scale of operation differ in relation to the degree of women's involvement? What are the differences in approach, values, income streams and finance between male and female dominated boards?

While there is research on the gender balance of employees and volunteers in charities in UK and non-profits in the US (Teasdale et al., 2011; Sampson and Moore, 2008), this paper fills a gap in the leadership role women play through the governance of social enterprise. We take an exploratory approach, drawing on the State of Social Enterprise Survey 2009 undertaken by the Social Enterprise Coalition (now Social Enterprise UK), which surveyed 825 organisations self-defining as social enterprises. The paper starts by reviewing the literature on the concept of social enterprise in the UK and the role of women on boards. The methodology of the survey and analysis is set out before a discussion of the findings identifying the differences in the gender balance of boards between social enterprises of different scales and different sizes and within different sectors. The discussion draws out key issues related to the proportion of women on boards and the types of social enterprises where women are more equally represented. The implications of the differences observed between more localised, smaller social enterprises and larger regional/national organisations are also set out.

## Social enterprise in the UK

The term social enterprise is relatively new, being first mentioned in the 1970s, but rising to prominence in the late 1990s (Ridley-Duff and Bull, 2011). The Social Enterprise Coalition Survey uses a broad definition of 'businesses that are trading for social and environmental purposes. Rather than maximising private profit, their main aim is to generate profit to further their social and environmental goals' (SEC, 2010). This is a loose definition that can allow a wide range of

organisational types to be included, but excludes the public sector and the parts of the private sector that do not have social aims as a core objective. The breadth of this definition also reflects the shifting nature of the boundaries of social enterprise, that have shifted from focusing on democratically owned (or socially governed) organisations to a broader organisational form that includes much of the voluntary and community sector and parts of the private sector as well (Teasdale, 2012; Lyon and Sepulveda, 2009).

The social enterprise sector therefore includes a range of models and different legal forms, including Companies Limited by Guarantee, Industrial and Provident Societies, Community Interest Companies and some forms of Companies Limited by Share. Attempts to find a common definition and branding have led to the establishment of the Social Enterprise Mark, although only a small proportion of organisations self-defining as social enterprises have signed up and there is on-going debate of the parameters used.

Social enterprises can be conceptualised as hybrid forms, occupying different positions along a continuum from the more philanthropic to the more commercial (Dees et al., 2001). The social enterprise label is used in different contexts and this diversity of definitions is reflected in the range of different data sources of the scale of social enterprise with different surveys reporting widely different statistics depending on what is or is not considered a social enterprise (Lyon et al., 2010). The definition given above can therefore be seen to be intentionally loose to allow a wide range of organisations to self-define themselves as social enterprise and to support the growth of the social enterprise concept.

In terms of social enterprise's impact on local economies, qualitative studies show a wide range of social, environmental as well as economic potential benefits. These can come from services they provide, the extent and type of employment created, local spending and the building of social capital (Lyon, 2009). Examples of social enterprises include development trusts, often using assets to generate income to fund social inclusion projects; community businesses using different enterprise models to deliver services; and work integration models that employ people from disadvantaged backgrounds as well as providing local services such as cafes, recycling services or local food production. The extent to which these types of organisations are providing innovative services in alternative spaces is still a matter of on-going research.

Much of the interest in social enterprise in the UK has been driven by a policy agenda that originated under the New Labour government (Morrin et al., 2004) where social enterprise was seen as a policy vehicle to deliver a range of services (Spear et al., 2009). A range of policy initiatives were introduced across the UK, relating to advisory services, loan finance and opening up public sector commissioning to social enterprise. Similar interests were expressed by the Coalition Government in 2010 although with dramatic cuts in public expenditure, much of the support was discontinued. This retraction of support was particularly noticeable in England with more continuation in the devolved administrations. In England there continues to be much rhetoric of support for social enterprise articulated as part of the Big Society agenda, although what this means for local economies remains uncertain (Westwood, 2011).

However with the increased policy interest in social enterprise and the encouragement given to these organisations to provide public services, there are also questions over their accountability (Spear et al., 2009). It is therefore necessary to consider whether social enterprises are representative of all parts of the communities they are seeking to serve. Understanding the role of women in governance and on boards is therefore central to this. Paton (2003: 23) conceptualises governance as directing organisations, shaping strategy, representing service users and safeguarding integrity. Governing boards therefore play a key role in both the legal responsibilities (such as a duty of care) and the wider roles related to developing strategy (Stone and Ostrower, 2007). Social enterprises tend to include a range of different stakeholders on their boards although there is diversity between those that are governed by users and those under the direction of individual social entrepreneurs (Defourny and Nyssens, 2006). Ridley-Duff and Bull (2011) make a further distinction between those social enterprises that are accountable to their external stakeholders, and social enterprises with democratic ownership where staff and members are key players on boards.

## Women and organisational governance

As social enterprises are situated in the intersection of the private and voluntary sectors, insights into the issue of governance of social enterprise need to examine literatures on both commercial business and the voluntary and community sector. Much of the debate focuses on the role of women on boards focuses on larger corporates. Currently women are highly under-represented on UK private sector boards with 12.5% of directorships held by women in FTSE100 companies (Davies, 2011). A UK survey of small and medium enterprises found that 15.5% were majority women-led businesses where women make up more than 50% of the partners or directors in day-to-day control of the business, or where the sole proprietor is a woman (BIS, 2011). Other research found female directors making up 14% of posts in UK, compared to 15% in the USA (Terjesen and Singh, 2008). The actual representation of women varies widely according to organisational characteristics, including size, industry and linkages with other networks (for a fuller account of these variations, see Hillman et al., 2007). Much of the research on the sex composition of boards focuses on the reasons and consequences of the dramatic under-representation of women in this area. Some of the reasons attributed to women's under-representation are that they do not fit the required criteria or specifications (Mattis, 2000), do not have skills and experience that conforms to expectations (Burke, 2003), and that there are greater demands on women's time, in particular from family obligations (Mattis, 2000).

Many have attempted to build the 'business case' for women's involvement in private sector boards (Bilimoria, 2000; Burke, 1994, 2003) by emphasizing potential positive contributions. Research has related women's involvement in governance to financial measures such as profitability and value in the UK (Singh et al., 2001) or the US (Carter et al., 2003; Erhardt et al., 2003). Further research has examined the effect on reputation (Bernardi et al., 2006), and strategic, corporate or market positioning (Shrader et al., 1997). Although the positive effect is usually assumed, empirical evidence suggest the diversity of organisations needs to be considered. This suggests that it is incorrect to work

on the universal premise that adding women to boards will necessarily improve financial performance (Adams and Ferreira, 2009).

As the proportion of women increases on private sector boards, a discussion has arisen on the potential for female tokenism. Lone women on boards are described as isolated, marginal and succeeding in spite of being women (Konrad and Kramer, 2006). This crucial aspect will be taken into account in this paper, in particular by analysing both the number of women (nominal effect) and proportion of boards made up of women and men (proportional effects).

With regard to women's participation on the boards of the non-profit or voluntary sector organisations, the limited evidence shows that women are still under-represented in many areas. Moore and Whitt's (2000) findings in the US indicate that men are disproportionately more present on voluntary organisations' boards, more likely to occupy multiple seats and to be involved in a various number of sectors compared with their female counterparts. As they state, 'non-profit boards in the United States remain bastions of white, male privilege' (Moore and Whitt, 2000: 324). Pynes (2000) found that 44% of US non-profit board members were women and analysis of the UK's 834,000 charity trustees, found that 48% were women in 2011 (NCVO, 2012). Cornforth (2001) reported a trend of increasing equality in the proportion of women trustees, rising from only 35% in 1994 to 45% in 2001. However, in larger charities 30% of trustees were women in 2001 and this had only risen to 33% in 2011 (Cornforth, 2001; NCVO, 2012).

Sectoral segregation is evident in the type of organisations where women are employed or are volunteers (Teasdale et al., 2011). There are concentrations in activities such as schools and parents groups, or organisations linked to women's issues (Mailloux et al., 2002; Rotolo and Wilson 2007). While there is limited evidence on the sectoral nature of women's involvement, there is also limited evidence on how these gendered sectors are influenced by the gender balance of their governance. In part this is where women have more access, and through participation in governance of voluntary sector organisations, women have brought topics such as children, family, and women's health, violence and discrimination on to the social agenda (Mailloux et al, 2002; Grant, 2003).

## Methodology

This paper draws on an analysis of the Social Enterprise Coalition survey, which interviewed 825 social enterprises (SEC, 2010). The sample frame of 5,355 organisations was built from members of social enterprise umbrella bodies operating in each region. The survey questionnaire confirmed if the respondents defined themselves as a social enterprise having been read a definition and a description of types of social enterprises:

Social enterprises are defined as 'businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners'. The social enterprise movement is inclusive and extremely diverse, encompassing organisations such as development trusts, community enterprises, co-operatives, housing associations, 'social firms' and leisure trusts, among others. Would you say that does describe what your organisation does?

This results in a large sample of organisations self-defining as social enterprises and having links to regional support infrastructure bodies. The sample may exclude those organisations that are not linked into these support networks. The majority of organisations (59%) were Companies Limited by Guarantee, usually with charitable status, with a further 12% being Industrial and Provident Societies, 17% being Community Interest Companies. A further 8% were Companies Limited by Share or sole traders. Forms of social enterprise such as cooperatives, social firms or development trusts can take on any of these legal forms.

The analysis presented here, is based on data regarding the sex distribution of directors, board members or management committee members. These categories are amalgamated and it is impossible to unpick the data further. Unfortunately, it does not offer any information about the sex of the social entrepreneur or the senior management outside of the management boards of trustees or directors.

Interviewees were asked about the composition of their boards using the question: “Thinking about your directors, board members or management committee members, how many of your directors/ board members or management committee members are male? How many of your directors etc. (board members or management committee members) are female?” Out of the 825 organisations who responded to the survey, 30 did not know the sex composition in response to the question and 26 did not have directors, board members or management committee members. These were thus excluded from the analysis. This left 769 valid responses in the analysis. The number of persons on boards ranged from 1 to 60, although very few organisations had more than 20 persons on their board, with an average of nearly 7.5 people (with a standard deviation of 4.641).

Conceptually, the analysis of this paper, based on the findings of Konrad and Kramer (2006), distinguishes between the nominal and proportional effect. The former takes into account the actual number of women on boards but controls for the total number of individuals on the boards (so as to not solely be a reflection of the size of the board) while the latter uses the percentage of women on boards. Social enterprises with no board are themselves excluded from this analysis. This paper talks of ‘effect’ but this should not in any way be construed as a causal link (in either direction). Instead, this paper explores whether there are any associations between the proportional and nominal effects and selected variables. To facilitate the analysis, social enterprises have been divided into three categories: female-dominated social enterprises (61-100% women on board); balanced social enterprises (40-60% women on board); and male-dominated social enterprises (0-39% women on board).

## Findings

### Proportion of women on boards

The analysis shows that 41% of board members were women with an average board size of 7.5 people. However, this figure can hide considerable variation. The analysis of all boards with two board members or more (Table 1) shows that nearly 10% of organisations have no women and a further 9% have only one fifth of board members being women (four per cent of social enterprises have all



women as board members). Analysis of the number of women on boards finds that 19% have only one woman on their board and 71% have two or more women.

**Table 1: Proportion of women on boards**

Proportion of women on boards	N	%of Social enterprises
No women (0%)	73	10%
1 to 19%	67	9%
20 to 39%	209	28%
40 to 60%	263	35%
61 to 80%	98	13%
81 to 99%	13	2%
All women (100%)	31	4%
	754	100%

Note: only includes analysis where there are two people or more on a board

As mentioned in the methodology, the analysis examines the different degrees of women’s involvement, with three categories of gendered boards. Boards that are predominantly male (more than 60% male) make up 46% of the sampled social enterprises. The predominantly female boards (with more than 60% women) make up 19% of the sample, while those that are balanced (between 40% and 60% female board members) make up 35% of the sample.

There did not appear to be a difference between male and female dominated social enterprise boards in terms of age of organisation or legal form. The average age of social enterprises was similar in each of the three categories, with a median year of creation at 2000. In terms of the origins of the organisations, little difference was found in women’s participation on boards between those coming from the voluntary sector, those set up as social enterprises and those coming from the private sector. However, amongst the 10% of social enterprises that had spun out from the public sector, there was both a statistically significant smaller proportion and a smaller number of women on boards compared to those coming from other origins.

**Sectoral segregation**

While the legal form of organisations and age did not appear to impact on the gender make up of boards, the analysis shows that there are significant differences between sectors. In particular, women dominated boards are more likely to be found in sectors that have stereotypically been a focus for women’s employment such as youth and childcare. In social enterprises where women dominate the boards, 73% of the workforce is female, compared to 47% female workforce in social enterprises with male dominated boards and women making up 57% of the workforce in social enterprises with balanced boards. Table 2 shows the different sectoral patterns and the analysis. Statistical details and analysis using binary logistic regression are provided in appendix 1.

**Table 2: Primary sector of social enterprises with male and female dominated boards**

	N	Female dominated %	Balanced %	Male dominated %	% female board members
Youth, community, childcare, counselling	99	28%	33%	38%	47%
Health and social care	84	29%	30%	42%	47%
Education	130	24%	35%	41%	45%
Retail, wholesale	104	18%	43%	39%	44%
Arts, culture and sports	80	23%	35%	43%	44%
Housing and tenant management	114	15%	33%	52%	40%
Regeneration, agriculture, construction	62	16%	37%	47%	40%
Transport/ utilities etc.	43	12%	44%	44%	40%
Training, consultancy, business support, etc.	147	17%	33%	50%	38%
Financial, insurance services, credit unions, etc.	43	12%	40%	49%	37%
Services, work-space hire, media, cleaning	95	13%	32%	56%	36%
Environmental and recycling services	59	12%	27%	61%	34%
<b>Total</b>	<b>1060</b>	<b>19%</b>	<b>35%</b>	<b>46%</b>	<b>41%</b>

Note: 754 social enterprises responded to this question and were allowed to select more than one sector.

It is interesting to note that only two areas see both a proportional and nominal effect: the area of youth/community/childcare/counselling and that of health and social care are both positively associated with the proportion and number of women on boards. There are also higher proportions of women on boards in ‘arts, culture and sports’ social enterprises. In contrast, the areas of ‘environmental and recycling services’ have a smaller proportion of women involved in boards. Finally, the area of education sees a strong positive nominal effect showing that a large number of women are involved in boards in these sectors but as the size of these boards can be larger, they may not be dominating the boards as a proportion.

### **Scales of operation**

The social enterprises in the survey were operating at a range of scales ranging from the local (defined as smaller than one local authority) to national or international. The geographic area covered by social enterprises appeared to be related to both the proportion and number of women on boards of social enterprises (See table 3).

**Table 3: Proportion of women's involvement at different scales of operation**

	N	Percentage of all SE operating at this scale	Average percentage of women on boards
Local – less than a local authority	83	11%	46%
A local authority	183	24%	45%
Two or more local authorities	65	9%	39%
A county	90	12%	38%
Two or more counties	30	4%	36%
A region	136	18%	39%
Two or more regions	34	4%	46%
One country (England, Scotland, Wales, N. Ireland)	56	7%	36%
Multi-country or UK wide	61	8%	29%
International	30	4%	37%

Although a pattern is not straightforward, it appears that there is a (statistically significant) greater concentration of male dominated social enterprises at the wider geographic scale as opposed to social enterprises with female dominated boards at a more local level (Tables 4).

**Table 4: Percentage of male and female dominated boards operating at different scales**

	N	% of SEs with female dominated boards	% of SEs with balanced boards	% of SEs with male dominated boards
Local – less than a local authority	83	33%	29%	39%
A local authority	183	21%	42%	37%
Two or more local authorities	65	22%	26%	52%
A county	90	16%	29%	56%
Two or more counties	30	13%	40%	47%
A region	136	17%	39%	44%
Two or more regions	34	21%	41%	38%
One country (England, Scotland, Wales, N. Ireland)	56	18%	30%	52%
Multi-country or UK wide	61	5%	30%	66%
International	30	20%	20%	60%

The scales of operation refer to the delivery of specific services. These activities can be differentiated from other forms of impact that might occur indirectly such as sharing learning and replicating successful approaches, or lobbying. One in five women dominated boards was found to be lobbying their local authority directly, a similar proportion to the social enterprises with balanced and male dominated boards. However, social enterprises with female dominated boards were significantly less likely to be involved in lobbying local and national government through membership organisations.

In terms of the financial scale, the analysis shows that women dominated boards are found in those organisations with smaller turnovers than male dominated boards, although both female and male dominated boards have lower turnover than the balanced boards. It is also important to note the large range of scales within each category and also the presence of outliers, increasing the mean turnover for all categories. For this reason we also present the trimmed mean (taking out the largest and smallest 5% of organisations and median turnover of social enterprises. Social enterprises with female dominated boards had a median turnover of £150,000 compared to £200,000 for all social enterprises. The highest median turnover was found amongst balanced boards.

**Table 5: Turnover for social enterprises**

	Female dominated boards	Balanced boards	Male dominated boards	All social enterprises
Mean	£698,822	£1,376,311	£4,273,871	£2,645,595
5% trimmed mean	£377,965	£778,358	£752,007	£685,857
Median	£150,000	£225,000	£200,000	£200,000

N=583

**Differing income sources and business models of social enterprises with male and female dominated boards**

The analysis also shows differences in the practices, activities and values of social enterprises that have women or male dominated boards. For social enterprises, decisions need to be made regarding the balance of different income sources, and in particular the use of grant funding. Table 6 shows how women dominated boards have a higher proportion of income from trading with the general public but have a significantly smaller proportion of their income from trading with other businesses whether these are social enterprises or private sector enterprises. Grant income from the government, defined as funding that is provided without competitive bidding or contracts, comprised 19% of the income for all social enterprises, although social enterprises with women dominated boards were more reliant on these forms with 24% of their income from this source.

**Table 6: Average percentage of income from different income sources**

	Female dominated boards	Balanced boards	Male dominated boards	All social enterprises
	N=147	N=263	N=359	N=769
Trading goods or services with the general public	32%	28%	25%	27%
Grants from the public sector	24%	18%	18%	19%
Public sector commissioners (contracts to provide public services)	18%	20%	18%	18%
Trading goods or services with the private sector	6%	9%	15%	12%
Donations from the public and charitable foundations	8%	6%	8%	7%
Trading with other social enterprises	2%	5%	5%	4%
Interest from investments	1%	2%	1%	2%
Other	10%	13%	11%	12%

Differences are also observable in the extent to which social enterprises with male or female dominated boards are making a profit or surplus. Female dominated boards have a much smaller profit, which is partly due to the smaller turnover. Table 7 also shows that there are considerable differences with large outliers making a considerable difference between the mean, and median. The 5% trimmed mean is used to make allowances for these outliers. As a percentage of turnover, social enterprises with male dominated boards reported a median average surplus or profit of 5%, compared to 4% for women dominated or 3.5% for balanced boards. The reported use of the profit or surplus was not found to differ according to composition of the board.

**Table 7: Profit or surplus for SEs with 2 or more board members**

	Female dominated	Balanced boards	Male dominated	Total
Mean profit	£28,257	£68,766	£256,945	£148,872
5% trimmed mean	£14,684	£25,240	£28,962	£23,757
Median profit	£6,000	£8,000	£10,000	£9,000

## Discussion

The analysis in this paper shows that women are better represented within social enterprise governance compared to mainstream private for profit businesses. However, while 41% of board members of social enterprises are women, this is not representative of the population and is certainly far from representative of the workforce within social enterprises with an average of 57% of employees of social enterprises reported to be women. However, the proportion of women board members is considerably more equal than the private sector and similar to the gender patterns of boards in the charitable sector.

The analysis shows the concentration of women board members in particular sectors demonstrating how the social economy is highly gendered. Female dominated boards (with more than 60% women) are found in 19% of social enterprises but this rose to 29% in those sectors that have traditionally had a highly feminised workforce (such as youth/childcare/counselling, and health and social care). Social enterprises in these sectors had close to half of their board member positions taken by women. In contrast only one third of board members in environmental and recycling services social enterprises are women.

In terms of the scale of social enterprise activity, and the impacts of individual social enterprises on local and regional economies, the analysis found that in the 35% of organisations only operating at a local authority scale or smaller, women were making up 45% of the board members, compared to representing only 29% of board members for organisations with a UK wide remit. This suggests that women board members are more likely to be found in organisations with a local focus, particularly when these organisations are operating in sectors that may have smaller turnovers, more localised delivery and fewer multiple sites. Similarly, female dominated boards are more likely to be found in organisations with lower turnovers, with the mean turnover for women dominated boards being 25% lower than the total average. Interestingly, the organisations with balanced boards were found to have the highest turnover. Further research is needed to understand why there are fewer women in larger organisations.

This research also found differences in strategy and values between social enterprises with male dominated boards and those with female dominated boards. A key strategic approach found to a greater or lesser extent in all social enterprises is the use of trading income to meet their social objectives. As organisations are relying on trading for a majority of their income, they have to find ways to ensure their sustainability while also considering their social objectives. In this case trading is defined in contrast to grants or philanthropic donations. The analysis found that social enterprises with female dominated boards had a greater proportion of their income from non-trading grants (24%) compared to either male dominated or balanced boards (both having 18%). Similarly, social enterprises with male dominated boards (and balanced boards to a lesser extent) had a larger proportion of their income from trading with the general public or private sector bodies. This implies that social enterprises with women dominated boards are more dependent on grants or are concentrated in sectors that might have greater access to grants. Other forms of philanthropic support,

such as the use of volunteers does not appear to differ according to the proportion of women on boards.

The hybrid nature of social enterprises between the private and voluntary sector, gives rise to debates within organisations concerning the creation of surplus or profit. While the voluntary sector is sometimes referred to as the 'not-for-profit' sector and avoids the language of the private sector, social enterprises are more likely to develop business models that seek to generate a profit or surplus. The organisations in this sample had an average of 4.5% of their turnover as a surplus. The analysis showed that female dominated boards had an average surplus of 4% compared to 5% for male dominated boards. Social enterprises have to make a strategic decision concerning how this surplus can be used to reach their social aims. The use of retained surplus to supplement reserves is necessary for the sustainability of organisations, particularly those operating in less secure financial environments or if reliant on a few sources of income. However, it should be noted that defining profit in social enterprises can be difficult as a surplus generated within a year can be reinvested in more services within the same financial year and therefore not appear on any balance sheet. Surpluses are also required for social enterprises wanting to access loan finance. The most common source of loan finance is banks, although female dominated boards were much less likely to seek finance from this source.

## Conclusion

Social enterprises appear to provide a more egalitarian environment for women's involvement in governance compared to the private sector. They can therefore be considered an important potential arena within local economies providing an alternative space for governance that challenges inequality. However, while there may be greater equality at the board level compared to the private sector, women are still under-represented and the proportion of women on boards tends to be lower among larger organisations operating at a national rather than local level. Furthermore, governance is still not fully representative of the communities they serve and the gender balance of boards does not reflect the proportion of women in the workforce.

Organisations with a majority of women on the boards are found to be concentrated in particular sectors, in smaller organisations and with a more localised focus. This demonstrates the importance of understanding the gendering of social enterprise activity as well as sectoral differentiation. There is also a need to examine why women are less represented in larger or more commercially oriented organisations. While this research has identified patterns where women's involvement in governance has been concentrated, there is also a need for future research to explore the effect of women's board involvement on social enterprise activity. There is also a need to examine the gender differences in motivations for participation on boards, and the positions of influence that women take when they are on boards.

This paper provides a starting point for debates on the role on women in social enterprises. The analysis has shown that there are strong relationships between women's involvement and sector or organisational size. There are limitations in the study deriving from the sampling of organisations, a factor found in all research on non-profit organisations and social enterprises without a known (or

defined) population. However, this study can draw conclusions from this large survey of self-defining social enterprises. While focussing on the social enterprise organisations as a whole and their board members, the data set did not allow for the analysis of the role of gender in shaping the executive and senior management of organisations. While important insights are provided into the extent of women's involvement on boards, future research is needed on the extent of participation in boards, positions held on board, the power dynamics within boards and whose voices are heard. In particular there is a need to examine the gender of chairs and treasurers (Pynes, 2000). Future research should also consider the background of board members and the extent to which they represent the beneficiaries and involve employees. Further research should explore the dynamic nature of these organisations and the changing gender mix on boards as organisations become more established. This raises questions over how board members are recruited, the nature of the networks drawn on to identify people, and the extent to which these networks are gendered (Moore and Witt, 2000).

This paper has implications for research on the governance of social enterprises as well as governance of voluntary sector organisations and private sector small businesses. By operating at the interstices of the voluntary, private and public sectors and demonstrating a degree of hybridity, social enterprises can create an alternative space where women can shape local economic processes. The policies related to social enterprises and local economies have much to draw from this work. There is a need to consider the gendered nature of the types of organisations involved in delivering services and how they are accountable to both users and funders. In England the Big Society agenda of the Coalition Government looks to social enterprises to deliver more services, at times replacing those previously delivered by the state. The role of boards is crucial in the accountability of such service provision and while social enterprises are more representative than the private sector, there is room for even greater equality in representation.



## References

- Adams, R. B. and Ferreira, D. (2009) 'Women in the boardroom and their impact on governance and performance'. *Journal of Financial Economics* 94 (2): 291-309.
- Amin, A., Cameron, A. and Hudson, R. (2002) *Placing the Social Economy*. London: Routledge.
- Bernardi, R. A., Bosco, S. M. and Vassill, K. M. (2006) 'Does Female Representation on Boards of Directors Associate With Fortune's '100 Best Companies to Work For' List?'. *Business & Society* 45 (2): 235.
- Bilimoria, D. (2000) 'Building the business case for women corporate directors' in R. Burke and M. Mattis (eds) *Women on corporate boards of directors: International challenges and opportunities*. Netherlands: Kluwer Academic, pp. 25-40.
- BIS (2011) *Estimates for Women-led, Minority Ethnic Group (MEG) led and Social Enterprises in the UK*. London: Enterprise Directorate, Department for Business Innovation and Skills.
- Burke, R. J. (1994) 'Women on corporate boards of directors: Views of Canadian chief executive officers'. *Women in Management Review* 9 (5): 3-10.
- Burke, R. J. (2003) 'Women on corporate boards of directors: the timing is right'. *Women in Management Review* 18 (7): 346-8.
- Carter, D. A., Simkins, B. J. and Simpson W. G. (2003) 'Corporate governance, board diversity, and firm value'. *Financial Review* 38 (1): 33-53.
- Cornforth, C. (2001) *Recent trends in charity governance and trusteeship: the results of a survey of governing bodies of charities*. London: National Council for Voluntary Organisations.
- Davies, E. (2011) *Women on Boards*. Review commissioned by Department of Business Innovation and Skills <http://www.bis.gov.uk/assets/biscore/business-law/docs/w/11-745-women-on-boards.pdf>.
- Dees, J. G., Emerson, J. and Economy, P. (2001) *Enterprising Nonprofits: A Toolkit for Social Entrepreneurs*. New York: Wiley.
- Defourny, J. and Nyssens, M. (2006) 'Defining social enterprise' in M. Nyssens (ed.) *Social Enterprise between Market, Public Policies and Civil Society*. London: Routledge, pp. 3-26.
- Erhardt, N. L., Werbel, J. D. and Shrader, C. B. (2003) 'Board of director diversity and firm financial performance'. *Corporate Governance: An International Review* 11 (2): 102-11.
- Evans, M. and Syrett, S. (2007) 'Generating Social Capital? Collaborative Relations, the Social Economy and Local Development'. *Journal of European Urban and Regional Studies* 14 (1).
- Grant, J. W. (2003) 'The changing face of governance in women's organisations' in C. Cornforth (ed.) *The governance of public and non-profit organisations: what do boards do?* Abingdon: Routledge, pp. 221-36.
- Hillman, A. J., Shropshire, C. and Cannella, A. A. (2007) 'Organizational predictors of women on corporate boards'. *Academy of Management Journal* 50 (4): 941.
- Konrad, A. M. and Kramer, V. W. (2006) 'How many women do boards need?' *Harvard Business Review* 84 (12): 12-22.
- Lyon, F. (2009) 'Measuring the value of social and community impact'. *TSRC Working Paper 7*. Birmingham: Third Sector Research Centre.
- Lyon, F. and Sepulveda, L. (2009) 'Mapping social enterprises: past approaches, challenges and future directions'. *Social Enterprise Journal* 5 (1): 83-94.

- Lyon, F., Teasdale, S. and Baldock, R. (2010) 'Approaches to measuring the scale of the social enterprise sector: The case of the UK'. *TSRC Working Paper 43*. Birmingham: Third Sector Research Centre.
- Mailloux, L., Horak, H. and Godin, C. (2002) *Motivation at the Margins: Gender in the Canadian Voluntary Sector*. Available at [http://www.vsi-isbc.org/eng/knowledge/pdf/reports\\_motivation.pdf](http://www.vsi-isbc.org/eng/knowledge/pdf/reports_motivation.pdf), accessed 4 December 2008.
- Mattis, M. C. (2000) 'Women corporate directors in the United States' in R. Burke and M. Mattis (eds) *Women on corporate boards of directors: International challenges and opportunities*. Netherlands: Kluwer Academic, pp. 43-56.
- Moore, G. and Whitt, J. A. (2000) 'Gender and Networks in a Local Voluntary-Sector Elite'. *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 11 (4): 309-28.
- Morrin, M., Simmonds, D. and Somerville, W. (2004) 'Social enterprise: mainstreamed from the margins?' *Local Economy* 19 (1): 69-84.
- NCVO (2012) *The UK Civil Society Almanac 2012*. London: National Council for Voluntary Organisations.
- Paton, R. (2003) *Managing and Measuring Social Enterprises*. London, Sage Publications.
- Pynes, J. (2000) 'Are Women Underrepresented as Leaders of Nonprofit Organizations?' *Review of Public Personnel Administration* 20 (2): 35-49.
- Ridley Duff, R. and Bull, M. (2011) *Understanding Social Enterprise: Theory and Practice*. London: Sage Publications Ltd.
- Rotolo, T. and Wilson, J. (2007) 'Sex segregation in volunteer work'. *Sociological Quarterly* 48 (3): 559-85.
- Sampson, S. and Moore, L. (2008) 'Is there a glass ceiling for women in development?' *Nonprofit Management and Leadership* 18 (3): 321-39.
- Shrader, C. B., Blackburn, V. B. and Iles, P. (1997) 'Women in Management and Firm Financial Performance: An Exploratory Study'. *Journal of Managerial Issues* 9 (3) 355-72.
- Singh, V., Vinnicombe, S. and Johnson, P. (2001) 'Women directors on top UK boards'. *Corporate Governance: An International Review* 9 (3): 206-16.
- Social Enterprise Coalition (SEC) (2010) *State of Social Enterprise Survey 2009*. London Social Enterprise Coalition.
- Spear, R., Cornforth, C. and Aiken, M. (2009) 'The governance challenges of social enterprises: evidence from a UK empirical study'. *Annals of Public and Cooperative Economics* 80 (2): 247-73.
- Stone, M. and Ostrower, F. (2007) 'Acting in the public interest? Another look at research on nonprofit governance'. *Nonprofit and Voluntary Sector Quarterly* 36 (3): 416-38.
- Teasdale, S., McKay, S., Phillimore, J., and Teasdale, N. (2011) 'Exploring gender and social entrepreneurship: Women's leadership, employment and participation in the third sector and social enterprises'. *Voluntary Sector Review* 2 (1): 57-76.
- Teasdale, S. (2012) 'What's in a name? Making sense of social enterprise discourses'. *Public Policy and Administration* 27 (2): 99-119.
- Terjesen, S. and Singh, V. (2008) 'Female presence on corporate boards: a multi-country study of environmental context'. *Journal of Business Ethics* 83 (1): 55-63.
- Westwood, A. (2011) 'Localism, social capital and the 'Big Society''. *Local Economy* 26 (8): 690-701.

## Appendix 1: Proportional and nominal effect of gendered governance on sector

Sector	Proportional Effect		Nominal Effect	
	p-value	Odds ratio	p-value	Odds ratio
Arts, culture and sports	0.050	1.007		
Education			0.018	1.142
Housing and tenant management				
Environmental and recycling services	0.017	0.986	0.011	0.800
Regeneration, agriculture, construction				
Training, consultancy, business support, etc.			0.015	0.869
Retail, wholesale				
Financial, insurance services, credit unions, etc.				
Services (workspace hire, ICT, media, cleaning)	0.034	0.990		
Youth, community, childcare, counselling, etc.	0.008	1.011	0.003	1.191
Health and social care	0.020	1.011	0.045	1.139
Transport and utilities				

Note: Odd ratios above (below) 1 indicate a positive (negative) association with the percentage or number of women on boards.

## Appendix 2: Proportional and nominal effect of gendered governance on income source

Income Source	Male dominated	Balanced	Female dominated	Total	Proportional effect	Nominal effect
Trading goods or services with the private sector	15	9	6	12	$\beta = -0.181$ $p < 0.001$	$\beta = -1.298$ $p = 0.012$
Trading goods or services with the general public	25	28	32	27	$\beta = 0.147$ $p = 0.007$	
Public sector commissions (contracts to provide public services)	18	20	18	18		
Grants from the public sector	18	18	24	19	$\beta = 0.097$ $p = 0.026$	
Donations from the public and charitable foundations	8	6	8	7		
Trading with other social enterprises	5	5	2	4	$\beta = -0.059$ $p = 0.01$	$\beta = -0.758$ $p = 0.023$
Interest from investments	1	2	1	2		
Other	11	13	10	12		

## About the Centre

The third sector provides support and services to millions of people. Whether providing front-line services, making policy or campaigning for change, good quality research is vital for organisations to achieve the best possible impact. The Third Sector Research Centre exists to develop the evidence base on, for and with the third sector in the UK. Working closely with practitioners, policy-makers and other academics, TSRC is undertaking and reviewing research, and making this research widely available. The Centre works in collaboration with the third sector, ensuring its research reflects the realities of those working within it, and helping to build the sector's capacity to use and conduct research.

Third Sector Research Centre, Park House, 40 Edgbaston Park Road,  
University of Birmingham, Birmingham, B15 2RT

Tel: 0121 414 3086

Email: [info@tsrc.ac.uk](mailto:info@tsrc.ac.uk)

[www.tsrc.ac.uk](http://www.tsrc.ac.uk)

## Social Enterprise

What role can social enterprise play within the third sector? This work stream cuts across all other research programmes, aiming to identify the particular characteristics and contribution of social enterprise. Our research includes theoretical and policy analysis which problematises the concept of social enterprise, examining the extent to which it can be identified as a distinct sub-sector. Quantitative analysis will map and measure the social enterprise sub-sector, and our qualitative case studies will contain a distinct sub-sample of social enterprises.

## Contact the author

**Fergus Lyon**

**020 8411 6856**

**F.Lyon@mdx.ac.uk**



This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Unported License.

© TSRC 2013

The support of the Economic and Social Research Council (ESRC), the Office for Civil Society (OCS) and the Barrow Cadbury UK Trust is gratefully acknowledged. The work was part of the programme of the joint ESRC, OCS Barrow Cadbury Third Sector Research Centre.