

systems, sustainability also seems to provide a scientific basis for adopting social enterprise as the new organizational norm. In the words of Paul Hawken, one of the leading advocates for what he identifies as “the movement” emerging out of the natural order:

Sustainability is about stabilizing the currently disruptive relationship between earth’s two most complex systems—human culture and the living world. The interrelation between these two systems marks every person’s existence and is responsible for the rise and fall of civilizations... Today, for the first time in history, an entire civilization—its people, companies, and governments—is trying to arrest the downspin and understand how to live on earth, an effort that represents a watershed in human existence (Hawken, 2007: 12).

It is a noble sentiment—and an understandable draw to a rising generation steeped in network dynamics as a central part of daily life. The notion that social enterprise is the first mode of organization to respect natural system ecologies provides a theoretical basis for the revolutionary rhetoric that has flourished in social enterprise circles since the movement’s rise to prominence in the late 1990s. It also seems to be a killer app for persuading people outside the charitable world to give tangible support to the development of social entrepreneurship, whether through revenue-generating social ventures or donative corporate philanthropy. Since the system will collapse without a commitment to sustainable initiatives, those who cling to obsolete notions of profit-maximization and centralized control are hurting only themselves.

Rather than providing a self-evident proof for social enterprise, however, the appeal to sustainable systems raises serious questions about its long-term viability. Historians of systems theory with no stake in the success of social entrepreneurship have long recognized that earlier social theorists incorporated fundamental elements of system dynamics into their organizational models (See, e.g., Beinhocker, 2006; Sawyer, R.K., 2005). Not least among these precursors of modern theory is

Adam Smith, whose image of the free market’s “invisible hand” has itself proven to be a sustainable model of how simple multi-agent interactions can produce a higher order without centralized control.

Contrary to affirming the need for every business to be virtuous, many systems theorists support precisely the opposite claim: every enterprise can pursue its own selfish ends confident that public virtue will emerge. And we need not rely on the metaphors of Smith’s “invisible hand” or Bernard Mandeville’s “Fable of the Bees” to find support for such an argument; as physicist Neil Johnson suggests in his recent overview of complexity, the most basic levels of nature appear to utilize what one might call a “combination-of-errors approach,” in which collective efficiency results from the aggregation of suboptimal actions (Johnson, 2007: 210).

For social enterprise to be more than the latest passing fad in doing good, we need a rigorous re-assessment of the link between system dynamics and social institutions. To that end this article has three distinct yet related aims. First, I want to offer a new definition of social enterprise (taking into consideration the above mentioned SEM of Massetti), one that is designed both to distill a concise explanation of the phenomenon and to explain the diverse values and ventures associated with the term. The strategic shift in my approach is to move away from trying to identify either a prescriptive mission or an array of common characteristics. Rather, the key to understanding social enterprise lies in a fundamental principle of system dynamics: a simple rule can have complex results—and not all of them are favorable to social enterprise as a distinct and sustainable movement.

Besides re-defining social enterprise, my next goal is to provide an explanation for organizational altruism that goes beyond latching onto the latest popular fads. Rather than asserting that social enterprise is a revolutionary disruptive innovation, I posit that social enterprise reflects the recurring tendency of the charitable community to engage in *strategic symbiotic mimesis*, adapting by adopting what it believes to be the traits desired by po-

tential supporters—an approach, I will explain, that is, in the end, unsustainable. In contrast, I see the root of social enterprise as lying within corporate identity itself—in particular, the historic function of organizational form as a means of modeling complex emergent patterns.

This article’s ultimate aim is to explain why social enterprise is a *transitional* form, an important but ultimately temporary organizational technology. The ethical imperative does not derive from any need to stabilize such external systems as “human culture and the living world,” nor does it require us to make unfounded and untenable assertions that all social enterprises are chaotic systems or that traditional markets are not networks. Rather, it flows from the very nature of corporate identity. Every enterprise is a social enterprise; the time has come to understand why.

Defining social enterprise

Social enterprise is charity’s Web 2.0—a would-be revolution as open to interpretation as a Rorschach blot. If commentators agree on anything in regard to social entrepreneurship, it’s, as Massetti described above, the lack of a consensus as to what the concept means. Whereas Massetti supplies her SEM matrix as a way out of the dilemma of defining social entrepreneurship, I will explore the problem of definition in order to probe the issue of sustainability.

Oxford’s Alex Nicholls notes that “the definition of social entrepreneurship is often seen as contested and unclear,” although he adeptly reframes this as a “dynamic flexibility” that is the “basis of [the movement’s] extraordinary impact (Nicholls, 2006: 10.) Professor Marthe Nyssens similarly observes that social enterprise “remains a very broad and often quite vague concept,” particularly in the U.S.. While her European research group had distilled its own preferred definition—citizen-initiated community benefit with a limits on material benefit to investors—she expressly disclaims any effort to impose “prescriptive criteria.” Instead, the definition is at best an attempt to describe an “ideal-type” within a “galaxy” of groups (Nyssens, 2006: 4, 10.)

It is tempting to assume that the concept’s vagueness is a feature, not a bug, but as a programmatic strategy this is not without its risks. As NYU’s Paul Light has observed, the lack of an agreed-upon definition of social enterprise is likely to hurt the movement’s chances of long-term success. At the very least, he argues, measurement of the growth and impact of social enterprise will be impossible without a shared understanding of precisely what we’re supposed to be measuring—an ironic situation for a field that exhorts nonprofits to use quantifiable metrics (Light, 2008).

The one and the many problem

To build the case for social entrepreneurship, commentators have attempted to identify shared traits sufficient to demonstrate the existence of a distinct abiding pattern. One approach is to construct a definition that has decided inspirational appeal but offers little practical guidance in setting the apparent boundaries. For example, the Skoll Foundation, one of the leading supporters of social enterprise worldwide, describes a social entrepreneur as “society’s change agent: a pioneer of innovation that benefits humanity”—a definition that is capable of including any number of individuals and businesses that social entrepreneurs would typically not count within their number, such as Microsoft, big pharma or companies with patents on toothpaste.

Deciding what qualifies as a truly “social” benefit becomes even more difficult when we factor in historical change. For example, little more than a century ago urban streets were rife with disease-bearing filth and a sickening stench until the automobile made the city cleaner by expelling its exhaust into the atmosphere, which is one reason why ads from the era linked oil companies with nature scenes and fresh air—though it may seem counterintuitive today, back then the internal combustion engine was green tech.

To flesh out the definition beyond abstract ideals, commentators have also tried to supplement formal definitions with what they believe to be common distinguishing traits. The approach is akin what Ludwig Wittgenstein described as identifying family resem-

blance—in other words, eschewing a single fixed definition in favor of “a complicated network of similarities, overlapping and criss-crossing” among individual examples of the term (Wittgenstein, 1953, 2001: 66). Experts have proposed a wide variety of more specific values that they see as emblematic of social entrepreneurship, such as:

- Subsistence on the sale of goods and services;
- Efficient use of grants;
- Creative inspiration applied to “an unfortunate yet stable equilibrium” (Martin & Osberg, 2007);
- Quantifiable metrics;
- Initiation and management by private citizens apart from government and commercial corporations;
- Cooperative engagement among nonprofits, commercial business and the state;
- Organization as a nonprofit;
- Indifference to organizational form, whether for-profit, nonprofit or a mixed corporate group;
- Rejection of organizational form in favor of productive networks, or;
- The creation of a new organizational form marked by “blended value” and limits on investors’ profit (see, e.g., Borzaga, 2004; Dees & Economy, 2001; Light, 2008; Mair & Hockerts, 2006; Martin & Osberg, 2007; Nicholls, 2006; Nyssens, 2006).

Given the all too evident confusion engendered by the inevitable contradictions arising among these possible distinguishing traits, experts have attempted to clarify the concept by aggregating traits and definitions in relation to the traditional boundaries between the market, government and nonprofit sectors. Yet this too gives rise to its own share of confusion. An advocate’s “considerable range of innovative and dynamic international praxis and discourse” (Nicholls, 2006: 5) is to the critic an ad hoc mélange; likewise, when the editors of one collection of essays preface their book with a three-page small-print chart contrasting the

distinct definitions offered by each other, it raises the question of whether a term that can mean anything means anything at all.

Social enterprise as algorithm

Making sense of the confusion is an all but impossible task so long as we try to work within the most common analytical frameworks. Words such as “change agents,” “social” and even “entrepreneurship” are so open to interpretation that any definition framed in such language borders on tautology. Trying to distill a set of common characteristics from disparate ventures is an analytical strategy that is sure to result in a model either too vague to be meaningful or too exclusionary to be accepted by a wide swath of practitioners. Likewise, proceeding from the assumption that society is divided into discrete sectors (partly discussed by May Seitenadi in this volume)—no matter how we try to position social enterprise as a mediating, intersecting or self-contained sector, the result is going to raise far more questions than it answers.

A more productive starting point would be to ask how a single concept could coherently serve as a nexus for so many contradictory variants. The goal of such an inquiry would not be to reduce social enterprise to a single definition or set of traits, but to rationalize the emergence of multiple distinct variations of a single term.

Complex systems theory provides a replicable model for explaining such a pattern: namely, the potential for simple rules to give rise to complex forms. Just as the rudimentary decision-making rules in ants can give rise to a diverse array of ordered nests—some flourishing, some failing—social enterprise could be thought of as a *linguistic algorithm* whose specific instantiations can differ widely depending on such variables as the user and the context (Gordon, 2004).

From this perspective social enterprise is more than merely a descriptive category – it functions instead as a *generative code*. The repeated expression of this algorithm across diverse environments produces an array of distinct yet self-similar values. In this regard social enterprise is an organizational analog to the Koch curve or the Mandelbrot set; while

the collective in the aggregate may seem irreducibly complex, each particular expression derives from applying the same programmatic rules (Mandelbrot & Hudson, 2004; Wolfram, 2002).

Although this may not be the traditional way of analyzing organizational form, complex systems modeling provides an invaluable tool for resolving otherwise intractable problems, most notably with respect to irreducible semantic complexity. Take, for instance, Wittgenstein's paradigmatic example of the complexity of the concept of "chair," which is susceptible both of seemingly clear expressions and borderline cases. Rather than try to compile a list of similarities and outliers (e.g., "four legs and a seat except when it's a beanbag"), we can now see a deeper logic beneath the vagueness and apparent contradiction, as a set of relatively simple weighted values—say, discrete form, primarily for sitting, less for resting prone—takes shape in a diverse array of forms. Viewed as a whole, the array of elements in the category "chair" appears to defy reduction to an algorithmic analysis, yet this global complexity emerges from the recursive iteration of relatively simpler rules across space and time.

A similar dynamic is at work with social enterprise, except here the term functions both as a descriptor of the aggregate *and* the generative algorithm. The operative rule is apparent in the phrase "social enterprise" itself, which combines a term linked to the business world with a term connoting connections outside the commercial realm.

We can distill the operative rule into a single word: *hybrid*. In a nutshell, social enterprise combines values from two seemingly distinct conceptual domains. Embedded within the "social" component is an array of values associated with behavior with an orientation beyond the market, state or self; likewise, the term "enterprise" links to values associated with business, commerce, purpose and corporate structure. Fused together, it is a deceptively simple mix with the potential to take shape in a wide range of forms. Viewing these particular expressions at the macro-level can make the concept appear to be a vague and confus-

ing mess, but each specific instance flows from the same impulse to hybridize, albeit shaped by discrete environmental influences. Viewing the system as clusters of values that share discrete aspects of family resemblance, we can describe each relatively stable aggregate of similar patterns as a *linguistic attractor* along the lines of dynamical systems construct of attractors discussed by Goldstein, Hazy, and Silberstang (in this volume; see also, e.g., Cooper, 1999: 87).

In keeping with current usage, at least in the U.S., it is possible to map these attractors in relation to three primary values, although there is a fourth that the movement itself tends not to acknowledge. Arguably the most expansive pattern is one that results from perceiving entrepreneurship primarily in terms of entrepreneurial innovation. Whether an organization actually engages in commerce is beside the point; the key value is devising solutions to social problems that go beyond the limits of traditional philanthropy. For example, Ashoka, a leading force in the movement, defines social enterprise as disruptive innovation in resolving social problems, an expansive definition that encompasses groups from Planned Parenthood and Teach for America to Ethos Water and American Apparel.

Another approach reflects a more commercial vision, equating entrepreneurship primarily with earned income. From this perspective a social enterprise is a social business, distinct from mainstream charity in that it eschews grants and donations in favor of financial self-sustainability. This too is capable of bridging the for-profit and nonprofit divide, both in the form of a hybrid charity/business corporate family (e.g., Greyston Bakery and the Greyston Foundation), charitable micro-financing of businesses in disadvantage areas (Grameen Bank; Kiva.org; Harlem's Abyssinian Development Corporation) and commercial corporate social responsibility, such as Project Red or Starbucks' fair trade coffee.

The third is somewhat more narrow, at least in terms of its relation to corporate law. In this model, social enterprise is synonymous with nongovernmental nonprofit organizations, albeit groups that apply business practic-

es and metrics to their work. Perhaps the most prominent example of this approach is venture philanthropy, which transforms the traditional rhetoric of giving into social investment; the Robin Hood Foundation, for instance, is a charity funded by leading hedge funds that uses its grants to promote rigorous standards for social ROI.

The above three patterns or categories encompass many of the individuals and groups that self-identify as social entrepreneurs, although the fact that there are any number of outliers and shades of difference is perfectly consistent with the fundamental underlying model; at base, social enterprise is not a specific category but an algorithm or generative code. Some will use the language of a double or triple bottom line (the difference being that the triple bottom line breaks out environmental sustainability as a separate social purpose), others will eschew financial rhetoric altogether, but regardless of the specific individual differences each flows from the hybridization of social and entrepreneurial values, whatever each user may believe these to be.

The social enterprise bubble

As a working definition of social enterprise a semantic systems analysis has a few distinct advantages, not least of which is that it applies a well-established analytical tool for explaining complex aggregates of data. Moreover, it does this without imposing a Procrustean norm that forces us to discriminate among competing visions of the field; it is capable of explaining why people who believe that nonprofits shouldn't be commercial and those who evangelize about earned income can equally and credibly describe themselves as social entrepreneurs.

In addition, the reference to complex systems theory—a simple rule expressed in complex patterns—resonates with the arguments often used to justify claims that social enterprise is a revolutionary movement. Particularly since the late 1990s, a number of commentators have appealed to system dynamics as the basis for adopting practices that blend public benefit and entrepreneurship. Whether the dynamic du jour is decentralized networks,

chaos theory, the tipping point or the wisdom of crowds, social entrepreneurs have been adept at laying claim to the latest vogue in systems-discourse to indicate the superiority of blended value.

Yet the meme giveth, and the meme taketh away. A systems model of the dissemination of semantic value does not play favorites; that social enterprise has emerged as a relatively common operative metaphor does not necessarily indicate that social enterprise is the ideal form of social organization, any more than the popularity of the Macarena or Spiderman movies means that they represent the *summum bonum* of their respective arts. It may also be equally likely that the viral spread of social enterprise rhetoric reflects the interaction of environmental factors that make the hybridization of these particular values seem advantageous—for now. When these factors change, as is inevitable, our language is likely to change as well (Abrams & Strogatz, 2003; Atkinson *et al.*, 2008).

Rhetorical turbulence

Social enterprise did not arise in a vacuum. It emerged out of a peculiar array of historical circumstances increasingly distant from the world of today. The roots of the movement extend at least as far back as the late 1970s, when fiscal crises buttressed support for cutbacks in government grants in the West and the Solidarity movement gave global prominence to the idea of what the Polish reformers called “social enterprise”—self-governed, self-sustaining and the fundamental source of social benefit (Brand, 1982). The sustained economic boom of the past fifteen years did not only give rise to a new generation of entrepreneurs applying their expertise to philanthropy; it also fostered an association between entrepreneurship and such adaptive values as success, insight, growth and the future.

In this environment the rhetoric of social enterprise spread far beyond the confines of organizations engaged in identifiable hybrid activity; it also became a standardized mode of self-description among otherwise non-entrepreneurial nonprofits. We see a similar phenomenon at work in the dissemination

of such descriptors as green, organic and, of course, sustainability, which have emerged as normative as much through imitation as ideology. This is what I referred to earlier as the fourth less acknowledged expression of hybrid values: mimetic replication of entrepreneurial and public benefit language, with minimal to no impact on organizational behavior.

While it is indeed possible for social enterprise to be a revolutionary new standard that will forever change our ways of doing good, it is also possible that social enterprise may turn out to be an organizational equivalent to the hula hoop. Just as each new summer brings forth a new song that captures the ear of everyone between age two and twenty-five, evolving political and economic circumstances give rise to new ways of talking about coordinated action. In the for-profit business world this is all too familiar; just as “atomic” businesses flourished after WWII and the invention of the transistor fueled a “tronics” boom, over the past decade we have seen dot-com rhetoric morphing into Web 2.0 as well as the painful rise and fall of shared modes of description for hedge funds and subprime mortgages.

That social enterprise could prove merely to be a semantic bubble is not as outrageous as it might seem. All the talk of world-changing revolution distracts us from a more unpleasant historical fact: that social enterprise is far from the first charitable revolution witnessed in recent years. Merely a decade ago, many of the same experts now espousing social enterprise were proclaiming a “global associational revolution” that was poised to change the world forever (Salamon, 1999). However, this revolution in doing good did not champion hybrid social ventures but nonprofit NGOs, or “civil society,” which were said to constitute a distinct “third sector” apart from state and market. It was a paradigm well suited an environment that now seems like the ancient past—the breakdown of the welfare state, waves of recession, the collapse of the Soviet Union and the Eastern Bloc and the imminence of a new millennium in the standard Gregorian calendar.

But even this was not the first social revolution. Go back a few more years and you’ll

find another way of describing nonprofits and charity. As opposed to a third sector, nonprofits were “partners in public service” with government in administering “the welfare state” (Salamon, 1995). Commercial business was a sector spoken of primarily in terms of market failure, a trope that does not seem surprising when you consider that this was a time marked by rampant inflation, a dormant stock market and the implosion of industrial manufacturing in the U.S.

In fact, the very terms we use now to describe doing good reflect the linguistic dynamics of earlier times. Consider, for instance, the word “philanthropy.” The use of this word to describe charitable giving reached a critical mass around the turn of the twentieth century, with the rise of charitable giving by wealthy industrialists. That philanthropy is a word derived from Greek roots—*philia*, “brotherly love”, and *anthropos*, “human”—is not a coincidence; it reflects a strategic linkage of the industrial nouveau riche with the classical language then associated with the establishment elite.

Similarly, the word “social” used in the charitable context is not an isolated novelty. It is a word that came to prominence in the charitable world with the early development of social systems theory in the nineteenth century. Whereas then-traditional charity viewed poverty as the result of personal flaws, social reformers—including the first generation of academic sociologists—argued instead for seeing society’s problems in terms of systemic social dysfunction. Even the analytical language is familiar, with analogies drawn from members and networks found in the society, the human body and such radically new media as the telegraph and railroad (Wiebe, 1966; Otis, 1999; Otis, 2001).

Akin to turbulent disruptions within the economy (Mandelbrot and Hudson, 2004), the language of charity exhibits a tendency to evolve through waves of exploding bubbles, with some collapsing into nothingness, others leaving signal traces and a few systemically reshaping how we think and act (Abrams & Strogatz, 2003; Atkinson *et al.*, 2008; Gross, 2007).

A variety of factors influence how these patterns emerge, perhaps the most prominent being strategic symbiotic mimesis, in which groups seeking an infusion of capital adapt to the perceived interests of potential patrons. At present, this is the rhetoric of entrepreneurship, with particular instantiations of reflecting, *inter alia*, the extent of adaptive change each actor deems necessary to satisfy the expectations of targeted potential patrons. Other factors that influence the spread of particular metaphor include the emergence of new media, shifts in status markers, the recognition of scientific progress, the vicissitudes of politics and the perceived stability of the broader economy.

Here is where the analogy to Web 2.0 becomes particularly salient. Akin to the initial mania for the so-called dot-com revolution, Web 2.0 has from the beginning been criticized as vague and questionably novel concept. However, with the market downturn, Web 2.0's semantic flexibility is less of an adaptive advantage than another piece of evidence for viewing the idea as just an echo of 1990s dot-com hype. The exponential escalation of Web 2.0 can just as quickly become an exponential implosion, as negative associations with web-based social networking cascade into a market collapse.

Like its online counterpart, the sustainability of social enterprise is entangled with that of its underlying metaphor. The more society tends to associate entrepreneurial values with positive feedback, the greater the potential for social enterprise to amplify in ways that reinforce the perception that the movement is a permanent revolution. Yet as business may lose its appeal, there is also the probability that a cascade transforms into a collapse. In the latter scenario the question facing social entrepreneurs will go beyond merely defining what they are. They will encounter increased resistance to the very notion of blending charity with entrepreneurship, a scenario in which the linkage of charity and entrepreneurship may become opaque at best.

Limit factors

In the prevailing mythology of social enterprise, the movement will grow exponentially so as to occupy the field, with the new hybrid model of a double- or triple-bottom line displacing more traditional nonprofit and for-profit institutions. It's an attractive, even inspirational vision of social revolution, but it may have little bearing on how social movements and the way we describe them actually evolve. Rather than subsisting in periods of relative stasis with occasional periods of rational revolutionary change, the cooperative impulse expresses itself in forms that exhibit the customary wild and aperiodic swings associated with complex system, with the business trusts and settlement houses of one era giving way to the corporation and New Deal in the next.

The remarks in the previous section pointed to a few of the key factors that contributed to the spike in social enterprise over the past decade. Yet these positive environmental influences are neither permanent nor all-encompassing, and we can already see a range of other values that could interact to create a cascade in the other direction. Although social entrepreneurs may not recognize it—as is all too often the case in bubble economies—the conditions for collapse are already in place, starting with an overt backlash against business hybrids. The downturn of the economy is arguably the most conspicuous environmental shift. Not only is entrepreneurship no longer a sustainable metaphor for personal and organizational success, but an upsurge in economic dissatisfaction can make the very idea of profiting from charity seem inequitable, if not inefficient.

The latter objection points to more a systemic obstacle to the continued diffusion of social enterprise as an organizing principle—namely, its lack of a compelling rationale for integrating business and noncommercial values.

In addition, within the more traditional nonprofit mainstream, a growing number of critics are objecting to social enterprise for what they see as its reductionistic nature. For example, Michael Edwards' *Just Another Emperor* has garnered significant attention for its argument that social enterprise is a rhetorical

mirage, an appropriation of business jargon that is inconsistent with the core values of the charitable sector (Edwards, 2008). Critics of a more postmodern bent raise similar objections from another angle, echoing the neo-Marxist approach to systems theory in the Frankfurt school to argue that social enterprise embodies the “colonization of the life-world” by the economic realm (Humphries & Grant, 2005). The economist Robert Reich argues that hybrid ventures are “as meaningful as cotton candy”—the glib belief that we can “do well and do good at the same time” masks the subversion of the common good by the aggregation of wealth and power in the hands of corporate executives (Reich, 2007: 171).

What unites these disparate critical voices is a shared sense that charity by definition is distinct from commodified rhetoric and values—true virtue lies in the communal realm of Ferdinand Tönnies’ *gemeinschaft*, not the impersonal *gesellschaft* of contracts, metrics and trade. Mirroring this critique is the response to hybridization by those who see a social mission as incompatible with for-profit business (Tönnies, 2001).

Once again the opposition is multi-tiered. The most fundamental objection is that hybridization is inconsistent with corporate law, in which the standard for assessing corporate actions is whether they maximize shareholder value. Here reductionism to the latter single value becomes the standard (*see, e.g.,* Laughlin, 2005; Woese, 2004; Kauffman, 2008); public-minded legislators may have enacted constituency statutes and other reforms aimed at allowing corporate managers to consider the interests of nonshareholder stakeholders, but the driving force of investor markets—particularly in an economic downturn—keeps the singular aim of for-profit business the maximization of financial return.

Organizational theorists extend this reductionistic approach to their analysis across the organizational spectrum. Contemporary models of corporate identity have discarded the metaphor of corporate personality as obsolete; instead, the corporation and its analogs are aggregates of inputs, outputs and agreements—a “nexus of contracts” is one prominent image—

arrayed so as to minimize transaction costs. Nonprofits—reduced in this paradigm to organizations that prohibit the distribution of net profits to insiders—form in areas of the economy marked by contract failure, while business corporations, cooperatives and other aggregates with their own default rules dominate in environments where the rules governing each prove to be most efficient (Hansmann, 1996).

This mode of understanding business organization has proven stubbornly resistant to efforts aimed at incorporating social responsibility into the corporate DNA. The rhetoric of moral value and social responsibility has no place in a world reduced to connections and efficient exchange; even the apparent victories of social enterprise, such as the mainstreaming of green business and corporate charity—can be recast as strategic signals that are efficient responses to market realities, such as the rising price of fossil fuel. Arguments that socially responsible organizations are more profitable are similarly ineffective, given the relative lack of quantitative evidence.

The most self-defeating argument, though, is the claim that social enterprise is superior because triple-bottom-line ventures function as self-sustaining dynamic systems, mirroring the global ecosystem itself. Beyond the fact that such claims assume more than they prove, complex systems theory actually supports the proposition that social benefit can be a positive externality of selfish profiteering.

Consider the influential systems-based argument made by Fritjof Capra, whom movement advocate Paul Hawken lauds for providing a strong conceptual underpinning for sustainability (Capra, 2002). Capra grounds the need for hybrid business practices in the nature of living systems, in which networks of complex interactions produce novel emergent properties. For Capra, “the spontaneous emergence of new order” (Capra, 2002: 116) is, in the words of Alfred North Whitehead, “nature’s creative advance”—the “key property of all living systems” (Capra, 2002: 117).

Extrapolating from this principle, Capra argues that business organizations fail to adhere to the animating principle of natural sustainability—they are “life-destroying,”

not “life-enhancing” (Capra, 2002: 128). The problem lies in the formal structure of business itself, which consists merely of the “rules and routines that are necessary for the effective functioning of the organization” (Capra, 2002: 121). Whereas the life of a cooperative enterprise subsists in informal emergent structures marked by creativity and higher values, today’s business focuses solely on reductionistic elements, such as “profits, shareholder value, market share” and return on investment (Capra, 2002: 126). The corporation as designed is soulless and mechanistic; blind to “the aliveness of its communities” business fails to consider social benefit, thereby fostering cascades of destruction throughout the social web.

This argument may seem convincing within the social enterprise movement, but at its core it is self-refuting. Indeed, the self-refuting nature of Capra’s perspective curiously mimics the self-refuting nature of Capra’s own consisting commitment to a version of quantum mechanics, that of his teacher Geoffrey Chew, although Chew’s “bootstrap” approach has long been discredited within the physics community (see, e.g., Woit, 2006). Within a dynamical systems model, the emergence of sustainable order does not require that each particular part of the system exhibit the same traits as the desired holistic outcome. To the contrary, as Capra repeatedly observes, one of the defining traits of an emergent pattern is that exhibits “radical novelty”—“features that are not previously observed in the complex system under observation” (Goldstein, 1999: 50).

Far from being alien to contemporary capitalism, this very dynamic of radical discontinuity is central to the metaphors and principles that economists from Adam Smith to Friedrich Hayek have identified as the source of social benefit in free markets: individuals and businesses pursue their own ends and, *mirabile dictu*, constructive good emerges out of chaos, selfishness and vice (Taylor, 2004). Arguments based on the emergence of self-sustaining ecosystems are unconvincing precisely because they do not answer the question of why a business must internalize an ethic of social responsibility. It is not enough

to say, *pace* Capra, that nature uses rule-based processes and destructive crisis points as the fulcrum for the mystery of spontaneous order (Capra, 2002: 118). The Occam’s Razor conclusion from natural sustainability is that mechanical corporate rules and asocial profiteering are critical components of the emergence of good, just not the parts that do-gooders like.

From this perspective, assertions that business must reflect the natural order can seem naïve, if not incoherent. As Bernard Mandeville (1714, 1723) rhapsodized in his classic Fable of the Bees,

*Fools only strive
To make a Great an honest Hive.
T’ enjoy the World’s Conveniencies,
Be famed in War, yet live in Ease
Without great Vices, is a vain
Eutopia seated in the Brain.*

Social enterprise as transitional form

Social enterprise is at a crossroads. One path leads to an all too common fate for elements in a mimetic cascade, from slang and viral video to civil society and settlement houses—mass diffusion followed by collapse. Yes, the social enterprise movement will persist to varying degrees, from a cadre of adherents to traces of its characteristic language. It’s also possible that certain policy goals embraced by the movement may thrive due to factors largely outside the movement itself, such as the effect of rising oil prices on funding for alternative fuels. However, the movement defined by remaking the nonprofit and for-profit worlds in the image of social ventures will perhaps dramatically recede, a twenty-first century heir to hippies, Beats and Fourierites.

But this is not inevitable. The core weakness of the movement to hybridize is not that it strives to emulate sustainable systems, but that it does not provide a coherent reason to integrate seemingly disparate values. Infusing nonprofit rhetoric with the language of for-profit business—“metrics,” “ROI,” “capital markets”—threatens to betray the very essence of the nonprofit as a space apart from commerce. At the same time, grafting a charitable ethic onto for-profit corporate enterprise

seems inconsistent with the law and logic of free market capitalism, in which social good emerges from the pursuit of selfish ends.

Rather than dismissing so-called traditional organizations as obsolete, the social enterprise movement would have a sustainable long-term impact by highlighting the ethical complexity of existing corporate constructs—in short, every enterprise is a social enterprise, just in different ways. In this regard social enterprise is a revolution, just not in the sense of being wholly new. Rather, it is a returning—the literal translation of the Latin *revolvere*—to the dynamic of corporate life itself.

To understand why, we need to change how we think about corporate form. Capra's reductionistic image of corporate formalities—the soulless rules of corporate governance and asset allocation—unites all parties in the social enterprise debate, even as they differ on the value of infusing this dead letter with a social spirit. What no one realizes is that the programmatic code of both nonprofit and for-profit corporate identity functions as a hybridizing algorithm.

The emergence of civil society

Earlier we noted that the rhetoric of social movements is turbulent. This semantic turbulence, like that in financial markets or the generation of hybrid ventures, exhibits fractal properties—its swings and spikes are self-similar, flowing from the expression of a common value. The impulse to hybridize is the root of all forms, and not merely coincidence or some vague mystery of the world. Rather, it is the defining property of corporate form.

The phrase “social enterprise” provides a clue as to the how this came to be. The term is actually not new; it's just the latest variation of a long series of constructs that attempt to integrate reductionistic and emergent values. The most influential of those constructs is “civil society,” a term that in its recent heyday proved to be susceptible to interpretation as social enterprise. Contrary to what today's so-called experts claim, however, civil society does not refer narrowly to such things as NGOs, nonprofits or a voluntary sector between state and market. Rather, civil society is a programmatic

legal metaphor designed to model emergence—as is the corporation itself.

That civil society is a metaphor for emergence becomes apparent when we look past its present use among NGO advocates. Aristotle coined the phrase in the treatise commonly known as *The Politics*, although this too obscures the true significance of the work. The word translated “politics”—in Greek, *politike*—literally refers to the “city,” or *polis*, a phenomenon that Aristotle is struggling to understand.

Aristotle's fascination with the city lies in what he perceives to be its metaphysical distinctiveness (*Politics*, I). Apart from the city, people enter into cooperative arrangements that are at base reductionistic aggregates akin to a *koinonia*, or legal partnership. In a business partnership, two or more individuals enter into a contract to share the profits from commerce—unlike the modern corporation, the partnership was not a discrete entity but an aggregate of individuals whose rights and responsibilities were set by the agreement. A family, for Aristotle, is merely a *koinonia* in which two individuals unite to produce offspring and to manage household assets. A village is a *koinonia* connecting several households; like other partnerships, the village is nothing more than a simple aggregate, with no distinct properties or values beyond its constituent parts.

The city is different. It consists of businesses, families and villages, yet it is “self-sufficient, so to speak, emerging for the sake of life but existing for the sake of the good life” (*Politics*, I: 8). This root of this higher ethical purpose is the city's distinct metaphysical character; the *koinonia politike*—the partnership of the city—is not merely the sum of its parts, but it is a “whole” that is “prior by nature” to its constituent elements (*Politics*, I: 11). This, Aristotle observes, makes the city the interpersonal extension of human identity. Just as the human is a self-sufficient unity with its own distinct—and ethical—existence beyond the mere components of its body, the *koinonia politike* emerges out of the routine interactions of connected elements to create a higher meaning for them all.

Two thousand years later the city's defining paradox—a discrete whole irreducible to the mere sum of its parts—is routinely described today with far less metaphysical baggage (Batty, 2007; Holland, 1995: 1). The city, with its order and identity spontaneously appearing from the discrete interactions among its constituent parts, has become a familiar example of the natural phenomenon now known as emergence, in which “the behavior of large and complex aggregates ... is not to be understood in terms of a simple extrapolation of the properties of a few” separate parts (Anderson, 1972, 2008: 222). We now know enough about the emergence of collective properties that we do not feel the need to ground them in a distinct prior essence, and we are able to recognize the phenomenon in a wide array of contexts, from families and small towns to animals, plants and inanimate natural forces. Rather than making the city an object of philosophical speculation, we can sing of a city that never sleeps without feeling the urge to meditate on the paradox of a city that never sleeps even though all its denizens do.

Nonetheless that should not obscure the historic significance of Aristotle's description. His use of a programmatic legal metaphor is a classical analogue to contemporary scientific approaches to analyzing emergent properties in complex systems—it is, in its way, a direct predecessor of current research in understanding cities through cellular automata, agent-based modeling and fractals (Batty, 2005). Previously the metaphors for a self-sufficient higher order tended to be religious in nature, most notably the Hebrew “divine contract” that linked separate family tribes into a sacred unity. The “partnership of the city,” on the other hand, provided a replicable model for emergent identity that transcended cultic loyalties. It did so by describing key elements of the process of emergence in accessible non-mystical terms—by connecting and constraining agents in a certain context, such as large-scale population bounded by its physical geography and common name, a city could function as a supervenient order that shaped the very people and relationships from which it emerged.

Contemporary communitarian versus liberal public policy debates should also not distract us of the fundamental insight embedded in Aristotle's rhetoric of the good, which foreshadowed contemporary notions of public norms that are ideally irreducible to private interests, particularly those defined by wealth, family or personal influence. The analog between civic good and individual values reflects how each derives from the ratio of difference implicit in emergent identity—just as personal ideals reflect the impulse, grounded in our very consciousness, to rise above the deterministic drives and limits of our material being, the *koinonia politike* aspires to something more than the parochial narrowness of subsistence living.

The adaptive capacity of Aristotle's model of emergent civic form made it well suited as a programmatic construct for cosmopolitan Rome. The Latin translation, *societas civilis*, was equally a legal metaphor reflecting a partnership framed by urban citizenship. The full history of the evolution of this concept is beyond the scope of this article—its influence on adaptive Christian networks framed by *koinonia*, city metaphors and a higher unity “where two or three are gathered in my name” is worthy of its own book; for our purposes suffice it to say that the model of a social order unifying contractual routines with a transformative identity connections took shape in a diverse array of forms. Arguably the most significant development in the evolution of civil society as an organizational metaphor was the conceptual separation of emergent identity from city, church and empire. We can trace the direct roots of the modern form to a series of events that now seem unrelated. One signal moment in this history was the formation of the Cluniac monastic network, which used a common charter, rituals, clothing and structured multi-tiered governance to create what we would now recognize as a multinational corporation with its own distinct brand, autonomous from the jurisdiction of feudal lords, bishops and the Pope (see, e.g., Tierney, 1964: 28-9). An equally revolutionary moment followed in the twelfth century, when law students in Bologna co-opted the classical Roman

law concept of a *universitas* to create a unified common identity distinct from themselves as residents of their home cities. (Berman, 1983). These corporate archetypes provided a real-world model of the phenomena discussed in the Aristotelian writings that, not coincidentally, enjoyed a twelfth-century revival of their own.

As Brian Tierney documents in his history of corporate divisions leading up to the Reformation and the rise of fractious nationalism, the notion of a self-sustaining identity transformed out of its constituent elements grew considerably less esoteric with its embodiment in a replicable legal form. Hybrids and metamorphosis became a recurring theme in scholarly writing; the Church formalized status as a distinct collective entity while churches and secular powers declared themselves distinct from the Church; even cutting-edge artistic theory analogized the depth created by three-point perspective to the collective will emerging out of interactions in city government (see, e.g., Alberti, 1991).

By the time Thomas Hobbes wrote his classic analysis of social theory in the mid-seventeenth century, Aristotle's narrow focus on the city as the archetype of emergent form was no longer viable. Instead Hobbes describes a nation as made up of private "systemes" of "fictitious" and "artificial" "bodies," each of which mimics the relation between whole and parts evident in the human sense of self as a well as the collective political order (Hobbes 1651, 1996: 155-65). Writing in a time of both global joint-stock trading companies and violent sectarian conflict, Hobbes adapts Aristotle's metaphor of the *koinonia politike* to model an ethical identity that keeps the constituent parts in check, as individuals and groups negate their own self-interest to connect within a higher unity (see, e.g., Mahoney, 2000; Lilla, 2007).

In explaining this model Hobbes did not, as is commonly assume, coin a unique new image of a "social contract" to explain the origins of the political order. To the contrary, he was merely translating the Latin *societas civilis* into an English phrase that captured the same image of a legal contract and a higher collective

identity—an image that the frontispiece to Leviathan illustrates by depicting citizens united literally within the person of the king (Hobbes 1651, 1996).

What is most revealing about Hobbes' reference to a social contract is not the metaphor itself, which would not at all have seemed new to peers literate in Latin, but the way it evinces a subtle yet significant shift in the meaning of "social" itself. Years earlier the *societas*—Aristotle's *koinonia*—was a mere composite, a partnership that was nothing more than a contractual aggregate of individuals. By the seventeenth century, however, society bespoke the greater whole, which itself emerged out of self-sufficient legal entities emerging from connections among individuals—each of whom was envisioned as a higher self distinct from its bodily organs and natural drives. A complex array of self-similar identities patterned on emergence, society, in short, was fractal.

Within a relatively short period of time, this acclimation to systems of artificial entities defined by connection and constraint generated a shift in the meaning of civil society itself. Cultural observers stopped limiting the scope of civil society to the state; instead, it became the corporate "realm of solidarity" that "set men over the animals and the basic life of material existence" (Seligman, 1992: 33-34)—Aristotle's *koinonia politike* as the market norm. By the time of Hegel's *Philosophy of Right*, civil society has become the realm of corporate market relations, through which the atomistic individual makes connections outside the family and in so doing mediates the ethical norms that reach their highest expression in the public good.

The emergence of corporate identity

The diffusion of the emergent civic partnership from the state to private corporations is significant for reasons that go beyond historic curiosity. It is this very period, from the groundbreaking social theory of the Scottish Enlightenment to the first modern corporation statutes, that formalizes the hybrid structure of contemporary corporate identity, from the private corporation as a ubiquitous legal structure to the commercial brand.

As with all forms of the civic partnership extending back through Aristotle to the religious state, private corporate identity arose as a means to model emergence and to use it as a tool. As an organizational medium it exists on a continuum with art, music, dance and other modes of expression that utilize rules, connections and modes of distinction to create novel patterns. Viewed from the global perspective these forms appear to be a whole unto themselves; art for art's sake transcending the mundane is but a more poetic analog of a corporate brand that is legally distinct from its shareholders, managers and patrons. At the same time, all of these forms consist of separate elements that viewed in themselves are routine—the articles and bylaws of a corporation may seem mechanical and soulless on their face, but they play the same role in generating a transformative unity as musical notes on lined paper or the mathematics of linear perspective.

The connection between emergence and corporate identity was more apparent to previous generations of legal scholars, who lived in an age before hyper-specialization and thus were more familiar with the arts and metaphor. The paradigmatic expression of this link was the metaphor of corporate personality, an image now dismissed by reductionistic corporate academics. What the present generation has lost by discarding this language as a mere fiction is the central role of *fictio*—creative art, from the Latin for making or shaping—in the culture of contemporary entrepreneurship.

Far from being obsolete, Blackstone's (1765-69) paradigmatic description of the law of corporate personality is the modern analogue to Aristotle's *koinonia politike*—together they function as the Demotic and Greek in the Rosetta Stone of corporate hieroglyphs. Like his predecessors, Blackstone used metaphors to model a phenomenon that we would now describe as an emergent identity, a pattern with properties distinct from those of its separate parts.

As Blackstone indicates, the corporation arose as a counterpart to the commercial partnership, which under the law of the day was merely an aggregate of its constituent individuals; once a partner left the partnership

dissolved. What the architects of corporate form discerned was that the corporation creates an identity that is distinct from those associated with it at any one point in time—it is “one whole out of many persons,” because:

when they are consolidated and united into a corporation, [the members] and their successors are considered as one person in law: as one person, they have one will, which is collected from the sense of the majority of the individuals: this one will may establish rules and orders for the regulation of the whole, which are a sort of municipal laws of this little republic; or rules and statutes may be prescribed to it at its creation, which are then in the place of natural laws: the privileges and immunities, the estates and possessions, of the corporation, when once vested in them, will be for ever vested, without any new conveyance to new successions; for all the individual members that have existed from the foundation to the present time, or that shall ever hereafter exist, are but one person in law, a person that never dies: in like manner as the river Thames is still the same river, though the parts which compose it are changing every instant (Blackstone, 1765-69).

Whatever the additional utility of the corporation and its analogs, this ratio of difference between whole and parts is the root of its coherence. The corporation's name gives it a distinct identity apart from its individual members; the rules contained in its charter documents work together to create the higher collective order that members “in their natural persons... could not have had” (Blackstone, 1765-1769, Bk. 1, Ch. 18).

Since Blackstone's day the image of the corporate person has become a cliché. The intellectual fascination with corporate personality evident in the works of Hobbes, Blackstone and other writers centuries ago has largely disappeared; while corporate personality may be a recurring image in popular culture and practicing law, theorists tend to dismiss it as little more than a distracting folk metaphor. However, as Marshall McLuhan observed more generally in his analysis of cliché as archetype, this is precisely what makes corporate identity so

influential. Corporate form is effective in propagating an identity defined by the difference between whole and parts precisely because we no longer find it unusual (McLuhan, 1970).

Whatever use we may make of the corporation in reducing costs or maximizing efficient production, its core coherence derives from its perceived integrity as a form distinct from its constituent elements. To this end, corporate law encodes the dynamic of connection and constraint depicted in the metaphor of a *koinonia politike*—a “partnership of the city” or “social contract.” On the one hand, it connects people through a common name, shared purpose and synchronized interaction; it even links people across time by enabling these elements to survive the loss of any one participant in the venture. In addition, the law establishes the contours of an adaptive mechanism for collective decision-making; individuals may have their differences, but after exchanging information they make a choice directed toward re-synchronizing action.

At the same time, corporate law also establishes a set of constraints that work together to resist reduction of the whole to select parts, particularly through opportunistic self-serving behavior managers and controlling shareholders (see, e.g., Kraakman *et al.*, 2004). The hallmark of the modern corporation—limited liability—is one such constraint; by creating a firewall between corporate obligations and directors’ assets, the law signals that the corporation is not equivalent to its managers. Fiduciary duties perform a similar function. The duty of care and the duty of loyalty each establish that a director must serve a higher interest than their own; in a way contemporary corporate theory has yet to grasp, every corporation is to some degree a nonprofit corporation, inasmuch as even managers who are shareholders must rein in their private interests to benefit an entity that is greater than themselves.

Like social enterprise, corporate law functions as a generative algorithm that takes shape in a diverse array of forms. It is at its most basic level the contemporary analogue of the classical notion of civil society—it serves as a means to leverage emergence as a tool, and this tool in turn reshapes how we think and act.

The effects of this dynamic are evident in the course of corporate history itself. Through the early nineteenth century, the corporation in law was a quasi-public entity; as Blackstone’s chapter illustrates, the term was synonymous with charities, churches and corporate ventures granted charters because they served the public good. It is precisely this aspect of corporate form that contemporary advocates of civil society overlook when they mistakenly assume that Alexis de Tocqueville was referring only to nonprofits in his landmark description of American voluntarism. In reality, de Tocqueville was describing an array of cooperative enterprises seen at the time as providing public benefit, many of which we would now categorize as for-profit business corporations.

The emergence of differentiated categories within organizational law—business corporations, professional corporations, nonprofits and so forth—reflects the same sort of clustering that we saw in the emergence of distinct wells of attraction within social enterprise. In certain key details they appear distinct, such as different rules for asset distribution or different default structures for governance. Yet they are all self-similar, coded to generate a new discrete identity from constituent elements, albeit to varying degrees.

At base, corporate form is not just a set of connections and default rules. It is an organizational technology programmed to create a discrete new identity. Twenty-five hundred years ago this identity seemed unfathomable, even miraculous, something capable of being understood only if anchored to a deity, city or nation. Over time the anchors became more variable—an identifiable monastic order, an academic *universitas*, a church—until eventually it became so familiar as to be credible where two or three people gathered together under a common name. Today the corporation is not the only organizational medium that expresses distinct identity (McCracken, 2008). We have grown so acclimated to organizational media that mimic emergent identity that the law treats even the commercial partnership as a discrete entity for certain purposes, while various contingent circumstances have sparked

the creation of equally distinct corporate entities, such as the limited liability company. The brand name itself is an extension of the corporate name as a mode of creating a novel identity; every time we encounter a logo we perceive a self-subsisting set of properties rooted in a model of emergence.

The emergence of social enterprise

That corporate form represents an identity distinct from its owners and managers is a legal principle so basic that we have lost sight of its significance. Limited liability, fiduciary duties, the maximization of shareholder value as opposed to the personal enrichment of insiders—these corporate clichés are all normative institutions designed to establish a corporate identity that is more than the sum of its parts. They are as much an extension of naturally occurring emergent form as Aristotle’s model of a city partnership or our internal sense of self (Whitehead, 1929, 1979; Dissanayake, 1992, 1995; Strogatz, 2003; Bloom, 2004).

Isolating the root of corporate identity in a programmatic model of emergence opens dramatic new possibilities in both our theory and practice of organizational life. For the burgeoning research in managerial leadership and systems theory, the embedding of emergence within corporate form provides an organic basis for integrating dynamic systems research into corporate life (McKelvey, 1999; Hazy *et al.*, 2007; Richardson, 2008). Moreover, it adds a new dimension to our understanding of organizational law, which to far too many scholars seems little more than a routinized cliché unworthy of serious academic attention (McLuhan, 1970). What professed business experts have yet to realize is that the same creative impulse we see in the creative arts animates all forms of corporate life; the Renaissance corporate consultant who nurtures an appreciation for science, mathematics, literature and art actually has a competitive edge in understanding the nuances of corporate design.

In itself, a metaphorical model of emergent properties does not necessarily entail an ethical commitment, any more than a hybrid form of collective properties emerging from connected atoms given a moral character to

water, ice and steam. However, the creation of a coherent emergent from human elements is a different environmental predicate, and the result is a complex and seemingly contradictory array of identities all deriving from the impulse to rise above the mundane. On the individual level, our conscious ratio of difference between whole and part takes shape in normative values that resist reduction to otherwise deterministic forces; we strive for immortality, curb our appetite for food, deny that smoking will hurt us, negate our sexual drives and engage in sex without regard to consequence (see, e.g., Whitehead, 1929; Bloom, 2004). On a wider scale, groups of individuals create connections and constraints that not only extend these personal values but create new collective properties. For instance, whereas economies tend to exhibit turbulent swings and the scale-free concentration of wealth in the hands of the relative few, we create models of society designed—at least in theory—to generate a steady rise in wealth distributed to all and health care is not an allocation of scarce assets but a fundamental human right.

For a non-state corporate entity, whether nonprofit or for-profit, ignoring the embedded ratio of difference between whole and part can have dramatic consequences, particularly in the form of unwanted and burdensome government regulation. It is here where the reasoning of today’s business managers and theorists has had its greatest negative effect. The image of a unity distinct from its constituent parts is encoded in the DNA of our for-profit corporate entities, yet business leaders persist in reducing corporate identity to the material enrichment of its executives and shareholders. The resulting backlash—both in public criticism and waves of new expensive and rigorous ethics rules—is akin to the reaction against the Roman Empire when it conflated Aristotle’s metaphor of civil society with paganism and later, Christianity; each represents the reduction of a higher unity to the private privilege of one part.

A more sustainable corporate strategy—in the sense of maintaining the autonomy of the corporate enterprise as a self-subsisting and self-regulating organizational form—rec-

ognizes that the rules and routines of corporate form exist to do more than to generate and allocate financial return. The business partnership already functioned as an aggregate of profit-seeking individuals, and that model is no longer the norm. Every element of corporate identity—its name, its brand, its people, its products—should in some way work to reinforce the image of a whole beyond the parts; the more that people perceive the business primarily as a scale-free aggregation of profits enriching insiders, the greater the likelihood that society will at some point act to make the business something more.

A similar principle applies to nonprofit identity. The difference between nonprofit and for-profit entities is one of degree, not of kind—they are both extensions of the corporate model of emergence, albeit with distinct wells of attraction. Whereas for-profit entities tolerate a certain, though not all-encompassing, degree of commerce and personal enrichment, within the nonprofit universe the image of a form beyond finance and private interests tends toward the absolute. This means that nonprofit design requires even more rigorous attention to rhetorical effect. Nonprofit and other ostensibly charitable organizations that define themselves primarily as businesses—as is all too often the case with organizations attracted to social enterprise by the mimetic bandwagon effect—risk fostering the suspicion that they have in some way betrayed the core values of their higher mission, regardless of whether there is actually any wrongdoing. Conversely, nonprofits that proceed as if they have no relation to the mundane equally generate distrust, inasmuch as people intuitively grasp that the higher order cannot emerge without connections and constraints.

As a hybridizing algorithm, social enterprise is an adaptive response to the loss of coherence in corporate identity. A variety of factors have worked together to shape the movement as it current exists—mimetic mirroring of dot-com and 2.0 rhetoric, the immediacy of electronic technology (McLuhan, 1964), the integrative effects of globalization (Putnam, 2001; Friedman, 2007). The most influential factor, however, is the diffusion

of corporate form itself. What had once been the prerogative of priests and civic leaders has become a social norm; we now live in a world where plugging into the hybridizing algorithms of corporate form is an all too familiar experience. In this environment bifurcating the world into profit-maximizing businesses and idealized nonprofits becomes unsustainable; it literally does not make sense to a rising generation accustomed to joining things together so as to create something new.

But this does not mean that social enterprise is itself a wholly novel concept. It is instead a reflection of what already exists. Ever since modern corporate law formalized a conceptual diversion between nonprofit and for-profit entities, movements have emerged to infuse a public spirit throughout the whole of our organizational system. As we noted earlier, social enterprise is just latest of these movements, and like its predecessors it lacks a structural basis for embracing hybrid values. Understanding social identity as a programmatic model of emergence eliminates this problem. In today's corporate world every enterprise becomes a social enterprise once it creates a legal entity or recognizable brand.

That people feel the need to advocate for hybrid ventures is a symptom of how familiarity has obscured our perception of all forms of corporate identity. At base, social enterprise as a discrete movement is akin to adaptive morphogenesis in the biological realm, where forms evolve in the gap to facilitate missing constructive behaviors (see, e.g., Roughgarden, 2005). Among animals this is, it would appear, an unreflective process, but within human society—itsself a means of modeling adaptive transformation—there is at least the potential for self-awareness.

The core question for facing social enterprise is not so much whether it will last but how best to exhibit what corporate life should be. At a certain level the continued existence of social enterprise is more or less guaranteed, much like there are still a few priests who speak Latin, charities called settlement houses or NGO workers who self-identify with civil society. But social enterprise ostensibly seeks more than mere survival as a semantic trace. If

social enterprise is to be truly sustainable, it must find a way to become more than just the latest permanent revolution to experience a turbulent upswing and precipitous decline.

One common suggestion for increasing the impact of social enterprise is to create new separate social institutions—a social stock exchange, social venture capital funds, a social legal entity. As advocates note, such endeavors could offer substantive advantages for individuals who want to self-identify as social entrepreneurs. Besides signaling their values and providing a standardized structure for integrating commercial business with social benefit, formally recognizing a discrete social enterprise sector could result in a less costly and burdensome operating environment than currently exists—social entrepreneurs arguably would not face the same pressure to maximize solely the financial value of shares, nor would they have to comply with the often arcane restrictions on business activity and profit distribution imposed on tax-exempt charities (Wexler, 2006; Billitteri, 2007).

Yet for all the strategic benefits of separate social entities, the movement's greatest contribution would be to remind us what corporate identity already is—and then fade away. The first and arguably most important step toward this end would be to stop speaking of a division between “social” business and existing non-profit and for-profit structures. Not only is the distinction untenable, it effectively concedes that social enterprise is a niche unto itself; by assuming a conceptual divide between social and business values, it frames the discussion in a way no argument for hybrid enterprise can win. Instead, advocates for the movement need to explain why existing entities already embody hybrid values—and how our failure to grasp this fuels the regulatory inefficiencies and PR debacles that ventures of all types seek to avoid.

The movement would also benefit from explaining the process of transformation that is central to all corporate identity. All form blends separate elements into a greater whole; to maintain their integrity, for-profits and nonprofits alike need to learn the art of corporate composition. That some reduce business

to shareholders while others view nonprofits as non-market entities indicates the degree to which the leaders of each so-called sector do not comprehend the objects of their ostensible expertise.

Beyond rethinking group identity, social enterprise could also secure its legacy by highlighting the social dimension of other organizational technologies. As noted in an earlier section, society is a fractal concept; we have used the ratio of difference between whole and parts to create a universe of self-similar hybrids. From this perspective speaking of a double- or triple-bottom line is redundant; money and stock are themselves intrinsically social media, with their value emerging out of complex interactions and constraints (Taylor, 2004). Once again, the methodology must shift from differentiation to inclusion—instead of grafting social concerns onto other metrics, what we need instead is to explain how social and financial values are the same.

There are, of course, other useful applications of corporate identity as a pragmatic model of emergence, but their overall effect should be the same: to make social enterprise a transitional form. It brings together values that we should not have torn apart, and once we learn its deepest lesson it will become obsolete. While this might seem like a failure to those who champion the movement as a permanent revolution, disappearance in this context would be a mark of its success. It's one thing to change how people talk about groups, quite another to transform how we think.

Conclusion

The emergence of social enterprise reflects a systemic breakdown in our understanding of an organizational medium that has become ubiquitous in contemporary life. We have become so adept at creating new identities that we no longer know ourselves, and social enterprise has appeared to remind us of the way things already are. Corporate form in its complexity is more than a mirror of emergence in nature; it is, to quote McLuhan, “an extension of the self” (McLuhan, 1964). We are all hybrids, every one of us, from the moment of our birth (Whitehead, 1929;

Bloom, 2004). When we remember this, and live accordingly, the work of this movement will be done.

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