THE ECONOMICS OF SOCIAL RESPONSIBILITY: THE WORLD OF SOCIAL ENTERPRISES, edited by Leonardo Becchetti and Carlo Borzaga. New York, NY: Routledge, 2012, ISBN: 978-0-415-63234-8; 219 pages.

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The *Economics of Social Responsibility: The world of social enterprises* edited by Leonardo Becchetti and Carlo Borzaga provides a systematic explanation for the upsurge in social enterprises during what is loosely classified as the neoliberal period beginning in the early 1980s and continuing into the present day. This volume includes ten essays that the editors have organized into two general parts. The first part includes the introduction, and the first four chapters offer the reader a critique of the mainstream framework for analyzing social enterprises while suggesting alternatives. These essays cover a wide range of topics including non-self seeking preferences; the competitive advantages of social enterprises due to democratic and participative forms of organization; job creation for disadvantaged workers; and the impact of social and environmental enterprises on economic growth and development. These essays provide the heterodox economist with a myriad of interesting theoretical analyses and questions regarding human nature and institutional structures.

The first part of this volume clearly displays the inherently pluralistic nature and heterogeneity of social enterprises as well as the reasons why their evolution and behavior escape the explanatory powers of neoclassical economics. The second part of the book takes a somewhat surprising turn as these chapters attempt to squeeze these institutions into various profit and utility maximization models. Included in these chapters are econometric models estimating such things as microfinance borrower utility and the sustainability of corporate social responsibility (apparently there is such a thing). While these chapters were a nice walk down memory lane for this former neoclassical economist, they only illuminated the weaknesses and drawbacks inherent in these bourgeois approaches of investigating economic activity. Given my present identity as a heterodox economist, the remainder of the review will highlight some of the essays and themes of interest for the heterodox schools of thought.

For a reader that is not familiar with the term social enterprise, the introduction of this volume provides not only definitions of several key terms including the differences between non-profit, not-for-profit, third sector and social entrepreneurship, but a historical and political description of the need for and the emergence of these institutional structures. As the essays combine to describe this evolutionary development, an argument is presented that "these bottom-up initiatives can be interpreted as concrete expressions of an increasing sense of social responsibility on the part of citizens and as an 'endogenous response' to their discontent about the shortcomings of public policies" (p.

2). As this modern story unfolds, it is easy to draw comparisons to the double movements in Karl Polanyi's classic work, *The Great Transformation.*

Today, social enterprises provide evidence that society is fighting back against the inequality and injustice that the neoliberal policy agenda has created over the past several decades. This surge in social responsibility is described within the context of four interrelated trends: advocacy movements, individual consumption decisions, the production of general interest services by citizen groups, and the adoption of socially and environmentally responsible behavior by corporations. These four trends contribute to the expansion of what the authors call the "dual-pole paradigm" of the state and the market into a new "three-pole paradigm" to meet the needs of the population in a number of neglected areas including the social, health, education and environmental spheres of the economy.

From a Marxist perspective, the expansion of this third sector of the economy generates numerous areas of interest. One such area concerns the choice of the operating constraints that relate to the distributional structure of the surplus. For many of these institutions, the surplus appropriation is designed to "limit ownership rights by preventing controlling stakeholders from appropriating the surplus and by favoring the satisfaction of social needs through the production of public goods and services" (p. 58). The importance of the design of these restrictions placed on surplus appropriation stretches beyond ownership control and facilitates different organizational structures and relationships within the enterprise and its community.

Sara Depedri's essay "Competitive Advantages of Social Enterprises" describes many of the benefits social enterprises experience in both output production and input savings. A specific example outlines the nature of employee behavior. Despite lower wages than public or for-profit enterprises, workers are more motivated because they are receiving returns that stretch beyond monetary remunerations. The satisfaction derived from positively impacting their communities or the environment diversifies the returns to their labor, promoting efficiency and productivity. Another outcome that emerges from these organizational structures is a reduced need for strict monitoring, allowing greater freedom for employees to experiment and innovate and adding new social relevance to Marglin's question "what do bosses do?"

The changing nature of employee behavior is one of many behavioral outcomes resulting from the various structural relationships between the social and financial aims of the social enterprise. For example, one of the critiques of social enterprises and their capacity for survival "is that the tensions between their financial and social goals will inevitably make social enterprises unsustainable and force them to rely on public funding in order to survive" (p. 10). This problem could be interpreted in a number of ways. I would ask if this means that social enterprises should focus primarily on their social goals because the nearly exclusive pursuit of financial goals by banks has led the financial industry to become heavily reliant on public funding and monetary policy welfare for their survival. The balance between social and financial goals is explored throughout this volume of essays, and interesting changes in the behavior depend on varying institutional arrangements.

In the second part of the volume, these structures are analyzed in the areas of microfinance, free trade and the funding operations of social enterprises themselves at the enterprise, community, national and global level. In the area of microfinance, various methods of encouraging repayment of loans and assigning collateral are described and demonstrated to have different social and financial outcomes. Free trade and the expansion of consumer demand for socially and environmentally friendly products have not only changed the behavior of small enterprises but have also prompted change in production behaviors of large corporate manufactures eager to compete in these markets. Institutional arrangements have also impacted the ability of social enterprises to generate revenue through quasi for-profit behavior, which effectively supplement traditional income streams in the form of private donations and public funding. These diversified sources of revenue strengthen these social enterprise's prospects for survival and growth.

A great strength of this book is its institutional analysis of the mechanisms and structures that have propelled the development of social enterprises. This analysis reveals the heterogeneous nature of these enterprises, as they develop to address different social needs, healthcare shortages, environmental destruction and inequality in wealth and income. Not only do the missions and institutional structures differentiate these enterprises, but their cultural and geographic characteristics also play critical roles in defining the goods and services produced. One of the points that the editors emphasize is that the emergence of social enterprises is in fact a third sector and does not represent competition to the traditional spheres of public and for-profit enterprise. Instead, they are an expansion and complement to the existing institutional structures in our global economy. As such, the greatest weaknesses of the work are its attempts to fit these heterogeneous institutions into various econometric models and its comparisons to traditional firm behavior. As a heterodox economist, I would have preferred greater analysis of the qualitative and quantitative approaches conducted in the early essays. Given the importance that geography plays in the emergence of many of these institutions, the use of geographic information systems and spatial analysis may be a strong alternative method of quantitative analysis in future research of these enterprises.

Overall this work possesses more strengths than weaknesses and provides a wealth of information for a heterodox economist. The early essays and introduction are also very accessible and provide clear examples of the inadequacy of bourgeois economic analysis. They would make excellent pedagogical tools for intermediate economics courses.