

Social Entrepreneurship in the 21st Century
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The Social Enterprise: a European Perspective

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OVERVIEW

1. Some historical backgrounds
2. The approach built up by the EMES European Research Network
3. Work integration social enterprises in Europe
4. Policies supporting social enterprises
5. Towards a theory of the social enterprise
6. Some prospective remarks

1. Some historical backgrounds

A. SOCIAL ENTREPRENEUR, SOCIAL ENTREPRENEURSHIP, SOCIAL ENTERPRISE

- Appearance of these notions around 1990 (US and Western Europe)
- Development of a whole literature since the mid-90's
 - United States: around business schools and pro-active foundations' strategies to support social change
 - Western Europe: in relation to new developments within the "third sector" or the "social economy" (voluntary organizations, cooperatives,...)
 - Social entrepreneurship: spectrum of initiatives much wider than the concept of social enterprise

B. ITALY: THE BOOM OF « SOCIAL CO-OPERATIVES »

- ✓ Withdrawal of the state from some social services
- ✓ Power of large co-operative federations
- ✓ As soon as 1990, launching of the « Impresa Sociale » journal
- ✓ Law of 1991 creating the legal form of « social solidarity co-operative »
 - A-type social co-operatives: social services co-operatives
 - B-type social co-operatives: work integration social co-operatives
- ✓ End of 2004: 7,100 social co-operatives having created 223,000 jobs

C. THE WORKS OF THE « EMES EUROPEAN RESEARCH NETWORK »

- ✓ The emergence of social enterprises in the 15 member states of the EU (1996-2000)
 - ➡ a common European approach to the social entrep.
 - ➡ A European overview of social enterprises (main areas: work integration, personal services, local development)
 - ➡ Book « The Emergence of Social Enterprise » (Borzaga and Defourny, eds), Routledge, 2001
- ✓ Social enterprises in the field of integration by work - « Work Integration Social Enterprises » (2001-2005)
 - ➡ European overview of « WISEs »
 - ➡ Book « Social Enterprise. At the Crossroads of Market, Public Policies and Civil Society » (M. Nyssens, ed.), Routledge, 2006

D. THE UNITED KINGDOM: A GOVERNMENTAL STRATEGY FOR THE PROMOTION OF « SOCIAL ENTERPRISES »

- ✓ 2002: publication of the document « Social Enterprise: a Strategy for Success » (P. Hewitt, Secretary of State for Trade and Industry)
- ✓ Definition: « A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. »
- ✓ Tools of the British government strategy: creation of a « Social Enterprise Unit », support to training programmes, support to the « Social Enterprise Coalition », evaluation reports etc.
- ✓ 2006: SE Unit moved to the Office of the Third Sector

2. The approach built by the EMES Network

- The social enterprise can be identified on the basis of
 - 4 economic criteria
 - 5 social criteria
- The 4 economic criteria:
 - A continuous activity producing goods and/or services
 - A high degree of autonomy
 - A significant level of economic risk
 - A minimum amount of paid work

- The 5 social criteria:
 - An explicit aim to benefit the community
 - An initiative launched by a group of citizens
 - A decision-making power not based on capital ownership
 - A participatory nature, which involves the persons affected by the activity
 - Limited profit distribution

 Conception of the social enterprise deeply rooted in the social economy

The concept of social enterprise
is double-sided:

Social enterprises can be

NEW ENTITIES

OR

ALREADY EXISTING ORGANISATIONS

reshaped by a new dynamics

THE EMES DEFINITION AS AN « IDEAL-TYPE »

- The nine criteria are not conditions to be strictly met to deserve the label of social enterprise
- They rather define an « ideal-type » (abstract construction) that enables to position oneself within the « galaxy » of social enterprises



A methodological tool rather than a normative framework

3. Work Integration Social Enterprises (WISE) in the European Union

A. THE FIELD UNDER STUDY

Besides the main criteria of the « working definition », a WISE is characterised by two major elements:

- ✓ Goal : occupational and social integration of handicapped or marginalised people
- ✓ Means : productive activity with guidance or training, with the view of achieving a lasting integration, be it within the social enterprise or within a traditional enterprise

B. TYPOLOGIES OF WISEs

For each of these categories of WISE, spotting of the main characteristics: legal form, goals, types of jobs, importance of training, target group, resources...



Identification sheet for each category of WISE

Main characteristic of target groups

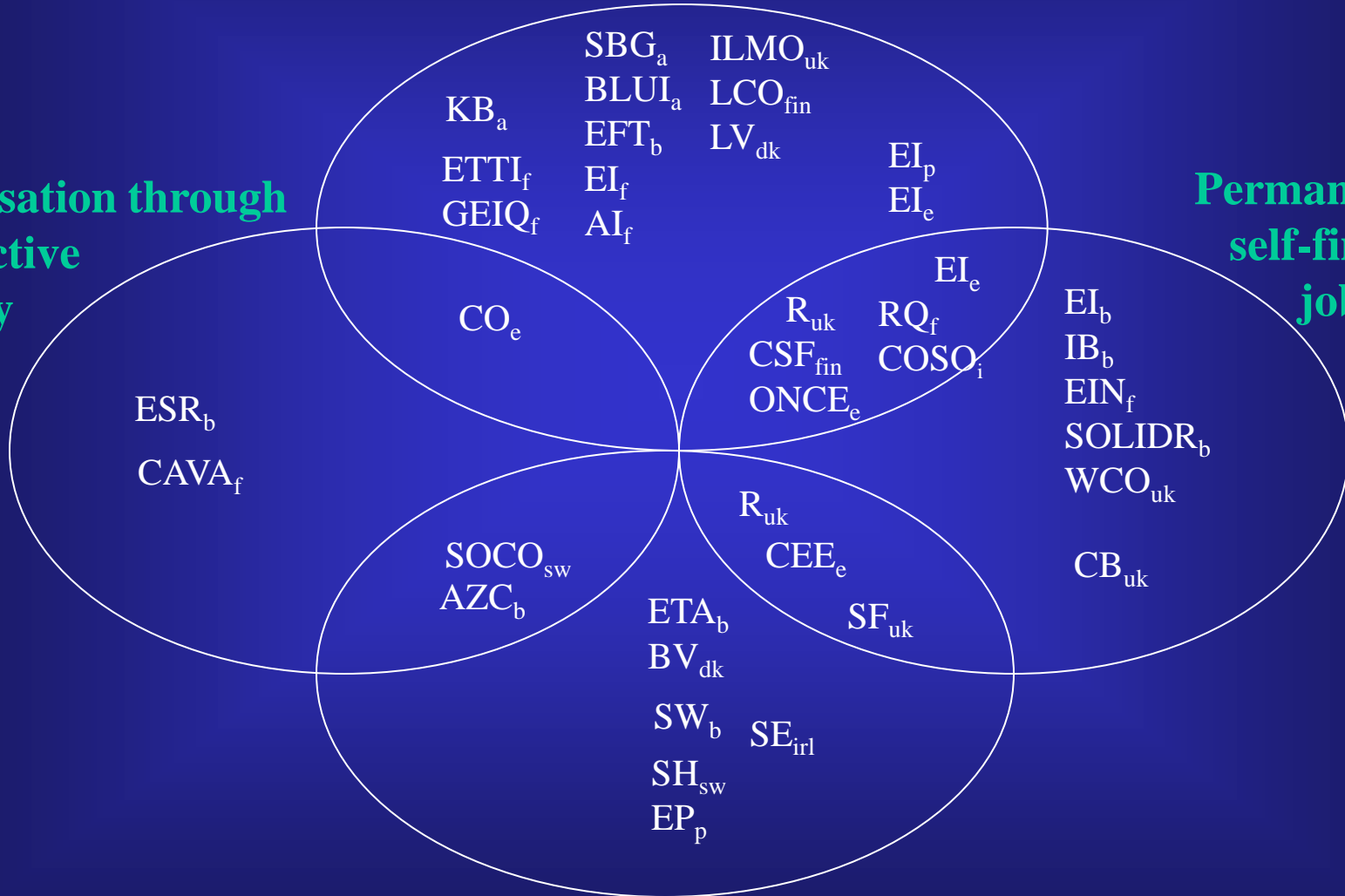
Persons with mental or physical disabilities	« Abled » unemployed workers					
	Women at risk	Minorities	Low-qualified young people	«Social handicap» (alcohol, drug)	«Hard-to-place» (long-term)	
ETA _b BV _{dk} BW _b COSO _i EP _p CEE _e ONCE _e CO _e SBG _a BW _a	BV _{dk} PDL _{uk} CSFDP _{fin} SOCO _{sw} SH _{sw}	Ai _f RQ _f WCO _{uk} CB _{uk} KB _a SEW _{irl} LD _{irl}	RQ _f WCO _{uk} CB _{uk} LD _{irl} CSF _{fin} SEW _{irl}	LV _{dk} EFT _b EI _e RQ _f ETTI _f GEIQ _f CB _{uk} ILMO _{uk} CSF _{fin} SBG _a BW _a	SOLIDR _b ESR _b SW _b AZC _b COSO _i Ei _p Ei _e CAVA _f RQ _f SEW _{irl} CSF _{fin}	EI _b SOLIDR _b IB _b AI _f ETTI _f EIN _f KB _a BW _a LD _{irl} EI _p SBG _a UCS _{irl} LCO _{fin} CSF _{fin} RQ _f GEIQ _f BLUI _a LV _{dk}

Integration goals

Transitional employment supported by short-term subsidies

**Socialisation through
productive
activity**

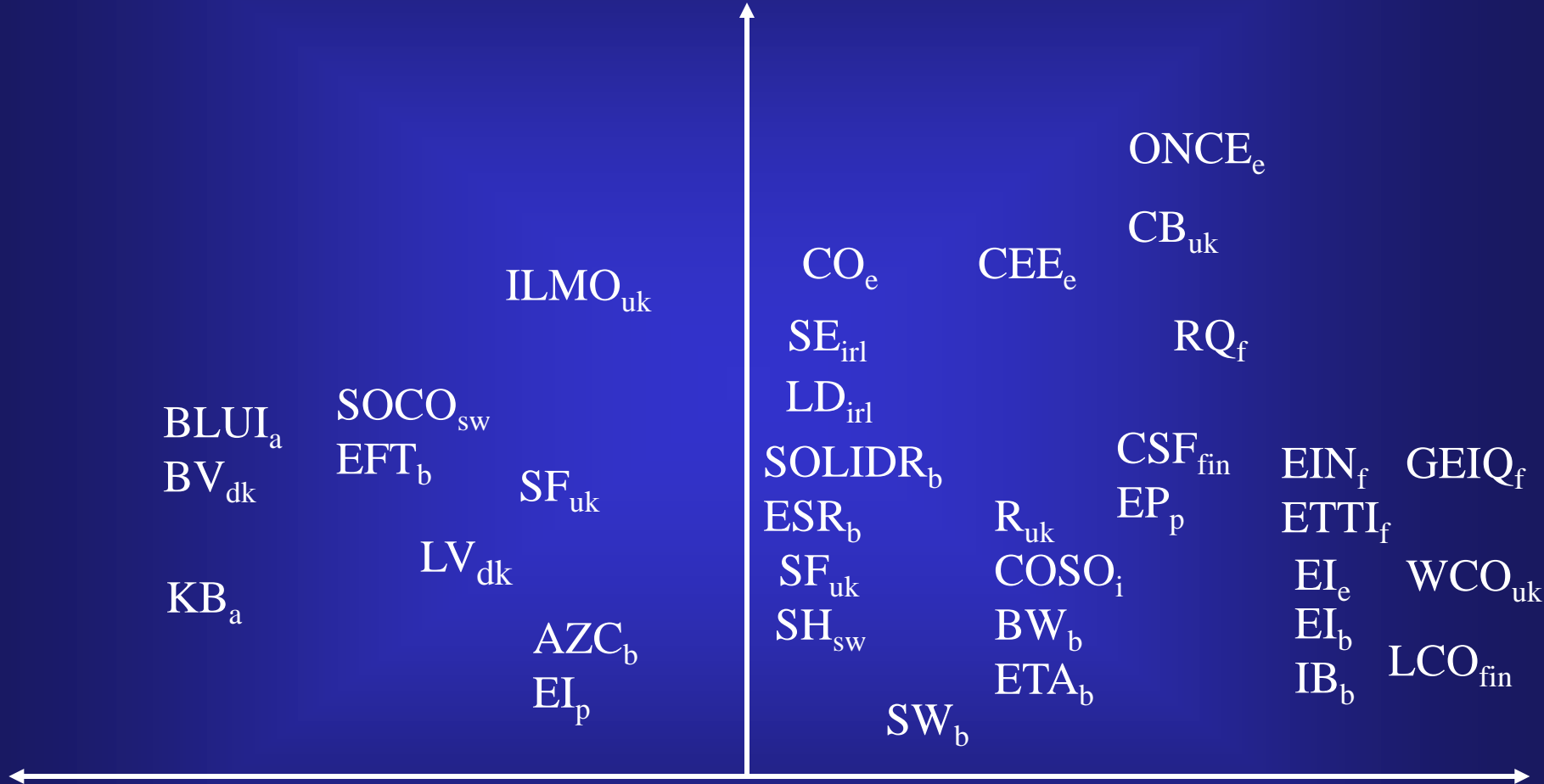
**Permanent
self-financed
jobs**



Jobs supported by long-term subsidies

Resources used

Donations/Volunteering



Non-market
resources

Market
resources

4. Policies supporting social enterprises

- Public policies focusing explicitly on the promotion of SE (UK since 2002, EQUAL programme,...)
- Creation of federative bodies providing various types of technical support (for instance, the Italian Consorzi)
- Setting up of public or public-private funds providing seed capital, loans and other financial supports (France, Belgium,...)
- Promoting access of SE to public procurement (e.g. local public goods)
- New legal frameworks designed for SE (see comparative analysis published by CECOP, 2006).

- New legal frameworks related to the "cooperative model":
 - Italy (1991): "social cooperative"
 - Portugal (1998): "social solidarity cooperative"
 - Spain (1999): "social initiative cooperative"
 - France (2001): "cooperative society of collective interest"
 - Poland (2001): "social cooperative"

- New legal frameworks based on a more "open model":
 - Belgium (1995): "social purpose company"
 - United Kingdom (2004): "community interest company"
 - Finland (2004): "social enterprise"
 - Italy (2006): "social enterprise"

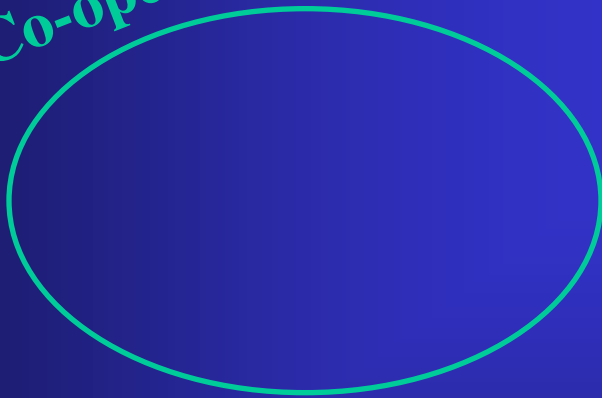
5. Towards a theory of Social Enterprise

A. A FEW LINES OF RESEARCH

- The social enterprise as a multiple-goal and multi-stakeholder organisation → first attempts of empirical testing with WISEs
- The social enterprise as a specific system of « contracts » and « incentives » (new institutional economics)
- The social enterprise as a structure which mobilises and reproduces « social capital » in specific forms

B. THE SOCIAL ENTERPRISE AS A BRIDGE BETWEEN THE ASSOCIATIVE WORLD (NPOs) AND THE CO-OPERATIVE WORLD

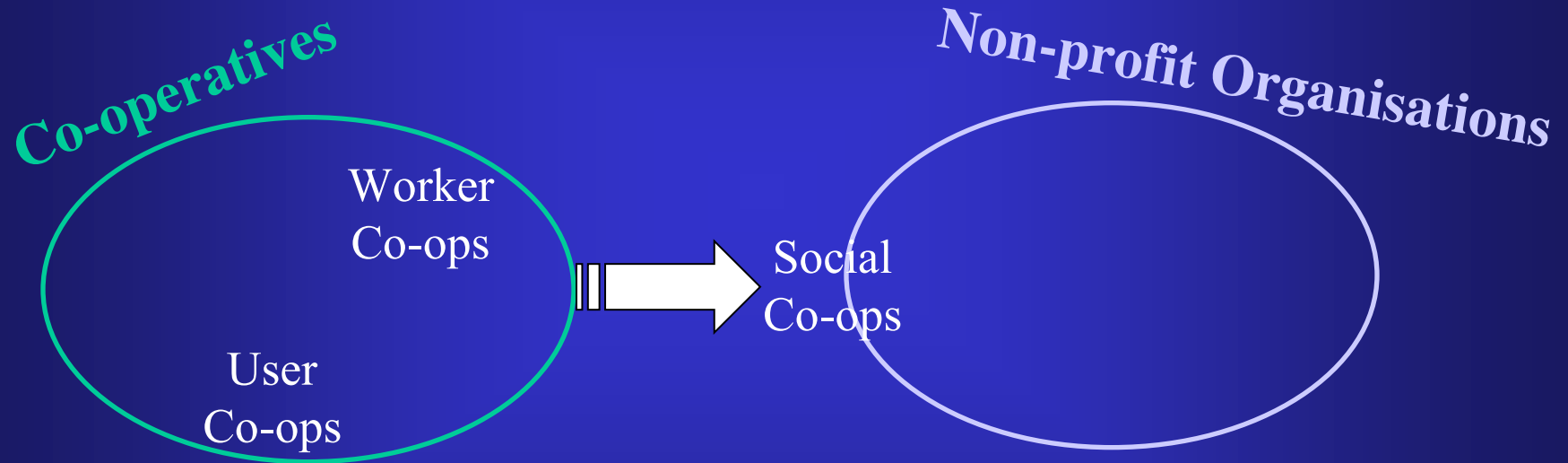
Co-operatives



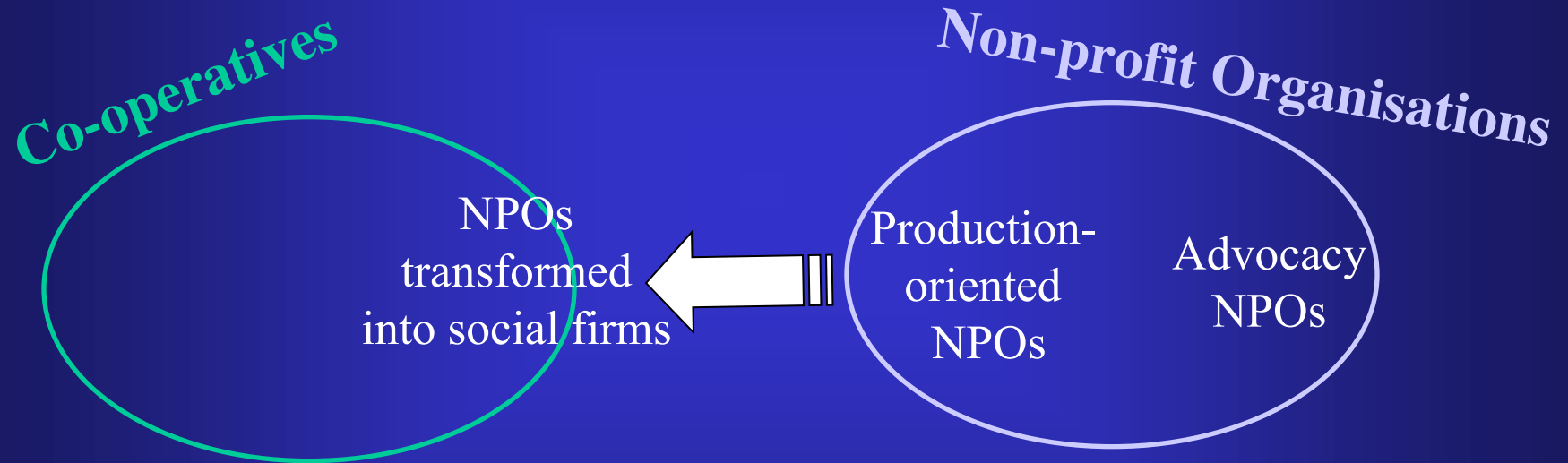
Non-profit Organisations



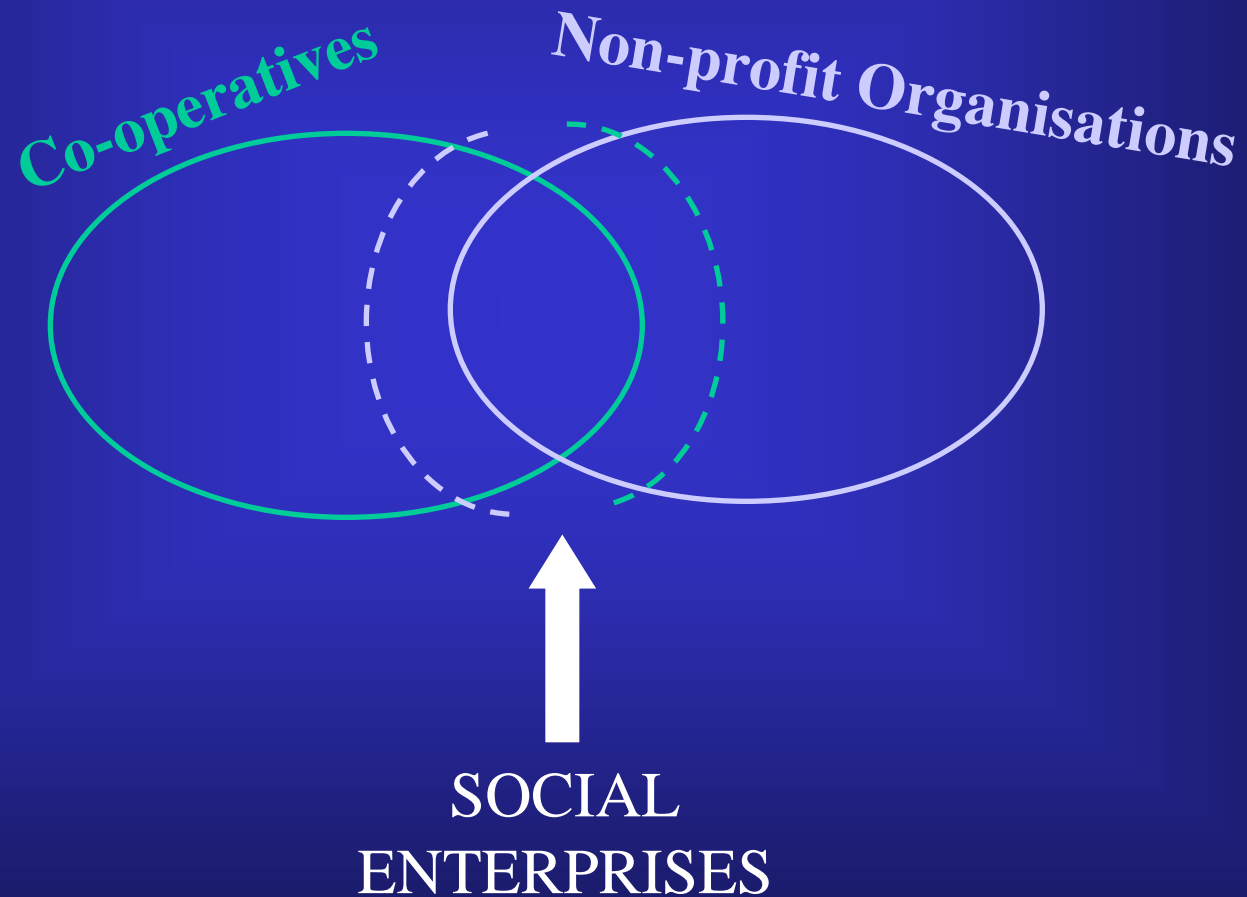
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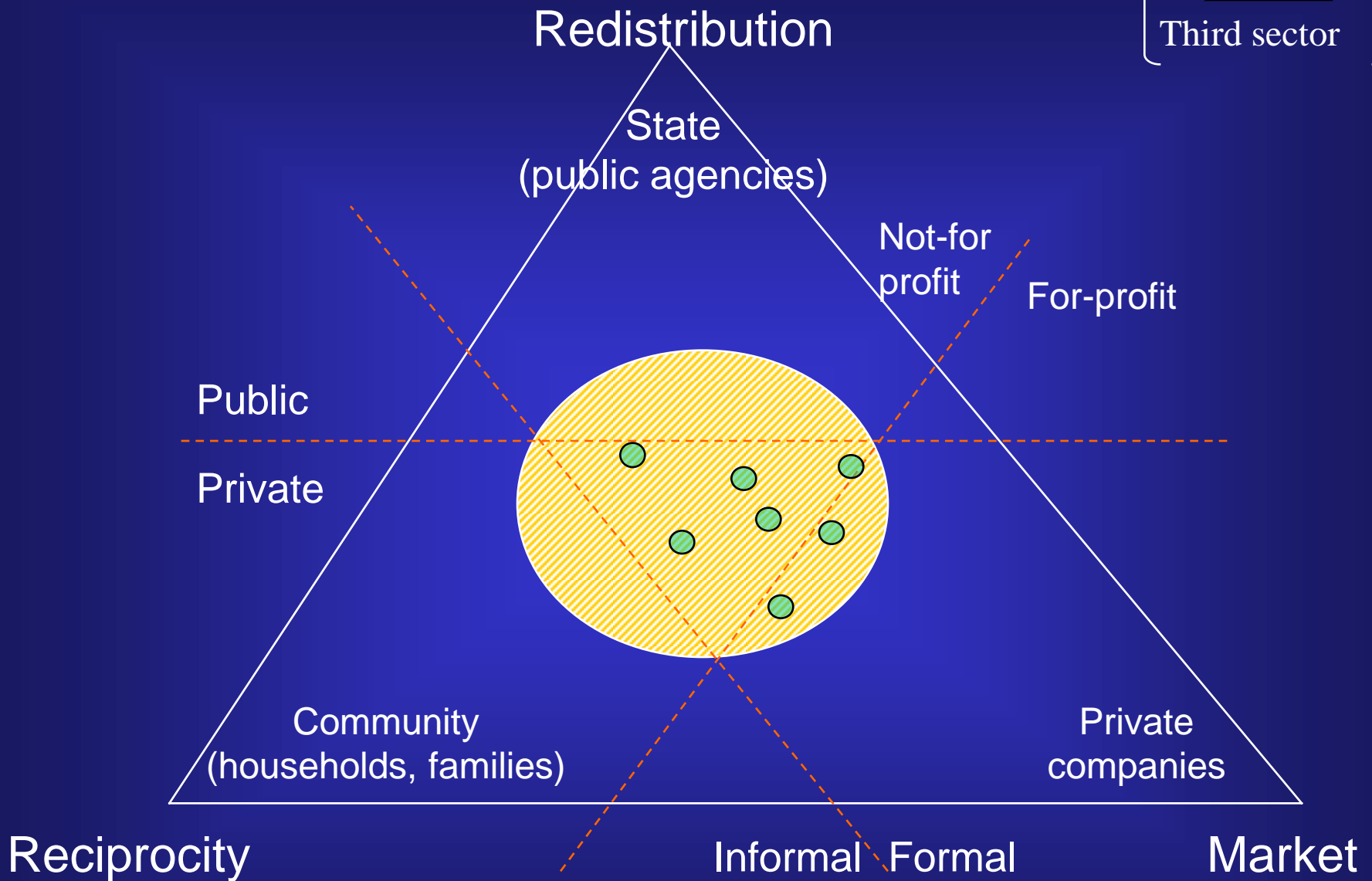
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D. LOCATING SE IN THE WHOLE ECONOMY



Third sector



6. Prospective Remarks

A. ACHIEVEMENTS

- Microeconomic approach going beyond the specific forms of organisations and able to encompass many of them (NPOs, co-operatives, companies with social purpose,...)
- Social enterprise : a concept which is probably easier to apprehend than the broader concepts of « social economy » or « third sector », although it does not compete with them
- By focussing on innovation and risk-taking as well as on actors bearing these risks, the social enterprise concept shed light on particular dynamics within the third sector or the social economy

B. CHALLENGES

- Possible confusion originating in the diversity of approaches and definitions
- Possible interference with the vast and vague notions of « corporate social responsibility » or « corporate philanthropy»
- Theoretical corpus still to be improved

MUCH WORK REMAINS TO BE DONE