

Sozialisierung der ökonomie versus ökonomisierung des Soziale
Sozialunternehmen, Genossenschaften und ihr Beitrag zur Zivilgesellschaft

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European Approaches of Social Enterprise
in a Comparative Perspective:

Economic Action Shaped by Civil Society and Public Policy

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OVERVIEW

1. Early developments
2. Three major schools of thought
3. Comparing social enterprise models worldwide
2. Which development paths for social enterprises?
5. Conclusions

1. Early developments (late 1980's - 2002)

- Europe: “**Impresa sociale**” and “**social coops**” in Italy (1991)
 EMES European Research Network (1996)
U.S: **Ashoka**'s since early 1980s (entrepreneurs for the public)
 Harvard U. **Social Enterprise initiative** (1994)
- **Social entrepreneurship, social entrepreneur, social enterprise**: first used in the same way, without clear distinctive features
- **Increased confusion induced by a lot of new terms**: social business, social venture, mission-driven business, venture philanthropy,
- Almost **no connection between EU and US** developments until 2000.

Quite early, social enterprise/entrepreneurship
was seen as a double-sided concept:

Social enterprises can be

NEW ENTITIES

OR

ALREADY EXISTING ORGANISATIONS
reshaped by a new entrepreneurial dynamics

PIONEERING ACTORS : ITALIAN SOCIAL CO-OPERATIVES

- ✓ 1980's: withdrawal of the State from some social services
- ✓ Wide diversity of private (collective) entrepreneurial initiatives to respond to unmet social needs
- ✓ 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
- ✓ Social co-operatives have created more than 300 000 jobs (also 30,000 volunteers)

THE STRATEGY OF THE BRITISH GOVERNMENT

- ✓ 2002: publication of the document « Social Enterprise: a Strategy for Success » (Secretary of State for Trade and Industry)
- ✓ A quite open and influential definition of social enterprise as « 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. »
- ✓ Large variety of activities developed by social enterprises: health and social care, community and social services, education, estate activities, etc.

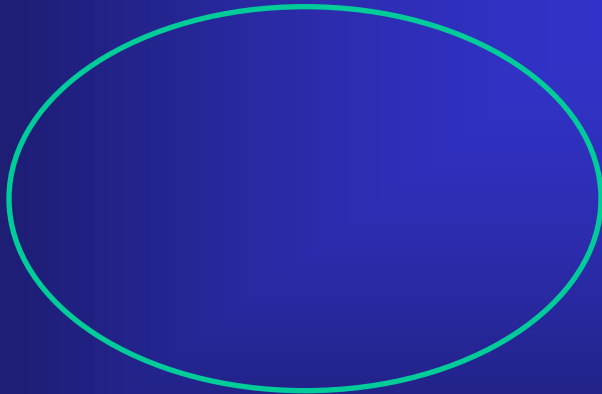
Changes in public policy as a driving force

- In the US, shortcuts **in the volume** of public grants to NPOs, in addition to increased competition for philanthropic support
- In Europe, **forms** - rather than the volume - of public funding were transformed: from subsidies to **quasi-market** orientation, second labor market programs
- Laws passed across Europe to promote social enterprises through **new legal forms or labels**

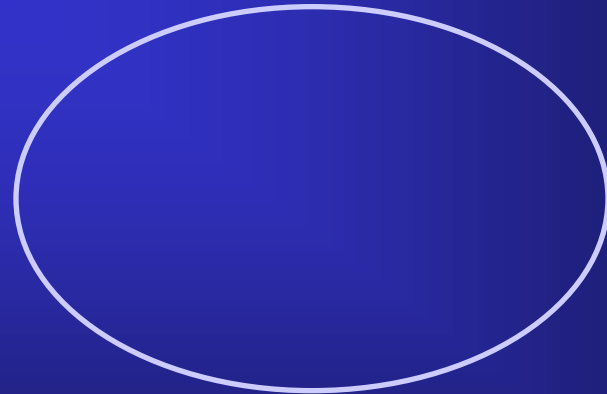
- New legal frameworks **related to the "cooperative model"**:
 - Italy (1991): "social cooperative"
 - Portugal (1998): "social solidarity cooperative"
 - Spain (1999): "social initiative cooperative"
 - France (2001): "cooperative society of collective interest "
 - Hungary (2004): " social cooperative "
 - Poland (2006): "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 "
 - Lithuania (2004): "social enterprise "
 - Italy (2006): "social enterprise "
 - Luxemburg (2015): "societal impact company "

THE SOCIAL ENTERPRISE AS A BRIDGE BETWEEN THE ASSOCIATIVE (NPOs) AND THE CO-OPERATIVE WORLDS

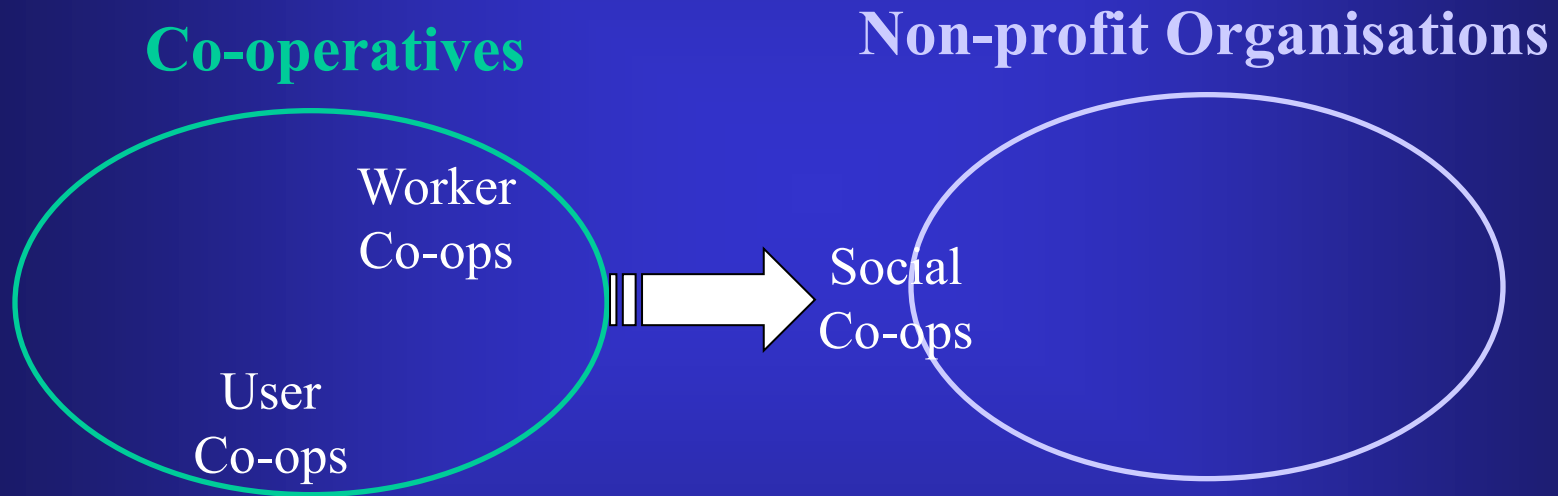
Co-operatives



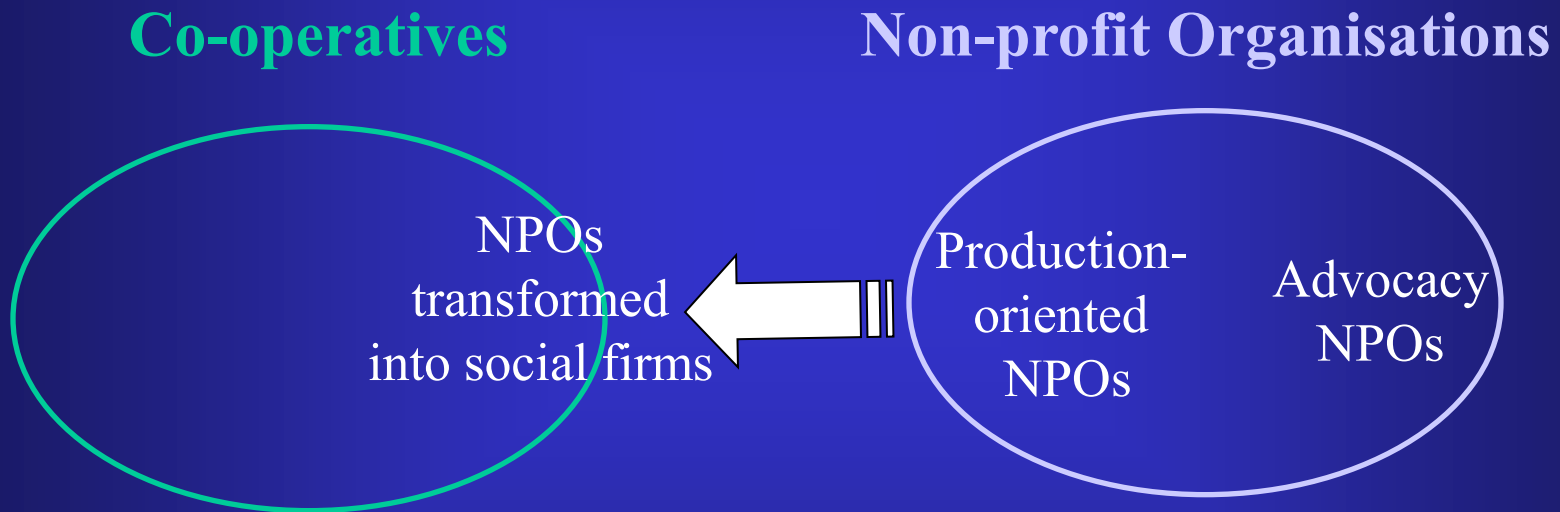
Non-profit Organisations



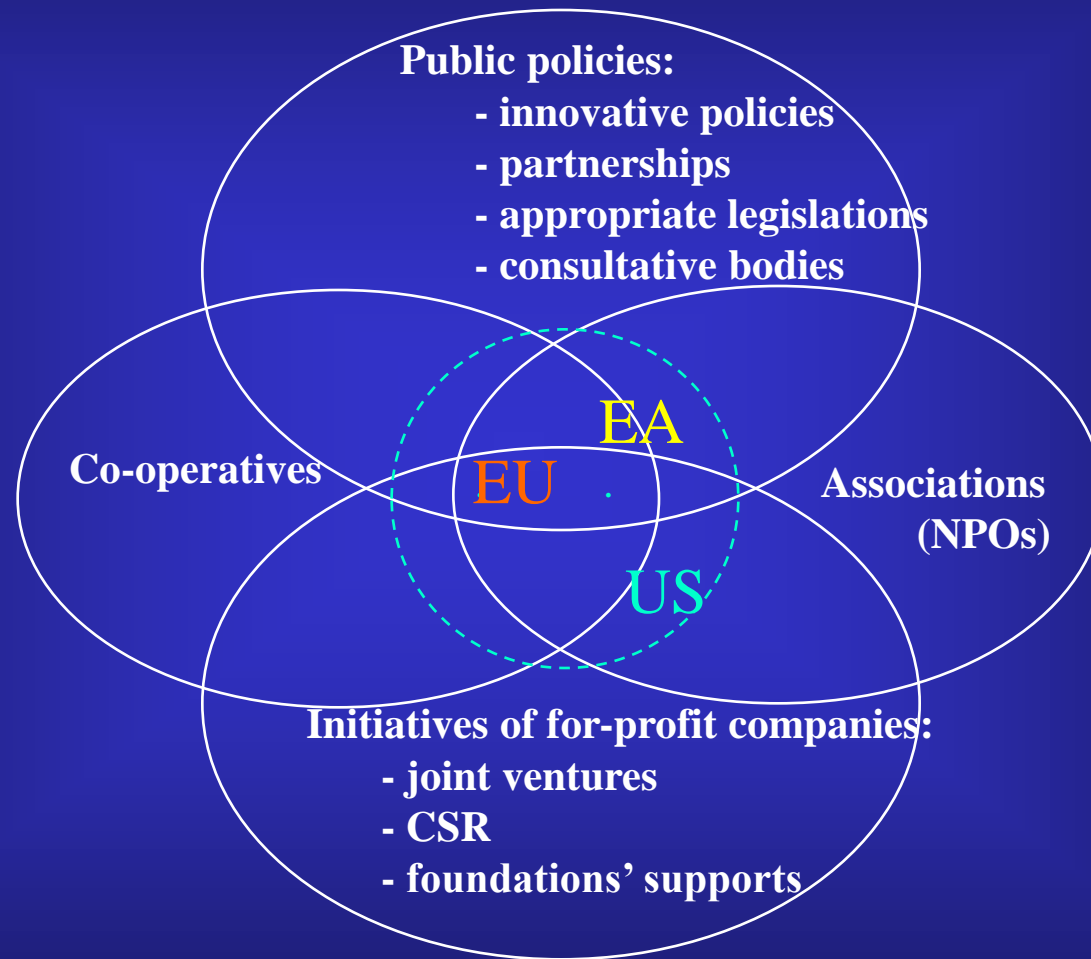
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A hypothesis to be discussed for Germany



2. Three Major Schools of Thought

Key question: What are the distinctive defining features of social enterprises in **theory** (conceptions) and **practice** (concrete models)?

Two conceptions rooted in the US context:

1. The “**Earned Income**” school of thought
2. The “**Social Innovation**” school of thought

One conception rooted in the EU context

3. The “**EMES approach**”

A. The “Earned Income” school of thought

- First, focus on **earned-income strategies for NPOs:**
Commercial Non-Profit approach (CNP)
- Later, **any kind of undertaking:** not only NPOs, also for-profit companies, public sector entities reshaped by such an entrepreneurial endeavor toward a social aim
Mission-Driven Business approach (MDB)
- *Social Business* may be seen in this school: “ a self-financed, non-loss, non-dividend company designed to address a social objective” (M. Yunus)

Hidden key issues in the Earned Income Schools

- Which proportion of earned income as a minimum threshold ?
- What about profits ? : from prohibited (CNP) to unlimited distribution (MDB)
- In the latter case, how to insure primacy of the social mission?

B . The “ Social Innovation” school of thought

In line with Ashoka’s promotion of the “ *entrepreneur for the public*” since 1980, Dees (1998) stresses social innovation processes undertaken by social entrepreneurs.

- **Systemic nature** of innovation
- Emphasis on **outcomes rather than on incomes**
- Celebration of “**heroic**” individuals

Hidden key issues in the Social Innovation School:

- Many social enterprises are **not innovative**
- What about **collective dynamics** of social entrepreneurship?

C. The EMES approach of social enterprise

- **An economic project**
 - Continuous production with some paid work
 - Economic risk (mix of resources)
 - At least some paid jobs
- **Primacy of social aim**
 - Explicit aim to benefit the community
 - Limited profit distribution
 - Initiative of civil society members or organizations
- **A participatory governance**
 - High degree of autonomy
 - Stakeholders' involvement
 - Decision-making power not based on capital ownership

The EMES approach as a tool

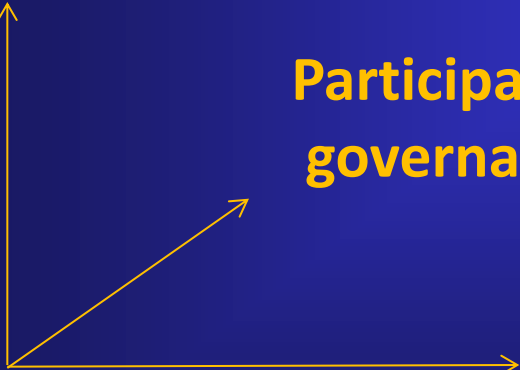
- The **nine indicators are not conditions** to be strictly met to deserve the label of social enterprise
- They rather define a tool that enables **to position oneself** within the « galaxy » of social enterprises
- The **3 key SE dimensions** are underlined in most **EU documents** although tensions actually exist with promoters of other conceptions



Social mission

Participatory governance

Economic sustainability



3. Comparing SE models worldwide: The ICSEM Project

- Kick-off meeting in Liege (July 2013)
- About **50 countries** covered
- More than **200 researchers** involved (among whom 5 from Germany)
- **Regional and Global meetings** in South Korea, Belgium, Chile, Finland, Hong Kong
- **ICSEM Local Talks** in Seoul (SK), Gdansk (Poland), Lugano (Switzerland), Rishon Le'Zion (Israel) .

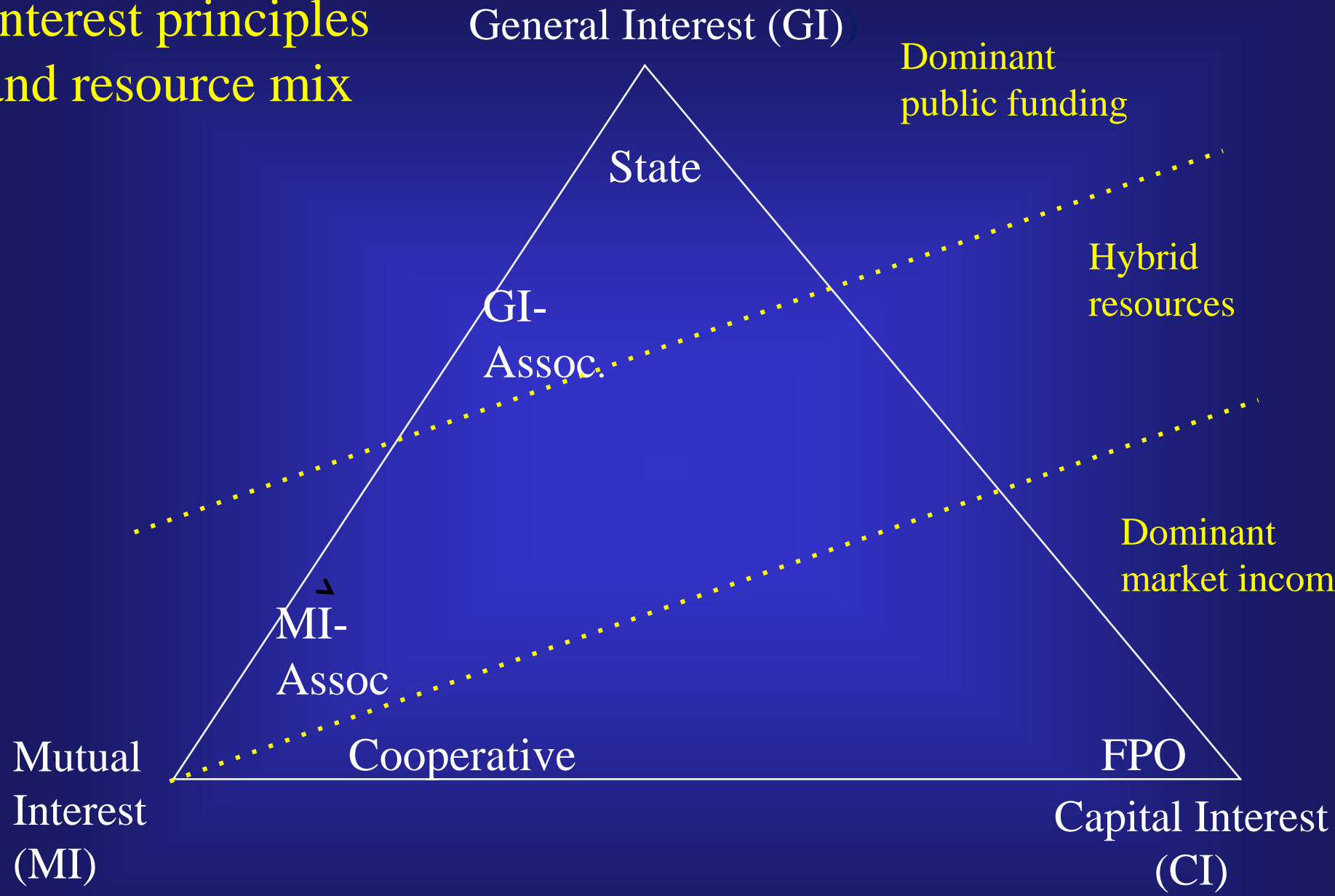
ICSEM 1st phase (2012-2015)

In each country:

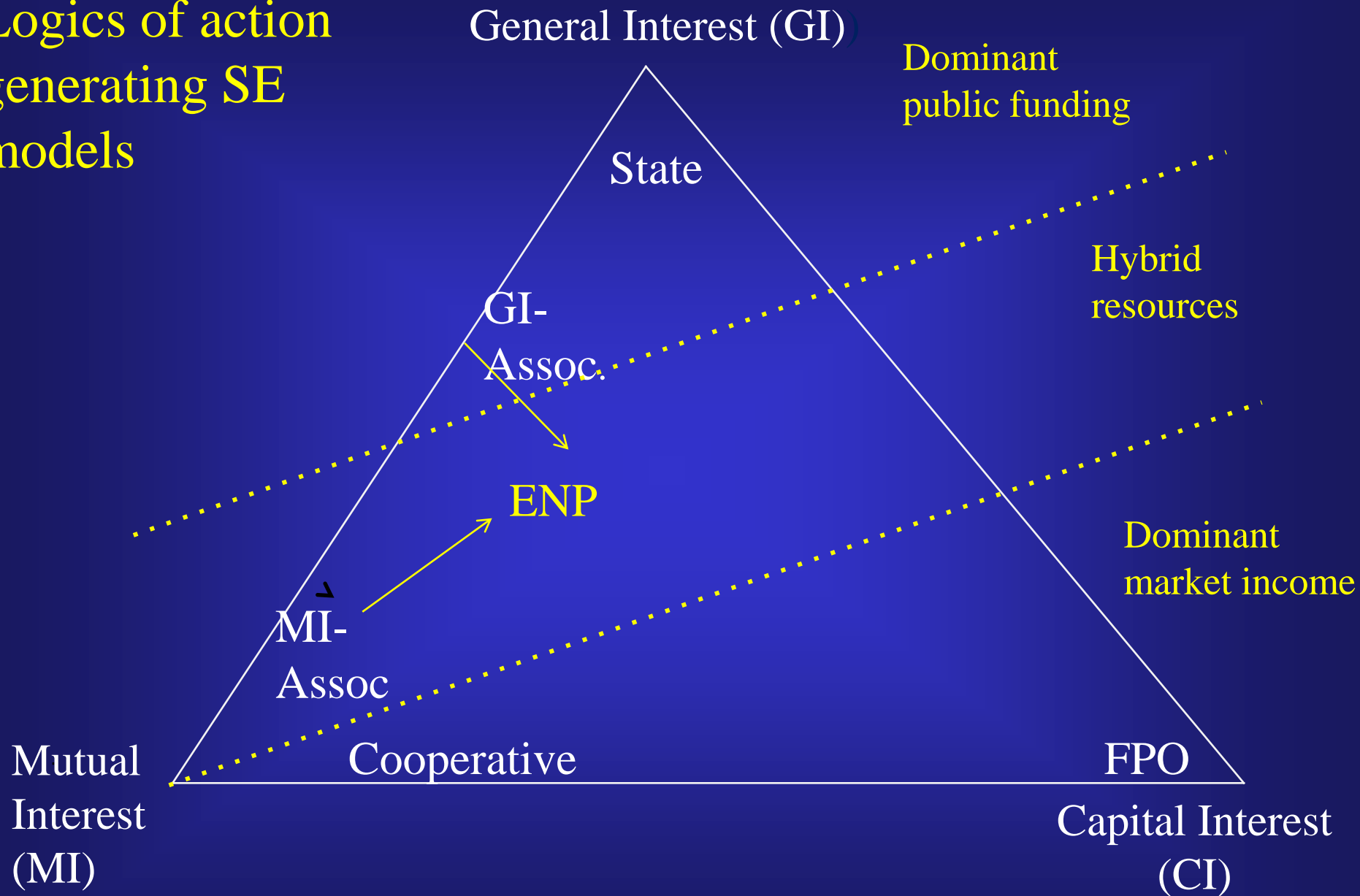
- A. Understanding concepts and contexts
- B. Typology of social enterprise models
- C. Institutional trajectories of SE models

Towards more than 40 ICSEM Working Papers
and various joint publication projects

Interest principles and resource mix



Logics of action generating SE models

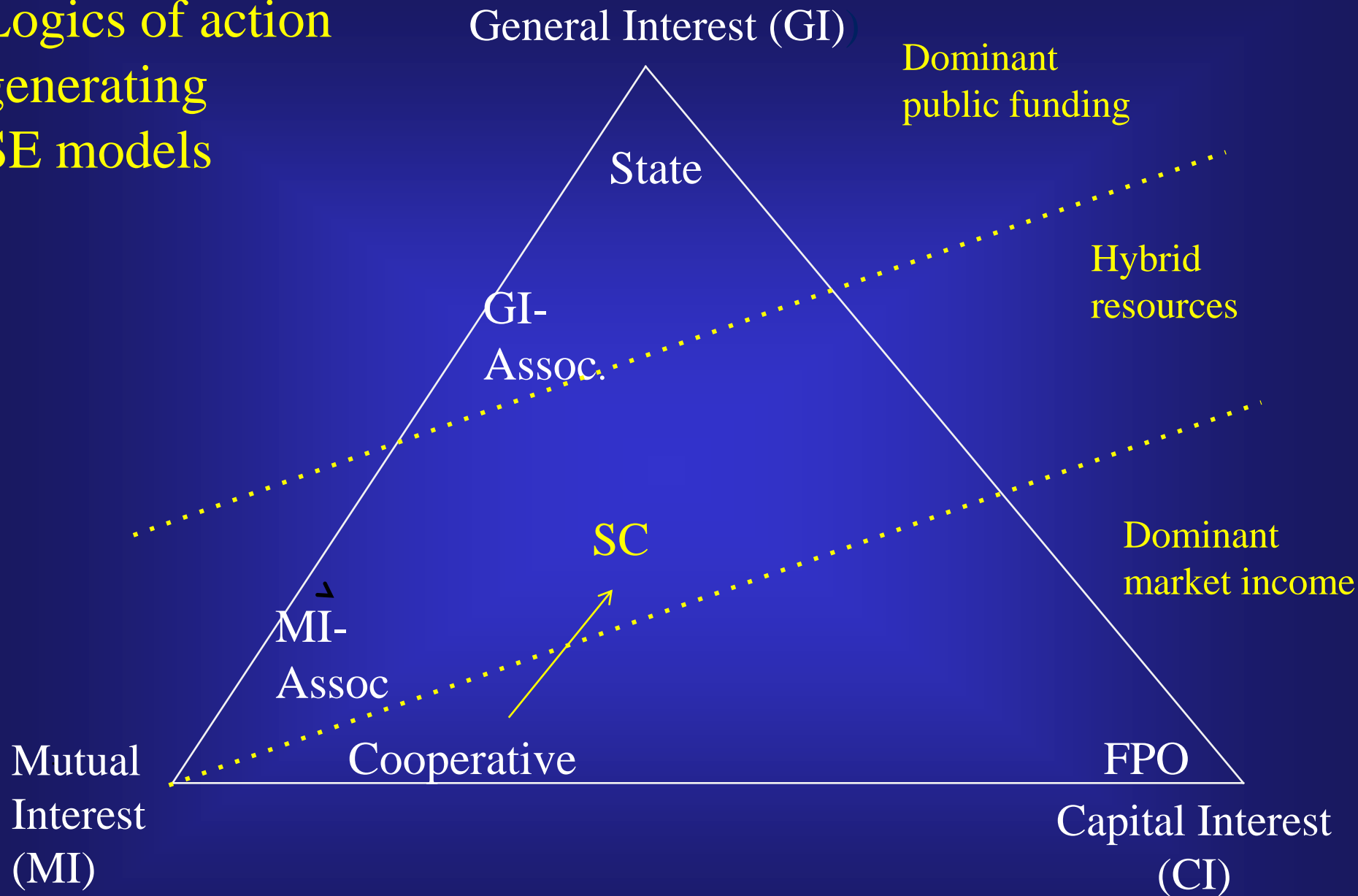


Model 1: Entrepreneurial NPO

NPO developing any earned-income business or/and other entrepreneurial strategies in support of its social mission

- NPO with a mission-unrelated trading activity (trading charities : a shop whose surplus finances the social service...)
- NPO's subsidiary with a trading activity
- NPO with mission-centric economic activities developing entrepreneurial strategies (WISE...)

Logics of action generating SE models

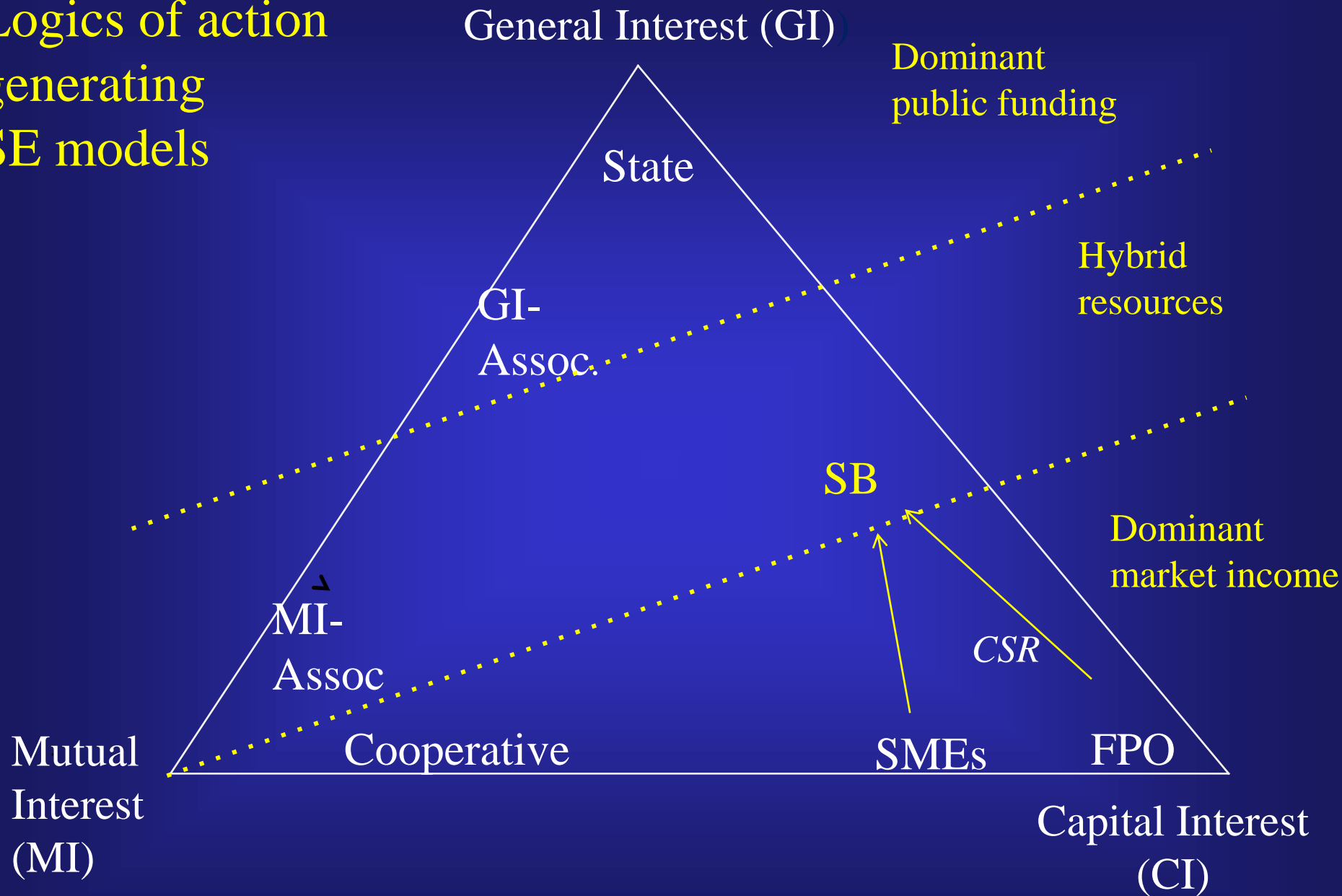


Model 2: Social cooperative

Cooperative or cooperative – like enterprise implementing **economic democracy** and **combining mutual interest with the interest of the whole community** or with the interest of a specific target group

- Single stakeholders coop. (popular economy labor – managed firms, renewable energy citizens' coop., etc.)
- Multiple stakeholders coop. (short circuits coop. with producers and consumers, Italian social coops)

Logics of action generating SE models

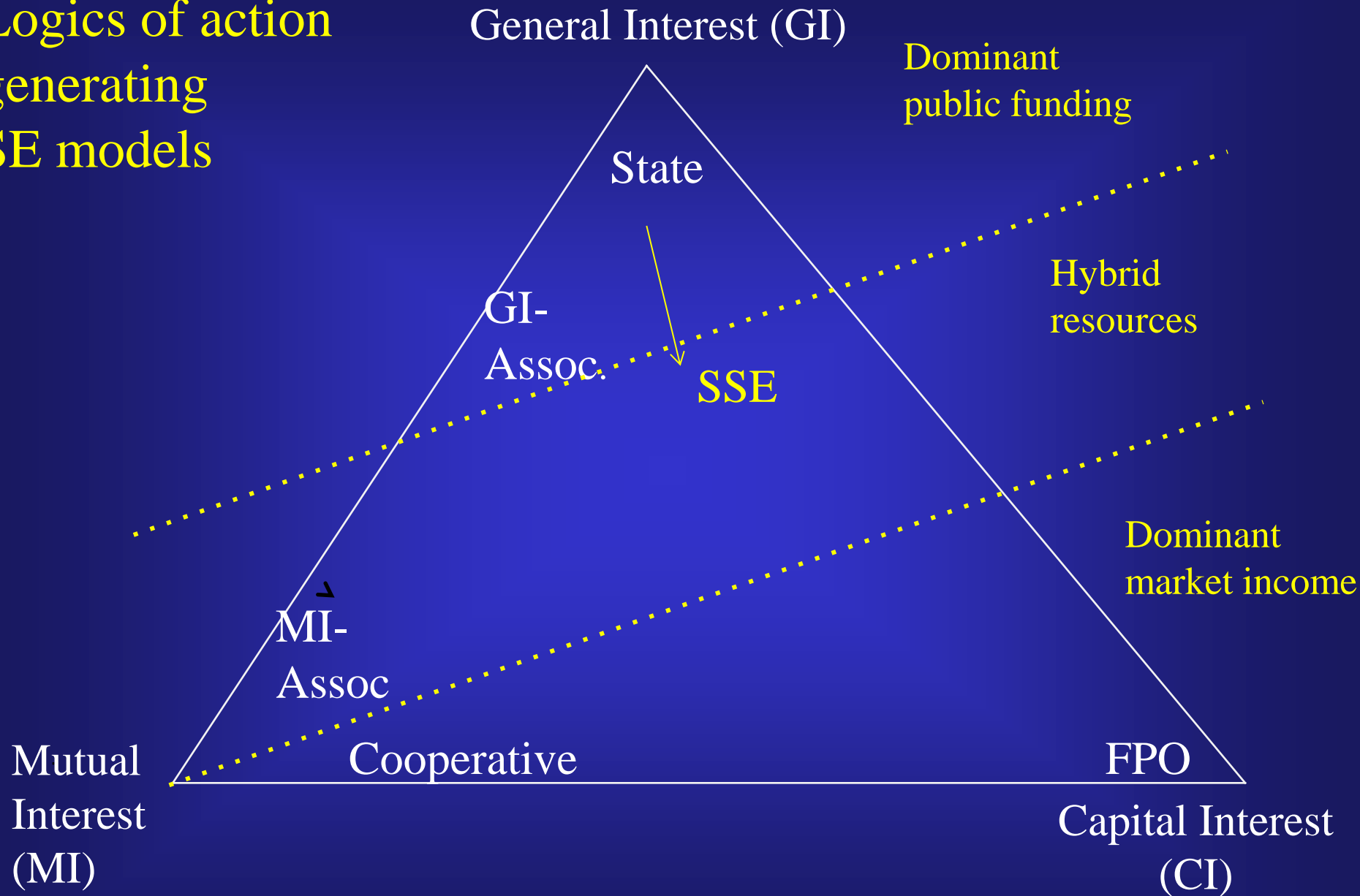


Model 3: Social business

Shareholder company combining business activities with the primacy of a social mission:

- SMEs combining a for-profit motive with the primacy of their social mission
- "Yunus type" social business: a non-loss, non-dividend, fully market-based company dedicated entirely to achieving a social goal
- Social intrapreneurship strategies developed by large companies well beyond instrumental CSR strategies

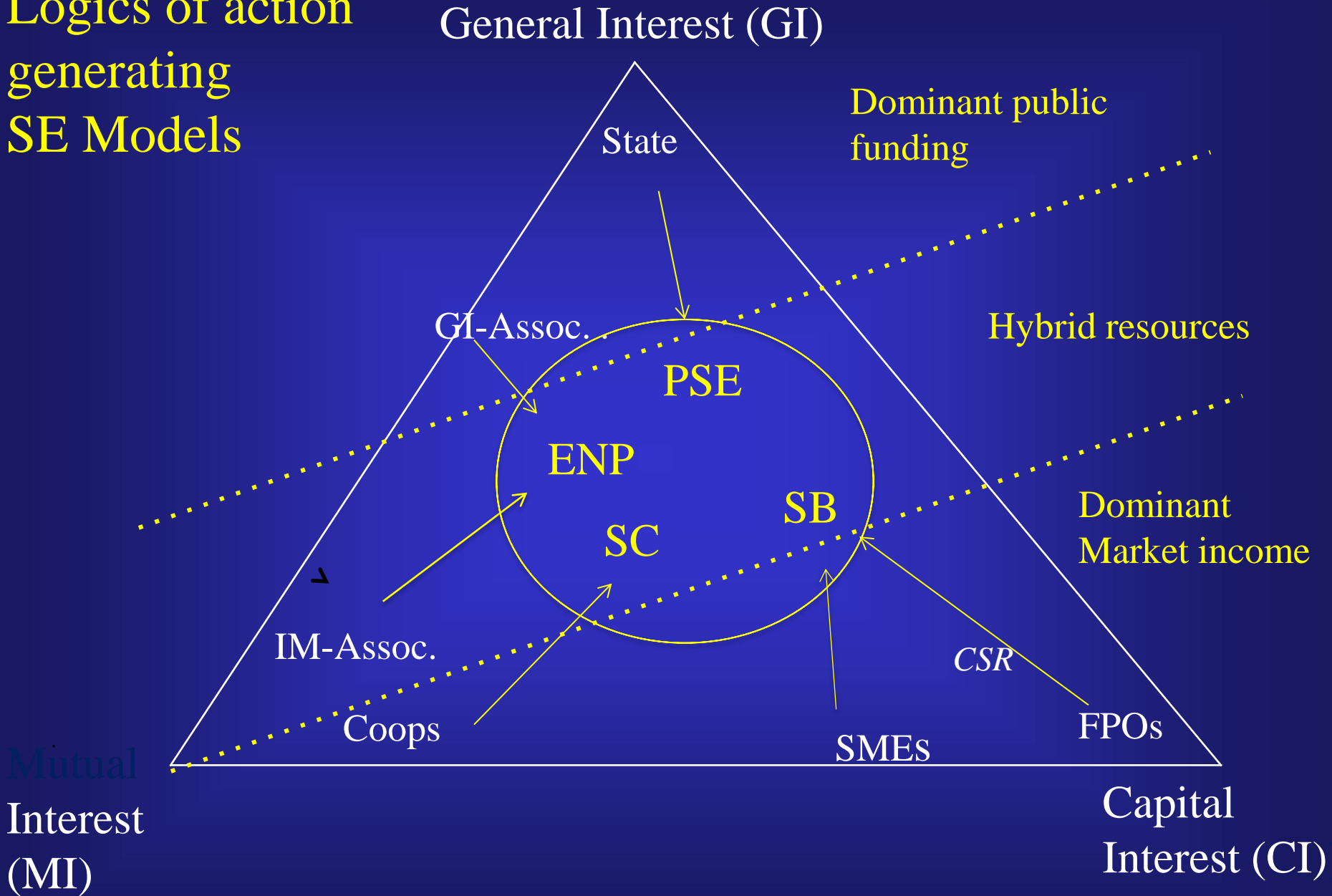
Logics of action
generating
SE models



Model 4: Public Sector Social Enterprise

Public sector spin-off : a WISE developed by a local public welfare centre, social services delivered by a local public body on a quasi-market

Logics of action
generating
SE Models



Pole Star



Public
SE

Entrepren.
NPOs

Social
Coop.

Social
Business

Social
mission

Participatory
governance

Financial self-sustainability

Social mission SE Models	Work integration	Access to health or social services	Ethical-ecological consumption/production	Fighting poverty and social exclusion	...
Entrepreneurial nonprofit	WISE implemented by a charity	Association providing home care services for elderly	Associative Fair trade shop	Neighbourhood association (<i>régies de quartier</i>)	
Public sector SE	WISE implemented by a local public service	Local public body providing social services on a quasi-market			
Social cooperative ➤ Single stakeholder ➤ Multiple stakeholder	Popular economy LMF Social coop. type B (Italy)	Coop of health care professionals	Renewable energy citizens' coop. Coop. in short circuits	Coopec (IMF)	
Social Business ➤ SME ➤ Yunus type ➤ Project developed by large companies	A company developing a call center with primacy of its social mission: hiring handicapped people	A social worker starting a residential care institution Aravind eye hospital	SME active in fair trade	Community development coop. Grameen-Danone social business	

4. Which development paths for SE ?

- ◆ SE as a simple tool of public policies

→ risk of losing autonomy

- ◆ SE as organizations fully dependent from external funding (ex: meeting requirements of EU funds as a first goal) → risk of isomorphism

- ◆ Search for financial independence through sole market incomes

→ risk of subordinating initial social goals to market constraints (creaming out effect)

KEY CHALLENGE:

Balancing economic viability & social objectives

- By preserving a **significant degree of autonomy**
 - through an autonomous governance structure &
 - diversified resources

- By promoting **federative bodies**
 - which can advocate for the specificities of SE &
 - organize various types of support (technical support, marketing => Economies of scale (ex. Italian consorzi) &
 - promote scaling up of social innovation

CONCLUSIONS

- The social enterprise concept/practice brings in new entrepreneurial inspirations, new ideas, **new development paths, new ways to balance social aims & economic viability**
- Along with the social economy, social enterprises are major vehicles for ensuring or reinforcing **economic pluralism** at fundamental levels
 - at the level of **economic activity's goals** (mutual interest, public interest, common good...)
 - at the level of the **stakeholders' rights** (limits to rights linked to capital ownership, multi-stakeholders' governance...)
 - at the level of **the types of resources** mobilized for production (market-based resources, public subsidies, donations, vol

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Thank you for your attention