

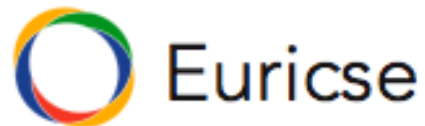


# **Social Enterprises. An European perspective**

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EURICSE

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European Research Institute on Cooperative and Social Enterprises

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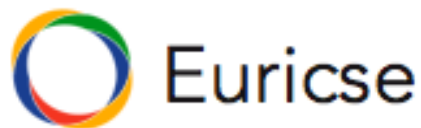
# Main issues

- Concepts used
- Emergence of social enterprises in EU
- Defining social enterprise
- Fields of activity
- Legal evolution
- Adaptation of existing legislation
- Adoption of a specific legislation
- Public agencies – social enterprises
- Closing remarks



# Concepts used

- *non-profit sector; third sector; social economy*: very general concepts
- *social entrepreneurship; social enterprise; social entrepreneur*: more recent concepts that attempt to emphasize the entrepreneurial dimension of innovative initiatives with a social goal



# Emergence of social enterprises in EU

Worldwide phenomenon

Socio-economic context:

- changes in the demand for and supply of welfare services
- bottom-up mobilization
- emergence of new types of enterprises and concepts



# Emergence of social enterprises in EU

New trend:

**Associations/Foundation**s increasingly engaged in the production of services

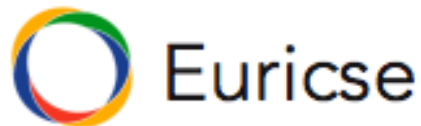
**Co-operatives** engaged in the production of general-interest services for non-members

**Social Enterprises**



# Defining *social enterprise*

- Core product produced = activities of interest to the entire community
- Refers to:
  - ✓ a “different way” of doing business and providing general-interest services
  - ✓ Specific type of institution that is supposed to perform in addition to public and for-profit enterprises
- It encompasses:
  - ✓ entrepreneurial non-profit organizations
  - ✓ most innovative component of the cooperative movement



## Defining *social enterprise*

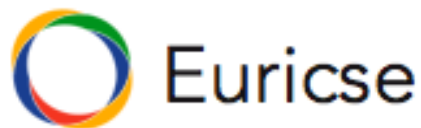
“Social enterprises are not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. They rely on a collective dynamic involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity.”

(Defourny and Nyssens 2008: 5)



# Defining *social enterprise*

- Explicit social goal
- Non-profit distribution constraint
- Ownership rights and control power to non-investors and participatory governance models





# Fields of activity

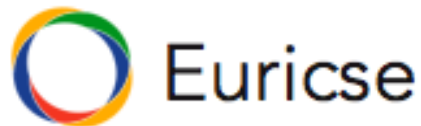
- social services
- work integration
- new fields of interest for the community  
(eg: local development; cultural services;  
general-interest services.....)



# Legal evolution

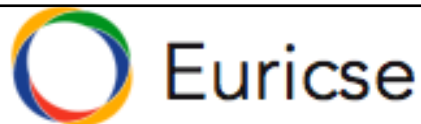
## Institutionalization of SEs in EU-15

- pre-existing legal forms
  - ✓ association
  - ✓ cooperative
- legal frameworks designed for SEs
  - ✓ *adaptation* of existing legislation (e.g. social coops)
  - ✓ *adoption* of new laws on social enterprise



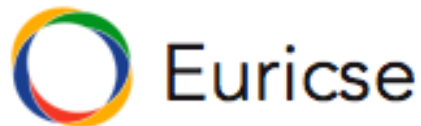
# Adaptation of existing legislation

	Legal form	Activities	Governance
Italy	Social coop	- Social services (a-type) - Work integration (b-type)	Participatory nature/multi-stakeholder structure
Portugal	Insertion coop	Social services and work integration	Participatory governance not envisaged
France	SCIC	Production of goods and services of collective interest	Multi-stakeholder membership prescribed (users, workers and 1 additional category)
Poland	Social cooperative	Work integration	Participatory nature/single-stakeholder structure



## ***Adoption of specific legislation***

- Enlargement of the activities run and legal forms admitted
  - ✓ trend first appeared in Belgium – *Société à finalité sociale*, 1995
  - ✓ Italy – Law 155/2006 and Decrees of year 2007 definition of Social Enterprise introduced in the Italian legal system
  - ✓ Great Britain – Community Interest Company Regulations, 2005
  - ✓ Slovenia – Bill on Social Entrepreneurship currently under discussion, 2011



# Social Enterprises – Public Agencies

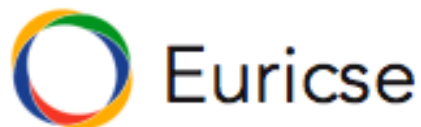
- Different scenarios (e.g. EU-15 versus CEE and CIS countries)
- Relations of PA with social enterprises:
  - ✓ Support strategy
  - ✓ Incentive strategy
  - ✓ Contracting-out strategy
  - ✓ Voucher strategy



# Social Enterprises – Public Agencies

## EU-15

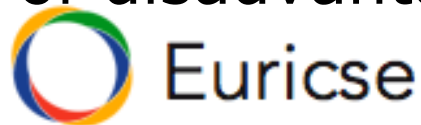
- ✓ public authorities committed by law to guarantee support to all citizens (or at least to part of them)
- ✓ State (PA) covers expenses to provide public services through taxation
- ✓ This commitment can be fulfilled:
  - In **cash** (e.g. pensions) or in **kind** (social/health services)
  - If in **kind**: either through direct public provision or through financing of private provision



# Social Enterprises – Public Agencies

## EU-15

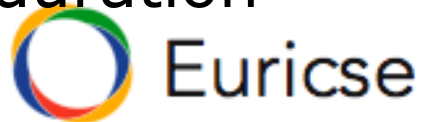
- **Support strategy:**
  - ✓ generic support to the activities carried out by SE through occasional or regular lump sums
  - ✓ support weakly linked to the social value/units of services provided
- **Incentive strategy:**
  - ✓ public resources conditioned to the fulfilment of specific tasks/results (e.g. employment of disadvantaged workers)



# Social Enterprises – Public Agencies

## EU-15

- **Contracting-out strategy:**
  - ✓ PA responsible for the provision of services
  - ✓ PA selects providers
  - ✓ PA enters into contract with social enterprises identifying:
    - users
    - type of services to be provided
    - economic conditions
    - contract duration

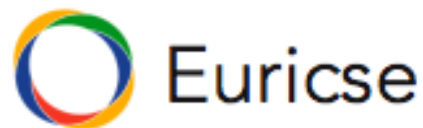




# Social Enterprises – Public Agencies

## EU-15

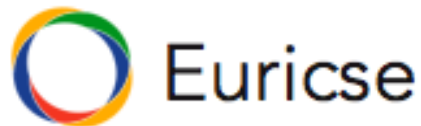
- **Voucher strategy**
  - ✓ PA finances users who are entitled to access the services
  - ✓ Users (or a family member, or a case manager) choose the provider



# Social Enterprises – Public Agencies

## Post-transition countries

- ✓ Considerable differences among and within regions/countries (e.g. CEE; SEE; CIS)
- CIS:
  - ✓ Social enterprises mainly isolated initiatives
  - ✓ Not legally recognized
  - ✓ Not connected with public policies
  - ✓ Innovative initiatives develop despite the lack of an enabling environment



# Closing remarks

- factors contributing to social enterprise development
  - ✓ high degree of permissibility of economic activity by non-profit organizations
  - ✓ existence of a specific and clear legislation
  - ✓ envisagement of a wide set of activities that can be carried out by social enterprises
  - ✓ implementation of a set of industrial policies consistent with the features of social enterprises
  - ✓ clear definition of partnership policies

