

Social enterprise in Western Europe

- Roger Spear
- Chair Co-ops Research Unit & ICA RC 6yrs
- Founder member of EMES network
- Joint Coordinator of Third System in Europe Project
- EMES Network Projects and Books
 - See www.emes.net
- Social entrepreneurship projects
- EMES: Work Integration - PERSE Project

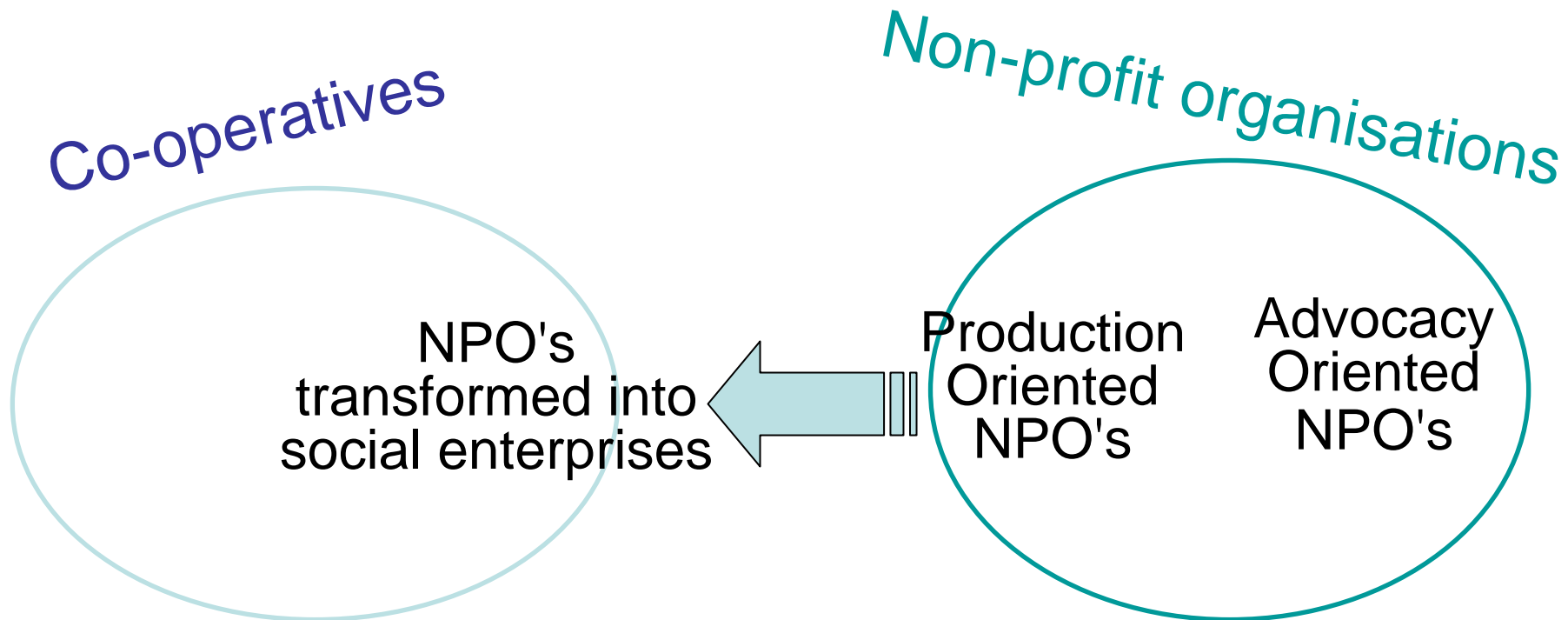
Outline of Presentation

- Social enterprise in Europe (15+10)
- Importance of institutions (national/local)
- Institutions: policy and support themes
- Social enterprise policy – UK & EU
- Institutions and Support

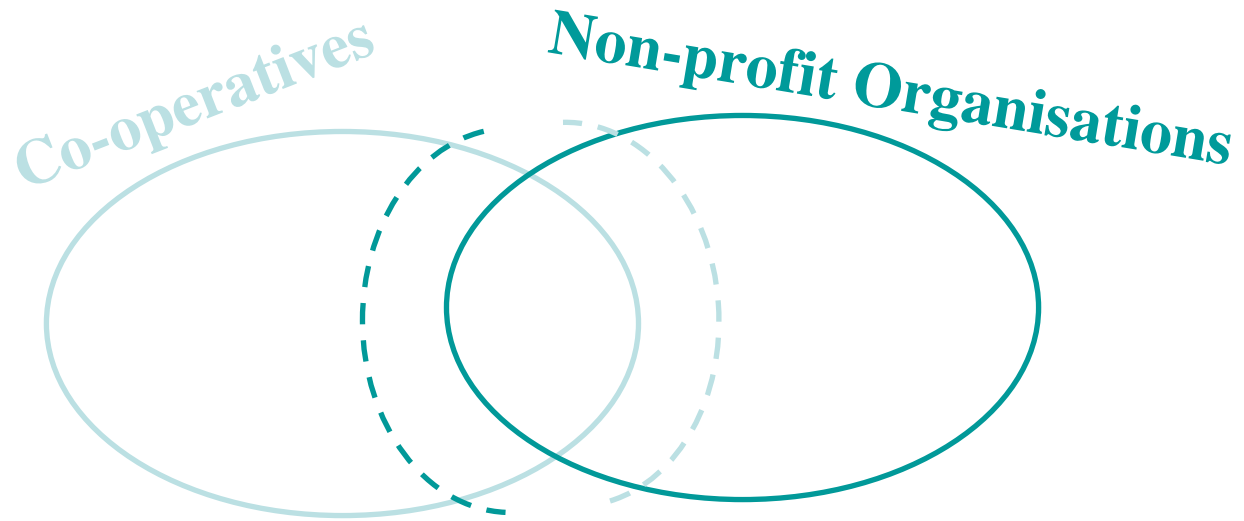
Country	Co-operatives FTE	Mutual companies FTE	Associations FTE	TOTAL FTE	% FTE employmnet
Austria	52 373	7 325	173 964	233 662	8.08%
Belgium	33 037	11 230	161 860	206 127	7.13%
Denmark	78 160	p. m.	211 322	289 482	13.85%
Finland	75 896	p. m.	62 684	138 580	8.18%
France	293 627	91 200	830 000	1 214 827	6.81%
Germany	448 074	130 860	1 281 927	1 860 861	6.46%
Greece	11 861	884	56 025	68 770	3.31%
Ireland	32 018	1 000	118 664	151 682	15.89%
Italy	479 738	p. m.	667 230	1 146 968	8.23%
Luxembourg	1 979	28	4 733	6 740	4.6%
The Netherlands	109 000	p.m.	660 000	769 000	16.64%
Portugal	48 750	1 042	60 892	110 684	3.50%
Spain	403 233	1 425	473 750	878 408	9.97%
Sweden	90 718	6 991	83 084	180 793	5.83%
United Kingdom	127 575	22 387	1 473 000	1 622 962	8.42%
TOTAL	2 286 039	274 372	6 319 135	8 879 546	7.92%

Country	Typology of organizations	Size
Czech Republic	Associations	54,964
	Co-operatives	1,831
	PBC	1,158
	Total	56,852
Estonia	Associations and Societal Organizations	12,000
	Consumer/agricultural coops	200
	Housing co-ops/associations	8,000
	Total	20,200
Poland	Associations and Foundations	52,000
	Co-operatives	10,585
	Social Integration Centres and Clubs	135
	Social Co-operatives	30
	Coops for the handicapped	350
	Vocational Centres for the Handicapped	25
Total	63,125	
Slovenia	NP Societies and associations	20,000
	Companies for the disabled	150
	Co-operatives	988
	Private Not-for-profit Institutes	534
	Total	21,672

The concept of social enterprise as a bridge between traditional approaches ?



The concept of social enterprise is a bridge between approaches and categories that are often separated



=> Social enterprise is both :

- ✓ Social enterprises are new organisations**
- ✓ And existing organisations refashioned by new dynamics**

INSIDE THE THIRD SECTOR

Characteristics of new social enterprises

- 1. Co-operative/mutual and voluntary sector
- 2. Multi-stakeholder
- 3. Resource mix
- 4. Social Capital
 - - multi-stakeholder
 - - strong user linkages
 - - worker involvement.
- See www.emes.net
- for EMES research projects

The term social enterprise

- Different definitions - SEL, DTI, USA
- EMES – third sector organisations:
- with enterprise characteristics
 - (trading in the market or contracting, employing people – 25%/50% income)
- But with social goals
 - (participation, user involvement, community benefit).

Dimensions of Social Enterprise

- The EMES criteria are:
- ***Four** factors have been applied to define the **economic and entrepreneurial nature** of the initiatives.*
- ***Five** factors have been selected for the **social dimensions** of the initiatives:*

Dimensions of Social Enterprise

- *Four factors have been applied to define the **economic and entrepreneurial nature** of the initiatives.*
- a) A continuous activity producing goods and/or selling services
- b) A high degree of autonomy (vs dependency)
- c) A significant level of economic risk
- d) A minimum amount of paid work

Dimensions of Social Enterprise

- *Five indicators for the **social dimensions** of the initiatives:*
- i) An initiative launched by a group of citizens
- ii) A decision-making power not based on capital ownership
- iii) A participatory nature, which involves the persons affected by the activity
- iv) Limited profit distribution
- v) An explicit aim to benefit the community

3 broad types of social enterprise

- Value based goods/services esp. fairtrade
- Delivering services – e.g. welfare services, childcare, local/community services, environment/recycling [Delors 17 sectors]
- Providing employment for disadvantaged and disabled people: work integration
- And sometimes mix of these

Some major types social enterprise

- Traditional co-ops/mutuals
- Associative structures contracting for services + temporary/permanent employment
- Health/social care mutuals/assns
- Social co-ops (Italy, UK, Sweden, Spain)
- Community owned structures for services + training/employment initiatives
 - Régie de quartier in France, community business in the UK, Sweden, and Ireland
- Transitional employment enterprises
- Housing organisation services
- Sheltered workshops for disabled people

DTI Definition: Social Enterprise

Social Enterprises are part of the growing 'social economy'. The social economy is a thriving and growing collection of organisations that exist between the traditional private sector on the one hand, and the public sector on the other. Sometimes referred to as the 'third sector', it includes voluntary and community organisations, foundations and associations of many types.

“A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders and owners” Social Enterprise: A Strategy for Success DTI

UK Policy framework for social enterprise

- The Social Enterprise Unit (SEU, now based within the Cabinet Office)
- And Social Enterprise Coalition
- **Create an enabling environment for social enterprise;**
- **Make social enterprises better businesses;**
- **Establish the value of social enterprise.**

UK Policy framework: social enterprise

- Create an enabling environment for social enterprise
 - Government role (interdept, enabling, direct support to 3rd)
 - Legal and regulatory issues
 - Public procurement
- Make social enterprises better businesses
 - Business support and training
 - Finance and funding
- Establish the value of social enterprise
 - Establish the knowledge base (research)
 - Recognise achievement and spread the word
 - Create trust: social audit and quality: metrics

Policy Interest / Intervention	Full Spectrum of Social Enterprise (e.g. urban/rural; small/large; type of model; level of trading)				
Rural Policy	Rural SE			Not Applicable	
Regeneration	Niche services in disadvantaged areas	Community Enterprises	Credit Unions		Devt. Trusts Not Applicable
Economic development	Larger	Higher Trading	Expanding	Start-ups	Not Applicable
Local social care services	Childcare	Elderly care		Social Firms	Not applicable

UK policy and market drivers for social enterprise

- **Three policy drivers support the promotion of social enterprise:**
- **Economic competitiveness** – social enterprise contributes to help build an enterprise society in which small firms of all kinds thrive and reduce the persistent gap in growth rates between regions.
- **Social cohesion** –the role of social enterprise in disadvantaged communities.
- **Service provision** (public) – to improve the quality and efficiency of service delivery.
- But relevance of the drivers varies across government departments, so nature and extent of departments' commitment to support for social enterprise varies.
- **Two market drivers support the growth of the social enterprise:**
- **Service provision** – to fill a gap in the market to meet community needs or to add value to existing public service delivery.
- The rise of new **ethically-conscious markets**; in fair trade and environmentally friendly goods and services.

EU policy for social enterprise

- **Overall view**
- contributing to efficient competition in the markets
- potential for job creation and new forms of entrepreneurship and employment
- being largely founded on membership-based activities
- meeting new needs
- favouring citizen participation and voluntary work
- enhancing solidarity and cohesion
- contributing to the integration of the economies of the candidate countries.

(Toby Johnson)

EU policy for social enterprise

- *Third System and Employment*
 - third system organisations build social capital (trust relations and civic engagement).
 - Tax systems should recognise TSOs internalise social costs, thus reducing public expenditure.
 - Reduced social costs from improved employability could be recompensed by transparent social payments.
 - Public sector contracting-out policies could give credit for the added value of third system delivery, (if contract price is only criterion, quality will be sacrificed).
 - Need for micro-credit and other community development finance institutions.

Some institutional stories

- Italian social co-ops
 - Late 1970s Initial social co-ops in Trieste;
 - 1981 law proposed, but not passed till 1991; several hundred SCs;
 - first consorzi (Brescia) 1984; Federation CGM founded 1987;
- German WISE
 - social movements of the 1970s shaped new non-profit/public partnerships for work integration,
 - which gradually became institutionalised in formal organisations, dominated by business rationales and professionalisation.

Importance of institutional context

- 3 types of institutional contexts that shape entrepreneurship:
 - New legal forms within structured public frameworks (Italy social co-ops)
 - Self/labelling forms and networks: co-ops, social firms, community business, social enterprise
 - Ad hoc constructed contexts (with new types of social enterprise)
- Different levels of recognition, identity, public policy frameworks, support structures, professional advisers
- Thus established institutions important

Europe: Social enterprise institutional development

- Variety of forms/legal structures
- Many use traditional SE structures, but new:
 - Italy 1991 social co-ops types A/B
 - Belgium 1995 enterprise with social purpose
 - Portugal 1996, Social solidarity co-ops (work integration)
 - Spain social initiative co-ops 1999 types A/B
 - Greece social co-ops
 - Finland 2004 social enterprise
 - CICs in UK (2005); SCIC in France (2001)
 - Italy social enterprise 2006

Variety of forms/legal structures

- Themes in new legal structures
 - reshape structures for public service and work integration/community regeneration markets
 - multi-stakeholder
 - social reporting
 - asset lock
 - non-profit emphasis
 - financial partner

Institutions: support and policy frameworks

- Support structures
- Pattern of relations esp. markets/state relations
- Policy framework
 - Legal/fiscal measures
 - Promotion/regulation
 - Shaping/enabling measures

Locus/Level	Local	Regional	Specialist	National
Networks (informal to formal)	Early stages of support for innovations	New sector interlinking		REVES
State	local authority support	Regional government departments	Regional Government	Original promotion of SALs in Spain
Social Economy Movement	Consorti Centres for Voluntary Services UK local CDAs Finnish CSOs Swedish LKUs	Consorti FESALC; FCTAC; FVECTA Mondragon	See table 3 for specialist financial support orgns	French and Italian Federations Lega, (CGM), Confed. Welfare associational “pillars” UNIOPPS; FNRdeQ Federations of most social economy organisations
Trade Unions	T&G (London)	Wales CDTC		(Union support for pro-SAL policies)

Summary: evolving institutional contexts

- Different institutional landscapes based on different “*welfare regimes*”, *different cultural traditions (family/church), etc.*
- Historical influenced spaces for entrepreneurial activity by traditional/new actors
- Both: a revitalization of historical approaches (co-op/mutuals or assns). And: social movements, political networks embedded in civic environments etc. Using social capital
- “public good arena” for “non-capitalist” stakeholders: public bodies, individual users, church/civic organizations i.e. social entrepreneurs eg making case to construction sector to train low skill workers
- All this building a sector and its institutions (policy/support)

Institutional Framework Required for Social Enterprise

- legal framework which does not disadvantage SEs compared to business organizations –not over-restrictive or over-regulated, for flexible entrepreneurial activity.
- social dimension of the activities carried out by SEs supported through fiscal measures.
- access to the same (financial, products and services) markets as SMEs, including public procurement markets
- equitable institutional framework - business support, coherent policy frameworks
- self-regulatory federal bodies to represent the interests of the sector,
- financial and business support bodies developed to increase the capacity and effectiveness of social enterprise; and to reduce corruption and corrupt exploitation of foreign donors.

Thank You