



# **Emerging models of social entrepreneurship: possible paths for social enterprise development in Central East and South East Europe**

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# What is social entrepreneurship?

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# Outline

- **What is entrepreneurship?**
- **What is entrepreneurship for?**
- **What is social entrepreneurship?**
- **What is social entrepreneurship for?**
- **Where do the differences lie?**
- **Who are social entrepreneurs?**
- **What are social enterprises?**
- **Conclusions**

# What is entrepreneurship?

- The term is an elusive concept
- The term « entrepreneur » was created in France in the 19th century by J.B Say who described an entrepreneur as an « individual who stimulates economic progress by finding new and better ways of doing things »
- In the 20th century Schumpeter introduced the idea of innovation, describing entrepreneurs as innovators who drive changes in the economy by serving new markets or creating new ways of doing things.
- Drucker expanded the notion emphasizing the idea of opportunity, considering that entrepreneurship is not always linked to innovation.

# What is entrepreneurship? (continued)

- Other definitions of entrepreneurship exist (Baumol, and others)
- The most current ones refer :
  1. to the act of creating and growing new and small businesses;
  2. to the willingness to take risks, to be innovative and to exploit business opportunities.

# What is entrepreneurship for?

- Entrepreneurship is a critical component of economic growth and social inclusion, but not a panacea (OECD,2003)

It is for

- increasing economic growth
- spreading innovation
- creating jobs
- accumulating personal wealth ( for profit business)
- other

# What is social entrepreneurship?

- A fascinating, challenging, somewhat tricky term!!!
- At least two major contexts in which the notion takes different meanings: North American and European
- In the North American context, social entrepreneurship usually refers to a wide array of experiences both in non profit and for profit sectors; and even in the public sector ( pending a certain number of conditions)
- BEWARE! In the North American context the term « social entrepreneurship » is also used to indicate a financial stream for non profit organisations, in the sense that NPOs create commercial ventures to generate revenues in order to finance the NPOs social mission

# What is social entrepreneurship? (continued)

- In Europe social entrepreneurship is very often seen as a « different way » of doing business « Entreprendre autrement » as the French would say
- Unclear boundaries for social entrepreneurship : does this overlap with social economy, third sector, not for profit sector ( that is, with the entities of various legal status which lay at the intersection of the private and public sectors)?
- Language/conceptual problem: social entrepreneurship is often inaccurately used as a synonym of the social economy sector.
- Not all of the social economy/non profit sector is entrepreneurial.
- Social entrepreneurship can be considered the innovative/entrepreneurial part of social economy

# What is social entrepreneurship for?

- Social entrepreneurship is a growing part of entrepreneurship in OECD member and non member countries.
- It explicitly aims to improve personal and collective well-being in reducing inequalities and increasing social cohesion, as well as benefiting the community, mainly through:
  1. Creation of decent jobs for marginalised and excluded people
  2. Reintegration of people with difficulties into the labour market
  3. Provision and delivery of collective goods and social services for low income individuals
  4. Increase of social capital
  5. Dissemination of social innovations

# Where do the differences lie?

## Entrepreneurship vs social entrepreneurship?

- In what way is it 'social'?
  1. The social objectives are as important as the economic ones.
  2. Because of its governance system
  3. Because it is oriented to the collective interest
  4. The profit is not the ultimate goal in itself
  5. Social towards employees, clients, and products
  
- In what way it is 'entrepreneurship'?
  1. It adopts an entrepreneurial approach, that is, a risk-taking attitude, and aims at self-sustainability
  2. It deals with the market economy

# Who are social entrepreneurs?

- It is very difficult to conceptualize the idea of social entrepreneurship without referring to the social entrepreneur, regardless of the definition.
- This clearly shows the importance of the « human factor » behind social enterprises!

# Who are social entrepreneurs? (continued)

- The term « social entrepreneur » was coined in the USA by William Drayton, the founder of Ashoka.
- Gregory Dees defines social entrepreneurs as follows:
- Social entrepreneurs play the role of agents of change by :
  1. Adopting a mission to create and sustain social value
  2. Recognising and pursuing new opportunity to serve that mission
  3. Engaging in a process of continuous innovation, adaptation and learning
- Other?

## Who are social entrepreneurs? (continued)

- Various definitions aside, a social entrepreneur is generally someone who recognises a social problem and uses entrepreneurial principles to organise, create and manage a venture to make social changes.
- He/she is a change maker and moves ideas rather than the contrary ( ideas moving people)
- Beware of the 'ideal' image of a social entrepreneur!

# What are social enterprises?

- The term social enterprise does not cover the same realities in the different national European contexts and in the North American one
- Main definitions considered here : OECD/LEED definition and EMES definition.
- LEED definition: functional approach to define social enterprises
- Any private activity conducted in the public interest, organised with an entrepreneurial strategy whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity to bring innovative solutions to the problem of social exclusion and unemployment.

# What are social enterprises? ( continued)

- EMES definitions: social enterprise defined on the basis of four economic indicators:
  1. A continuous activity producing goods and services;
  2. A high degree of autonomy;
  3. Economic risk taking;
  4. A certain amount of risk
  
- And five social indicators:
  1. An initiative launched by a group of citizens
  2. A decision making power not based on capital ownership; of a participatory nature, which involves the persons affected by the activity
  3. Limited profit distribution
  4. An explicit aim to benefit the community

# What are social enterprises? ( continued)

- Since then, other definitions and legal frameworks have appeared.
- National legal definitions: some commonalities (collective interest, social aims, idea of participative governance and of a multi-stakeholder governance system) and some differences (redistribution constraints, others)
- Different models of social enterprises: the co-operative model , the company model and the open form model.

## What are social enterprises? (continued)

- To recap:
- Social enterprises are private not for profit organisations that produce or exchange social utility goods or services aimed at pursuing general interest goals, which are carried out in a stable way and as a main economic activity.

# What are social enterprises? (continued)

- Two kinds of social enterprises :
- enterprises working to re-integrate unemployed people and redevelop deprived areas;  
and
- enterprises offering goods and services to the wider community both in traditional fields (home help, care for the elderly, etc.) and those responding to new demands (remedial education, literacy classes and security on housing estates, etc, fair trade, environment)

# Conclusions

- Many commonalities around the values behind the idea
- Different typologies
- A model to disseminate?
- What future for social enterprise in OECD member countries and in CEE and SEE countries?

# Conclusion

According to Peter Drucker, the 21st century will be the century of social enterprise!

Thanks!

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