Social Enterprises at the crossroads of Market, Public Policies and Civil Society

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EMES - UCL

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THE WORKS OF THE « EMES EUROPEAN RESEARCH NETWORK »

✓ The emergence of social enterprises in the 15 member states of the EU (1996-2000)
  Proposal of a European approach to the social enterprise
  European overview of social enterprises

✓ Social enterprises in the field of integration by work - « Work Integration Social Enterprises » (2001-2005)
  European overview of « WISEs »
Outline

1. The movement of Social Enterprise
2. The EMES approach of Social Enterprise
3. Why is it innovative?
1. The movement of social enterprise

The pioneering initiatives

- Late 1970s – beginning 1980s
- Increasing structural unemployment
- Limits of traditional social policies to tackle social exclusion:
  - Long term unemployed or low qualified people
  - Social problems
  - Refugees, immigrants
  - “De – institutionalisation” of mental ill people (Italy, Sweden…)
  - …
### Founders of pioneering European SEs

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<td>COSO Italy</td>
<td>LCO Finland</td>
<td>SOCEN Denmark</td>
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<td>EFT Belgium</td>
<td>WCO UK</td>
<td>MO Germany</td>
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<td>EI, AI France</td>
<td>EI Spain</td>
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Source: PERSE
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<tr>
<th>Country</th>
<th>Description</th>
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<tr>
<td>Belgium</td>
<td>Entreprises de formation par le travail (EFTs) and entreprises d’insertion (EIs) in the southern part of the country, invoegbedrijven and sociale werkplaatsen in the northern part. EIs, which are supported by the Regional authorities, are strongly market-oriented and offer long-term employment perspectives to their workers.</td>
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<td>Italy</td>
<td>B-type social co-operatives, active in the field of occupational integration of disadvantaged persons (legal framework of 1991).</td>
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<td>Germany</td>
<td>Soziale Betriebe: market-oriented « social enterprises », which receive temporary public support. The goal is to create jobs and to support economic development while simultaneously aiming at the social and occupational integration of long-term unemployed people. The jobs are created either within already existing private enterprises or in the framework of the starting-up of new enterprises.</td>
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<td>Luxembourg</td>
<td>Associations (and sometimes co-operatives) providing integration through work and economic activity, operating in fields such as the environment, agriculture, building, waste recycling, etc. Most of these enterprises are pilot projects subsidised by the state.</td>
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<td>Spain</td>
<td>Work integration enterprises for the disabled or for people excluded from the traditional labour market. In both cases, these enterprises tend to provide access to transitory jobs aiming to allow the targeted workers to integrate into the traditional labour market, rather than to create long-term &quot;sheltered&quot; jobs.</td>
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<td>Sectors</td>
<td>Countries</td>
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<td>Austria</td>
<td>Children’s Groups: childcare structures supported by a strong commitment of parents.</td>
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<td>France</td>
<td><em>Crèches parentales</em>: childcare structures partly directed and managed by parents. These <em>crèches</em> constituted a national network: the <em>Association des Collectifs d’Enfants, de Parents et de Professionnels (ACCEP)</em>.</td>
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<td>Denmark</td>
<td><em>Opholdssteder</em> (social homes): stay-in structures conceived as an alternative to traditional institutions for children and adolescents with problems. The focus is on training and care.</td>
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<td>United Kingdom</td>
<td>Home Care Co-ops: organisations employing their members, mainly women in charge of their family, on a part-time basis.</td>
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<td>Sweden</td>
<td><em>LKUs</em>: local co-operative development agencies, grouped together in a national organisation (<em>FKU</em>) and pursuing a goal of rehabilitation and reintegration of people with a mental handicap.</td>
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<td>Italy</td>
<td>A-type social co-operatives, active in the field of health, training or personal services and operating within the legal framework adopted by the national parliament in 1991.</td>
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<td>Portugal</td>
<td><em>CERCIs</em>: co-operatives for the training and rehabilitation of handicapped children, grouped together, since 1985, in a national federation.</td>
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<td>Finland</td>
<td>Labour co-ops: labour co-ops, grouped together at the regional level in nine Co-operative Development Agencies (CDA), represent an important lever of development for the local and regional economy. These co-operatives differ from traditional worker co-operatives insofar as they outsource the competencies of their members to other enterprises.</td>
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<td>The Netherlands</td>
<td><em>BuurtBeheer Bedrijven (BBB)</em>: independent enterprises of proximity development offering the inhabitants of disadvantaged neighbourhoods the opportunity to carry out, in exchange for a remuneration, maintenance and improvement works in private housing or common infrastructures or to provide social services in the neighbourhood.</td>
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<td>Greece</td>
<td>Agro-touristic co-operatives: co-operatives set up by women living in rural areas with a touristic potential and offering services in the field of housing, restaurant and small craftwork.</td>
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<tr>
<td>Ireland</td>
<td>Enterprises with varied legal forms aiming at local community development through activities such as the provision of social housing, reintegration through work, credit (credit unions), proximity services etc.</td>
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• Concept of Social Enterprise encompasses different meanings and is still unclear

• Two schools of thought:
  – “social entrepreneurship”: innovative approach of tackling social needs developed by individuals in fostering business
  – “social enterprise”: collective dynamics inside the third sector (all “not for profit organisations”)
2. The EMES approach of Social Enterprise

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

Co-operatives  Non-profit organisations
Co-operatives

Workers’ co-ops

Users’ co-ops

Non-profit organisations

Social co-ops
Co-operatives

NPO's transformed into social enterprises

Production Oriented NPO's

Advocacy Oriented NPO's

Non-profit organisations
Co-operatives

Non-profit organisations

SOCIAL ENTERPRISES
=> social enterprise is twofold:

✓ Social enterprises are new organisations

✓ and existing organisations refashioned by new dynamics

INSIDE THE THIRD SECTOR:
(2) The EMES definition of social enterprise

Economic criteria for a Social Enterprise: « An entrepreneurial dynamic »

- A continuous activity producing and selling goods and/or services
- A high degree of autonomy
- A significant level of economic risk
- A minimum amount of paid work
Social criteria for a Social Enterprise:
« A public benefit mission »

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

• The 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 one to position oneself within the « galaxy » of social enterprises
(3) The ideal-typical Social Enterprise

Multiple Goals Social Enterprise
Multiple Stakeholders Social Enterprise

- Multiple stakeholders ownership > < shareholders
- Public benefit mission
- Different types of stakeholders for different goals
Multiple Resources Social Enterprise

Market → Social Enterprise → Redistribution

Social Enterprise → Reciprocity
3. Such a framework may be seen as innovative on

1) Multidimensional mode of governance
2) Economic dimension:
   • risk supported by the SE
   • but not especially only through trading activity
   • activity of production is a support to the social mission
3) Social enterprises are not reduced to « residual actors » filling the gaps left by the market or the State

Interaction between SEs and public bodies through a progressive institutionalisation:

- ✓ New public schemes
- ✓ New legal forms (CIC)
⇒ Institutionalisation generates strained relations:

✓ Social goal
Empowerment $> <$ “activating labour market policies”
✓ Production goal
➢ Niches and entry of for profit sector

but innovative capacity of Social Enterprises through hybridisation

Social enterprises are located in an intermediate space at the crossroads of market, public policies and civil society.