



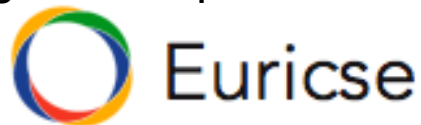
*The Concept and Practice of
Social Enterprise in Europe.
The Italian Experience*

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EURICSE

Social Entrepreneurship – The Possibilities and Prospects

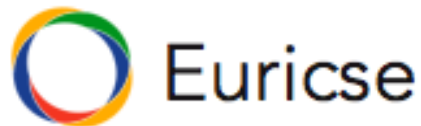
Belgrade – April 26th 2010



European Research Institute on Cooperative and Social Enterprises

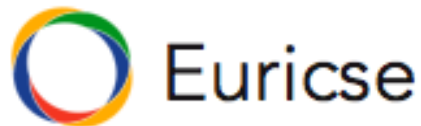
Concepts used

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



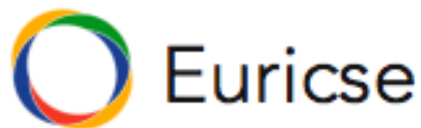
Social entrepreneurship versus social enterprise

- *social entrepreneurship*
 - ✓ broad range of activities
 - ✓ emphasis on the individual
- *social enterprise*
 - ✓ cuts across various countries/continents
 - ✓ 2 main approaches:
 - profit-generating activities carried out by non-profits (US)
 - specific types of institutions which combine economic and social dimensions (EUROPE)



European social enterprise

- different way of doing business and providing general-interest services
- encompasses:
 - ✓ entrepreneurial component of the non-profit sector
 - ✓ most innovative component of the cooperative movement



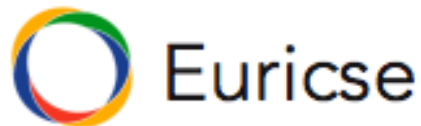
Strength of the European approach

- it highlights the contribution of social enterprises – as **specific types of enterprises** – to:
 - ✓ the delivery of general-interest services
 - ✓ economic development
- limits confusion with CSR and other forms/trends of social responsibility



Strength of the European approach

- The relevance of social enterprises for economic development stems from:
 1. type of activities performed
 - needs of the entire community addressed
 - considerable emphasis on general-interest, often disregarded by other institutions



Strength of the European approach

2. sustainability

- supply of general-interest services organized and managed in an entrepreneurial way
- limitations concerning eligible sectors/activities (eg Italy; UK)
- mobilization of a plurality of resources
- asset lock ensures that welfare and development goals are observed



Strength of the European approach

3. collective dimension of the enterprise

- reduces the probability of opportunistic behaviours by single individuals
- ensures the survival of the enterprise beyond the involvement of its founding leaders
- furthers the participation of several stakeholders



Fields of activity

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



Social Enterprise in Europe

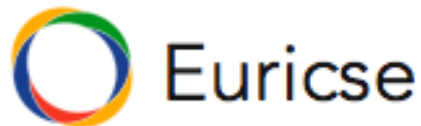
- until 1970s two-poles institutional framework (State and Market) worked efficiently
- crises welfare states and shortcomings of the privatization process —————> renewed vitality of civil society through the development of voluntary initiatives
- different trends in Europe



Legal evolution

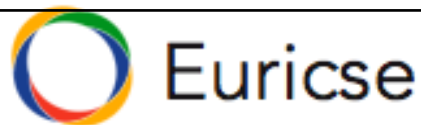
Institutionalization of SEs in EU-15

- pre-existing legal forms
 - ✓ association
 - ✓ cooperative
- legal frameworks designed for SEs
 - ✓ *adaptation* of existing legislation (eg 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 integation	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



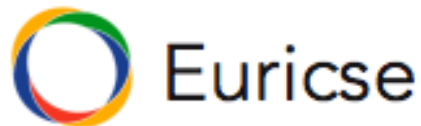
Adoption of specific legislation

- 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 of 2005



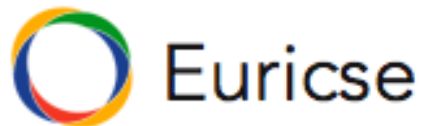
Social enterprise in Italy

- concept of social enterprise first appeared in Italy (1990)
- high degree of innovation
 - ✓ bottom-up phenomenon
 - ✓ direct participation of stakeholders/democratic forms of management
 - ✓ widespread use of the cooperative form
 - ✓ supply of innovative services targeting new users ignored by public providers
 - ✓ in 1991 new type of cooperative recognized by law (A-type and B-type social cooperatives)



Social enterprise in Italy

- since approval of Law 381/1991 on “Social Cooperative” annual growth rate from 10 to 20%
 - ✓ in 1993: 1,479 social coops (National Cooperative Department)
 - ✓ in 2003: 6,159 (ISTAT)
 - ✓ in 2005: 7,363 (ISTAT) – 59% A-type; 32.8% B-type; 8.2% mixed or consortia
- Law 118/2005 on “Social Enterprise”
 - principle of pluralism of organizational forms
 - opening to new sectors of activity



Social Enterprise and EU policies

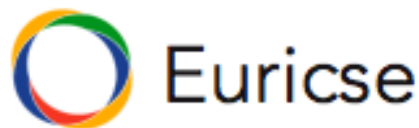
- EU approach wavering
 - 1990s-2004
 - emphasis on employment generation and democratization
 - relevance of EQUAL structural funds for re-directing the activity of non-profits towards a social enterprise model
 - 2004-2009
 - Diversity of forms of enterprise disregarded
 - 2009-present
 - working document on *Diverse Forms of Enterprise* by the EESC
 - report on the *Social Economy* by the Committee on Employment and Social Affairs of the EU Parliament



Impact of social enterprises on economic development

social enterprises:

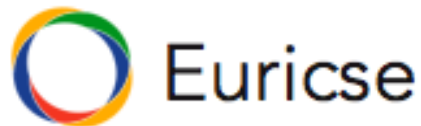
- complement the supply of general-interest services (eg social services, electricity, gas, safe drinking water, etc.) that public agencies and for-profit enterprises fail to deliver
- contribute to a more balanced use and allocation of resources available at local level to the advantage of the community
- generate new jobs in their fields of activity; some social enterprises are specifically aimed to integrate into work disadvantaged workers



Impact of social enterprises on economic development

social enterprises:

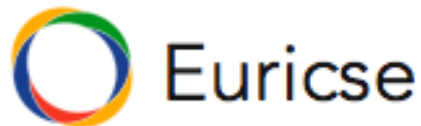
- help foster social cohesion and enhance social capital since they supply goods/services that are characterized by a high social potential and adopt inclusive and participatory institutional structures
- support the institutionalization of informal activities belonging to the underground economy



Closing remarks

factors contributing to SE development

- high degree of permissibility of economic activity by non-profit organizations
- existence of a specific and clear legislation
 - ✓ clear identification of the general-interest goal pursued (IT; UK) /fields of activity (IT)
 - ✓ compliance with the partial distribution constraint (IT; UK)
 - ✓ participatory and collective dimension of the enterprise (IT)



Closing remarks

factors contributing to SE development

- 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
- clear cut separation between activities conducted
 - ✓ social services
 - ✓ work integration: not too high threshold; wide focus on new types of disadvantages

