



Social enterprises

Orsolya Lelkes



Social enterprises and YOU

- **What do you know?**

- Your discovery/ surprise about this topic so far

- **What would you like to know?**

- Your question related to this topic right now



What are they? The definition



Definition of Social Enterprises European Commission (2011)

- Those for who the **social or societal objective** of the common good is the reason for the commercial activity, often in the form of a high level of social innovation.
- Those where **profits are mainly reinvested** with a view to achieving this social objective.
- Those where the **method of organization or ownership system** reflects the enterprise's mission, using **democratic or participatory principles** or focusing on social justice.



Definition of Social Enterprises (2)

- Social enterprises can be distinguished from voluntary organizations:
 - continuous activity producing goods or selling services,
 - high degree of autonomy,
 - significant level of economic risk,
 - limited amount of paid work,
 - a participatory nature,
 - limited profit distribution (OECD / European Union, 2013).



Legal form

- Three different models: the **“co-operative”**, the **“company”** and the **“open form”**
 - “open form”: no specific legal form, but defines the criteria that need to be met to be considered a social enterprise.
 - E.g.: solidarity enterprises, co-operatives or limited liability social co-operatives, collective interest co-operatives, (Italy, France, Spain, Portugal, Greece), social purpose or collective interest companies (Belgium) and community interest companies (United Kingdom).
- National laws regulating social enterprises
 - definition of social enterprise; asset allocation; stakeholder and governance systems; accountability and responsibility towards internal and external stakeholders
- Different legal solutions based on specific cultural contexts



Main fields of activity:

- Work integration
 - training and integration of people with disabilities and unemployed people.
- Personal social services
 - health, well-being and medical care, professional training, education, health services, childcare services, services for elderly people, or aid for disadvantaged people.
- Local development of disadvantaged areas
 - social enterprises in remote rural areas, neighborhood development/rehabilitation schemes in urban areas, development aid and development cooperation with third countries.
- Other
 - recycling, environmental protection, sports, arts, culture or historical preservation, science, research and innovation, consumer protection and amateur sports



Global Entrepreneurship Monitor

- Since 1999, provides custom datasets, special reports and expert opinion.
- Main themes:
 1. the entrepreneurial behaviour and attitudes of individuals, and
 2. the national context and how that impacts entrepreneurship.
- Includes: Bosnia, Georgia, Kosovo, Macedonia, Montenegro, Serbia
- <http://www.gemconsortium.org/>



Supporting social enterprises



Social Business Initiative of the European Commission

- Launched in 2011, implemented with stakeholders in the sector and EU countries.
- short-term action plan to support the development of social enterprises, key stakeholders in the social economy and social innovation
- aims to prompt a debate on medium/long term development



Theme 1: Making it easier for social enterprises to obtain funding

- Action 1: Put forward a European regulatory framework for social investment funds.
- Action 2: Encourage the development of microcredit in Europe, specifically by improving the related legal and institutional framework.
- Action 3: Set up an EU financial instrument to provide easier access to funding.
- Action 4: Make social enterprises an investment priority of the European Regional Development Fund and European Social Fund.



Theme 2: Increasing the visibility of social entrepreneurship

- Action 5: Identify **best practices** by establishing an exhaustive register of social enterprises in Europe.
- Action 6: Create a **public database of labels and certifications** applicable to social enterprises in Europe.
- Action 7: Help national and regional governments introduce measures to support, promote and finance social enterprises.
- Action 8: Create a **multilingual information and exchange platform** for social entrepreneurs, business incubators and clusters, as well as social investors. Increase the visibility of EU programmes to support social entrepreneurs and make it easier to obtain funding.



Theme 3: Making the legal environment friendlier for social enterprises

- Action 9: **Simplify the rules** regarding legal recognition as a European Cooperative Society; put forward a regulation creating a legal status for European foundations. Conduct a study on the situation of mutual societies.
- Action 10: **Make quality and working conditions** more important **criteria** for the awarding of **public procurement** contracts, particularly for social and health services.
- Action 11: **Simplify the rules for awarding public aid** to social and local services (which would benefit many social enterprises)



Scaling up the impact

- Expand by organizational growth, mergers or acquisitions or diversification (of activities).
- Replication, e.g. in other geographical areas, by establishing branches, or enabling social franchising.
- Strategic partnership with other organizations provides access to new markets, capacities and competences.
- **Support by network organizations, or impact hubs:** access to training, mentoring and networking between social entrepreneurs (Madelin & David Ringrose, 2016).
- **Support by governments:** enabling environments (legal and regulatory frameworks), financing, access to markets, business development services and support structures, and training and research (support pilot projects, stimulate knowledge transfer, open sources and networks)



Social enterprises in Austria



Legal framework in Austria

- No official definition of social enterprise, no specific legal framework
- Traditionally, *understood as* work integration social enterprises in the form of
 - socio-economic enterprises (*Sozialökonomische Betriebe* or SÖB)
 - non-profit employment projects / companies (*Gemeinnützige Beschäftigungsprojekte / Gemeinnützige Beschäftigungsgesellschaften* or GBP)
- The idiosyncrasy of the Austrian ‘welfare mix’ has heavily influenced the development of the sector
 - History of past 150 years: NGOs and charities that are affiliated to religious organisations or political parties, or to the socialist (now social democratic) movement.
 - Corporatist approach (Sozialpartnerschaft)



Support schemes in Austria

- No publicly funded support schemes specifically designed to support social enterprises
- SÖBs and GBPs receive financial support from the Public Employment Services (*Arbeitsmarktservice*) to cover the costs incurred by hiring disadvantaged workers (i.e. to compensate for their lower productivity).
- At the provincial level: support to (new) enterprises in general
 - not exclusively tailored to social enterprises.
- Over the past few years: ‘social innovation’ initiatives, ‘innovation hubs’, providing co-working spaces, consulting, training or access to networks of supporters.



Social entrepreneurship education – *Social Entrepreneurship Centre of the Wirtschaftsuniversität (WU)*

- Applied research, but also dialogue with praxis (workshops, symposiums)
 - Individuals and organizations can join and become members, with the benefits of receiving information and exchange opportunities
- Research on the sector (activities, legal forms, financing), and their support needs



Social entrepreneurship education – *Pioneers of Change*

- One-year training course, with nine seminar modules, supported by coaching in the personal clarification and development of projects, organizations and sustainable businesses.
 - Themes: project development, social financing solutions, going public; project work,; and several forms of support (i.e. individual coaching, group discussions, training in personality development).
- ‘Learning by Doing’, integrated methodology, process-oriented guidance and ‘Peer-to-Peer Learning’.
- Since 2010, more than 100 people have participated
- This course was distinguished by the UNESCO



Social entrepreneurship education

The Social Impact Award

- Founded by the Vienna University of Economics and Business Administration in 2009 and is implemented by Impact Hub Vienna.
- ‘ideas’ competition coupled with a learning program, targeting students and encouraging them to engage in social entrepreneurship.
- Replicated in 9 countries in 2016: Bosnia, Czech Republic, Greece, Macedonia, Montenegro, Romania, Russia, Serbia and Slovakia.
- The best 10 projects receive a free Incubation ticket and full summer membership at the Impact HUB Vienna. Then the 5 best projects are awarded the Social Impact Award and receive € 3,000 per project (community award: € 2,000) and other support.
- In addition, it provides education for all participants, with the motto “everyone is a winner”.
 - In 2016, 73 student teams developed social business ideas in Austria.
 - 60% of the submitted project ideas have been implemented and 35% have earned revenue.
 - In 2016, the Impact Award team organized 21 interactive workshops in Austria for more than 300 participants in 9 cities on topics such as the development of ideas or conceptual design.



Labels: Common Good Balance Sheet

- “Economy for the Common Good,” launched in Austria in 2010, has gained the support of 2,200 companies in 50 countries.
- A committee of the European Union overwhelmingly supported a recommendation to incorporate the Economy for the Common Good framework into the EU and member-state legal systems.
- Three innovations: the Common Good Product, the Common Good Balance Sheet and the Common Good Exam of investment projects (Christian Felber, 2012).
- On the company level, the Common Good Balance Sheet measures how firms fulfill key constitutional values that serve the common good. These include human dignity, solidarity, justice, ecological sustainability and democracy. This new balance sheet measures some 20 common good indicators, including:
 - Do products and services satisfy human needs?
 - How humane are working conditions?
 - How environmentally-friendly production processes?
 - How ethical are sales and purchasing policies?
 - How are profits distributed?
 - Do women and minorities receive equal pay for equal work?
 - Are employees involved in core, strategic decision making?
- Branding mechanism: companies could publish their ratings on their products, informing consumers on their social and sustainability commitment.



Future of social enterprises in Eastern Europe

Your ideas

