



European
Commission

Social economy and social entrepreneurship

Social Europe guide | Volume 4



Social Europe

Social economy and social entrepreneurship

Social Europe guide

Volume 4

European Commission

Directorate-General for Employment, Social Affairs and Inclusion
Manuscript completed in March 2013

This guide was written by Euricse (European Research Institute on Cooperative and Social Enterprises) and Commission Staff. The work was conducted in particular by Professor Carlo Borzaga, Gianluca Salvatori, Riccardo Bodini, and senior researcher Giulia Galera, with the precious support and contribution of Gerhard Bräunling.

Neither the European Commission nor any person acting on behalf of the Commission may be held responsible for the use that may be made of the information contained in this publication.

Cover illustration: Mi Ran Collin — © European Union

For any use or reproduction of photos which are not under European Union copyright, permission must be sought directly from the copyright holder(s).

***Europe Direct is a service to help you find answers
to your questions about the European Union***

Freephone number (*):
0080067891011

(*) Certain mobile telephone operators do not allow access to 00800 numbers
or these calls may be billed.

More information on the European Union is available on the Internet (<http://europa.eu>).

Cataloguing data as well as an abstract can be found at the end of this publication.

Luxembourg: Publications Office of the European Union, 2013

ISBN: 978-92-79-26866-3

doi: 10.2767/79109

© European Union, 2013

Reproduction is authorised provided the source is acknowledged.

Printed in Belgium

PRINTED ON ELEMENTAL CHLORINE-FREE BLEACHED PAPER (ECF)

Foreword



László Andor

Commissioner for
Employment, Social
Affairs and Inclusion



Michel Barnier

Commissioner for Internal
Market and Services



Antonio Tajani

Vice-President of the
European Commission
responsible for Industry
and Entrepreneurship

In October 2011 we presented a 'Responsible Business Package', including an updated policy on Corporate Social Responsibility and a brand new Social Business Initiative seeking to strengthen the development of innovative enterprises that have primarily a social mission. The package targeted both for-profit companies and those for whom profit is not a primary objective. We attempted to learn from the rich and diverse tradition of social economy in Europe and from the more recent phenomenon of *social enterprise* in order to put forward a policy

framework that would support further growth of such mission-driven companies but also encourage for-profit companies to embrace social responsibility as the new norm and a real asset.

Social economy organisations and social enterprises have many specificities but our hope should be that the differences between them and the 'mainstream' will become narrower as 'mainstream' companies recognise that it is in their interest to minimise negative impacts of their business operations and promote

equitable social development. In the Europe 2020 Strategy, the EU has agreed upon a development model based on smart, sustainable and inclusive growth. Turning this vision into reality requires smart behaviour from business. Focus on environmental and social sustainability and on maximising the wider community's benefits from business activity is a big part of this. These cannot be the features of a minority of companies but need to characterise the whole Single Market. Europe has been updating its social model to respond to the economic crisis and to 21st century challenges, but its business model also needs to be up-to-date.

This guide explains the specificities of the social economy and social enterprise, such as participatory decision-making, focus on community development, reinvestment of profits or a social impact objective. It also shows many examples of how individual consumers or savers can make a qualitative difference in the way markets operate. Giving society a greater say in what and how should be produced does not mean less innovation – most often it means more innovation and greater efficiency. Europe is undergoing a deep unemployment and social crisis at present, but social economy and social enterprise represent an important source of inspiration and energy for a recovery.

Contents

Foreword.....	3
Introduction.....	7
CHAPTER 1	
Europe and its unique social and economic model	11
From the origins of the EU to Europe 2020	13
New and ongoing challenges	15
New actors, new behaviours	16
CHAPTER 2	
The social economy in the European tradition.....	21
Framing the issue	21
The traditional actors of the social economy	22
CHAPTER 3	
Innovative tendencies in the context of the social economy: the emergence of social enterprises.....	31
Defining the social enterprise	31
The fields of activity of social enterprises	36
Legal structures and their evolution	41
CHAPTER 4	
Size, impact and resilience of the social economy and social enterprises in Europe	45
Voice from the European Parliament.....	56
Interview with Sven Giegold, Member of the European Parliament (Greens/EFA)	56
CHAPTER 5	
Increasing social awareness throughout society and the economy	59
Changes in individual behaviour.....	59
Changes in savings and finance.....	64
Changes in corporate behaviour.....	67
CHAPTER 6	
Looking forward: strengthening the potential of the social economy and social entrepreneurship.....	73
How social economy and social entrepreneurship respond to emerging social needs.....	73
Key challenges	81
Strengthening the social economy and social enterprise	82

CHAPTER 7

Public policies for the social economy and social entrepreneurship	87
EU support to the social economy	87
The 2011 Social Business Initiative	89
The 2013 Social Investment Package	89
National and regional policies	90
View of the Council Presidency	98
Interview with Sotiroula Charalambous, Minister of Labour and Social Insurance of Cyprus (2008-13)	98
Glossary	100
Further information	103
Forthcoming guides	108

Introduction

Writing a guide to the ‘social economy and social entrepreneurship’ is a challenging task, as entire books have been devoted just to the definition of these two terms. More importantly, in the scientific literature and in the public discourse, we find a broad range of definitions and understandings of the nature of these two phenomena and on the relationship between the two. This, incidentally, is a common problem for a variety of terms that are becoming increasingly popular and that combine the word ‘social’ with typically economic concepts: social enterprise, social innovation, social business, etc. As in the case of social economy and social entrepreneurship, one could debate to no end on what the term ‘social’ means in each of these cases, what exactly is included or left out. This uncertainty not only poses conceptual problems in describing these phenomena, but also risks undermining the very important role that they all play in today’s society.

It might be useful, then, to begin by explaining how the terms are used in this Social Europe Guide and how the guide itself is structured. The order of the chapters flows from an open conceptual framework and the guide is not based on a single definition. Rather, it draws upon a careful review of the literature and uses definitions that are most consistent with the European tradition and reflected in the most recent documents produced by the European Commission on these topics (most notably the Social Business Initiative).

Traditionally, the European social model has always been characterised by the prominent role played by a variety of organisations that differ both from private corporations and from public institutions. These are private organisations that typically pursue **goals other than profit**: their main purpose is not to generate financial gains for their owners or stakeholders but to provide goods and services either to their members or to the community at large. These organisations, which have been active in Europe for nearly two centuries, have been recognised and regulated in many countries through specific legal forms (including in particular the cooperative, the mutual, and the association), have set up their own representative organisations to interact with public authorities, and have contributed in various ways to the social and economic development of our continent. The label that is used, in the tradition of many European countries and recently also by the EU, to refer to these organisations is the ‘social economy’ – a term that stresses the special attention that these organisations pay to the social consequences of their activities, and their participative governance structures.

Over time, the evolution of European society in the context of the global economy has led to the emergence of new and more diversified needs, which in many cases demand new types of responses. These responses have come in some cases from the public sector or



from private businesses, in some cases from civil society and social economy organisations, and in some cases from entirely new organisational forms inspired by the same principles as social economy organisations, combining a social and an entrepreneurial dimension, but resorting to different institutional arrangements. The broad tendency to take charge of social needs on the part of all of these different actors across the public and private sectors usually goes under the term of 'social entrepreneurship', and the new types of organisations that have emerged, particularly starting

in the early 1980s, are often called 'social enterprises'.

Given this framing, which will be explained and illustrated in depth throughout the document, the Guide is structured in seven chapters: the first chapter describes the context in which both the social economy and social entrepreneurship are situated. It starts with a description of the European social and economic model as it is outlined in the founding documents of the European Union; and it then proceeds to outline the challenges posed by old and new social

needs and the emergence, in response to these challenges, of new actors and behaviours from various parts of the European economy and society.

The second chapter is devoted to describing the core organisations that traditionally compose the Social Economy in Europe, presenting who they are and what are their defining characteristics. The third chapter then focuses on the new organisational forms that have emerged in response to the new social needs and challenges, discussing the concept of social enterprise, the kinds of activities that these organisations engage in, and the legal forms through which they are being recognised and regulated in the different European countries. The fourth chapter shows the social economy and social entrepreneurship in numbers, presenting the best data available on their size and importance within the EU, and on

how these organisations have reacted to the economic crisis.

The fifth chapter explores the other trends that have emerged in recent years and that also go in the direction of reconciling economic and social goals (like in the case of the social economy and social enterprise), as they are all characterised by an increased attention to the social effects of economic activity: changes in behaviour on the part of the individuals, changes in savings and finance, and changes in behaviour on the part of corporations that go under the umbrella of 'corporate social responsibility'.

The last two chapters are devoted to the outlook for the social economy and social entrepreneurship in Europe: key challenges and opportunities (chapter 6) and the role of public policy in supporting these vital components of the social and economic life of our continent (chapter 7).

CHAPTER 1



Europe and its unique social and economic model

In the history of European countries, the idea of building a shared future for the whole continent has been at the same time a hope and a challenge. After the devastating destructions of World War II the continent finally turned the page, as more and more countries within its boundaries chose a path of increasing integration that would help prevent the rise of new conflicts.

An integral part of this process has been the implementation of an economic and social model that was shared by all the founding States and that was appealing also to the other prospective members that later joined the European Union. The importance of the value of **social cohesion**, in particular, has been a guiding principle in many economic policy choices, laying the foundation for an integrated vision of European growth.

The treaties that gave birth to the European Union recognise that a balanced economic growth, which strives to achieve full employment and social progress, is one of the fundamental principles that can lead to a growing integration among the people of Europe. Economic and social cohesion is a guiding principle that can be found in all the acts that compose the long process which has led, starting in 1945, to the unification of Europe.

With the Rome Treaty of 1957, the goal of European integration was extended not only to economic cooperation in general (broadening the scope of the original European Coal and Steel Community), but also to the achievement of a cohesive social and economic growth that could reduce disparities among European countries. The objectives of the European Union thus cannot be understood without keeping in mind the need, which was present from the very beginning, to design and implement a model based on social as well as economic solidarity and integration.

At the heart of this model lays a three-fold conviction, which stems from the post-war reconstruction: i) if the goal is development, collective action is more effective than individual action; ii) all parts of society can contribute; iii) the importance of this social character of development justifies the active role of the States in guaranteeing a certain level of wellbeing to all (in the form of universal services such as health care and education) as a precondition for economic growth.

Public welfare has been one of the most innovative and long lasting inventions of contemporary Europe, leaving a lasting mark on the relationship between the State and the market.

Box 1: 'Social economy' and 'Social market economy'

While similar in their name, the 'social economy' and the 'social market economy' are two quite different political and economic concepts that were developed for different purposes. Still, they both play a crucial role in defining the European social and economic model.

The term 'social economy' is used to define a specific part of the economy: a set of organisations (historically, grouped into four major categories: cooperatives, mutuals, associations, and, more recently, foundations) that primarily pursue social aims and are characterised by participative governance systems. For close to two centuries, these organisations have engaged in the production of goods and services alongside the Market (i.e. private corporations) and the State (i.e. public sector institutions).

The term 'social market economy' refers to a political-economic model created after World War II in response to the need to spread confidence in a new democratic system. At its heart, it sought to harmonise the principle of market freedom with the principle of social security by giving the State an active role in promoting both market competition and balanced social development. This approach was often considered a 'third way' between the *laissez faire* capitalism, based on the principle of minimal State intervention,

and the centrally planned economies, in which the State fully directed economic activity. The concept of social market economy originated in Germany and is often associated with its post-WWII reconstruction, but has over time acquired a broader meaning.

The social market economy is based on two clearly distinct but complementary pillars of state action: on the one hand, the enforcement of competition to keep prices stable and generate growth and innovation; and on the other, social policy measures to guarantee social justice by correcting negative outcomes and bolstering social protection. In the most basic sense, social market economy means that markets are embedded in society and should function in a way that both economic efficiency and well-being for all are achieved. Many of the principles of the social market economy became a substantial part of the European social model and found expression in the Treaty on European Union. Article 3 of the Treaty in particular states:

'The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment.'

Over the years, these guiding principles developed and took root across Europe also due to the existence and economic impact of a plurality of actors (including social economy organisations) that operate alongside private corporations and the State. As we will see in this guide,

new actors and behaviours significantly changed the landscape, bringing to the fore an increasingly rich and complex economic eco-system in which the State can no longer be seen as the only possible provider of a balance between social justice and economic freedom.

From the origins of the EU to Europe 2020

The shared confidence in this special model of development is one of the main reasons why in the 1990s European countries embarked first on the European unification process, then on the creation of the single market, and finally on the launch of the euro, accelerating the process of European cohesion and broadening it to new countries.

This process reached a new height in the year 2000 with the Lisbon Agenda. In that document European leaders set 'a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.' The document also specified that 'achieving this goal requires an overall strategy aimed at (...) modernising the European social model, investing in people and combating social exclusion'.

The conclusions of the EU's 2000 Lisbon summit focused on the new challenge that was facing Europe. The new scenario required a new approach which could handle the deep transformations in the global economy. In Lisbon, the European governments felt the urgency of adapting the development model to the new context, but thought that it could be done simply by modernising the same tools (e.g. in terms of welfare systems) that had been used up to that point, relying on a positive trend of economic and employment growth. What has happened since revealed that just updating the European social and economic development model was not enough.

The economic crisis that started in the second half of the 2000s has made it clear that the tools that this model has relied on for decades in order to generate social cohesion started to show their limitations: at first with the expansion of the public sector and the related budgetary constraints, and then as a consequence of the new complex and unstable character of the global economy.

Over twenty years after the creation of the single market and ten years after the introduction of the euro, restoring economic growth in Europe requires the **rethinking of the founding social pact**, also in the context of new global developments.

The new Europe 2020 strategy originated from this need and recognised that, in order to overcome the current economic crisis, the recovery cannot be based on a 'business as usual' approach, as simply going back to the way things worked before the crisis is not possible.

Box 2: Europe 2020

Moving out of the economic crisis is the immediate challenge that is facing Europe, but a perhaps greater challenge is to reverse key negative trends that preceded the crisis, such as rising inequalities, lack of social responsibility among market actors, and reliance on public budgets to deal with the consequences. In this context, the European Commission took on the task of charting the future of the continent with a strategy that seeks to turn Europe into a **smart, sustainable and inclusive economy**, delivering high levels of employment, productivity and social cohesion.

Europe 2020 was endorsed by the European Council in June 2010 and represents the EU's growth strategy for the coming decade, consisting of three mutually reinforcing priorities: i) developing an economy based on knowledge and innovation; ii) promoting a more resource efficient, greener and more competitive economy; iii) fostering a high-employment economy delivering social and territorial cohesion.

Five measurable EU-level targets for 2020 have been set:

- 75% of the population aged 20-64 should be employed;
- 3% of the EU's GDP should be invested in research and development;
- Greenhouse gas emissions should be 20% lower than in 1990 (or even 30%, if the conditions are right), 20% of energy should come from renewables, and energy efficiency should be increased by 20%;
- The rate of early school leavers should fall under 10% and at least 40% of 30-34 year olds should complete tertiary education;
- At least 20 million fewer people should be in or at risk of poverty and social exclusion.

Further information: ec.europa.eu/europe2020

New and ongoing challenges

As we enter the second decade of the 21st century, the globalisation of the economy, the low rates of economic growth, the complexity of society, and growing demands for new services are challenging the European model of development. Demographic and economic shifts over the past few decades have brought about significant changes in the social needs of the population: as life expectancy increased, so did the need to find new ways to care for the

elderly; as more and more women entered the workforce, child care has emerged as a major new area of intervention; as Europe has attracted more and more people from other countries and other parts of the world, the economic and social integration of migrants has required attention and new policy tools; and as the economy has become more knowledge-based, the education systems have needed to diversify and improve. In addition, society needs to find responses to climate change and dwindling of natural resources.

Box 3: Challenges old and new: a few numbers worth considering

- The economic crisis that has hit Europe starting in 2008 is evident in the loss of GDP and the rise in public debt: in 2009, GDP fell by 4%, and industrial production dropped back to the levels of the 1990s. At the same time, public finances have been severely hit, with deficits at 7% of GDP on average and debt levels at over 80% of GDP.
- Unemployment in Europe is historically high. In January 2013, it rose to 10.8% in the EU-27 (26.2 million people), of which 11.9% in the euro area (19 million).
- The gap between the countries with the highest and the lowest jobless rates also remains at a historical high. There is a gap of 22.1 percentage points between the Member State with the lowest rate of unemployment (Austria - 4.9%) and that with the highest (Greece - 27.0%).
- Youth unemployment is of particular concern, as active young people are still more than twice as likely to be unemployed than the adult active population. 5.7 million EU citizens aged less than 25 were jobless in January 2013, accounting for 23.6% of the active young people in the EU-27. Even worse, some 14.5% of people aged 15-24 were neither in employment nor in education and training (NEET). Youth unemployment and inactivity have potentially disastrous consequences, especially if prolonged, as young people can be cut off not only from the labour market but from society as a whole.
- Only 63% of women in productive age have paid work compared to 76% of men.
- Demographic ageing is accelerating. As the baby-boom generation retires, the EU's active population is starting to shrink. The number of people aged over 60 is now increasing twice as fast as it did before 2007. This is particularly troubling considering that in Europe only 46% of older workers (55-64) are employed compared to over 62% in the US and Japan.

In sum, the appearance of new needs and the increasing differentiation of existing ones have made demands by citizens more wide-ranging and complex. At the same time, the difficulties generated by growing fiscal constraints, coupled with the challenge of meeting diversified needs with a supply of good-quality services, have made it increasingly difficult for the public sector to meet this demand on its own, as it had traditionally done in a welfare model dominated by state intervention.

Some of the reforms that have been introduced at the national level since the beginning of the current economic crisis have contributed to a growing imbalance between the demand and supply of services of general interest, especially in the key areas of health, social services, and education.

New actors, new behaviours

Profound changes in the socio-economic context contributed to the questioning of many conventional wisdoms and values over the past years. Much wealth has been created, but at the same time social and economic inequalities have grown significantly in many countries. There is a widespread perception that 'upward social mobility' has decreased, and large parts of society have seen a deterioration in their quality of life and a loss of social cohesion. As people suffer the effects of economic transformations that they cannot control or direct, many are feeling excluded and powerless.

People's reactions to this situation appear to be increasingly polarised and divided between further isolation and individualism on one side, and the willingness to engage and tackle social issues on the other. Increasingly, though, the attempt to organise a response to the current challenges is taking place also **outside the traditional structures** of political parties or trade unions, exploring less hierarchical and more participatory forms. The same tendencies can be found among younger generations, which are torn between the temptation to withdraw from social participation and the desire for a more open, active and responsible society which is also less centralised and less dependent on traditional organisational forms. In particular, many of today's twenty and thirty-year olds appear to be looking at the future with new priorities and new values. The cultural climate in which this part of the European society is living is calling into question the separation between individual morality and social order which has accompanied and fuelled economic growth over the past few decades. A new sensitivity and attention to social issues seems to be taking hold and is increasingly characterising people's behaviour.

The way is thus paved for new reflections and interpretations. The on-going crisis has accelerated the need for rethinking the respective roles of the market, the state, the 'third sector' and the individual. The crisis has also helped identify some of the values and directions in which we should move. At a time of increasing global

competition, major demographic change and public budget constraints, new forms of organisation and interaction between public sector, civil society organisations, private enterprises and citizens are needed. These could re-create a common ground for social behaviours that are increasingly diverse, bringing them together around a sense of shared responsibility toward social and economic development.

There are encouraging signs that we are moving in this direction, as we are witnessing a surge of responses by individuals and groups, organised in a substantially different way from those of both private businesses and public institutions. This trend is part of an increasing tendency, across sectors, to **take into account the social consequences of economic activity**.

This increased attention to social issues has stemmed both from the growth of existing actors and activities and from the creation of entirely new types of organisations and behaviours. Three main trends can be seen:

- adoption of socially responsible behaviour by individuals;
- direct and bottom-up provision of general-interest services by groups of citizens;
- increased attention to the social impact of economic and financial activities across sectors (including the growing attention paid to social innovation);

This guide focuses on the development of private not-for-profit economic activities, as they have revitalised traditional social

economy organisations and given rise to innovative organisations. These bottom-up initiatives are concrete expressions of an increasing sense of responsibility on the part of citizens and as an 'endogenous response' of society to the failures of the market and the shortcomings of public policies.

All of these organisations are based on motivations, behaviours, and principles (such as solidarity, reciprocity and direct participation in management, quest for justice and equality, accountability for achieving social impact) which appear particularly well suited to face the challenges related to the **responsible management of collective assets**, where the right of ownership must be balanced with the duty of custody for the benefit of current and future generations.



Moreover, these organisations are lending increasing credibility to the idea that economic development does not only stem from the actions of individuals pursuing private gains. Rather, it can also come from the collective action of communities engaged in the production of public goods, as well as from innovative combinations of private investment and collective action. It is no coincidence that (as we will see in later chapters) social, community and cooperative enterprises have been able to grow their business and multiply despite an economic crisis that has seen many traditional firms shed jobs or scale back their activities.

Many private corporations too are increasingly paying attention to the

social consequences of their activities, and are more and more open to entering into relationships with a plurality of stakeholders. This openness, which coincides with a recognition of the importance of **social capital** and **reputation** within business processes, also led firms to incorporate broader and more complex objectives, in some cases including the social dimension as part of their mission. Traditional business models are changing, as enterprises must operate within a system of relationships in which the economic dimension is not the only one that matters. On the contrary, it must be enriched with other values that are shared by the rest of society. This is perhaps the key to achieving innovation and sustainable growth.

Box 4: What is 'shared value'?

The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.

The concept rests on the premise that both economic and social progress must be addressed using value principles. Value is defined as benefits relative to costs, not just benefits alone. Value creation is an idea that has long been recognised in business, where profit is revenues earned from customers minus the costs incurred. However, businesses have rarely approached societal issues from a value perspective but have treated them as peripheral matters. This has obscured the connections between economic and social concerns.

From Micheal E. Porter and Mark R. Kramer, *Creating Shared Value*, Harvard Business Review, January-February 2011.

Many aspects of the knowledge-based economy evoked in the Lisbon Strategy, such as the development of shared and open forms of knowledge (e.g. open source standards in the software industry, or even new open hardware concepts) show how a mix of different coordination mechanisms, values and motivations which incorporate a social dimension can be an extremely powerful driver towards a new development model. And in an increasing number of fields, the forms of enterprise that characterise the social economy might be better suited than traditional firms to today's organisation of economic activity, as they embody the model of smaller and specialised firms operating in a networked

system of production, which is more adept at generating open innovation processes.

In the following chapters we will detail the emergence of these new economic actors, starting with a definition of what has always been the core of the European social economy and then analysing some of the most relevant and innovative trends that have broadened its reach and increased its impact. The complementary role played by these initiatives with respect to public and for-profit actors has been over the past few decades the most far-reaching innovation for reconciling equity and efficiency, moving towards a new European economic and social model.

CHAPTER 2



The social economy in the European tradition

Framing the issue

The social economy has been recognised as a distinct set of economic actors only recently. However, organisations belonging to the social economy have long been an important part of the European social, economic, and political history. The term social economy first appeared in France during the first third of the 19th century and its relevance has gone far beyond French borders throughout the centuries, finding a great resonance throughout Europe. Indeed, for almost two centuries now social economy institutions have been key players in the broader social and economic development process both at national and at local levels.

What social economy organisations share and what sets them apart from conventional enterprises is the overall aim of their activities, which does not emphasise the pursuit of profit and its distribution to the owners as an ultimate goal. In fact, the main goals pursued by social economy organisations include both the **provision of goods and services** (including employment opportunities) **to their members or community** and the **pursuit of general interest goals** (i.e. activities that benefit society at large like the provision of services of general interest).

Box 5: What are services of general interest?

General interest services cover a wide range of activities that have a strong impact on the well-being and quality of life of a society at large. They range from basic infrastructure (energy and water supply, transportation, postal services, waste management) to key sectors such as health and education, care and social services. General interest services play a crucial role in contributing to a sustainable economic and social development in terms of satisfaction of basic needs, social inclusion, economic growth, and protection of the environment. Services of general interest are conceived of as one of the pillars of the European model of society and an essential component of European citizenship. Indeed, their provision is a pre-requisite for the enjoyment of fundamental rights.

Further information:
ec.europa.eu/services_general_interest

Another characteristic shared by many social economy organisations is their **ownership structure**, as ownership rights are assigned to stakeholders other than investors, and significant emphasis is placed on stakeholder involvement and participation. These stakeholders can include workers, customers, or even volunteers, as many social economy organisations are characterised by a significant participation of volunteers, who often play a key role particularly in the start-up phase of the organisation.

Given these characteristics, social economy organisations tend to give precedence to people and labour over capital in the distribution of incomes. This means, for instance, that these organisations will tend to preserve employment and quality of service to their members and customers even at the cost of reducing their margin of profit. Social economy organisations are also generally characterised by **democratic decision-making processes**, whereby key decisions concerning the organisation are voted upon by all of its members.

These shared characteristics can be found in different types of social economy organisations in the different European countries.

The traditional actors of the social economy

Historically, social economy organisations have been grouped into four major

categories: cooperative enterprises, mutual societies, foundations and associations, whose legal form may vary considerably from one country to another.

Cooperative enterprises

A cooperative is an 'autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise' (International Cooperative Alliance, 1995). This definition was also adopted in the International Labour Organization (ILO) Recommendation 193 of 2002.

Cooperatives often are an effective method to overcome economic and social difficulties. Historically, cooperatives have been capable of enhancing the ability of disadvantaged groups of people to protect their own interests, by guaranteeing self-help outside the family in accessing basic goods and services. Unlike shareholder companies, where ownership rights belong to the investors, in a cooperative organisation ownership rights are assigned to other groups of agents (consumers, workers, producers, farmers, etc). In both industrialised and developing countries, cooperatives continue to contribute to socio-economic development, support employment growth, and sustain a balanced distribution of wealth.

Box 6: At the roots of the cooperative movement: the Rochdale Pioneers

The cooperative movement has its roots in the Lancashire textile town of Rochdale, where in 1844 harsh living conditions and inadequate consumer protection inspired 28 working men to create a new approach to the supply of food and other goods (as well as social and educational facilities) to ordinary working people: a retail cooperative society named 'the Rochdale Equitable Pioneers Society'. The Rochdale Pioneers thus opened a shop in Toad Lane, where they sold wholesome food at reasonable prices. According to this model, the enterprise served its members who were at the same time owners, entrepreneurs and customers. A share of the profit was returned to the members, in proportion to their purchases. Regardless of the number of shares each of them owned, all members had the same right to vote. From the decisions and practices of the Pioneers, the Rochdale Principles of Cooperation were formulated. These included: voluntary and open membership; democratic control ('one man, one vote'); payment of limited interest on capital; surplus allocated in proportion to members' purchases (the dividend); and educational facilities for members and workers. The consumer cooperative tradition has long been associated with the Rochdale pioneers. Ultimately, the Rochdale principles were adopted by the International Cooperative Alliance (ICA) in order to define the main characteristics of all cooperatives.

Source: Holyoake, *The history of the Rochdale Pioneers*, Collana di Studi Cooperativi, Edizioni de 'La Rivista della Cooperazione', Roma 1995.

Mutual organisations

A mutual, or mutual aid society, can be defined as an association that offers insurance services to the benefit of its members. Mutual aid societies are based upon reciprocal contracts and require that members receive benefits as a consequence of their participation.

Mutual aid societies were initially launched to ensure workers against work

disability, sickness and old age and they were widespread until the end of the 19th century. With the institution of compulsory insurance schemes, in some countries (e.g. France and Germany) mutual aid societies were included in the public insurance schemes, while in other countries (e.g. Italy) they were marginalised. New forms of mutual aid societies are starting to develop in countries where social security systems are at an early stage of development and only cover a

small part of the population. In recent years, we are also witnessing a revival of mutuals in several European countries, as a form of insurance against current and future risks complementing the safety net provided by public institutions.

Mutuals can be established to cover a wide range of risks, including health (costs of treatment, medicines, and hospitalisation), death (material support for the family of the deceased), funerals, and bad harvests or catches.

Box 7: The mutuals sector in Romania

In Romania, the majority of mutual help associations are Employee Mutual-help Associations (Case de Ajutor Reciproc ale Salariatilor-CARS) and Retirees' Mutual-help Associations (Case de Ajutor Reciproc ale Pensionarilor – CARP), with each type of mutual help association having also a specific legislation.

The peculiar organisation of the mutual help associations, based on the relationship of their members (employees/retirees) with the world of work is inherited from the communist period, when mutual help associations were created and integrated within the design of the welfare system. Originally, mutuals were coordinated by the trade unions.

After the revolution mutual help associations preserved this membership structure. While they no longer enjoyed union support, mutuals managed to survive and prosper at the community level, as they meet a clear need on the part of Romanian citizens to have a support structure that can help them cope with exclusion risks.

The records of the National Institute of Statistics in 2010 show 887 mutual organisations with 17 268 employees. A look at membership data reveals the great popularity that mutual help organisations enjoy among Romanian citizens: CARS and CARP combined have more than 5 million members.

Source: Case study prepared by Mihaela Lambru within the PROMETEUS EU Project.

Associations

An association is a group of people who join together for a particular purpose (be it cultural, recreational, social, or economic in nature) and give rise to a lasting organisation. Associations can be formal, with rules,

by-laws and membership requirements, or can be an informal collection of people without a set structure.

Associations are perhaps the oldest form of social economy organisation: they began to emerge in Europe once

democracy took root and in many countries contributed, through their work and advocacy efforts, to giving birth to the welfare system or to significantly improve its coverage. They include both advocacy organisations and other forms of free association of persons around a common interest, and some of them evolve into enterprises devoted to the production of goods and services where making a profit

is not the essential purpose. Associations can be either general-interest (the class of beneficiaries differs from the one of promoters) or mutual-interest organisations (solidarity within a class is decisive). These organisations have a wide variety of names based on national context, such as: associations, non-profit organisations, voluntary organisations, non-governmental organisations, and so on.

Box 8: A case from Poland: EKON Association

In 2003, EKON Association was established to help people threatened by social exclusion, including in particular people with mental health issues. EKON was empowered by an amendment to the Act on Professional and Social Rehabilitation, which allowed enterprises to obtain subsidies for employing and paying disabled people. EKON created the idea of eco-work, which aimed to create green workplaces for people with disabilities. The enterprise's main activities are packaging, waste management, employment exchange and labour force outsourcing, psychological and vocational care, and training and educational services.

EKON's first pilot programme was enabled by a subsidy from the Regional Environmental Protection and Water Management Fund in Warsaw. The programme began by employing 56 disabled people, and this number has increased over the years. In 2008, 879 people were employed, of whom 469 were mentally disabled.

EKON collects waste from several housing estates and municipalities, and collects over 31 per cent of the packaging waste recycled in Warsaw. These activities add value in two ways: (1) they increase Warsaw residents' ecological awareness; and (2) they offer the local community the opportunity to change its approach towards disabled people and especially mentally ill people, who otherwise carry a social stigma. Moreover, these activities generate cost savings in collecting and storing wastes, and they also lower the costs of limited hospitalisations for the mentally ill people employed.

Source: Case Study prepared by Małgorzata Oldak in response to a call to early-stage researchers and young practitioners jointly promoted by Euricse and the EMES European Research Network

Foundations and other organisations

Foundations are legal entities created to accomplish specific goals for the benefit of a specific group of people or of the community at large, through the use of an endowment or systematic fundraising. These organisations are above all committed to promoting social, religious, educational activities or various general-interest activities according to the founder's will. In some instances foundations can take on some other country-specific organisational form (such as charities in the United Kingdom or even religious organisations). Throughout Europe, foundations

typically take on one of two roles: in some instances they engage directly in the provision of goods and services (exemplified in Box 9), while in others they provide funding for specific categories of people or activities, including the production of specific services. In recent years, we have seen a surge in the number of foundations that stem from the initiative of wealthy individuals or from corporations and that engage in the support of social projects and organisations. As things are evolving, the latter type of foundations is in the process of transforming themselves – adding to their core business of granting donations that of becoming a strategic philanthropic investor.



Box 9: The Barka Foundation for Mutual Help: Empowering marginalised people by creating self-sufficient communities

Barka Foundation was created by Barbara and Tomasz Sadowski as a response to increasing social problems in Poland during the transformation years, based on an alternative system of support for homeless people, giving them a chance for personal growth and social development. It started in 1989 with integrating former prisoners, residents of mental health institutions and orphanages, homeless, alcoholics and long-term unemployed people into farming communities that practice mutual help, partnership and responsibility. The farms also invest in the villages where they are based, creating job opportunities for village residents and helping create an atmosphere of cooperation and respect between village residents and the formerly homeless people. To this day, Barka Foundation has helped to establish and sustain 40 new farms, with the goal for each being to become a fully self-sufficient cooperative.

The longer term objective of Barka is to create a fully developed eco-system of support for integrating excluded groups. Financial support from the ESF Initiative EQUAL helped Barka scale up its operations, in which more than 5 000 people are involved today. In addition to the therapeutic communities, Barka has created:

- More than 70 Centres of Social Integration, which help disadvantaged people to create their own employment by providing training in vocational skills such as sewing, gardening, book binding etc., and giving advice in legal, organisational, market and financial questions.
- About 100 public-private partnerships and pacts for social economy, established in local communities across Poland. The partnerships bring together and commit civil society organisations and initiatives, local authorities and social entrepreneurs to develop local solutions for combating poverty and creating job opportunities based on the approach and tools developed by Barka over the years.

Barka represents a live laboratory for social innovation by linking a complex system of social economy initiatives addressing the multiple needs of excluded people (social re-integration, work and housing) and promoting local development. It operates also in the Netherlands, Ireland, Germany and the UK (with a focus on re-connecting stranded migrants with their families and communities in Eastern Europe), and has started to collaborate with African communities in Kenya and Ethiopia to share Barka's experiences on preventing social exclusion through the partnership and the development of social enterprises.

Source: <http://www.barka.org.pl>

Beyond these four distinct organisation types, in real life social economy organisations can often adopt a mix of organisational forms. We can have, for instance, voluntary associations that control a foundation, or foundations which control associations or other organisations. In some instances, social economy organisations can even adopt enterprise forms that typically belong to the for profit sector. For instance, some agricultural cooperatives

have created shareholder companies (controlled by the cooperative itself) in order to more effectively pursue the commercialisation of their products.

Moreover, in addition to the four 'traditional' organisation types described above, in recent years new organisational forms have emerged, relying on both social economy and other models, as described in more detail in Chapter 3.

The role of cooperatives in overcoming the economic crisis and moving towards Europe 2020 targets



Klaus Niederländer, Director, Cooperatives Europe

'The on-going financial and economic crisis in Europe reminded national policymakers about the crucial role of the social economy in general and cooperative enterprises in

particular as guarantors of stability and sustainability for the local and national economies. There are more than 160 000 cooperative enterprises around Europe, which provide 5.4 million jobs to European citizens (and a million cooperatives with over 100 million jobs around the world – 20 % more than multinational enterprises), which makes cooperatives the largest entity in the social economy in Europe with around 50 % of total employment.

Equal pay for equal work, fair gender balance in managerial positions, promotion of diversity, inclusion programs for young and senior citizens – these are some of the initiatives taken by co-operatives. The local embedment of cooperatives and their pursuit of social goals through business activities make

them an important player for the development of a sustainable employment policy. Their long-term business approach focusing on member needs through member ownership and democratic governance

structures provides the basis for achieving economic and social sustainability. Cooperatives centre on people, who control the financial capital, thereby making them more resilient to crisis.'

**Bruno Roelants, Secretary General,
CECOP - CICOPA Europe**



'Data from 2008-11 show that cooperatives have been able to limit enterprise closures and job losses during the economic crisis more than average companies. Capital accumulation, which characterises cooperatives, has provided more financial

stability and made them less reliant on financial market fluctuations. Moreover, cooperation among cooperatives has proven to maintain and even to increase the number of jobs and turnover. Cooperative networks help preserve jobs and economic activities from disappearing when workers of a closing enterprise decide to buy them out and

transform them into cooperatives. When vulnerable citizens need social services for a dignified life, today more than ever, social cooperatives provide them with quality, accessible and affordable services, sometimes in the most isolated areas.

Today employment and poverty targets set by the Europe 2020 strategy seem to be more and more difficult to reach. We invite European institutions and national governments to deeply analyse why some enterprises are more resilient in times of crisis and to adopt adequate policy measures based on these lessons. Cooperatives have proven their specific strengths for decades, and have demonstrated them once again since 2008. We believe that their experience provides a strong source of inspiration for public policies – not just for cooperatives but for the whole enterprise world. Without effective policy measures, cooperative resilience will not last forever; their general interest mission will be jeopardised, as will the well-being of the thousands of citizens relying on them.'

CHAPTER 3



Innovative tendencies in the context of the social economy: the emergence of social enterprises

Defining the social enterprise

Partly within and partly alongside the universe of social economy organisations, social enterprises have emerged in recent years as a new and very significant phenomenon not only throughout Europe but also in other continents (such as Asia, where Muhammad Yunus promoted the concept of 'social business', and North America). Despite the lack of a universal definition of the term, in Europe the concept of social enterprise is increasingly used to identify a 'different way' of doing business, which occurs when enterprises are created specifically to **pursue social goals**. The European Commission gives the term 'social enterprise' the following meaning: 'an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities' (Social Business Initiative, October 2011).

The concept of social enterprise overlaps with the traditional social economy organisations and cuts across legal forms, as an entity that operates as a social enterprise might choose to be registered as an association, cooperative, charity etc., as a private enterprise, or as one of the specific forms set up in recent years under national legislation. What distinguishes social enterprises from traditional associations or charities is the fact that social enterprises earn a substantial proportion of their income through **trading**, rather than being dependent on grants or donations. A benchmark sometimes used for a social enterprise is that at least 50 % of its turnover is earned income, although opinions vary on what the best threshold would be. In any event, what distinguishes social enterprises from conventional enterprises is that they have a primary social purpose. An indicator of this social purpose, as we will see, is that the majority of any profits are reinvested or otherwise used to achieve the social mission of the enterprise.

A social enterprise is typically created when a social entrepreneur or founding group of citizens sharing a specific and well defined social goal succeed in translating

it into a new organisation displaying some key features: the activity it performs is of general interest and it is managed in an entrepreneurial way, striving to maintain a constant balance between the social and the economic dimension. The novelty introduced by social enterprises is their capacity to bring an entrepreneurial and commercial dimension to the provision of general interest services and to the solution of social issues. This ability enables these organisations to operate in a space that in many countries was previously thought of as solely purview of the public sector. Social enterprises have made it possible to provide social and general interest services in a way that is economically sustainable, and in many ways more effective and efficient than what could be done by the public sector alone.

When compared to traditional social economy organisations, social enterprises may be seen as more oriented towards addressing not only the needs of their owners or members, but also of the entire community (including the needs of the most fragile segments of society), as they put more emphasis on the dimension of **general interest** rather than on purely mutualistic goals. This does not mean, however, that social enterprises only work with the poor or the most vulnerable social groups – rather, they provide a variety of services of general interest, including for instance health care, child care and educational services.

The strong social vocation of these enterprises means that the profits gained by a

social enterprise (independent of its legal form, for-profit or non-profit), are **mainly reinvested** in the organisation and used to support its mission.

The constraint on profit and asset distribution (often called an ‘asset lock’, established in the company’s statutes or mandated by law), which characterises social enterprises in many European countries, is also aimed at ensuring the consolidation of assets of the organisation and the continued pursuit of its general-interest goal. Indeed, in case of dissolution of the enterprise, its assets are normally transferred to another social enterprise, thereby guaranteeing that welfare and development goals will continue to be addressed.

One specific feature of the European social enterprise tradition is the creation, over time, of specific institutional arrangements designed to pursue a social goal in a stable and continuous way. These institutional arrangements, consistent with the strong European social economy tradition, are characterised by a strong collective and participatory dimension and close links to civil society organisations and initiatives even when they adopt organisational forms that do not traditionally belong to the social economy.

Social enterprises adopt organisational structures that further the participation of a range of stakeholders, including those that are directly involved in the activities of the enterprise as workers, users, or volunteers. While traditional social economy

organisations (e.g., cooperatives and associations) have generally been set up as single-stakeholder organisations, many social enterprises include a combination of different types of stakeholders in their membership or decision-making structures.

This characteristic, while designed to favour the participation of all interested

citizens, does not exclude the possibility that charismatic leaders play a key role in the setting up of the enterprise and its development. At the same time, though, the existence of a diverse group whose members are responsible for the general-interest goal set by the social enterprise ensures the survival of the initiative beyond the involvement of the leaders.



Box 10: The many forms of social enterprise: three examples

CIC (Community Interest Company) – UK

Under company law in The United Kingdom, Community Interest Companies (CICs) are limited liability companies that can engage in any lawful trade activity or enterprise that is of interest to their community. CICs are created to provide services at the community level in areas such as childcare provision, social housing, community transport or leisure. The CIC framework was primarily envisaged for productive non-profit organisations, but it can also suit the needs of a number of organisations that deliver some form of community benefit, including in particular those that are either unable or unwilling to become charities. No restrictions are introduced with regards to the field of economic activity, provided that CICs pass a Community Interest Test (i.e. *'a reasonable person might consider that it carries on its activities for the benefit of the community or a section of the community'*, according to the Regulation of CICs, 2007); comply with the asset lock, and submit an annual Community Interest Report.

The introduction of this enterprise type was aimed at filling the gap in the range of available options, in response to a demand led by the social enterprise community. The CIC law does not provide for any fiscal advantages, but it provides a flexible legal structure and a lighter regulation when compared to charities. Moreover, the lack of fiscal advantages is compensated by the possibility to partially redistribute profits. CICs are also allowed to issue shares, which can contribute both to raising capital for community endeavours and to support local enterprises for local people.

This new form of enterprise has been met with a considerable degree of interest and success: according to the Regulator of Community Interest Companies (2011/2012 Annual Report), 6 000 CICs are operating in a number of sectors, including the arts, education, environment, health, industry and transport. CICs range from village shops to large companies, and are being created by people from all spheres of society, from professionals looking to maintain a social provision, to community groups taking over local assets.

Social cooperative - Italy

The social cooperative well exemplifies the social enterprise model, in that it combines a businesslike style of operation with a profound attachment to social goals. What distinguishes it from a standard cooperative is the aim and its multi-stakeholder governance. In Italy, social cooperatives are defined as follows, according to law 381/91:

- the objective is the general benefit of the community and the social integration of citizens (type A social cooperatives provide health, social or educational services; type B social cooperatives integrate disadvantaged people into the labour market). The categories of disadvantage they target may include physical and mental disability, drug and alcohol addiction, developmental disorders and problems with the law;
- various categories of stakeholder may become members, including paid employees, beneficiaries, volunteers (up to 50 % of members), financial investors and public institutions. In type B cooperatives at least 30 % of the members must be from the disadvantaged target groups;
- the cooperative has legal personality and limited liability;
- voting is one person one vote;
- no more than 70 % of profits may be distributed, dividends are limited to the bond rate and assets may not be distributed.

This form of cooperative was pioneered in Italy and has grown most impressively there, although it is also strong in Spain. Other European countries have also created special legal forms of this type (e.g. the SCIC in France).

SCIC (Société coopérative d'intérêt collectif) - France

The Cooperative Company of Collective Interest (SCIC) is a new kind of cooperative company with the following specificities:

- it allows all types of actors to associate with the same project (paid and voluntary workers, users, public bodies, companies, associations, private individuals);
- it must have at least three different types of stakeholders;
- and it produces all types of goods and services which meet the collective needs of a territory with the best possible mobilisation of its economic and social resources.

The social utility of a SCIC is also guaranteed by its vocation to organise, among all actors, a practice of dialogue, democratic debate and citizenship formation. It respects cooperative rules, distributing power on the basis of the one person one vote principle (with the possibility of constituting colleges allowing to balance the voices according to rules approved in the General Meeting/Assemblée Générale); involving all of the associates in the life of the company as well as in its management; keeping all the benefits or results of the company in some indivisible savings to guarantee its autonomy and perennial character. Running under a logic of local and sustainable development, they are rooted in a territory and they promote the connections between actors of the same economic region.

The fields of activity of social enterprises

Social enterprises come in very different shades and colours depending on the development of the welfare system, civil society, the social finance market and dedicated public policies in each country. As a result, there are significant differences across countries in terms of the social sector and business sector areas social enterprises are active in. For instance, in Romania and Hungary, there is a marked predominance of social enterprise activity in the sectors of health, social work and education, while countries such

as Sweden or the UK show a more diverse picture, though with a common, significant presence of social enterprises providing community, social and related services. In other countries (such as Italy for example) the two main fields of activity are work integration and welfare service provision. While welfare service provision is largely supported by public funding, work integration often is accomplished thanks to the production of goods and services that are traded on the market. The services of work integration social enterprises include, for instance, cleaning, gardening, facility management services, furniture production, renovation, re-use and so forth.

Box 11: Mapping the fields of activity of social enterprises in Europe

SELUSI is a research project (funded through the 7th Framework Programme of the European Commission) that studies the market behaviours and organisational design decisions of over 600 social enterprises throughout Europe. The database created within the project offers a comprehensive sample comparable across countries and can help give a sense of the many sectors of activity in which European social enterprises operate.

Field of activity of social enterprises

75 % of sample	Social services	16.70 %
	Employment and training	14.88 %
	Environment	14.52 %
	Education	14.52 %
	Economic, social and community development	14.34 %
	Culture, the arts and recreation	7.08 %
	Health	6.90 %
	Housing	2.72 %
	Business associations	2.00 %
	Law, advocacy and politics	1.63 %
	Other	4.72 %
		100 %

Source: SELUSI data including all observations across all countries (N=581)

Further information: www.selusi.eu

The sources of capital also show a great variety: in countries such as Sweden, the UK, and Spain, sales and/or fees were clearly the most important source of capital, (followed by grant finance or investors' capital). In Romania, by contrast, the most significant share of liquidity originates from grant finance followed by sales and/or fees and private donations.

Social enterprises display a great variety also in terms of their size. While in

some cases they can be small enterprises operating at the very local level, they also display a tendency to aggregate through networks or consortia in order to achieve economies of scale and have access to centralised services. Through this strategy they can reach very large dimensions, and become major actors both in the social and in the economic life of their communities, as the examples in boxes 17, 19 and 22 can attest.

Box 12: Replicating and scaling business models through networking, partnerships and social franchising

Many social enterprises in Europe would achieve a greater impact if their specific solution to meet social needs could be applied on a larger scale or geographical scope. Expanding their capacity is one answer, **replicating and adapting** by other social enterprises another. The latter is seen as an under-utilised approach that could be developed and strengthened, especially considering that social enterprise business models are often built on the values of sharing and cooperation, which facilitates transferring expertise, know-how and business practices from one established social enterprise to another that wants to achieve the same social and financial goals.

Two approaches seem to be particularly effective:

- **Social franchising:** A recent study identified 140 business models in Europe that are already replicated in other locations. These are based on cooperation agreements ('franchise agreements') that specify provision of a range of services to transfer competence and to assure economic viability as well as service and product quality or a common brand name. Investing in social franchisors proves to be less risky than in new, stand-alone social enterprises, due to their low failure rates. European cooperation platforms such as the European Social Franchising Network (ESFN) or the International Centre for Social Franchising invest in developing social franchising through sharing of knowledge, identifying franchise models, developing a code of conduct for social franchisors, assisting social enterprises in getting franchise ready, and helping to replicate proven business models.

The job creation potential of social franchise is not fully exploited. ESFN estimates that social franchisors have created 10 000 jobs in Europe over the last 10 years.

- **Transferring and adapting proven solutions** to specific national or regional needs through a longer-term process of transnational learning. An outstanding example of that approach is the 'Change Nation' Ashoka initiative for making real change happen, through raising awareness on social needs and solutions, engaging and empowering social entrepreneurs, activating supportive business and financial services, and creating confidence and sharing risks in new social enterprises. Based on an assessment of Ireland's greatest challenges in education, health, environment, economic development, civic participation and inclusion, in 2012, Ashoka invited fifty of the world's leading innovators and entrepreneurs

to share proven solutions in a three days event that attracted more than 1 000 people. Representatives of Irish organisations and local champions made pledges to implement 270 actions to secure the success of the 50 proposed solutions in Ireland.

One year later, 42 innovative solutions are professionally adapted and developed by dedicated social entrepreneurs, each of them firmly assisted by experienced coaches and mentors working voluntarily, and further work to be funded through corporate sponsors. The overall initiative secured political backing from the Prime Minister's Office, technical support from global consulting and communications companies, ongoing media coverage through partnership with the leading national newspaper, and access to finance through the establishments of a social innovation fund.

Sources:
for social franchising:
<http://www.socialfranchising.coop/>;
<http://www.the-icsf.org/>;
for Ashoka's 'Change Nation' initiative:
<http://changenation.org/solutions>;
<http://ashoka.org>

Box 13: The 'In Concerto' consortium

In barely 10 years, the In Concerto consortium in Castelfranco Veneto (in the Northeast of Italy) has grown to become the biggest business in the area. The Consortium was founded in 2002 by local social cooperatives, many of which were in the start-up phase, and it operates in an area with 100 000 inhabitants. The consortium includes 22 social cooperatives, has almost 1 300 employees (including over 200 with some kind of physical or social disadvantage), and provides rehabilitation services to over 1 000 users. The consortium has a total turnover exceeding 47 million euros, and even in 2010, a dark year for most businesses, turnover grew by almost 13%.

In Concerto is a large aggregation of cooperatives with a single mission: the idea that social cooperatives should be as present as possible in the local area, and operate in all possible activities. This virtuous mechanism produces income from the local area,

provides employment and fosters inclusion – inclusion for disabled people, former prisoners or anyone with a social disadvantage, including people in their fifties who have lost their jobs and are struggling to support their families.

This is possible because the social cooperatives that belong to In Concerto have decided that certain functions and decisions (like staff selection, accounting, purchasing, etc.) be managed centrally. The relationships between the members are very close, and the decision to join together has allowed all the cooperatives, including small and medium enterprises, to develop and grow.

An internal fund helps the cooperatives introduce innovations. Cooperatives pay into the fund on the basis of how much work they do, because work, not profit, is the end goal and value that they produce and offer to the population and to society's weakest members.

The In Concerto cooperatives work in many sectors, including carpentry, cleaning and social services like home healthcare, care for the elderly and communities for people with psychiatric problems. The consortium can present itself to big businesses as a 'resolver', taking care of the management of a complete production line, overseeing production as well as logistics, warehousing, personnel management and certifications. Collaboration between the cooperatives and the decision to favour the system as a whole rather than individual profit mean the cooperatives can offer great advantages to clients.

As a result, at a time when Italy is being flooded with imported Chinese goods, the consortium is exporting some of its products to China. In the end In Concerto is not competitive because of low labour costs, but because it is a flexible, integrated and innovative enterprise.

Story adapted and translated by Carla Ranicki from the book *Buon Lavoro* written by C. Borzaga and F. Paini and published by Altra Economia.

Recent trends show the expansion of social enterprises in new fields, based on the interests and needs of their communities and society. These new activities include, for example, the provision of new forms of educational, cultural, environmental, and public utility services, as well as food production, distribution and consumption. This trend is not surprising: the history of this type of enterprise both at the European and at the international level shows that social enterprises are likely to work in any field of activity that is of interest to their community as a whole. Indeed, social enterprises have proven to be extremely **versatile** organisations, which share the core common features described in the previous section but that over the years have been able to engage in a variety of activities and constantly innovate their products and services.

In this sense, social enterprises are at the vanguard in the transformation of our societies and economies, offering an alternative way of generating income, realising values and balancing work with private life.

Legal structures and their evolution

Initially, social enterprise initiatives were set up using legal forms made available by the different national legal systems, primarily not for profit, including for instance associations, foundations and cooperatives. In particular, social enterprises were established as associations in those countries where the legal

form of association allows for a degree of freedom in selling goods and services on the open market, such as for instance in France and Belgium. In countries where associations are more limited in this regard, such as several Northern European countries and Italy, social enterprises were more often created under the legal form of the cooperative.

In many countries (including for instance Austria, Germany and Sweden) this continues to be the case, as social enterprises to this day operate using pre-existing legal forms without any particular modification, including the legal forms used by mainstream small and medium sized enterprises, such as the limited liability company.

In other countries, starting in the 1990s specific legal forms were created either by adapting the cooperative model (leading to the creation of social cooperatives) or through the introduction of legal forms that recognise the social commitment taken on by a plurality of entities, with more attention being paid to the structural features of social enterprises.

Tables 1 and 2 present examples of the ways in which social enterprises have been regulated in several European countries. It should be noted, however, that even where there are specific legal forms that have been introduced with social enterprises in mind, many social enterprises still choose from a variety of other legal forms depending on what

suits their needs and situations. For example, in the UK, many social enterprises choose to be registered charities, some are CICs, some are companies limited by share, some are industrial and provident societies.

A common feature of the different legislations is the fact that they recognise a wide range of activities in which these enterprises are entitled to engage, in line with the versatility of social enterprises described in the previous section.

Table 1 Social enterprise qualification via cooperative form

Country	Legal forms used	Law/Year	Activities
Italy	Social cooperative	381/1991	Social services (a-type) Work integration (b-type)
Spain	Social cooperative societies Labour integration cooperative societies	National law 27/1999 and regional laws in 12 autonomous regions (1993-2003)	Assistance services in the fields of health, education, culture or any activity of a social nature Work-integration
France	General-interest cooperative societies	Law of 17 July 2001	Production or provision of goods and services of collective interest
Portugal	Social Solidarity cooperatives	Cooperative code (Law n° 51/96 of 7 September 1996) and Legislative decree n° 7/98 of 15 January 1998	Work-integration of vulnerable groups
Poland	Social cooperative	Law on Social Cooperatives 2006	Work integration of a wide category of disadvantaged workers
Hungary	Social cooperative	Law 2006. X.	Create work opportunities and facilitate the improvement of other social needs of its disadvantaged members
Greece	Social cooperative	Law 4019/30-9-2011 on 'Social Economy and Social enterprises'	Engagement in three fields: i) work integration; ii) social care; iii) provision of services that satisfy collective needs/local development

Table 2 Social enterprise qualification for various legal forms

Country	Legal forms used	Definition of social aim
Belgium Law of 13 April 1995	Limited company; Limited liability cooperative society; Private limited liability society	Activities that are aimed at pursuing a social goal. What constitutes a social goal results from constitutive elements foreseen by the legislation
Italy Law n. 118 of 13 June 2005	Associations; Foundations; Cooperatives; For-profit enterprises	Production or exchanges of services in the sectors of social and health assistance, education and training, environmental protection, social tourism, cultural services or work integration of disadvantaged persons independently from the field of activity of the enterprise
United Kingdom Community Interest Company regulations 2005	Enterprises regulated by Companies Act of 1985	Wide range of activities that correspond to the needs of communities. Social definition assessed by the Regulator
Slovenia Law on Social Entrepreneurship 2011	Legal persons without a profit goal (cooperative enterprises, share-holder companies, <i>zavods</i> (institutes), companies for disabled, associations and foundations)	Provision of a wide set of services listed by the law
Finland Law n. 1351/2003	Social enterprise (All enterprises regardless of their legal form and ownership structure)	Work integration of people with disabilities and long-term unemployed

The attention paid by European governments to social enterprise resulted not only in new laws regulating their legal form and activity. In some cases it also resulted in

favourable tax treatments and direct support to their activities, particularly when governments recognise the social value of the services that social enterprises provide.

CHAPTER 4



Size, impact and resilience of the social economy and social enterprises in Europe

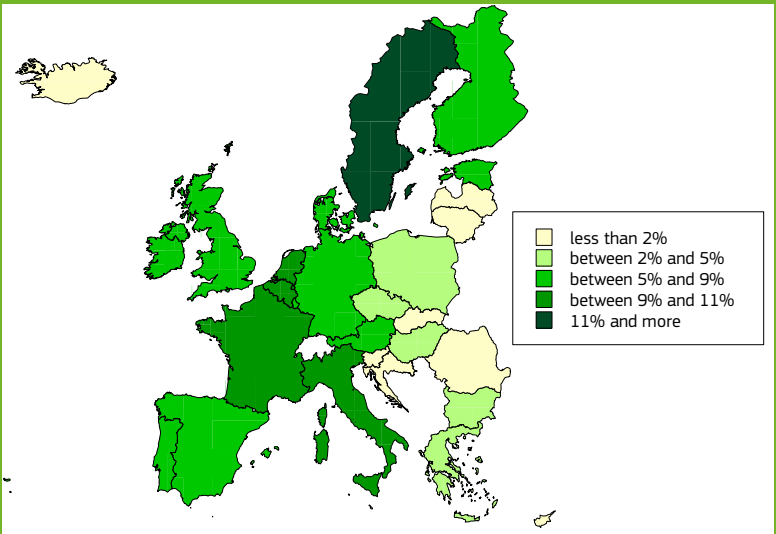
Based on available evidence, it is estimated that the social economy in Europe (measured as the aggregate of cooperatives, mutuals, associations and foundations) engages over 14.5 million paid employees, equivalent to about 6.5% of the working population of the EU-27 and about 7.4% in EU-15 countries. These figures also include the vast majority of social enterprises, as they include all social enterprises using social economy legal forms, such as social cooperatives and entrepreneurial associations.

Interestingly, the social economy has increased more than proportionately between 2002-03 and 2009-10, increasing from 6% to 6.5% of total European paid employment and from 11 million to 14.5 million jobs. Incidentally, this is a phenomenon that is not confined to Europe but is gathering strength around the world, as exemplified by the data on cooperatives published in the recent World Cooperative Monitor by Euricse and the International Cooperative Alliance (www.monitor.coop).

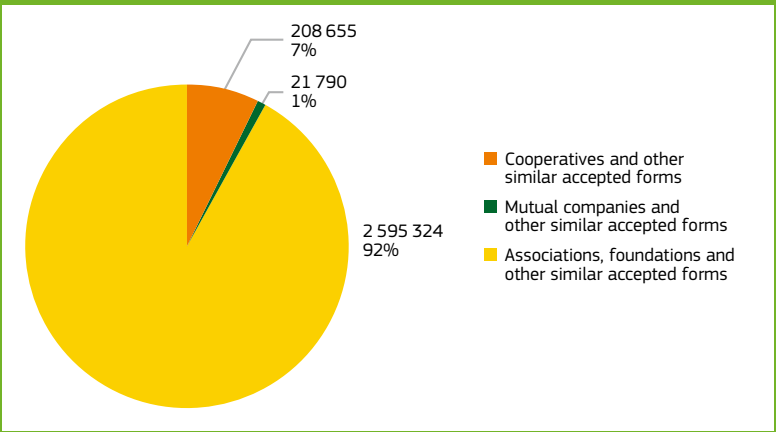
Box 14: The social economy in numbers

Accurate data on the social economy and the organisations that compose it is very difficult to come by, partly due to the lack of standardisation of the organisation types across countries and partly due to the scant attention that statistical offices have traditionally paid to these types of entities. Still, the most recent estimates enable a first analysis of its makeup.

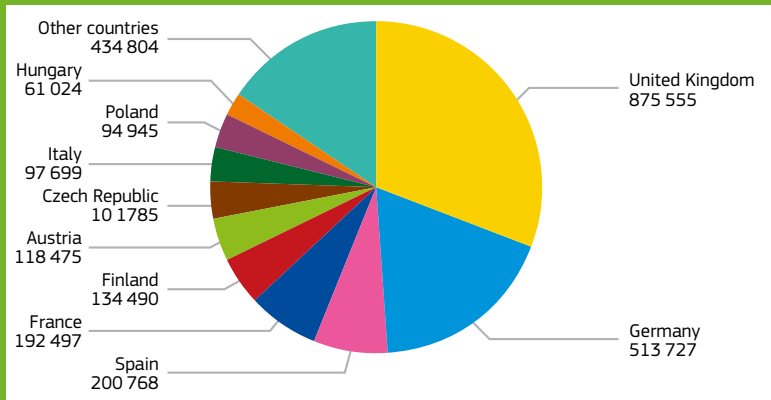
Social economy employment share by country



Organisation types in the social economy



Social economy organisations by country (Top 10)



*Data from Ciriec International (2012), 'The Social Economy in the European Union'.

When looking at the different types of organisation of the social economy we see that most of them have been established as associations, foundations and other similar forms: if we include both paid and voluntary work, they comprise about 65 % of the employment in Europe's social economy.

Across Europe agricultural cooperatives have an aggregate market share of about 60 per cent in the processing and marketing of agricultural commodities and an estimated 50 per cent share in the supply of inputs. Europe has about 4 200 credit cooperative banks with 63 000 branches.

These cooperative banks have 50 million members (about 10 per cent of the EU's population), 181 million clients, 780 000 employees, €5.65 trillion in assets, and an average market share of about 20 per cent. Concerning the European retail sector, 3 200 consumer cooperatives employ 400 000 people and have 29 million members, 36 000 points of sale, and €73 billion of turnover. Cooperatives also protect the jobs of hundreds of thousands of farmers and small entrepreneurs that manage to stay in business thanks to the economies of scale that cooperatives provide.

Box 15: The Almería Agricultural Cooperative model: building successful economic and social communities

In 1955, the Andalusian province of Almería, in southeastern Spain, was a drought-ridden area with little infrastructure and a GDP per capita of less than half the national average. Today, it is the top Spanish fruit and vegetable growing area, ranking among the wealthiest third of Spanish provinces in GDP per capita. Almería's rapid rise is the story of two interlinked cooperative institutions – its cooperative bank and its cooperatively organised farmers and their related organisations. Frustrated by lack of transparency and opportunities during Franco's dictatorial regime, several Almería locals formed the credit cooperative Caja Rural Provincial de Almería in 1963 (now 'Cajamar') which provided financing – means by which poor farmers could turn their labour into something of greater economic value. The association of cooperatives and producer organisations, COEXPHAL was formed in 1977 with the support of Cajamar in order to give farmers access to external markets. Cajamar is now Spain's largest cooperative bank, and the farming area is now the largest cooperative vegetable growing area in Europe, with the majority of cooperatives using biological pest control. Although an agricultural production of 2.5 million tons and a turnover of 1.8 billion euro is impressive, what is most striking is the direct employment provided to more than 40 000 workers, with an equitable distribution of wealth generated in the region. More than 250 complementary or auxiliary businesses, both cooperative and investor owned have been created with a turnover of more than 1 500 million euro.

Adapted from a story written by Ratha Tep for the Stories.coop project,
www.stories.coop

Beyond the numbers, history provides evidence of the great potential of the social economy in supporting economic development and improving wellbeing.

In order to understand why social economy organisations achieve a positive **social and economic impact**, it is useful to step back and consider the reason why they arise in first place. At their heart,

social economy organisations are set up to coordinate a plurality of actors that decide to work together in order to provide goods and services to their members or their community at **better conditions** than can be achieved through other ways of business organisation. By and large, social economy organisations adopt a coordination mechanism that is based on **cooperation and reciprocity**, which is radically

different from what happens in the market (where the mechanism is the exchange based on self-interest) or even in the state (where the coordination mechanism is the rule of law and bureaucratic procedures).

This collective nature of social economy organisations requires a greater degree of involvement on the part of the people who create the organisation and at the same time requires the organisation to grant decision-making powers to a wider range of stakeholders. This is why they typically adopt forms of **democratic governance** that ensure the participation of their stakeholders. In this sense, social economy organisations are based on trust and generate trust in the people who participate in their activities.

The social impact of these organisations is thus a direct consequence both of their mission and of their structure: the involvement of the stakeholders in the governance of the organisation ensures that the organisation stays true to the interests of its members and of its community. Social economy organisations generally help increase **social capital**, i.e. the level of trust within society and economy, as their activity is based on collaboration and civic engagement among individuals within the community.

The impact of social economy organisations is not only social, but also economic. The coexistence, alongside profit corporations, of a plurality of business models

that have diverse ownership structures and pursue different goals contributes to improving market competitiveness overall, as it provides more choices to consumers, helps prevent the formation of monopolies, lowers retail prices, provides opportunities for skill development and innovation, and limits information asymmetry.

Cooperatives in particular play an important role in stabilising the economy, especially in sectors characterised by considerable uncertainty and price volatility, such as finance and agriculture. In agriculture, for example, cooperatives reduce price volatility that often characterises agricultural production, giving more stability to the activity of the producers. In finance, cooperative banks in Europe and credit unions in North America have demonstrated a stabilising influence on the banking system. It is fair to say, then, that the presence of cooperatives improves the capacity of societies to respond to uncertain changes in the future.

Social economy organisations often also provide public and general interest goods drawing from a pool of resources that goes beyond public coffers, thus integrating the provision of these goods by the public sector. As a result, social economy organisations significantly contribute to **widening the supply of social goods and services**, creating new employment and contributing to income growth. Moreover, they do so by disproportionately employing groups of people that have traditionally

had more difficulty in finding employment in for-profit enterprises (e.g. women, youth or disadvantaged workers).

The role of social economy organisations are by no means confined to

specific sectors of activity. Rather, they can undertake diverse and often innovative economic activities, including the creation of networks of small and medium enterprises in the manufacturing sector.

Box 16: Metal working in the Austrian Alps

The Stubai Valley in the Austrian Alps is known for skiing, hiking – and steel manufacturing. From the 14th century, iron ore deposits were mined here. Now, the valley, which has a population of just 14 000, processes several thousand tons of steel annually and creates a product range of 5 000 different manufactured items that are exported throughout the United States and Europe. The Stubai Valley's success in the global metal processing sector is linked with the creation and growth of the Stubai Cooperative. A group of local metal craftsmen formed the cooperative in 1897 out of their frustrations with business practices at the time, especially the fact that they were only allowed to sell their metal products to a sole trading house. To improve their lot, the coop's member craftsmen set up a joint factory in 1900, enabling the use of machines that would have been too expensive for each to purchase individually. Now, the Stubai Cooperative employs 400 and has a subsidiary with an additional 120 employees – yet its number of member enterprises remains approximately the same at 24, since membership is restricted to enterprises located within the Stubai Valley. The coop's growth has benefited from economies of scale, including the purchase of raw materials as a coop instead of by individual member enterprises. Other important ingredients of success have been the diversity of products (from plumbing tools to mountaineering equipment) and rules that encourage specialisation rather than competition among member enterprises.

Adapted from a story written by Ratha Tep for the Stories.coop project,
www.stories.coop

Box 17: Crowd funding to develop a sustainable food supply chain

Regionalwert AG is a citizen shareholder company, located in the area of Freiburg in South-Western Germany that supports the development of organic agriculture and local food production, marketing and distribution.

Its unique feature is that it combines crowd funding with the development of a network of social enterprises to establish a sustainable and economically viable food supply chain and generate regional added value. It does so by bringing together citizens as social investors, producers and consumers and social entrepreneurs under one roof: the Regionalwert AG (RWAG).

So far, RWAG has managed to gain the support of regional residents and collected more than €2 million from more than 500 mostly local shareholders. The capital is invested in organic farms and associated land, food processing businesses (caterer, processor), and marketing businesses (retail and wholesale shops, box delivery). In addition RWAG facilitates access to finance for new entrants to farming, assists in securing farm succession, and provides business development services for all enterprises of its network.

The partner enterprises operate independently but are all connected through the RWAG network. Such cooperation reduces the costs so that the small-scale structures become more competitive. Practical examples are the use of the waste of the vegetable farm by the dairy farm, the use of the cow-dung by the vegetable farm, the use of RWAG products by the caterer, the selling of RWAG products in the shops and the distribution of vegetables by the box scheme.

As part of its operation, RWAG has developed a detailed methodology to report on the social, economic and environmental impact of its investments in the region. This helped spearhead citizen's initiatives in several regions in Germany aiming at fostering a sustainable transformation in regional agriculture and food supply chain, to replicate the RWAG concept. RWAG has thus become a scalable and reproducible solution to a set of problems faced by many regions in Europe.

Source: <http://www.regionalwert-ag.de>



The significant contribution of the social economy to economic development and wellbeing has been confirmed by the recent economic crisis. It is well documented, for example, how cooperative banks, unlike commercial banks, largely refrained from risky financial activities that triggered the crisis and continued to concentrate their lending on the real economy rather than investing in speculative financial products. Moreover, during the crisis, they continued to support family enterprises through their lending even as other banks stopped doing so. The reason for this difference in behaviour goes back to the different nature of the two types of organisation: cooperative banks were set up to provide financial services to their members (who have a say in how the bank is run through their vote) at the best possible conditions, while commercial banks were created to maximise the returns for their shareholders.

The crisis has not only demonstrated that social economy organisations can be more **resilient** than investor-owned enterprises (see box 18), but also highlighted the shortcomings of a model of economic organisation solely based on the actions of two types of institutions: investor-owned enterprises and public organisations.

Box 18: The resilience of the social economy: crisis-resistant enterprises

A report prepared for the ILO by Johnston Birchall and Lou Hammond Ketilson provides ample historical evidence of the resilience of the cooperative business model in times of crisis: from the Great Depression in the United States and the Sweden price collapse of the 1930s to the industrial restructuring in Western Europe in the 1970s and 1980s, the creation of cooperatives (be it agricultural cooperatives, worker-owned cooperatives or other types) has always been one of the most effective ways to preserve incomes and employment and thus a natural response to economic hardship.

In France, for instance, the social economy (which accounts for 9.9% of all salaried employment) has created 18% of all new jobs between 2006 and 2008. Between 2008 and 2009, employment in the social economy has increased by 2.9% with a net creation of 70000 paid jobs, compared with a fall of 1.6% in the rest of the private sector and of 4.2% in the public sector (*source*: Jerome Fauer, The social economy: Preparing the ground for innovative responses to current challenges, draft report).

In Italy, between 2007 and 2011, employment in cooperatives increased by 8% while it decreased in the economy as a whole by 1.2% and in private enterprises by 2.3%. Also, a comparison of data on growth in value added between cooperatives and shareholder companies between 2006 and 2010 reveals that this indicator has grown in cooperatives four times more than in shareholder companies (+24.7% vs. +6.5%). Over the same time span, the incomes of workers in cooperatives increased by 29.5% vs. 12.7% in shareholder companies (Euricse analysis of chambre of commerce data).

In Spain, employment in cooperatives and 'sociedades laborales' has been seen to be recovering faster than in other enterprises: following a slump in 2008-9 and stagnation in 2010, employment in worker cooperatives grew by 4.7% in 2011, while in other companies it continued falling for the fourth consecutive year. (CECOP-CICOPA Europe, The resilience of the cooperative model in Europe, June 2012).

In addition to the economic contribution of social economy organisations, it is important to note that the involvement of citizens in this type of enterprises increases confidence in the democratic process and the creation of social capital. This goal is pursued, for example, by favouring the participation of a plurality

of stakeholders (volunteers, workers, beneficiaries, donors, etc.) representing the broader community to which these organisations belong. The inclusion of these stakeholders in the membership and governing bodies of the organisation strengthens its commitment to the community and to social responsibility.

Box 19: The Mondragon Group: a cooperative response to the crisis

The Mondragon Corporation is a federation of worker cooperatives based in the Basque region of Spain. Started in 1956 with the creation in the town of Mondragon of the first industrial cooperative in the province of Gipuzkoa, it is now the 10th largest business association in Spain, with production subsidiaries in 41 different countries and sales in 150. As of 2011, the group consisted of 258 companies and entities, with close to 84 000 workers and €14 755 million in revenues. While Mondragon has its roots in the manufacturing sector, the Corporation now works in the industrial, financial and distribution sectors, and has developed important initiatives in the fields of knowledge and education. Mondragon operates in accordance with the cooperative principles stated by the International Cooperative Alliance, and it encourages the participation of the workers in the management of the company in several ways: through ownership (the workers are company partners), through management (by making contributions to improve the products, processes and services), and through results (in line with the work they provide). The Mondragon's Corporate Management Model highlights the importance of the General Meeting, in which every member has a right to vote according to the one member, one vote principle. The Corporation's reaction to the economic crisis reveals the degree to which these principles are embedded within its operations.

After two decades of sustained growth, like many other businesses the Mondragon Corporation has been hit by the economic crisis. Aggregate turnover in the manufacturing and distribution sectors fell from 15.5 billion in 2008 to 13.9 billion in 2011, prompting the Corporation to take several measures aimed at strengthening the financial position of the company. All of these measures were taken by the General Assembly based on a majority vote of the members, and have included wage reductions, increases in hours worked, and increase in share capital contributions

(including through the reinvestment of profits, and the constitution of a voluntary reserve fund). The Corporation also set up a range of mechanisms designed to support the workers through this process, including for instance the creation of an employment assistance system that helped with professional retraining, relocation of staff among cooperatives, and compensation for the loss of work hours. As a result, the decrease in employment that accompanied the drop in revenues was achieved without producing layoffs. Rather, the Corporation resorted to voluntary pre-retirement schemes for workers over 58 and to the relocation of hundreds of redundant worker-members within cooperatives inside the Group.

Sources: The Mondragon Cooperative Experience, (<http://bit.ly/14mVGyX>) and The Mondragon's Corporate Management Model (<http://bit.ly/ZYV10q>)

Voice from the European Parliament

Interview with Sven Giegold, Member of the European Parliament (Greens/EFA)

Social (economy) enterprises are considered to be great examples of what the concept of 'highly competitive social market economy' means at the micro-level. But can we expect that over time, more and more 'mainstream' for-profit companies will adopt some features typical of cooperatives or social businesses? Or are social economy and social business forever destined to be a minority?

Social economy and social responsibility of for-profit businesses should not be confused. All enterprises and also customers have obligations towards society. It is to be welcomed if more and more companies and consumers take this more seriously. But, the social economy goes further: Their enterprises are not driven by profit but by missions. Whether these enterprises will remain in minority is not written in the Bible. The social economy dominates and competes successfully in sectors such as retail banking in Germany, manufacturing in the Basque country, retail in Switzerland or many social services in Italy.



What role do you see for social (economy) enterprises in helping Europe become a more resource-efficient, low-carbon economy? What kind of policy could support greater development of social economy or social business in this field?

In the key field of renewable energy the input of sunshine, wind, water, biomass is by definition decentralised. In order to use renewables many comparably small investments have to be made in all regions. This is a good basis for cooperative solutions. In Germany the guaranteed feed-in-tariff has led to a spring of new wind and solar cooperatives. Also the energy grid can successfully be owned by coops. It helps to grow the local support for windmills and solar fields if the profits from these investments are enjoyed by the local population through cooperatives. The state can further support this development by tailor-made advice, access to finance and preferential access to suitable spaces for investment.

With the Social Business Initiative of 2011 and proposals for greater support to the social economy through EU Structural Funds in 2014-2020, are we reaching the limits of how social economy and social business can be supported at the EU level? What more could be done?

Europe can still do a lot more. The European Parliament has suggested several effective measures. First, what is not counted does not count. Europe should establish real European statistics on the social economy and its contribution to employment and GDP. Second, the key to supporting the social economy lies in the regions and Member States. Therefore Europe should start an 'open method of coordination' in order to develop best practices by local authorities and states. Third, Europe should develop a true social economy label to help consumers supporting the sector.

CHAPTER 5



Increasing social awareness throughout society and the economy

The growth of the social economy and the emergence of specific organisational forms that make up the universe of social entrepreneurship in Europe, described in the previous chapters, have been accompanied by an increased attention to the social impact of economic activities (both at the individual and at the organisational level) across all sectors of the economy and society.

The withdrawal of the public sector from the provision of many services of general interest, the emergence of new and more diversified needs in society, coupled with an increased access to information due to the changes in communication technologies, all these factors came together to increase the awareness of Europeans towards social issues, impacting their behaviour as consumers and applying pressure to private enterprises, which in turn started to respond by adopting more responsible business practices.

The past few decades have thus been characterised by an increased social role of private citizens (both organised in advocacy groups and individually as consumers and investors), the emergence of new and more socially responsible forms of savings, credit and finance, and the diffusion of business practices commonly referred to as corporate social responsibility.

All of these changes contributed to expanding the reach of the social economy and social entrepreneurship beyond the specific organisational forms described up to this point.

Changes in individual behaviour

Europeans have become more aware of the impact of individual actions on the economy and society, gaining an increasingly nuanced and sophisticated understanding of the interconnections between their behaviour as consumers and the social outcomes they care about. Innovations in information and communication technologies have also made it easier than ever both to acquire information on how the goods they buy are produced, and to organise collective action in order to put pressure on producers and regulators.

As a result we now see a rise in **responsible consumption**: purchases are made taking into account not only the price and quality of the product, but also the social and environmental implications of how it is produced. As a result, consumers are placing a premium on products that meet certain ethical standards (e.g. fair trade, ethical finance) or have an impact on local

development (preference for local products, local currencies, etc.). Such products or services are offered in greater numbers by social economy organisations and social enterprises than by for-profit businesses.

Moreover, citizens are organising in **advocacy movements and groups** that can increasingly be effective on a global scale. The result is growing pressure on businesses and regulators to adopt more responsible practices and to reach a fairer distribution of resources between consumers and producers.

Change in individual behaviour also includes increased willingness to work for organisations that serve their communities, and to choose career paths that pursue social goals and not only economic

ones. The data reported in Box 20, for instance, highlights the importance of altruistic motivations among people who choose to work for social enterprises. These results have been confirmed by a growing body of research showing how workers that have chosen to work in social economy organisations, non-profit organisations and social enterprises display greater job satisfaction relative to workers employed in for-profit corporations or in the public sector, despite having on average lower salaries.

This is particularly true for the younger generations, which have a greater awareness of social and environmental issues and are generally more willing to engage in responsible behaviour and community-oriented activities (e.g. volunteering).

Box 20: Work and motivations in the social economy: Insights from recent research

A recent survey carried out on a sample of more than 4000 workers in Italian social enterprises highlights that employees' choices of jobs are motivated by many reasons. On the whole, these people are strongly attracted by altruistic motivations (social relatedness and usefulness of the job), followed by some extrinsic motivations (such as job stability) and intrinsic motivations such shared ideals and values with the enterprise and colleagues. The employees interviewed for this survey placed wages and other economic incentives only in the middle of the ranking of their motivations, and other extrinsic aspects were assigned even lower relevance.

	Average (1-12)	Percent of scores 10 to 12
<i>Altruistic motivations</i>		
Helping disadvantaged people	9.48	62.3
Relatedness on the job	9.50	61.3
Relatedness with people outside the job	8.73	52.0
<i>Intrinsic motivations</i>		
Autonomy, variety and creativity of the job	8.48	45.6

Job coherent with individual training	7.06	33.0
Social visibility of the job	7.20	32.5
Physical working environment	7.44	38.4
Sharing common ideals and values	8.77	52.5
<i>Extrinsic motivations</i>		
Flexibility of working hours	8.00	37.4
Wages and economic incentives	8.63	49.2
Self-realisation and career prospects	8.38	44.8
Job stability	9.52	61.9

The analysis demonstrates that other-regarding or altruistic but also relational motivations appear to be the most relevant motivations in attracting people toward the social enterprise sector, since most workers agree on the importance of carrying out activities that help other people and on the necessity to work in an environment where relations are good. Also the search for variety and creativity and for shared values and objectives appear dominant. Extrinsic aspects of the job receive a high degree of attention too, but people are especially motivated by job stability and accomplishment in terms of career and self-realisation.

The most important consequence of these strong intrinsic motivations is the high level of commitment on the part of the worker. Econometric findings suggest that the higher the intrinsic motivations and the lower the extrinsic motivations of workers, the higher their job satisfaction and their loyalty to the organisation. This means that the process of selection of intrinsically motivated workers have a double positive effect: people attracted by intrinsic motivations tend to be satisfied with their job even when their wages are quite low; conversely, people with high extrinsic motivations tend more frequently to leave the organisation since their satisfaction with the job is lower.

Depedri S., Tortia E. C., Carpita M. (2012), *Feeling satisfied by feeling motivated at work: Empirical evidence in the Italian social services sector* in J. Heiskanen, H. Henry, P. Hytinkoski, T. Köppä (edited by), *New opportunities for cooperatives: new opportunities for people*, University of Helsinki, Mikkeli, p. 136-153.

Changes in individual behaviour have often contributed (and increasingly contribute) to the setting up of specific types of organisations that succeed in matching the demand for goods and services with social value added with the available supply. Interesting examples

are provided by **short food supply chains** aimed at supporting sustainable food consumption and production as well as local currencies that give rise to alternative models re-organising the entire value creation chain, in particular trading mechanisms.

Box 21: Solidarity-based purchasing groups: the experience of Italian “GAS”

G.A.S. is an acronym for the Italian expression ‘Gruppi di Acquisto Solidale’ (solidarity-based purchasing groups). Usually, a purchasing group is set up by a number of consumers who cooperate in order to buy food and other commonly used goods directly from the producers or from big retailers at a discounted rate. When a purchasing group does not search just for the cheapest price, but instead puts people and environment before mere savings, the group becomes a solidarity-based purchasing group. A solidarity-based purchasing group chooses the products and producers on the basis of respect for the environment and the solidarity between the members of the group, the traders, and the producers. Specifically, these guidelines lead to the choice of local products (in order to minimise the environmental impact of the transport), fair-trade goods (in order to respect disadvantaged producers by promoting their human rights, in particular women’s, children’s and indigenous people’s) and reusable or eco-compatible goods (to promote a sustainable lifestyle). Every single G.A.S. has its specific motivation, but usually all groups draw their roots from a critical approach to today’s global economic model and lifestyle of consumerism. Individuals who consider this model unfair and are searching for a practical alternative can find reciprocal aid and advice by joining solidarity-based purchasing groups.

Source: www.retegas.org

Box 22: Citizens drive socio-economic innovation and transformation through producing sustainable energy

In Germany, an increasing number of people are actively committed to making sustainable energy production a reality by participating in citizen-owned energy suppliers running regenerative electricity and heat systems (mostly photovoltaic plants, but also wind parks and biogas installations) or combined heat and power units. In the last five years, over 80 000 citizens invested more than €800 million in more than 500 newly established local energy cooperatives. Two thirds of them allow for participation with a contribution of less than €500. Citizens have based their investment decision on social and economic reasons: to be able to influence local development, to ensure supply of electricity generated from renewable energy sources, to produce electricity at affordable prices, and to have a secure financial return on investment due to a long-term government-backed feed-in-tariff.

These new types of cooperatives have significantly contributed to creating awareness about the opportunities of collective production and use of renewable energy sources, to building and spreading technical capabilities for running such plants, and to creating a political leverage for creation of legal frameworks supportive of renewable energy. Over the years, an eco-system of support has evolved, including advisory services and support in establishing an energy cooperative, know-how development and capacity building, training of energy initiative developers, and assistance in replicating or adapting proven models.

Some citizen energy suppliers have gone further and taken over the local grid. A pioneering role in this respect was played the 'Elektrizitätswerke Schönau' (EWS), a citizens' initiative in a small village that mobilised citizens and succeeded in two local referenda before they were entitled to buy the local grid. This in turn allowed them, after the liberalisation of the electricity market, to offer electricity all over Germany, and by mid-2012, EWS supplies electricity to more than 135 000 households and firms from renewable sources.

For further information:

<http://www.energiegenossenschaften-gruenden.de/>;

<http://www.ews-schoenau.de>

Changes in savings and finance

Socially responsible consumer behaviour is not limited to the purchase of goods and services, but it extends to savings and investments. In other words, consumers pay attention not only to what they buy but also to where they invest their money and what is being done with their savings. A recent and very telling example is the 'Move your money' movement, which originated in the United States as a reaction to the financial crisis brought about by what many perceived as unethical financial practices on the part of large commercial banks and funds. 'Move your money' was a campaign conducted mostly online and through social media, which encouraged people to move their savings from large commercial banks to community and cooperative banks, in an effort to reward ethical and responsible lending practices. Due to the increased sensitivity of consumers towards these issues, the campaign quickly gained momentum in the United States and later spread to Europe, resulting in the transfer of over 10 million bank accounts in a very short time span.

The internet is also enabling new ways to invest money without going through financial institutions, allowing people to directly support the projects or organisations of their choice. This has been evident, over the past few years, with the rise of **crowd funding** (supported by a number of online platforms and initiatives) as a way of directly mobilising financial resources for the most disparate ventures.

Changes in savings and investment behaviour on the part of the consumers have been accompanied by changes and innovations in the financial services sector, with the emergence of new instruments that better align social outcomes and economic returns. Private sector initiatives in this space include **ethical investment vehicles** that evaluate investment opportunities based on social and environmental impact in addition to financial returns; and **micro-finance**, which emerged as a way to grant access to credit to people who are typically not served by commercial banks. It is important to note that, while microfinance has become popular as an economic development tool all over the world only in recent years, in Europe it has been the hallmark of cooperative banks for over a century.

Financial institutions build up the **social finance market** by designing debt and equity instruments for social enterprises, and by creating new asset classes that will attract investors and mobilise savings by individuals.

Traditionally, cooperative banks were created to serve their communities, to provide full banking services to individuals, households and neighbourhood business. Today, these are accompanied by numerous social banks that compete effectively with mainstream banking institutions. The examples of *Groupe Crédit Coopératif* in France, *Banca Etica* in Italy, *CREDAL* in Belgium, *GLS Bank* in Germany, *Triodos Bank* in the Netherlands, or *Ekobanken Sweden*, show that these mastered the financial crisis better because of their prudent practices and links to the real economy.

Box 23: The case of Triodos Bank

Triodos Bank is a European bank with branches in The Netherlands, Belgium, the UK, Spain and Germany. The head office is in The Netherlands in Zeist, where the Bank was founded in 1980. Today the Triodos Bank is one of the world's leading sustainable banks and its mission is to make money work for positive social, environmental and cultural change.

Triodos Bank is like any other bank in terms of the range of services it offers, with everything from everyday banking services and savings accounts to investment management and venture capital funds. The difference is that it bank invests only in sustainable companies.

Around 15 000 individuals and a number of institutions co-own Triodos Bank. Rather than conventional shares, the Bank has a special ownership structure designed to protect its mission and values. All of its shares are held in a trust by SAAT – the Foundation for the Administration of Triodos Bank Shares – which issues depository receipts for Triodos Bank shares, available to the public and institutional investors. These receipts represent the financial value of the shares. But the Board of SAAT exercises the voting rights that they confer, and its voting decisions are guided by the Bank's ethical goals and mission, its business interests, and the interests of the depository receipt holders.

The Bank mainly operates within three broad sectors: nature and the environment, culture and society, and social business. During the first six months of 2012, Triodos Bank's balance sheet increased by 11 %, reaching EUR 4.8 billion.

Source: <http://www.triodos.com>

The social finance landscape is transforming rapidly. Institutional investors such as large pension funds are meeting calls for greater shareholder activism and are considering new investment opportunities that combine social and financial returns. Individual savers and investors are more pro-actively engaged in managing their personal portfolios, seeking ethical alternatives in the wake of the financial crisis.

The term **'impact investment'** was introduced to describe the trend of philanthropic foundations, wealthy individuals and institutional funds (pension funds, insurance companies, etc.) directing private capital flows into social enterprises, social innovation or environmental initiatives committed to job creation, poverty reduction, social service delivery and revitalisation of communities. These new types of social investors, together with specialised

financial intermediaries, are developing new financial instruments to offer **'patient capital'** that shares some of the risk of operating a social enterprise while allowing sufficient time for the enterprise to develop. Such new types of investments complement traditional loans from banks.

The most successful and replicable examples of social finance are those that bring together innovative public administrations, foundations, social investors and social finance intermediaries with civil society and social economy organisations. Such models benefit from different skills and experience of the many players involved, making it easier to find solutions to critical issues in developing the social finance market, such as risk reduction, lower transaction costs, and creation of a continuous stream of investment-ready social enterprises.

Another example how communities of people have responded to the speculative nature of global financial markets and expressed preference for products and services that help local development is the increasing popularity of **'local' or 'community' currencies**. Promoters of community currencies believe that

centralised creation of money and credit can have a negative effect on local economies and social cohesion – if there is no alternative. It may be difficult for small entrepreneurs or civil society organisations to get a bank loan in a nation-wide or continent-wide currency to develop the business or social activity they have in mind. Community currencies are means of exchange specific to a local economy, and their creators are often social enterprises. They are accepted by people on a voluntary basis and trust that other people will accept them too.

Some local currencies, like *Chiemgauer* in Bavaria or *Kékfrank* in Western Hungary have been invented mainly to promote exchange of locally-created products and services in a small geographic area. Other local currencies, like *TEM* in the Greek port of Volos or time banking in Spain have been developed mainly as a response to the current economic crisis: they represent a local alternative to the devaluation (and therefore higher accessibility) of the official currency. In essence, local currencies give consumers more control over their local economies and strengthen local resilience against the volatility of the mainstream financial system.

Box 24: Community currencies: The Bristol Pound

In September 2012, one of the most ambitious and sophisticated community currency schemes was launched by the Bristol Pound Community Interest Company, in partnership with other local institutions including the Bristol Credit Union and the Bristol Council.

The Bristol Pound is the UK's first city wide local currency, the first to have electronic accounts managed by a regulated financial institution, and the first that can be used to pay some local taxes. It is run as a partnership between a CIC and a Credit Union, and is a not for profit social enterprise. In the words of its creators it is a 'complementary local currency designed to support Bristol's independent businesses, strengthen the local economy, keep our high streets diverse and distinct, and help build stronger communities.'

Source: <http://bristolpound.org>

Changes in corporate behaviour

The combined effect of changes in demand (placing a premium on socially and environmentally sustainable products), changes in investment practices (making new resources available to businesses that meet certain requirements), more organised advocacy action (in some instances acting as a substitute to regulations) has over time resulted in a change in behaviour also on the part of traditional

for-profit companies, some of which have adopted a set of practices that go under the term of **corporate social responsibility** (CSR).

With a few exceptions, CSR is a voluntary inclusion of ethical standards within the practices of conventional businesses that do not have an explicit social mission. This can take a variety of forms, which can be more or less integrated into the core business model of the enterprise.

The least complex form of CSR can be philanthropy, where a business donates (directly or through foundations) part of its profits to other (not for profit) organisations that address social goals. A recent and interesting evolution of this approach is 'venture philanthropy,' which increasingly appears as a promising instrument to support social entrepreneurs as it combines grant making with technical assistance and support. At the opposite end of the spectrum we have 'double' and 'triple bottom line' approaches that seek to maximise not only shareholder value but to take care of the interests of all their stakeholders, and thus to address also the social and

environmental impact of the everyday activities of the business (other variations on this theme are 'blended value' and 'shared value' ideas). In-between we find a variety of strategies that businesses might adopt to make all or part of their production process more socially and/or environmentally sustainable.

In light of these different practices, management scholars and practitioners internationally and at the European level argue for different interpretations of CSR. These can be classified as (1) a merely 'additional view', (2) an 'instrumental view', mainly derived from the US tradition,



and (3) a 'constitutive view', which is close to the approach promoted by the European Commission.

The 'additional view' sees CSR as merely adding a new field of activity to what can be considered the company's 'core business': the company's support to social causes becomes a part of the package of characteristics (along with goods and services) that a company sells to its consumers. This additional activity may be profit maximising or not, according to the company's capability of distinguishing among different consumers' demands and hence differentiating what it sells on the market.

The 'instrumental view', on the contrary, sees CSR as mostly interlocked with the main business objective of the firm, traditionally understood as the maximisation of shareholder value. In effect, preventing excessive distributive inequalities and negative external effects of business activity may be a useful tool for preventing public regulation or boycotting by NGOs, and at the same time may improve corporate reputation, which are all things that can lead to greater profits. Consequently, in this approach CSR does not have value *per se*, but it is a useful instrument in order to achieve other objectives. The problem, of course, is that when external threats (like NGOs

boycotting) are ineffective, 'instrumental' CSR loses much of its attraction to the company management, who may then try to maximise share value also by irresponsible practices.

The third approach to CSR sees it as even more related with and integrated into the company strategy and objective function, as one of its 'constitutive' components. According to this 'constitutive view', CSR is a wider concept of corporate governance, going beyond the shareholder value perspective. The constitutive view sees CSR as an extended model of corporate governance whereby those who run companies (entrepreneurs, boards of directors or top managers) owe fiduciary duties to all the company stakeholders, not just to the company owners. Stakeholders are those groups and individuals who contribute specific investments to the company business – and hence have essential interests at stake – but also those who may be affected by serious externality that derive from the company's activities. 'Extended fiduciary duty' means that the corporation is run under the obligation of creating and fairly distributing value amongst all contributing stakeholders, while minimising external negative effects on other stakeholders. In this perspective, a 'socially responsible' company is one that creates and fairly distributes value to all of its stakeholders – a social

as well as economic institution based on a 'social compact' between business and society.

An emerging and particularly interesting CSR strategy is tied to the relationship between conventional businesses and social enterprises. In addition to the creation of foundations that can support social economy organisations through projects and grants, corporations are starting to work directly with social enterprises in a variety of ways. In some instances, in an effort to increase the welfare of their workers, corporations are setting up services (e.g. dedicated day care centres for their employees' children) that they contract out to social enterprises. In other cases, corporations take part in the work integration process carried out by social enterprises, either by contracting out certain services that can be delivered

by work integration social enterprises (e.g. facility maintenance and cleaning), or by directly hiring disadvantaged workers that graduate from the social enterprises' worker integration programmes.

In 2011 the European Commission proposed an update of EU policy on promotion of corporate social responsibility, stating that, in order to fully meet their social responsibility, enterprises 'should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders'. In general CSR is seen both as a way to maximise the positive social impacts of economic activity (e.g. through the development of new products that are beneficial to society as well as to the enterprise itself) and to minimise negative impact and externalities.

Business as a driver of an inclusive economy and social innovation



**Etienne Davignon,
President of CSR Europe**

‘Forward-looking companies no longer see social and environmental challenges as obstacles but as opportunities for innovation and growth. In the fast-developing field of corporate social responsibility, the focus is shifting towards a more visionary and entrepreneurial approach. Creating shared value and identifying opportunities

for innovation that can benefit business, society and the environment alike are becoming priorities for a growing number of large and small companies. However, for many businesses, the challenge still remains as to how they can stimulate social entrepreneurship and innovation both inside their own companies and beyond.

Numerous companies are tackling this challenge directly through innovative and inclusive programmes designed to harness the creativity in society while nurturing future generations of entrepreneurs. Internally, many companies now incorporate corporate social entrepreneurship at the heart of their innovation and improvement strategies. This can include *intrapreneurship* programmes, which encourage employees to explore the development of innovative products and services.

Yet collaboration between businesses and societal actors is paramount in transforming the way businesses approach entrepreneurship. To improve coordination between enterprises, CSR Europe is bringing together its network of more than 5 000 businesses and 36 national CSR networks to launch the European Business Campaign on Skills for Jobs, which will scale up the impact of social entrepreneurship initiatives.’

CHAPTER 6



Looking forward: strengthening the potential of the social economy and social entrepreneurship

How social economy and social entrepreneurship respond to emerging social needs

We started this guide by arguing that social economy and social enterprises play an important role in developing a smart, sustainable and inclusive model of socio-economic development, based on a 21st century division of roles and responsibilities between the market, the state, the ‘third sector’ and the individual. We have also seen that something that traditional social economy entities, newer social enterprises or socially responsible consumers, savers, financiers or for-profit companies have in common is attention to social values and preoccupation with achieving positive impact on the society’s wellbeing and economic development.

Before considering how the role of all the players and trends described in previous chapters may evolve in the future, it is useful to summarise in what ways the social

economy and social enterprises engage with other market players, the state and the individual, and in what ways their activities are unique.

A first important outcome of the activities of social economy organisations and social enterprises is their contribution to **increasing and diversifying the supply of services** to families and individuals. Due to their bottom-up nature, these organisations have been able to identify emerging needs and to develop appropriate responses, often without the support of the public sector. Over time, the activities carried out by these organisations have often been recognised and supported by the state, and in some cases even became part of the public welfare system. This is the case, for instance, of Italian social cooperatives, which started as voluntary organisations and are now fully integrated in the welfare system, and of home care services in Sweden, which were originally created by the Red Cross over 100 years ago and are now a legal right.

Box 25: The SOS Group (France)

Groupe SOS is one of the most important enterprises of the social economy not only in France but in all of Europe. In 2011 more than 1 million French citizens benefited from its services. Groupe SOS also has 10 000 employees working in 44 social enterprises and 300 other organisations in France and overseas, which generate a turnover of 750 million euro.

The main administrators of Groupe SOS are three founding associations: *Prévention et Soin des Addictions*, *Habitat et Soins*, and *Insertion et Alternatives*. Through its network Groupe SOS deals with all forms of social poverty, providing a wide range of activities that combine in a very innovative way the functions of advocacy and the production of goods and services in the fields of health, social services, children's rights, social and professional inclusion, accommodation for low-income workers, sustainable development, and fair trade.

In order to manage these diverse activities, Groupe SOS is organised into three different divisions: social and health services, educational programs, and social interest businesses. These divisions are backed by two support organisations: real-estate cooperative *Altema* and economic-interest grouping (EIG) *Alliance Gestion*. The EIG provides professional management skills to social businesses, allowing them to concentrate on their main activities. It includes Human Resources, Accounting, Communication, Fundraising, Law, Finance, Marketing, Purchases, etc. An important feature of the Groupe SOS business model is to scale-up their activities reaching for a comprehensive and innovating approach. For this reason Groupe SOS constantly identifies major social needs and manages to formulate pioneering solutions using a method that consists of turning traditional business tools into tools for non-profit and social economy activities.

Source: <http://www.groupe-sos.org>; <http://www.associations.groupe-sos.org>

The ability to identify emerging needs and develop appropriate answers is due in large part to the multi-stakeholder nature of these organisations, which often involve in their governance workers, clients and volunteers, ensuring that the new services that are developed and delivered are closer to the needs of local communities. The history of social

enterprises, for instance, shows how they have always been very nimble and innovative organisations, ready to act on the **emerging needs** of their constituents. Because of these characteristics, and because they operate on the market and thus need to maintain a high level of efficiency, social economy organisations also contribute significantly to

social innovation, constantly developing new products and services designed to meet social needs. A huge proportion of social enterprises work to achieve

systemic change, by introducing new business models, changing value chains, activating unused talents, and exploiting unused resources.

Box 26: A dynamic, innovative and competitive work integration social enterprise

Chernomorka – whose name is literally ‘the woman from the Black Sea’ in Bulgarian – is a clothing cooperative providing job opportunities for disabled people in the city of Burgas. The cooperative was originally founded for war invalids in the aftermath of World War II. It now has a particular focus on employing disabled women and employs just over 100 people, of which 80% are women and half of them have disabilities.

Chernomorka is a real business: dynamic, innovative and competitive. In the cooperative, all strategic decisions are taken by majority vote at general meetings. For example in 2003, the cooperative, employing around ten people, decided to develop its own range of children's clothes. That decision laid the ground for sustainable development and growth: turnover has increased by 5-10 per cent a year, paralleled by an increase in employment. Today, they produce 100 new designs a year, using high-quality fabrics from Italy.

During the time they have produced their own range and sold it in shops or on the internet, Chernomorka could improve productivity and the quality of its production, make working conditions better for disabled workers, and become financially sustainable and independent. Some of the investments necessary for such improvement, e.g. training of workers, buying new machines, improving air quality and making efficient use of renewable energy (solar panels) were financially supported by the European Social Fund and the European Regional Development Fund.

Today, the clothes produced at Chernomorka are of a high standard and use 100% natural ingredients. The clothes have been awarded Gold Medals five times at the International Fair of Consumer Goods and Technologies in Plovdiv.

But increase in Chernomorka's competitive performance has not changed its social mission of integrating disabled people and improving their employability through providing therapy and decent work opportunities.

Source: <http://www.chernomorka.com>

Box 27: Graefewirtschaft, an association supporting the work and social integration of immigrant women

Graefewirtschaft is an association set up in 2009 by 14 women (some originally from Germany, some migrants from different countries) nine of whom were jobless. Graefewirtschaft operates in the settlement of Werner-Duettman-Siedlung, which is characterised by high long-term unemployment: almost 57.5 per cent of the tenants live on social benefits, and 28 per cent of the population is in debt. The association's goal was to promote work integration for women and improve the neighborhood's living conditions by supplying needed services.

Graefewirtschaft operates a restaurant that offers healthy, multicultural, inexpensive meals, it provides intercultural catering services for events (with traditional cooking from Arab countries, Ecuador, Sri Lanka and Turkey, just to name a few), and it offers sewing workshops and vocational training. Graefewirtschaft partners with 'Die Weltküche' and works with the association 'Positive Aktion' in supporting migrants who are HIV-positive.

The association relies on three volunteers and employs five worker-members, three of whom have a fixed contract and two of whom are employed on the basis of a so-called 'mini-job' (job with monthly gross earnings of up to EUR 450). The financing plan for 2011 foresaw a turnover of EUR 798 321 over two years, of which EUR 435 065 was to be obtained from sales by the various enterprise units.

Graefewirtschaft adopts a multi-stakeholder governance model, involving interested inhabitants, local traders, borough departments and other organisations. Migrant women own the enterprise and learn 'on the job' how to run it. Through its work, Graefewirtschaft helps turn informal jobs to formal and more productive economic activity, it reduces language barriers and it enhances social capital at the local level.

Source: Case Study prepared by Katja-Heike Birkhölzer in response to a call to early-stage researchers and young practitioners jointly promoted by Euricse and the EMES European Research Network. See also <http://www.die-weltkueche.org/projekte.html>

Social economy organisations also effectively foster entrepreneurship and business creation, in several ways. First, they contribute to bringing economic activity in **areas that are neglected due to low profitability**. This is the case, for example, of agricultural cooperatives, which maintain agricultural activity viable even in areas where production costs are high, like mountain regions. It is also the case of consumer cooperatives and cooperative banks, which are often the only type of organisations supplying consumer goods and financial products even in remote locations. The second way in which social economy organisations contribute to entrepreneurship is by bringing an entrepreneurial culture in sectors that were traditionally considered outside of the

scope of entrepreneurial behaviour. This is particularly true of social enterprises, which brought an entrepreneurial approach to the delivery of social, health and educational services.

All of the activities that fall under the umbrella of the social economy and social entrepreneurship of course also generate new employment and help preserve existing jobs, as in the case of the **conversion** of existing corporations into social economy organisations (primarily worker cooperatives) in order to keep them in business after their previous owners for various reasons decide to quit. And it is important to note that the new jobs often benefit people who have a harder time accessing work in the rest of the economy, like women and youth.

Box 28: Worker buy-outs: the case of Ceralep

Established in 1921, Ceralep is a French company that produces ceramics insulators. After 80 years of activity, it was acquired by a US equity fund in 2001 and liquidated three years later. Rather than seeing their factory shut down, Ceralep workers decided to transform it, with the help of a network of cooperative institutions, into a cooperative owned by its own employees.

In less than a year, the company went from a net loss situation to one of profitability and expansion, and the trend has continued ever since. This process of transformation was accompanied and supported by URSCOP Rhône-Alpes, one of the 12 French regional unions of worker cooperatives. Its mission is to encourage exchanges and encounters, experience sharing and common projects between the cooperatives in its network. The transformation from shareholder-owned company into a worker cooperative was also made possible by different fund raising initiatives not only by its workers but also from the local community. The cooperative movement mutual funds also stepped up by providing part of the necessary capital, thus helping ensure the success of the initiative.

Source: Bruno Roelants, Valerio Pellirossi and Olivier Biron (eds.), Cooperatives, Territories and Jobs: Twenty experiences of cooperatives active in industry and services across Europe, CECOP (2011), available on www.cecop.coop

In recent years, social economy and social entrepreneurship organisations are being relied on more than ever in order to mitigate the effects of the economic crisis and possibly offer a **path towards a different model of economic growth**. Among the factors contributing to this trend, as we have seen, is the shift in consumption pattern towards a greater demand for personal and community services that cannot be easily provided by the existing private and public actors. As a result, there is a greater need for social economy organisations both in the traditional sectors in which they have always operated and in new areas of activity.

Cooperative banks are increasingly relied upon to provide credit for small and medium enterprises, which are the backbone of the European economy (in Italy, for example, cooperative banks have 7% of the financial services market share, but provide over 20% of credit to small and medium enterprises). Similarly, in the agricultural sector the cooperative form

is particularly useful in achieving the economies of scale that are necessary to compete in today's international market without compromising a land ownership structure that in many European countries is characterised by small, often family-owned farms. The networked governance structure of many social economy organisations is also proving to be a good way to manage small and medium enterprise networks preserving their competitiveness.

In some countries, social economy organisations are also taking on entirely **new sectors of activity**: in the UK, for instance, following the 'Big Society' policies cooperatives are stepping in to the field of education, with close to 400 schools already managed in cooperative form. A similar phenomenon is taking place in Sweden with respect to day care and elderly care services, and in several other countries social economy organisations are taking on the provision of general interest services ranging from transportation to renewable energy provision.

Box 29: Experimenting with new forms of social governance in housing: the case of Rochdale Boroughwide Housing

In the UK, due to a series of legislative reforms, non-profit organisations are being required to manage (or own directly) larger and larger social housing estates previously owned and managed by the Local Councils. This process is made more challenging by the fact that the housing structures they are acquiring from the public sector tended to be poorly managed and affected by significant problems, including neglect, vandalism, and anti-social behaviours on the part of tenants that suffered from the lack of services and employment opportunities.

Some organisations have responded to this challenge by radically changing the previous management and governance model, moving in the direction of developing governance systems that seek to involve the residents and are more effective in monitoring the performance of the Board (following the basic principle of social economy organisations). One of the most innovative and successful organisations in this regard is Rochdale Boroughwide Housing (RBH), membership-based social housing provider in Rochdale. Since taking over the ownership of the homes formerly owned by Rochdale Council, RBH now owns and manages around 13 750 homes in the Rochdale borough.

RBH is run by a Board that is composed of tenants, independents and Council appointees. Starting in 2013, RBH will change its governance structure to more actively involve both tenants and employees in the decision-making process and the government of the organisation. To achieve this goal, RBH is setting up a Representative Body charged with setting the society's policy framework, tracking and monitoring progress, and appointing (and removing) the Board of Directors. The Representative Body, which also has the task of communicating with members, is composed of 15 tenant representatives, 8 employee representatives, 2 Council representatives, 3 appointed representatives from external organisations, and 3 representatives from the Tenant Management Organization, a residents' organisation offering maintenance services to inhabitants. The ability to appoint the Board of Directors in particular gives the Representative Body real power not only in monitoring the management of the organisation but also in holding it accountable, ensuring that the organisation is run in the best interests of all of its stakeholders.

Further information: www.rbhousing.org.uk

Much of the responsiveness of social enterprises to emerging needs can be summarised in the concept of **social innovation**, which has become increasingly popular in recent years. Due to their closeness to the users and the local context, social enterprises are ideally positioned to intercept emerging needs in society, and to develop innovative responses to those needs. The social mission of these organisations, combined with their entrepreneurial nature, ensures that the innovations they engage in are aimed at addressing social issues. Historically, now mainstreamed welfare services are examples of social innovation initiatives that started within the realm of the social economy, and the same thing is happening now with respect to the new sectors of activity, like education, renewable energy or integration of migrants.

Box 30: Mobility car sharing

In 1987 the two Swiss cooperatives that would later become Mobility car sharing opened for business. Each began with one car, a handful of members and a few spare keys. Twenty-four years later, after a merger and name change, Mobility has established itself as the largest car-share program in Europe: 100 000 customers share 2 600 vehicles. Almost half of those customers have chosen to buy-in and become members, convinced by a business model that provides car use that is both inexpensive and environmentally friendly.

Further information: www.mobility.ch

Box 31: Ecopower – renewable energy across Belgium

Ecopower is a Belgian cooperative that funds renewable energy projects, giving every citizen the chance to invest in the production of renewable energy and rational energy use. Funds are collected from as many members as possible (the cooperative currently has 40 000), and mainly invested in self-developed projects, like power plants running on vegetable oil or wind turbines. Ecopower also supplies 1.1 % of households in Flanders with green energy. Shareholders can buy shares for €250 each, and each shareholder receives a vote in the cooperative's General Meeting. Profit for shareholders is limited to 6 %, because of Ecopower's cooperative status, but this means that the financial surplus can be used to fund less profitable projects. Ecopower is growing, but it is trying to grow in a controlled way, with a goal of maximising the added value it can bring to society rather than simple profits.

Further information: www.ecopower.be

Key challenges

Despite the positive impact that social economy organisations have on their communities and the European economy and society in general, they still face significant barriers to their development.

The first is the **lack of visibility** that still affects this segment of the economy (including in the media), which in turn leads to a lack of awareness and recognition of the social value that it generates. As a result, our 'mainstream' economic culture is still one that focuses on self-interest and individual initiative rather than collective and altruistic behaviours.

The lack of awareness is not just due to the lack of media coverage – rather, it starts with a lack of education on these issues. While classes on entrepreneurship are starting to appear in curricula from grade school to business schools, formal education and training on social entrepreneurship and the social economy is still largely absent from the classrooms. This also means that it is much more difficult for social economy enterprises to find staff and managers with the necessary mind sets, skills and competences than it is for conventional businesses.

The **lack of specialised training and education** is only one of the ways in which social economy organisations are at a competitive disadvantage relative to conventional businesses. Another important dimension that is underdeveloped for social economy organisations and social

enterprises relative to corporations is the area of **support networks and infrastructure** providing suitable business development services. These can range from strategic planning and consulting services to business incubators specifically tailored to the needs of social economy organisations and social enterprises. In some instances, these organisations have tried to overcome this challenge by having their own networks, consortia and representative organisations perform some of these functions, but the supply of these services still comes quite short relative to the demand.

Access to financing is another key issue affecting social economy organisations, which often have difficulties accessing the same type of financing options available to conventional enterprises due to their characteristics. A great deal of attention is being paid to this issue and new options are being developed, ranging from social impact investment to special financial instruments (such as the European Social Entrepreneurship Fund, recently created as an EU-wide form of investment vehicle focusing on financing social enterprises).

An additional challenge is the **lack of uniform regulation** across countries. As we have seen, unlike conventional businesses the enterprise types that belong to the universe of the social economy and social entrepreneurship are recognised and regulated differently in different countries, and this poses a significant barrier to their development, particularly across national borders. And even within many

countries, social economy organisations have evolved for the most part spontaneously and from the bottom up, without comprehensive policy support or regulatory frameworks that could contribute to their development and growth. The case of Italian social cooperatives is a good example in this regard, as this was an entirely new organisational form providing new social services, born primarily out of the initiative of groups of volunteers despite a legal context that did not recognise this type of enterprise until the passage of a specific law in 1991.

Strengthening the social economy and social enterprise

What can be done to overcome the challenges highlighted in the previous section?

One way to improve the visibility of social economy organisations and social enterprises and public awareness of their impact is to promote more and better research on this sector, starting with more systematic data collection.

Better research should also translate to better capacity building for social economy organisations, starting with specialised higher education programmes. In order

to understand the characteristic features and driving forces of social enterprises as well as their commonalities and differences across Europe, dedicated European research networks (notably EMES, CIRIEC, SELUSI, TEPsIE, GEM) have conducted a broad range of surveys and studies, with funding from the European Commission and private foundations. Some of this research is feeding into higher education support programmes such as the one of UnLtd (see box 38), which is working with 40 % of English universities to help them to create a culture of social entrepreneurship and build their capacity to provide start up support to staff and students who wish to create a social enterprise. Several universities, often in partnership with social economy organisations, are also launching new research centres (like Center for Social Economy in Belgium and Euricse in Italy) and dedicated Master's programmes devoted to social economy issues like social enterprise management or social innovation. However it is also worth mentioning that most social entrepreneurs generally are not university graduates but come from all walks of life.

Another possible area of improvement concerns the relationship between social economy and enterprise and public sector institutions. This will be analysed in detail in Chapter 7.

Box 32: Social enterprises and the public sector: a multi-faceted relationship

Over the years, the relationship between the public sector and social enterprises has taken on different forms. The main ones could be summarised as follows:

- **Support strategy:** this strategy consists of a subsidy given to private providers of social services (i.e. social enterprises) with very few restrictions or conditions on its use (example: seed money for the start-up of new social enterprises);
- **Incentive strategy:** in this strategy, the allocation of public resources to private providers is tied to fulfilment of specific tasks and objectives set by the public administration. An example is the reduction in non-wage labour costs granted for the employment of disadvantaged workers;
- **Contracting-out strategy:** in this case the public administration enters into a contract with a private provider for the provision of a specific service according to the public administration's parameters. This is the most widespread and well known practice, especially in the field of social service provision;
- **Voucher strategy:** users are entitled to access certain services with funding provided by the public administration. This strategy is used in several countries (France, Italy and Belgium) in order to fund the demand for child care and home care services.

Not all of these strategies have the same impact on social economy organisations. In particular, contracting-out strategies sometimes tend to limit innovation as they focus on delivery of services according to well-defined parameters. Voucher and incentive strategies, on the other hand, allow for more freedom to generate new types of services and new service delivery strategies, favouring innovation and in some cases (e.g. partial vouchers) also tapping private sources of funding.

A closer relationship between social economy organisations and social enterprises and the world of for-profit private corporations could also be built. As we have seen in the discussion of Corporate Social Responsibility practices, this is beginning to take place in various ways: through the support that is provided by for-profit enterprises to social economy organisations by means of CSR practices, through

the integration of disadvantaged people trained by social enterprises to work in for-profit enterprises, or via the direct purchasing by for-profit corporations of goods and services produced by social enterprises. A closer cooperation with the private sector is also emerging in the finance sector with actors dedicating resources to investment strategies that seek to have a social impact in addition to financial returns.

Box 33: Corporate Social Responsibility: providing support to incubate social enterprises

The software company SAP's vision is to develop itself into a socially responsible company. To this end, it seeks to support social enterprises by providing grants to set up and run social business incubators. In addition, it provides bursaries to social enterprise start-ups that also benefit from specific business advice, coaching and mentoring provided by the incubator which also offers working space and access to a vivid community of social entrepreneurs. The combination of a one-stop-shop and incubator for 'social impact enterprise' was designed and implemented by iq consult, which itself is a social enterprise, that also runs an extensive programme for assisting unemployed to make a living from self-employment, using microfinance to start a business. The SAP programme started in Germany, and its extension to other European countries is planned.

In addition to supporting the start and initial development of social enterprises through incubators, SAP in cooperation with iq consult has also developed an online platform for social entrepreneurs, to assess their ideas and business potential at an early stage, and to find support for developing a social enterprise.

Further information:
<http://socialimpactenterprise.eu>

Social economy – a promoter of quality social services and social investment

Conny Reuter,
SOLIDAR Secretary General



© SOLIDAR

SOLIDAR is a European network of NGOs working to advance social justice, democracy and equality in Europe and worldwide. Our members represent civic movements, bringing together millions of

individuals, through local, regional and national associations. They have a long-standing tradition in the field of social and welfare services, education, training, leisure and cultural activities. As civic movements and social economy actors they contribute to the social cohesion of local communities, encourage civic engagement, and mobilise social capital. Since their foundation, our organisations stand for the support of vulnerable and disadvantaged people. It is and continues to be our objective to promote social inclusion, enable active citizenship and to focus on the common and public good instead of profit maximisation.

The individual non-appropriation of capital, property sharing and democratic co-decision in the social economy allow for a vertical redistribution of risks and surpluses. Social investment becomes a reality when budgets and policy focus are aimed at promoting the common good, collective well-being, social progress for all and the empowerment of people.

The social and solidarity economy is not triggered by making 'easy money'. The provision of services is not a matter of lucrative cherry-picking but values universal coverage, quality, sustainability, accessibility, volunteering and civil society.

Quality social services are inextricably linked to decent work and quality employment. Whether health, social or educational services, it is all about working with people. The low prices certain commercial companies can offer are often a result of dumping wages and abandonment of collective agreements. The not-for-profit enterprises characterising our service providers cannot compete with these providers if they continue to focus on the common good, on quality and on a holistic approach to helping people.

Across Europe, the social economy plays a decisive role in economic and social inclusion. Its specificity justifies granting privileged status to civil society-based social enterprises and strong public support. However, the devastating social impact of financial austerity, and the lack of public investment in social cohesion, the emphasis on price competition and individualism are severely jeopardising the sector, its long-term and qualitative commitment, its universal values and principles. It is high time to promote these economies as an expression of the core values of the European Union: solidarity and diversity, equality and democracy.

CHAPTER 7



Public policies for the social economy and social entrepreneurship

The benefits that social economy organisations generate for society have been recognised by governments at the European, national and regional levels, and in some instances have been stimulated and facilitated by dedicated strategies and support schemes.

Quite often, supporting social enterprise creation and development has allowed public policies to meet employment and other social and economic challenges in a more efficient and effective way than relying on the public or private sectors alone, thereby achieving greater value for taxpayer's money.

This chapter reviews some of the most significant public policies at European and national levels that support social economy and social enterprise.

EU support to the social economy

European Union institutions, in particular the European Parliament, the European Commission and the European Economic and Social Committee (EESC), have sought to foster the development of social economy and social entrepreneurship through a series of policy initiatives.

The first Convention of civil society organised at the European level, which took place in October 1999 at the initiative of the EESC, confirmed the important role civil society organisations have to play in developing a participatory model of society, as well as in the formulation and implementation of policies which can increase confidence in the democratic process. Social economy, with its participatory character and involvement of stakeholders, was recognised for its potential to help modernise European welfare systems and actively involve citizens in finding and delivering solutions to some of the society's biggest challenges. Social economy organisations from across the EU are directly represented in the EESC.

In 2003 the Council of the EU adopted a Regulation on the Statute for a European Cooperative Society (SCE) aiming to support the development of cross-border and trans-national activities of cooperatives.

In 2004 the European Commission issued a 'Communication on the promotion of cooperative societies in Europe,' where it called for more attention on new Member States and candidate countries where the cooperative sector is relatively underdeveloped.

The EU has also supported the start-up and growth at local or national level of many of the initiatives mentioned in the previous chapters, particularly through the European Social Fund and the European Regional Development Fund. The regulations on both of these funds' functioning in the 2014-2020 foresee 'promoting social economy and social entrepreneurship' as a specific investment priority.

Moreover, the EU has promoted experimentation in the social economy field, exchange and collaboration across European countries, identification and spreading of good practices (including in terms of legislation and organisational forms) as well as training of new social economy professionals. Through these initiatives, the EU has contributed to the innovation of social cohesion policies within the Member States.

Box 34: ESF EQUAL Initiative

The biggest European investment in the development of the social economy was made under the Community Initiative EQUAL, the innovative and experimental branch of the ESF in the 2000-2006 programming period. The ESF invested more than € 300 million into more than 420 partnerships, which focused on (i) finding new ways to improve the regulatory conditions for social enterprises (e.g. public procurement, impact measurement); (ii) supporting the start-up of new social enterprises (especially for work integration social enterprises and in growth sectors such as the environment, tourism, care and neighbourhood services); (iii) improving quality management and access to finance; (iv) replicating successful social enterprise models; (v) contributing to local development.

The EQUAL Initiative has piloted and pioneered public support to the social economy in many countries as it brought together public, private and civil society organisations to tackle all forms of discrimination and inequality in the labour market, both for those in work and those seeking work. The EQUAL initiative demonstrated, disseminated and 'mainstreamed' good practices. EQUAL partnerships stimulated, supported and sustained the start and consolidation of numerous social enterprises that contributed to identifying unmet needs through the production of general-interest goods and services addressed to those in need.

Further information: <http://bit.ly/16Td02L>

The 2011 Social Business Initiative

While in some Member States (for instance in Italy and the UK) enabling legislations have been adopted and social enterprises have expanded widely and rapidly in a wide set of fields of general interest, in some other countries social enterprises have emerged later or have yet to take roots.

The Social Business Initiative (SBI), launched in 2011, has been the most comprehensive EU policy initiative to date aimed at fostering the development of social enterprises throughout the continent. Understood by the Commission as an important part of completing the Single Market, boosting entrepreneurship and strengthening employment policies, the SBI aims to create across Europe a favourable eco-system conducive to the development of social enterprises and of the social economy at large.

The Social Business Initiative recognises that social entrepreneurs are innovators and drive social change. It contains measures to improve the visibility and recognition of social enterprises, to simplify the regulatory environment so that social enterprises can more easily reach beyond national borders, and to improve social enterprises' access to funding. The Commission urged Member States and regions to develop comprehensive strategies and step up their efforts to promote social enterprises, making full use of EU

structural funds to this purpose. Further to the SBI, the Commission proposed to establish, within the Programme for Social Change and Innovation 2014-2020, an EU-level financial instrument helping to develop the European market for social enterprise financing by providing equity, debt, and risk-sharing instruments.

The 2013 Social Investment Package

In February 2013 the Commission put forward a Communication on 'Social Investment for Growth and Cohesion,' setting out a vision for modernisation of welfare states in the context of a protracted economic crisis as well as longer-term structural challenges. The Social Investment Package urges Member States to prioritise spending that enables people to fully contribute to the economy and participate in the society. It shows how Member States can strengthen their active inclusion strategies and use social budgets more effectively. It emphasises the importance of public investment in the development and activation of human capital throughout a person's life, but also shows what the private and 'third' sectors can do to improve socio-economic inclusion. The Social Investment Package highlights the need and opportunity to invest in the development of the social economy and social entrepreneurship in view of their contributions to inclusive employment, community development and social innovation.

National and regional policies

Policy initiatives at EU level help develop and strengthen support frameworks and actions already in place at the national and regional levels. Across Europe, national and regional policy actions have been established around six issues, which can be seen as 'pillars' of a comprehensive support strategy for the development of social economy and social entrepreneurship. These issues, well described in a policy brief on Social Entrepreneurship drafted by OECD's Antonella Noya and Emma Clarence, are briefly illustrated below.

Encourage, engage and empower citizens and promote social entrepreneurship amongst young people

Inserting social entrepreneurship within entrepreneurship education activities in schools, vocational education and training colleges and universities, is an important way of encouraging further development of social economy and enterprise in Europe. Giving young people the opportunity to experience work in a social enterprise should be part of this effort.

Box 35: Public-private initiative to promote the social economy amongst young people

An example of the broad approach that can be taken is the Initiative to promote the social and solidarity economy amongst young people ('Jeun'ESS') initiative, launched in France in June 2011 as a public-private partnership between a number of French ministries and enterprises and foundations from the social economy. Public and private partners share the costs of a range of support actions, which are based on three pillars: 1) to promote the social economy amongst young people; 2) to support initiatives for young people in the social economy; and 3) to promote and facilitate the integration of young people in social enterprises.

According to a CSA-Avise survey (Dec. 2010), the social and solidarity economy is extremely attractive to French youth: 80% of them think that they would be more motivated to apply for work in a 'social enterprise' and 48% would be ready to create a 'social enterprise'.

Source: <http://www.jeun-ess.fr>

Furthermore, national and regional governments are supporting awareness raising, encouragement and empowerment through assisting social economy networks, and bringing stakeholders together through conferences, fairs or market places for ideas and opportunities for starting and developing social enterprise.

Offer business development services and support structures

Social entrepreneurs and social enterprises, like any business starter and small enterprise, require business support. However, Member States and regions have recognised that information, advice, consultancy or coaching services for social enterprises need to be specific and in addition address

all management aspects to assist social enterprises in achieving their social mission and economic sustainability. Providing 'braided support', which incorporates both general business support and support specifically tailored to meet the needs of social enterprise, proved to be an effective approach to support the start-up and development of social enterprises, as did assistance in developing business and support links between social enterprises and with social economy organisations involved in the provision of such support.

As part of an offer of braided support, not only governments, but also social economy organisations are setting up specific business development and support structures such as innovation parks (box 36) and incubators (box 37).

Box 36: The Social Innovation Park in Bilbao, Spain

The Social Innovation Park in Bilbao, Basque Country, has the vision of becoming a 'social Silicon Valley'. It is managed by the Basque Centre for Innovation, Entrepreneurship and New Business Development (Denokinn), which is owned by local authorities of the Basque region. The activities of the SI Park aim at creating employment opportunities in an area of economic and social decline, at finding innovative solution to unmet social needs, and transforming them into business opportunities, where the actors can be part of the solution. SI Park works mainly in the development of large scale social enterprises, generating high local impact and with large potential to be replicated.

The SI Park provides a place where individuals, social economy organisations, charities, NGOs, private businesses and not for profit institutions can meet to seek to create new products and services leading to job creation. The Park hosts a range of facilities including a 'Social Innovation Laboratory' for the generation of new social enterprises, which provides incubator services (training, mentoring, etc.), a 'Social Innovation Academy' which offers training for social economy, and

access to international networks to nurture and spread the new social enterprises. It also offers the facility of a FABLab (fabrication laboratory) which is a small-scale workshop equipped with an array of flexible computer controlled tools that help to transform ideas into real products through digital fabrication. Regarding financing of new social innovation ventures, the SI Park will contribute to expanding funding opportunities through establishing a 'Social Business Stock Market', a place where individuals, companies and the public sector can invest both in developing of new opportunities and in the new business that make these a reality.

Further information: <http://www.socialinnovationpark.com>

Box 37: The NESsT incubators

NESsT supports social enterprises at all stages of development and operates in 10 countries around the world, including Croatia, Czech Republic, Hungary, Romania and Slovakia. It provides financial support, alongside capacity building and mentoring, for social enterprises at pre-start-up and start-up stages, as well as on-going support, including consolidation and expansion. NESsT was founded in 1997 as a non-profit organisation in order to promote social enterprise as an effective and sustainable model for solving critical social problems. It has developed a 'portfolio approach', which provides tailor-made and multi-year support to social enterprises in order to help them achieve social impact.

Through competitions, NESsT identifies social enterprises with social impact and systemic change potential and provides support, including training and mentoring for around 9 to 12 months in which the organisation or individual can develop their business idea. Following this is a 2-4 year incubation phase which offers financial support/investment (through grants and/or loans and equity) and access to a Business Advisory Network and significant peer learning opportunities. Successfully incubated social enterprises can receive increased financial investment and capacity building support from NESsT to grow their business and scale their social impact. Impact is at the heart of the NESsT portfolio, therefore appropriate metrics are developed for each social enterprise, which enable them to measure and manage their impact – both financially and socially.

For more information: <http://www.nesst.org>

Provide sustainable finance to assist social enterprise from start-up to scale-up

Another key role of public policy is to stimulate the development of a market for social finance providing development capital social enterprises. Some Member States and regions have started to develop new instruments, also by using the ESF and ERDF, to strengthen both the supply side of the market (through providing guarantees, (quasi-) equity or loans to financial

intermediaries or banks) as well as the demand side (through capacity building and investment readiness schemes for social enterprises to support consolidation, growth and scaling).

More recently, some Member States started to experiment with innovative institutional arrangements between public authorities and financial institutions, for example through co-investment schemes with the private sector and that seek social returns as well as financial ones.

Box 38: Helping social entrepreneurs to start up and scale up: the UnLtd model

UnLtd was established by leading UK organisations promoting social entrepreneurship. Its core financial resources are the revenues from a £ 100 million endowment from the Millennium Commission in the UK. Directly and through its network partners (e.g. universities, incubators, agencies providing business support to social enterprises) it has been able to back around **1 000 people** each year to **start their own social enterprises** for social or environmental benefit, with a mix of cash, development support and networking.

The cash support is granted on the basis of stage development model of social enterprise creation, development, consolidation and growth:



Source: <http://unltd.org.uk/journey/>

Support access to public markets

One of the key ways in which public authorities try to promote the access of social enterprises to markets is through making public procurement more open to the social enterprise sector. European procurement law allows local government authorities to insert certain social clauses in their procurement procedures and terms of reference, such as to encourage the employment of the long-term unemployed. However, the use of these conditions to promote social

enterprises is still limited. Public officials are often unsure how to incorporate social clauses in their tendering specifications, and are often not well acquainted with the benefits that social enterprises can bring to their local communities. At the same time, some small social enterprises lack the skills, time and resources necessary to enable them to successfully compete in public bids. Therefore some governments have supported the building of understanding and capacity both amongst local officials and social enterprises.

Box 39: Using public procurement to achieve social goals

The European Commission's *Buying Social: A Guide to Taking Account of Social Considerations in Public Procurement* highlights the way in which public procurement can be used to achieve social goals. While it is not possible to 'reserve' public procurement contracts for specific organisational forms, except in some circumstances for 'sheltered workshops' employing disabled people, measures can be put in place to remove hindrances (e.g. capital requirements) in contract procurement processes.

In Sweden, for example, the Swedish Social Insurance Agency has involved social economy organisations, voluntary organisations and SMEs in reviews of procurement practices to identify challenges faced in the preparation of bid documents.

In Wales, the Welsh Assembly Government has placed a strong focus on using public procurement processes to meet economic, social and environmental goals. The European Social Fund is being used to support the improvement of procurement skills and capability across public services through a four to five year programme involving awareness raising, skills development, a trainee procurement executive programme and a programme designed to facilitate new approaches to improve procurement, such as involving the social economy.

Further information: <http://bit.ly/15IXazy>



Build enabling legal, regulatory and fiscal frameworks and use them efficiently

Public policy can also help social enterprise development by establishing clear legal definitions of social enterprises in order to govern issues such as their tax treatment or access to public markets. The associated regulatory frameworks need to recognise and make transparent the dual focus of social enterprises responding to social challenges and achieving social and environmental impact, and developing medium and long-term sustainability on the market.

An enabling fiscal framework rewards the social impact of social enterprises. Whilst many other social economy organisations, such as charities, may enjoy fiscal relief, social enterprises cannot always benefit from tax privileges. Most Member States grant fiscal incentives to social enterprises to help them overcome specific difficulties and to compensate for specific activities needed to work with disadvantaged people, and also recognise their positive social impact. Indirect fiscal measures can also be utilised to help support investment in social enterprise development.

Comprehensive strategy and good governance

Effective public support to develop and strengthen the social economy and social enterprise needs to be based on a comprehensive strategy and good governance. Common features of effective strategies are:

- Designing and implementing schemes and actions in partnership with stakeholders;
- Developing synergies between actions of different departments and levels of

government (national, regional, district and local);

- Establishing suitable mechanisms for monitoring, impact measurement and evaluation;
- Applying simple administration rules and delivery procedures.

Two examples of a regional and a national strategy (boxes 40-41) illustrate how these principles have been put into practice.

Box 40: Social economy policies in the PACA region of France

The PACA (the Provence-Alpes-Côte d'Azur) region in France has established a regional development strategy that recognises the important role of the social economy. One of the key pillars of the strategy is the regional PROGRESS Programme, targeted specifically at social economy development. It involves the creation of an observatory of the social economy and a permanent committee for monitoring the social economy. The regional strategy also supports the development of local clusters of enterprises through annual agreements for the public funding of collaborative projects among the firms if they contribute to job creation and economic development. Of the existing 26 clusters for innovation and socio-economic development, some are specific to the social economy, such as the cluster of services enterprises or the cluster on social tourism.

Source: <http://www.regionpaca.fr/economie-sociale-et-solidarite/progress-vers-une-autres-economie.html>

Box 41: Lessons from the ESF EQUAL Initiative in Poland

In Poland, the lessons learnt from, and the capacities generated, under the ESF EQUAL Initiative facilitated the mainstreaming of social economy support actions in the 2007-2013 programming period. The EQUAL project provided a basis for political recognition of the social benefits that social economy entities and social enterprises of various legal forms generate. Six main areas of support were identified on this basis:

- Assistance to educational institutes for developing mind-sets and skills for social entrepreneurship;
- Direct support for social enterprise through advisory and training, grants to social enterprise starters (up to 5 000 EUR/ per person), and bridge support for the initial 6 to 12 months of actual trading (business development services and coverage of social insurance contributions for employees);
- Support for the delivery of high quality business start-up, development and support services through establishment of sub-regional Social Economy Support Centres;
- Establishment of a loan scheme (for up to €25 000) with preferential conditions;
- Development of smart social tendering through training public procurement officers in using social clauses and social enterprises in bidding for public contracts;
- Platforms for dialogue, exchange, learning and joint action instruments.

Source: Polish Ministry of Regional Development – Department for ESF Management, <http://bit.ly/WhoAvv>

View of the Council Presidency

Interview with Sotiroula Charalambous, Minister of Labour and Social Insurance of Cyprus (2008-13)

What is it that social economy can do and the for-profit and public sectors cannot? What are its most important strengths?

Social economy's most important strength is the fact that it is neither public nor private but it is considered as a third sector in between these two. This means that social economy can pursue social goals and provide services by using market economy strategies. All the profits earned by activities of social economy actors are also invested back into provision services for households or individuals who are in need of these services.

Social economy becomes more important under adverse economic conditions as such Europe is experiencing nowadays.

Social economy actors provide employment or skill development opportunities to people who are at risk of marginalisation, who are vulnerable or have been unemployed for long periods of time. According to a report of the European Economic and Social Committee social economy is known to employ almost 6.7 % of EU wage earning population. Therefore this dimension of social economy is invaluable and indispensable for Europe is trying hard to enhance social inclusion, to fight against poverty and to improve employment prospects.



Do you expect that by 2020 social economy will play an important role also in the economies of Member States where they are currently less developed?

First of all we have to understand that social economy is a new concept at the Union level, thus it is normal that Member States are at different starting points in relation to development of social economy sector. In Europe we value good practice and learn from each other, so we should try and learn from fellow Member States with good examples of social economy in order to develop a social economy sector across Europe. When the value added to national economic growth by social economy is better understood it can flourish and develop in Member States according to their national structures. The Social Business Initiative of the Commission provides a great window for us to further explore the opportunities provided by social entrepreneurship and microcredits, both of which are important components of a strong social economy.

It is also important to stress once again that 2020 targets of the Union are not solely driven by financial concerns. We have concrete social targets. The Union seeks to lift Europe up from a worsening employment situation; it wants to achieve job-rich growth and an environmentally sustainable development. Social economy is one of the tools to achieve these goals. Thus we believe that social economy should gain more importance in the coming years until 2020.

What should national policy makers do to help social economy actors, social enterprises and microfinance to further develop in the 2014-2020 period?

Member States and the Union can only formulate policies to efficiently support social economy actors if they can acknowledge its contribution to the economy.

Member States should direct their attention more towards social economy in order to realise its potential in supporting us to achieve our 2020 targets of fighting against poverty and social exclusion, and attaining sustainable and smart growth. The way to help the social economy sector to grow is to give incentives to social economy actors. For example tax incentives or incentives to employ persons from vulnerable groups of population. It would also prove useful to examine the role of the European Social Fund in this respect.

In Cyprus we are very proud of our strong cooperative tradition, which is one example of social economy in action, but we do recognise that we need to look further and explore other perspectives that social economy can offer. In this direction, a specialised survey is under way in order to examine good practices in the field and to prepare the necessary framework for establishing and operating social enterprises in Cyprus.

Glossary

Asset lock

'Asset lock' is a legal constraint that prevents the assets of an organisation from being used for private gain rather than for the social mission of the organisation, both during the life of the organisation and in case of its dissolution or sale. The asset lock constraints ensure that the entire value added created by the organisation remains at the disposal of the community where it resides.

Cooperative

According to the definition of the International Cooperative Alliance⁽¹⁾ of 1995, the term cooperative means an 'autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise'. This definition was also adopted in ILO Recommendation 193 of 2002, para. 2.

Foundation

Foundations are philanthropic organisations, organised and operated primarily as a permanent collection of endowed funds, the earning of which are used for the benefit of a specific group of people or of the community at large. The main classification

is between grant-making foundations and operating foundations. The latter provide social, health, and educational services.

General-interest services

The term refers to the benefit of the public in general or of an unspecified group of beneficiaries. Counterpart is self-interest. General-interest services cover a wide range of activities that have a strong impact on the well-being and quality of life of a society at large. They range from basic infrastructure (energy and water supply, transportation, postal services, waste management) to key sectors such as health and education, to social services.

Non-governmental organisations (NGOs)

The definition 'non-governmental organisation' typically refers to organisations that are independent of governments. This expression came into use with the establishment of the United Nations in 1945 with provisions in Article 71 of Chapter 10 of the United Nations Charter for a consultative role for organisations that neither are governments nor Member States. It is a very general term, used to refer to both transnational and local organisations. In some countries it is used as a synonym of association, often to refer to organisations that specifically operate in the field of international cooperation.

(1) See: <http://www.ica.coop/>

Non-profit and Not-for-profit

The most well-known definition is provided by the Johns Hopkins University. According to this definition, the sector includes organisations which are: voluntary; formal; private; self-governing; and which do not distribute profits. The term 'non-profit' refers to the organisations that have to comply with a non-distribution constraint. The term not-for-profit is more general and refers to the goal pursued (which is other than profit).

Non-profit distribution constraint

The Non-Profit Distribution Constraint implies that a non-profit organisation is prohibited from distributing its net earnings (if any), to individuals who exercise control over it, such as members, officers, directors. The non-distribution constraint is meant to avoid profit-maximising behaviour. The constraint can be total (no profits can be distributed) or partial (the organisation is allowed to distribute profits only to a limited extent). In some instances, the non-profit distribution constraints are also accompanied by the asset lock constraint.

Social economy

The term first appeared in France at the beginning of the 19th century. This approach indicates that the major goal of the belonging organisations is to serve members of the community rather than to

seek profit. Moreover, the social economy relies on democratic decision making processes, which represent a structural procedure to control the actual pursuit of the organisation's goals. Among the organisations belonging to the social economy one can find associations, cooperatives and mutual organisations and, more recently, also foundations and social enterprises.

Social enterprise

According to the European Commission's Social Business Initiative (SEC(2011) 1278), a social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.

Social entrepreneurship

The term 'social entrepreneurship' emerged in the 1990s in Anglo-Saxon countries. It covers a broad range of activities and initiatives, including social initiatives occurring in profit-seeking businesses, institutionalised entities explicitly pursuing a social goal, relations and practices that yield social benefits, entrepreneurial trends in non-profit organisations, and

ventures developed within the public sector. Such initiatives can be undertaken by individuals, non-profit organisations, public agencies or non-profit organisations in partnership with for-profit enterprises in an attempt to balance corporate profit with a commitment to social responsibility. They are neither necessarily finalised to production, nor expected to remain stable through time. In general, social entrepreneurship is interpreted as an activity undertaken by specific individuals or groups, without referring to the organisational features and constraints (governance models, non-distribution of profits, etc.) backing the pursuit of social goals.

Social market economy

The term 'social market economy' owes its origin to the post-World War II period,

when the shape of the 'New Germany' was being discussed.

The social market economy is based on two clearly distinct but complementary pillars: on the one hand, the enforcement of competition, and on the other, social policy measures to guarantee social justice by correcting negative outcomes and bolster social protection.

Third sector

This term is mainly used in the scientific literature to overcome the differences between the many national models. It refers to organisations other than the public owned (the 'State') and the private for-profit ones (the 'market'). This term emphasises the intermediary nature of the belonging organisations.

Further information

Books and Reports

- Ash Amin (2009), *The social economy*, London, Zed Books.
- Birchall, J., Hammond Ketilson, L. (2009) *Resilience of the cooperative business model in times of crisis*, ILO, http://www.ilo.org/empent/Publications/WCMS_108416/lang--en/index.htm
- Borzaga C., Defourny J. (eds.) (2001), *The emergence of social enterprise*, London, Routledge.
- Borzaga C., Galera G., Nogales R. (eds) (2008), *Social Enterprise: A New Model for Poverty Reduction and Employment Generation*, Bruxelles, UNDP Regional Bureau.
- CIRIEC (ed by Bouchard M.) (2010), *The worth of the Social Economy. An international Perspective*, Bruxelles, Peter Lang.
- CIRIEC (ed by Avila R.C., Monzon Campos J.L.) (2012), *The social economy in the European Union*, Report for the European Economic and Social Committee, Bruxelles.
- Communication from the Commission to the European Parliament, The Council, The European Economic and Social Committee and The Committee of the Regions (2011), *Social Business Initiative Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation*, Brussels, 25.10.2011 COM(2011) 682 final.
- The European Federation of Ethical and Alternative Banks (2010), *The Atlas of Job Creation Good Practices for Social Inclusion – Ethical Finance for an Active, Creative and Solidarity-based Europe*, FEBEA, Brussels.
- European Parliament (2008), *Social Economy resolution*, (2008/2250/INI).
- Evers A., Laville J.L. (eds.) (2004): *The third sector in Europe*, Cheltenham, Edward Elgar.
- Hammond, Draperi J.F. (2005), *L'Economie Sociale, de la A à la Z*, Alternatives économiques, Paris.
- Mendell, M. and R. Nogales (2009), *Social Enterprises in OECD Member Countries: What are the Financial Streams?*, in A. Noya (ed.), *The Changing Boundaries of Social Enterprises*, OECD, Paris.

- Mendell, M. (2010), *Improving social inclusion at the local level through the social economy: designing an enabling policy framework*, OECD CFE/LEED (2010)13.
- MOUVES (Mouvement des entrepreneurs sociaux) (2012) *Le livre blanc des entrepreneurs sociaux. L'efficacité économique au service de l'intérêt général*, Editions Rue de l'échiquier.
- Noya, A. (ed.) (2009), *The Changing Boundaries of Social Enterprises*, OECD, Paris.
- Noya, A. and E. Clarence (eds.) (2007), *The Social Economy: Building Inclusive Economies*, OECD, Paris.
- Noya, A. and E. Clarence (2013) *Policy brief on Social Entrepreneurship*, OECD Local Economic and Employment Development Programme
- Nyssens, M. 2006. *Social Enterprise*, London and New York: Routledge.
- Pearce J. (2003), *Social Enterprise in Anytown*, Calouste Gulbenkian Foundation
- SELUSI (2011), *Social Entrepreneurs as Lead Users for Service Innovation*,
- Zevi A., Zanotti A, Soulage F., Zelaia A. (2011), *Beyond the Crisis: Cooperatives, Work, Finance. Generating Wealth for the Long Term*, CECOP

Guides

- Clearlyso (2012), *Guide for the Ambitious Social Entrepreneur*, London
http://www.clearlyso.com/uploads/clearlyso_guide_for_the_ambitious_social_entrepreneur.pdf
- European Venture Philanthropy Association: *Social Enterprise: From Definitions to Developments in Practice*
http://evpa.eu.com/wp-content/uploads/2011/06/Social-Enterprise_From-Definitions-to-Development-in-Practice1.pdf
- European Commission (2013) *Guide on social innovation*, Brussels
<http://s3platform.jrc.ec.europa.eu/documents/10157/47822/Guide%20to%20Social%20Innovation.pdf>
- Schwab Foundation (2011), *The Social Investment Manual*, An Introduction for Social Entrepreneurs, Geneva
<http://www.schwabfound.org/pdf/schwabfound/SocialInvestmentManual2011.pdf>

Websites

European Commission

Social Entrepreneurship Website

http://ec.europa.eu/internal_market/social_business/index_en.htm

The website informs about content, background and implementation status of the Social Business Initiative and the Action Plan, and about the work of the Commission's Advisory Expert Group on the SBI (GECEs).

Social economy and social entrepreneurship umbrella organisations

Social Economy Europe

<http://www.socialeconomy.eu.org/>

The EU-level representative institution for the social economy. It aims to promote the social and economic input of the social economy enterprises and organisations, to promote the role and values of social economy actors in Europe and to reinforce the political and legal recognition of the social economy and of cooperatives, mutual societies, associations and foundations at EU level.

CECOP

<http://www.cecop.coop/>

The European confederation of cooperatives and other employee-owned enterprises that are active in industry, services and crafts, most of them being worker and social cooperatives. It affiliates 25 national federations in 16 EU countries.

Cooperatives Europe

<http://www.coopseurope.coop/>

The voice of cooperative enterprises in Europe, representing 91 member organisations from 35 European countries across all business sectors and promoting the cooperative business model in Europe.

European Federation of Ethical and Alternative Banks FEBEA

<http://www.febea.org/home.php>

<http://www.ethicalbankingeurope.com/>

The European umbrella organisation representing the 25 main ethical and alternative banks, savings and loan cooperatives, social investment companies and foundations, providing a platform for exchanges and sharing experience, and for creating tools and to encourage the growth of initiatives in the field of alternative finance.

European Venture Philanthropy Association: EVPA

<http://evpa.eu.com/>

The association and network of more than 160 members from venture philanthropy funds, grant-making foundations, private equity firms and professional service firms, philanthropy advisors and business schools from 22 countries committed to practicing and promoting high-engagement grant making and social investment in Europe. **Venture Philanthropy** is seen as an approach to build stronger societal purpose organisations by providing them with both financial and non-financial support in order to increase their societal impact.

European Foundation Centre EFC

<http://www.efc.be>

The European association of more than 230 foundations and corporate funders. Its aim is to strengthen the independent funding element of European philanthropy and to build a resilient infrastructure from which European philanthropy – with its unique embrace of innovation, dynamism and cooperation – can advance the public good in Europe and beyond.

Ashoka

www.ashoka.org

Ashoka is an international non-profit organisation which supports leading social entrepreneurs through business development support and facilitate access to finance (via the Ashoka Support network), and assist in scaling their impact globally. Ashoka currently operates in over 70 countries worldwide (in 17 EU Member States) and supports the work of over 2 000 (225 in the EU) social entrepreneurs, elected as 'Ashoka Fellows'.

The Grameen Creative Lab

<http://www.grameencreativelab.com>

A Joint Venture between the **Yunus Centre** in Bangladesh and **circ-responsibility**, a CSR consulting company in Germany, with a mission to accelerate social business through raising awareness, develop capacities of social entrepreneurs, and advising public and corporate investors in setting up joint ventures and financial instruments for social enterprise creation and development.

European networks providing a platform to share good practice in promoting social economy and social entrepreneurship

European Network for Social Integration Enterprises ENSIE

<http://www.ensie.org/>

The European platform for representation, maintenance, and development of networks and federations of Social Integration Enterprises.

The Social Entrepreneurship Network SEN

<http://www.socialeconomy.pl/>

A Learning Network promoted by Managing Authorities of the European Social Fund from nine EU Member States and regions, which exchanges knowledge and experience and shares good practice in order to develop a comprehensive support environment for social enterprises through ESF funding.

European Network of Cities and Regions for the Social Economy – REVES

<http://www.revesnetwork.eu/>

The REVES network brings together more than 50 local and regional authorities and territorial social economy organisations from 9 Member States that promote social economy development, and are committed to capitalise and share their experience and expertise through the network. Its other main task is to represent and promote the common values of its members vis-à-vis European institutions.

Research networks and support organisations

International Centre of Research and Information on the Public, Social and Cooperative Economy – CIRIEC

<http://www.ciriec.ulg.ac.be/>

A non-governmental international scientific organisation comprising of both individual and collective members from countries undertaking and promoting research, in the fields of public services and enterprises, and the social economy.

EMES network

www.emes.net

A European research network of established university research centres and individual researchers whose goal is to gradually build up a European corpus of theoretical and empirical knowledge, pluralistic in disciplines and methodology, around 'Third Sector' issues.

European Research Institute on Cooperative and Social Enterprises

www.euricse.eu

A research centre designed to promote knowledge development and innovation for the field of cooperatives, social enterprises, commons and non-profit organisations with a focus on all forms of private organisations and enterprises that pursue purposes other than profit, are characterised by participatory management models, and adopt a development approach that blends social and economic well being. Its main activities are research; training for young researchers managers of social enterprises and cooperatives; consulting services, and dissemination of research findings.

La Revue des études coopératives

<http://www.recma.org/>

The Journal's main function is to disseminate and encourage studies and research in the social sciences, economics and law on Social Economy organisations in France and around the world, and builds bridges between researchers or academics and practitioners in the social economy.

Theoretical, empirical and policy foundations for social innovation in Europe (TEPSIE)

www.tepsie.eu

A research collaboration (funded by the European Commission) between six European institutions that explores the barriers to social innovation, analyses the role of entrepreneurial structures and resources, and identifies what works in terms of measuring and scaling innovation, engaging citizens and using social media.

Social Entrepreneurs as Lead Users of Service Innovation – SELUSI

www.selusi.eu

A collaborative research project (funded by the European Commission) that studies the behaviour of social enterprises in the markets and as organisations, and their contribution to service innovation decisions of over 600 social enterprises throughout Europe. The representative database of over 600 social enterprises includes comprehensive and cross-country comparable data from Sweden, Hungary, Spain, Romania and the UK.

Global Entrepreneurship Monitor – GEM

<http://www.gemconsortium.org/>

GEM conducts annually a survey and assessment of the entrepreneurial activity, aspirations and attitudes of individuals across 50 countries with approximately 150 000 adults. A special survey was made in 2009 to document the prevalence of social entrepreneurship.

<http://www.gemconsortium.org/docs/2519/gem-2009-report-on-social-entrepreneurship>

Forthcoming guides

- Social Policies (June 2013)
- Labour Law and Working Conditions (December 2013)
- ESF and other Funding Instruments (June 2014)

European Commission

Social economy and social entrepreneurship – Social Europe guide – Volume 4

Luxembourg: Publications Office of the European Union

2013 — 108 pp. — 14.8 × 21 cm

ISBN: 978-92-79-26866-3

doi: 10.2767/79109

The Social Europe guide is a bi-annual publication aimed at providing an interested but not necessarily specialised audience with a concise overview of specific areas of EU policy in the field of employment, social affairs and inclusion. It illustrates the key issues and challenges, explains policy actions and instruments at EU level and provides examples of best practices from EU Member States. It also presents views on the subject from the Council Presidency and the European Parliament.

The fourth volume in the series describes the vivid world of social economy organisations (such as cooperatives, associations, mutuals and foundations) as well as the more recent phenomenon of social entrepreneurship, i.e. business created to achieve social rather than financial goals. In addition, it illustrates trends towards greater social responsibility among citizens/consumers, for-profit companies and financial institutions. Finally it reviews ways in which European and national policies support the social economy and social enterprise.

The guide is available in printed format in English, French and German.

Are you interested in the **publications** of the Directorate-General for Employment, Social Affairs and Inclusion?

If so, you can download them or take out a free subscription at <http://ec.europa.eu/social/publications>

You are also welcome to sign up to receive the European Commission's free Social Europe e-newsletter at <http://ec.europa.eu/social/e-newsletter>

<http://ec.europa.eu/social/>

www.facebook.com/socialeurope



Publications Office

ISBN 978-92-79-26866-3



9 789279 268663
doi:10.2767/79109