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Social Economy: New Actors, New Paradigms? A Worldwide Comparative Perspective

Prof. Jacques DEFOURNY

Centre for Social Economy
HEC-University of Liège (Belgium)

EMES International Research Network¹

OVERVIEW

1. New actors? If so, which ones?
2. New paradigms for the Social Economy ?
 - in theory
 - in practice
3. Conclusions

1. New Actors ?

A. At least, new terms/labels in early developments

- Appearance of new notions **around 1990** in Europe : “**Impresa sociale**” and **social coops** in Italy;
in the U.S.: Ashoka’s entrepreneurs for the public, **social enterprise**
- **Social entrepreneurship, social entrepreneur, social enterprise**: first without clear distinctive features
- **Increased confusion induced by a lot of new terms**: social business, social venture, mission-driven business, venture philanthropist, community enterprise, ... and many others.
- Almost **no connection between EU and US** developments until 2000. Now **mutual influence among world regions** in spite of obvious regional specificities

Quite early, social enterprise
was seen as a double-sided concept:

Social enterprises can be

NEW ENTITIES

OR

ALREADY EXISTING ORGANISATIONS
reshaped by a new entrepreneurial dynamics

B. Changes in public policy as a driving force?

- In the US, shortcuts **in the volume** of public grants to NPOs, in addition to increased competition for philanthropic support
- In Europe, **forms** - rather than the volume - of public funding were transformed: from subsidies to **quasi-market** orientation, second labor market programs
- In Eastern Asia: financial crisis in the 90's and move of public policies toward **more active labor market policies** linked to social jobs programs (South Korea) or with **long-term health care insurance** (Japan)

- New legal frameworks **related to the "cooperative model"**:
 - Italy (1991): "social cooperative"
 - Portugal (1998): "social solidarity cooperative"
 - Spain (1999): "social initiative cooperative"
 - France (2001): "cooperative society of collective interest "
 - Hungary (2004): " social cooperative "
 - Poland (2006): "social cooperative"
 - South Korea (2013): " social cooperative "
- New legal frameworks **based on a more "open model"**:
 - Belgium (1995): "social purpose company"
 - United Kingdom (2004): "community interest company"
 - Finland (2004): "social enterprise "
 - Lithuania (2004): "social enterprise "
 - Italy (2006): "social enterprise "
 - South Korea (2007): "social enterprise "
 - United States: L3C, (general public) benefit corporation

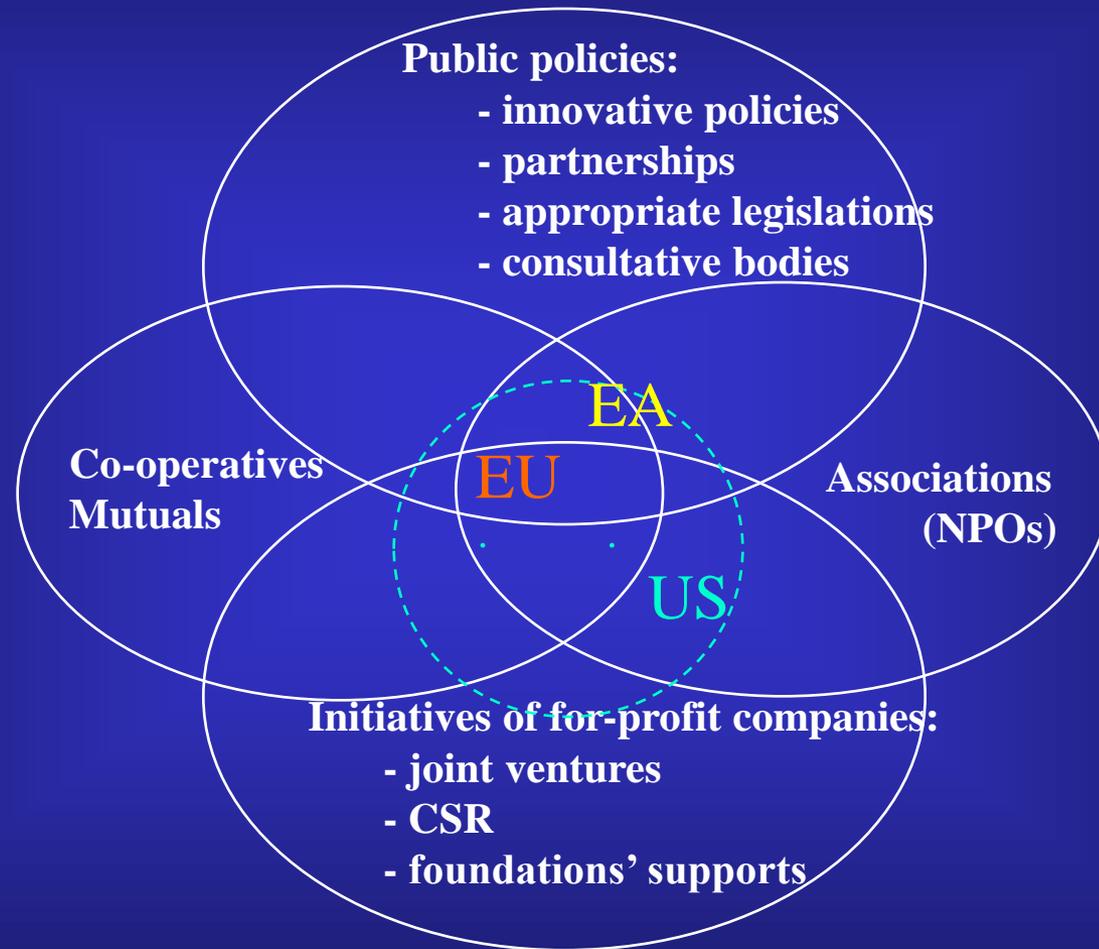
C. Other key actors shaping the debate

- In Europe:
 - **New federative bodies** advocate for a better recognition of social enterprise specificities (Italy, UK, France...)
 - EU structural funds (ex: Equal program)
 - First, mainly scholars from **social sciences**, then business schools

- In the US:
 - **Ashoka** and pro-active **foundations**
 - Blooming of **consulting companies** to support this new « industry »
 - Mainly scholars from **business schools**

- In Eastern Asia:
 - Strong influence of **top-down public policies**
 - Emerging **civil society movements**
 - Significant support from **large corporations' foundations**

To sum up: Some new actors in the social enterprise landscape
Even more: new orientations, new initiatives,
new types of interactions among (existing and new) actors



2. New Paradigms for the Social Economy?

The answer depends on the identification of truly distinctive features of social enterprises in **theory** (conceptions) and **practice** (concrete models)

Two conceptions rooted in the US context:

1. The “**Earned Income**” school of thought
2. The “**Social Innovation**” school of thought

One conception rooted in the EU context

3. The “**EMES approach**”

1. The “Earned Income” school of thought

- First, focus on **earned-income strategies for NPOs:**
Commercial Non-Profit approach (CNP)
- Later, **any kind of undertaking:** not only NPOs, also for-profit companies, public sector entities reshaped by such an entrepreneurial endeavor toward a social aim
Mission-Driven Business approach (MDB)
- *Social Business* may be seen in this school: “ a self-financed, non-loss, non-dividend company designed to address a social objective” (Yunus)

Hidden key issues in the Earned Income Schools

- Which proportion of earned income as a minimum threshold ?
- What about profits ? : from prohibited (CNP) to unlimited distribution (MDB)
- In the latter case, how to insure primacy of the social mission?

2 . The “ Social Innovation” school of thought

In line with Ashoka’s promotion of the “ *entrepreneur for the public good*” since 1980, Dees (1998) stresses social innovation processes undertaken by social entrepreneurs.

- **Systemic nature** of innovation
- Emphasis on **outcomes rather than on incomes**
- Celebration of “**heroic**” individuals

Hidden key issues in the Social Innovation School:

- Many social enterprises are **not innovative**
- What about **collective dynamics** of social entrepreneurship?

3. The EMES approach of social enterprise

- **An economic project**
 - Continuous production with some paid work
 - Economic risk (mix of resources)
 - At least some paid jobs
- **Primacy of social aim**
 - Explicit aim to benefit the community
 - Limited profit distribution
 - Initiative of civil society members or organizations
- **A participatory governance**
 - High degree of autonomy
 - Stakeholders' involvement
 - Decision-making power not based on capital ownership

The EMES definition as an “ideal-type” SE

- 3 categories (economic, social and governance) of 3 indicators
- The **nine indicators are not conditions** to be strictly met to deserve the label of social enterprise
- They rather define an « ideal-type » (abstract construction) that enables **to position oneself** within the « galaxy » of social enterprises

 A **methodological tool** rather than a normative framework

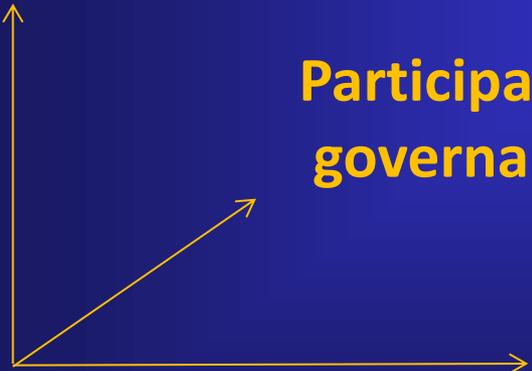


Pole Star

Social mission

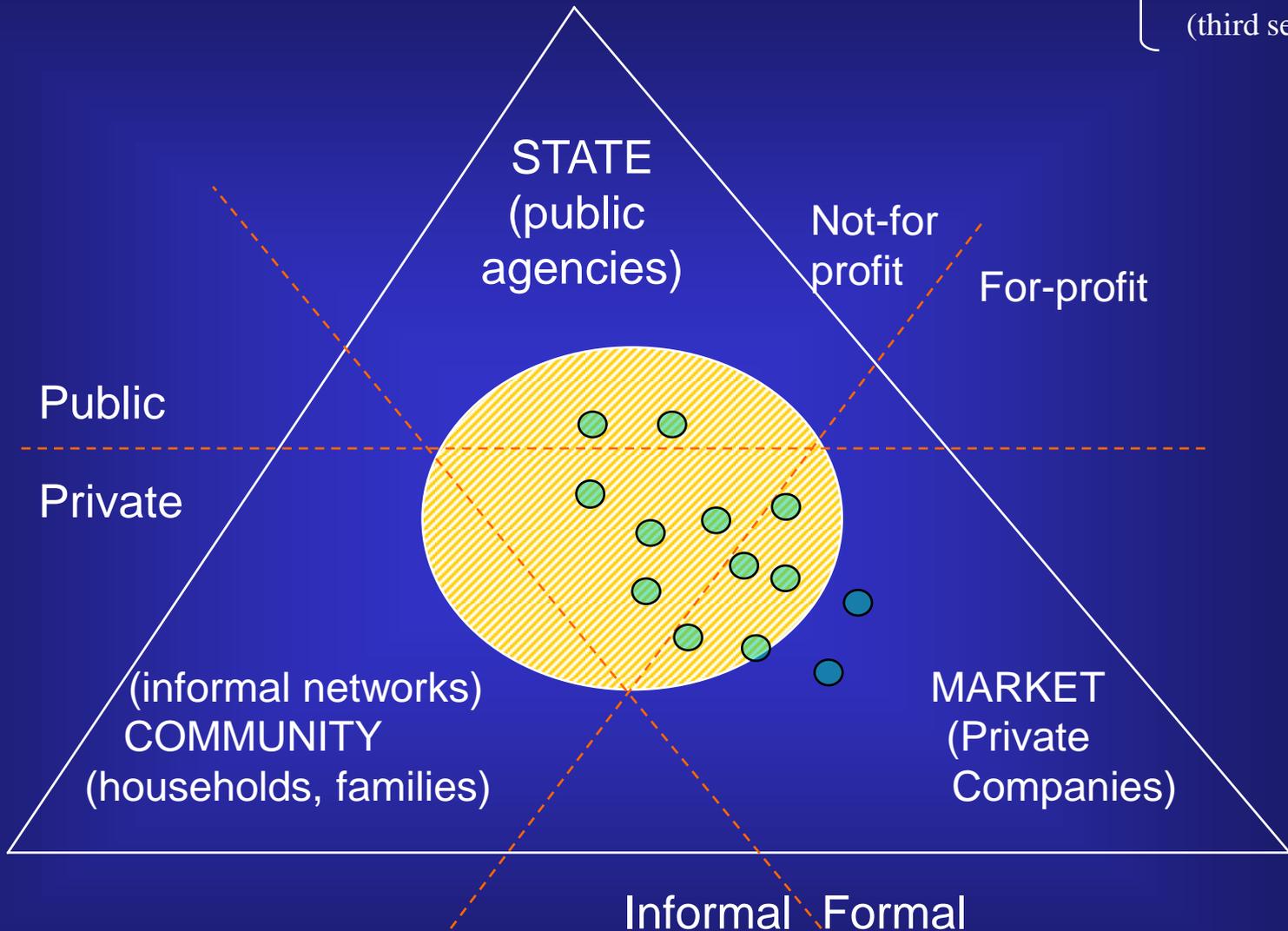
Participatory governance

Economic sustainability



SE Models	Dynamics
A. Trading NPO	NPOs looking for other sources of income & financial sustainability through delivery of social services (other than work integration)
B. Work Integration Soc. Entr. (WISE)	Provision of (stable or temporary) job opportunities with training and/or employment services
C. Social cooperative	Collective self-employment and innovative responses to unmet needs based on cooperative tradition (type A social coops)
D. Non-profit/For-profit partnership	Involvement of private companies (or company foundations) to support NPOs or joint initiatives for a social mission
E. Community Development Enterprise	Multi-stakeholder partnerships (NPO, FPO and public org.) to promote participatory local development

LOCATING SE IN THE WELFARE MIX



CONCLUSIONS

Although not really a new paradigm, the Social Enterprise concept/practice does actually provide **keys to unlock** the potential of the Social Economy, in several ways:

- It proposes **new lenses to revisit the social economy**, especially to shed light on new entrepreneurial dynamics
 - within the borders of the social economy
 - beyond but not far from its borders
- It offers **new strategies to communicate** well beyond the social economy's traditional audience
 - through a pragmatic **micro-economic** approach
 - through a notion which is **appealing worldwide**

CONCLUSIONS (2)

- The social enterprise concept/practice brings in new entrepreneurial inspirations, new ideas, **new development paths, new ways to balance social aims & economic viability**
- Along with the social economy, social enterprises are major vehicles for ensuring or reinforcing **economic pluralism** at fundamental levels
 - at the level of **economic activity's goals** (mutual interest, public interest, common good...)
 - at the level of the **stakeholders' rights** (limits to rights linked to capital ownership, multi-stakeholders' governance...)
 - at the level of **the types of resources** mobilized for production (market-based resources, public subsidies, donations, vol

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Thank you for your attention