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

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# 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?

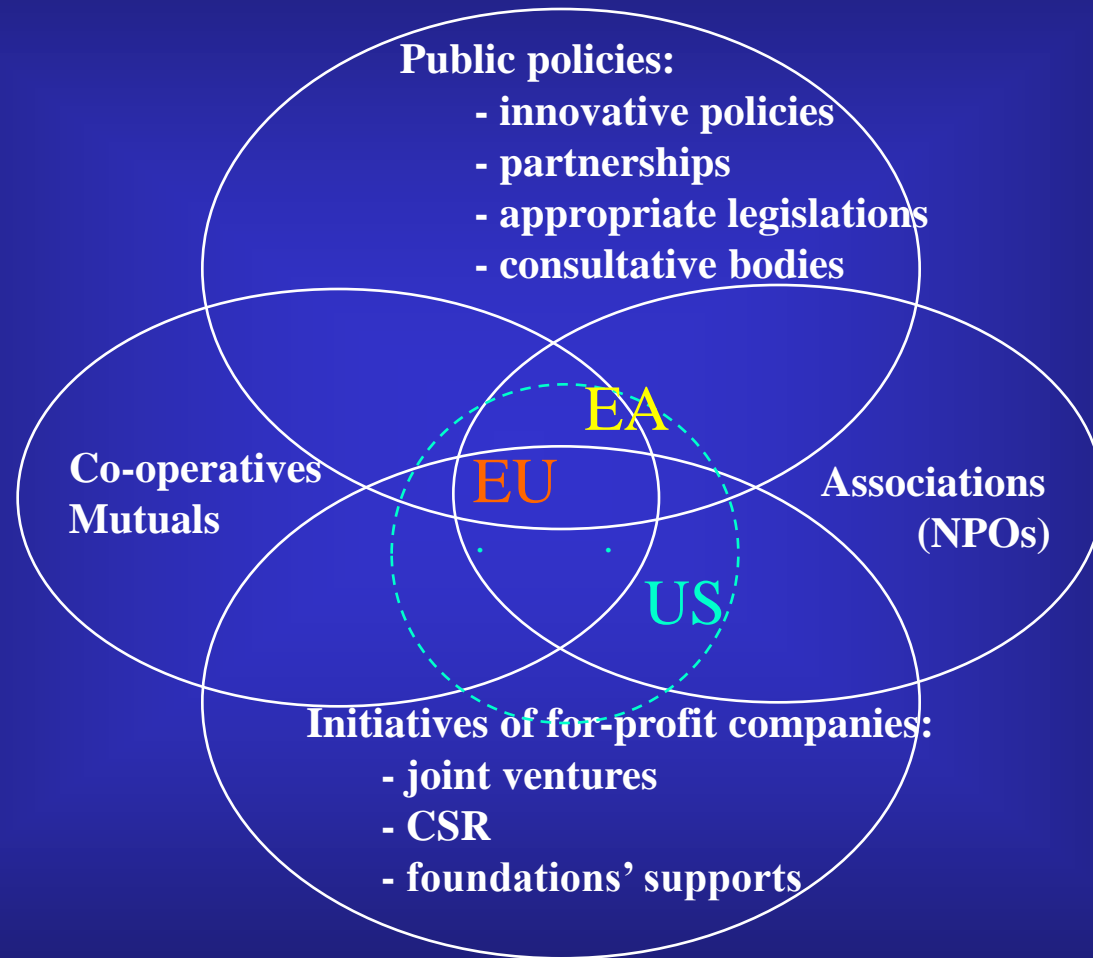
- In the US, shortcuts **in the volume** of public grants to NPOs, in addition to increased competition for philanthropic support
- In Europe, **forms** - rather than the volume - of public funding were transformed: from subsidies to **quasi-market** orientation, second labor market programs
- In Eastern 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

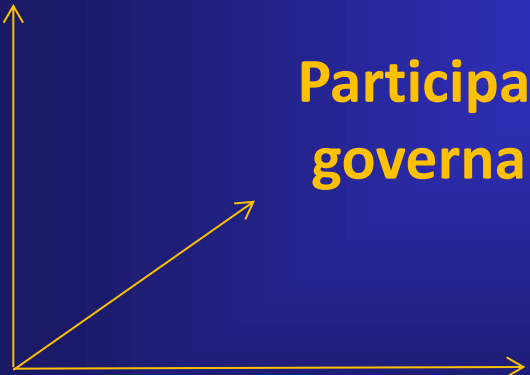


Pole Star

**Social mission**

**Participatory governance**

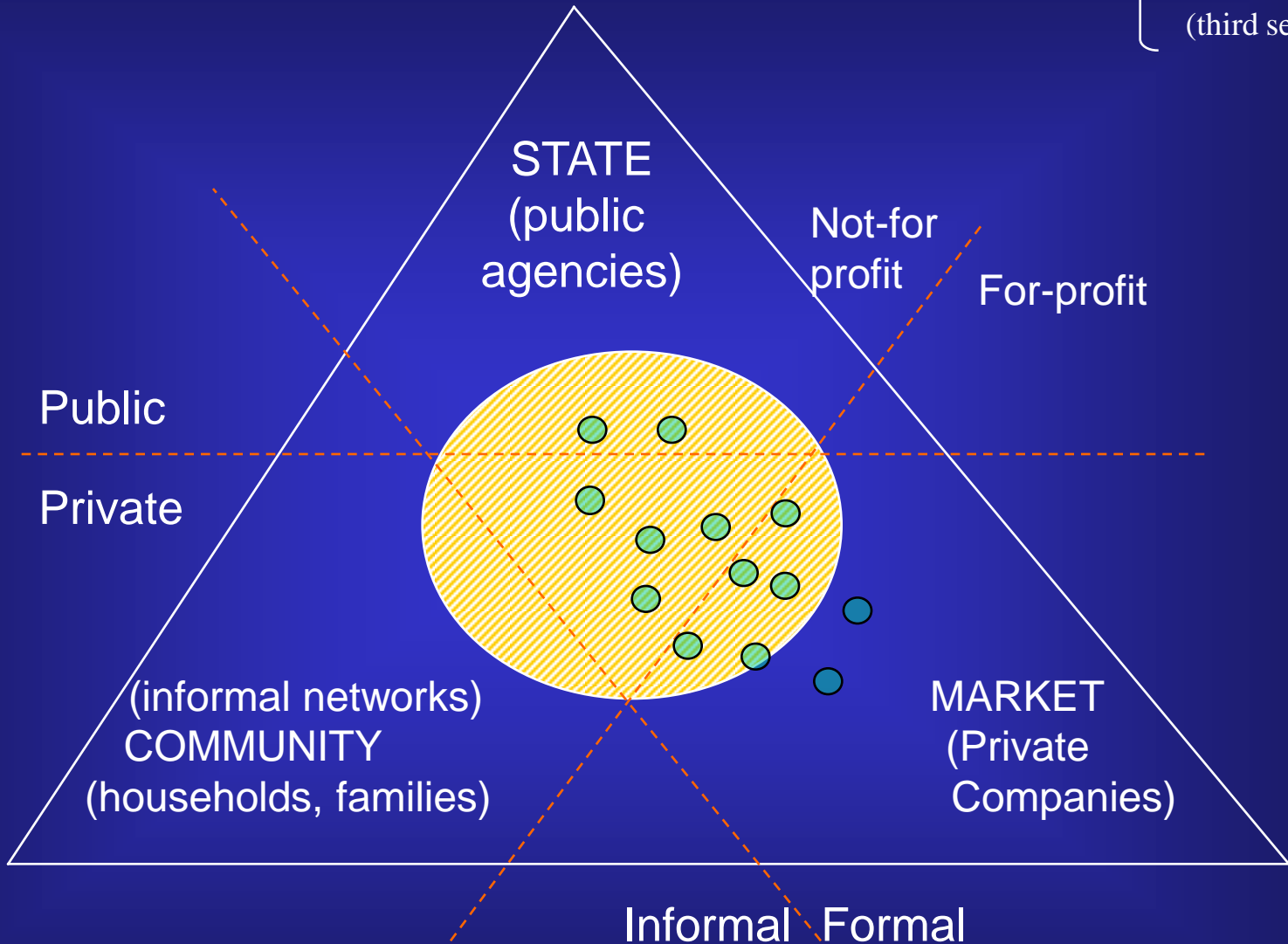
**Economic sustainability**





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