



Social Enterprises and their Eco-systems: Developments in Europe

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Contact: Risto Raivio

E-mail: Risto.Raivio@ec.europa.eu

*European Commission
B-1049 Brussels*

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This report includes observations on social enterprise landscape in Europe in 2016, drawing from seven updated country reports on social enterprise eco-systems and from relevant available research (Belgium, France, Ireland, Italy, Poland, Slovakia, Spain). The report has been prepared as part of a contract commissioned by the European Commission to TIPIK communication agency to update the country reports. The current report has been prepared by Carlo Borzaga and Giulia Galera. The authors acknowledge useful assistance and comments from Barbara Franchini and Euricse staff and the valuable input from Jacques Defourny, Naděžda Johanisová (member of the Advisory Board), Fergus Lyon (member of the Advisory Board), Rocio Nogales, Marthe Nyssens.

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INTRODUCTION

The social enterprise concept is widely used by literature and policy-makers to describe a new way of doing business. A multiplicity of definitions bearing, in some instances, dissimilar meanings has been developed.

This report illustrates the state and development of social enterprise – as defined by the Social Business Initiative (SBI) – in seven EU Member States. It also describes to what extent the concepts elaborated at the national level are aligned with the SBI definition.

This report draws principally on seven national reports (focusing respectively on Belgium, France, Ireland, Italy, Poland, Slovakia and Spain)⁽¹⁾, which have been delivered in the frame of the Mapping Study. Attention is also paid to the research findings of recent empirical and theoretical research on social enterprise at the international level, and more particularly to the outcomes of the very broad 'International Comparative Social Enterprise Models' (ICSEM) Project⁽²⁾.

The report is organised as follows: Section 1 provides a brief interpretation of the social enterprise definition delivered by the Social Business Initiative, before describing both the social enterprise background and evolutionary patterns across EU Member States. Section 2 explores the social enterprise eco-system with a view to comparing the role played by a number of key factors, namely: political acknowledgement and legal forms; access to market; fiscal framework and public support schemes; access to finance; networks and mutual support mechanisms; and research, education and skills development. Section 3 provides a tentative assessment of the size of the social enterprise sector in the seven abovementioned countries. Section 4 focuses briefly on the main trends and challenges faced by social enterprise in Europe and, finally, Section 5 provides some closing remarks.

⁽¹⁾ This report draws extensively on the national reports that have been delivered in the frame of the Mapping Study.

⁽²⁾ The ICSEM Project was officially launched on 5 July 2013, just after the 4th EMES International Research Conference, held at the University of Liège, Belgium. The Project now involves over 200 researchers from some 50 countries. The ICSEM Project is jointly coordinated by Jacques Defourny (CES – University of Liege) and Marthe Nyssens (CIRTES – Catholic University of Louvain). For more information, see: <http://www.iap-socent.be/icsem-project>.

1. SOCIAL ENTERPRISE BORDERS AND PATTERNS OF EVOLUTION

1.1. Defining social enterprise

All over Europe, organisations that can be defined as social enterprises have grown into an increasingly important entrepreneurial dynamic over the past few decades ⁽³⁾.

However, in spite of the wide use of the term and gradual convergence of meanings under way at the EU level, social enterprises are still conceived in significantly different manners by national legislatures, policy strategies, academics and social entrepreneurs. Moreover, there is a tendency to mix two main approaches, which refer to distinct phenomena. The first approach aims to clearly identify the key features that social enterprises – conceived as new entrepreneurial forms – are expected to show. The second approach – often referred to as ‘social entrepreneurship’ – is meant to designate more general entrepreneurial dynamics oriented to social innovation and social impact.

Based on the Mapping Study and previous research, it can be stated that the approach that is most widely used across EU Member States is the first one (the Commission, 2014). It has led to two main types of definitions of social enterprise, which are illustrated in Table 1:

- *Organisational definitions*, focusing on the intrinsic features that social enterprises show;
- *Sector-specific definitions*, looking only at specific types of organisations operating in the field of social inclusion, mainly by facilitating the work integration of people excluded from the labour market (‘work integration social enterprises’, or WISEs). These definitions are often conceived as sub-classifications of organisational definitions.

Organisational definitions have a wide – and expanding – coverage in terms of domains of engagement and they draw on definite features shared by all the entitled entities. Examples are provided by the definitions included in the legislation that has been designed for social enterprises in Belgium, France, Italy, Slovenia and the United Kingdom (as illustrated by Table 1), as well as by the definition that was delivered by the European Commission in 2011 in the frame of the SBI.

Sector-specific definitions of social enterprise are usually social policy-driven and connected to funding schemes (mainly schemes resulting from the national implementation of the European Social Fund) and policies targeted to support social inclusion. In several EU countries (such as Bulgaria, the Czech Republic, the Flanders region of Belgium, Hungary, Romania and Slovakia), social enterprises have only entered the public consciousness with EU funding, and the term ‘social enterprise’ is often conflated with WISE in public understanding.

⁽³⁾ The number of European research projects focused on social enterprise, the third sector and social entrepreneurship has increased over the last decade. Examples include: the SEFORIS project (<http://www.seforis.eu/>), a multi-disciplinary, multi-method international research project on social enterprise, which aims to better understand the role that social enterprises play in the EU and beyond in the development of and evolution towards inclusive and innovative societies; the Third Sector Impact (TSI) project (<http://thirdsectorimpact.eu/>), which aims to generate new knowledge that will further advance the sector's contributions to the socio-economic development of Europe; and the EFESIIS project (<http://www.fp7-efeseiis.eu/>), which aims at providing a better understanding of social entrepreneurship using a thorough analysis of data gathered in ten European countries.

Table 1. Social enterprise: types of definitions

	Rationale behind	Key criteria	Fields of activity	Sources of social enterprise definitions
Organisational definitions	Acknowledge the specificity/nature of social enterprise as a particular legal entity performing in fields of general interest.	<p>Social aim prioritised, specific restrictions in terms of distribution of profits and governance.</p> <p>Wide focus on the community, including protection of disadvantaged groups/persons.</p>	General interest/social connotation of the services or goods supplied.	<p><i>Belgium:</i> Law 1995</p> <p><i>Italy:</i> Law 381/1991; Law 155/2006; Law 106/2016</p> <p><i>UK:</i> Community Interest Company Regulations 2005</p> <p><i>France:</i> Law 2001 and 2014</p> <p>SBI EU Commission definition: 2011</p> <p><i>Slovenia:</i> Law 2011</p> <p><i>Greece:</i> 2011</p> <p><i>Ireland:</i> 2013 Forfas national operational definition</p> <p><i>Denmark:</i> 2014 Act on registered social enterprises</p> <p><i>France:</i> Law on Social and Solidarity Economy 2014, introduction of the opportunity for companies to apply for accreditation as 'socially useful solidarity-based enterprises'</p> <p><i>Slovakia:</i> discussion on new legislation</p>
Sector-specific definitions	Aim at implementing given policy strategies (e.g. social inclusion).	<p>The specific activity to be carried out is pre-defined (with additional requirements sometimes added).</p> <p>Focus on disadvantaged workers and/or disabled people.</p>	Work integration.	<p><i>Finland:</i> Law 2003</p> <p><i>Lithuania:</i> Law 2004 and 2011</p> <p><i>Slovakia:</i> Act 5/2004 on employment services</p> <p><i>Hungary:</i> 2006</p> <p><i>Poland:</i> Act 94/2006 on social cooperatives and</p>

	Rationale behind	Key criteria	Fields of activity	Sources of social enterprise definitions
				discussion on a new legislation <i>Croatia</i> : 2011 <i>Czech Republic</i> : 2012 <i>Spain</i> : Social integration Law 44/2007; Special employment centres Law 1/2013

This report draws on the organisational definition as it is included in the SBI, which was further operationalised by the Mapping Study; it classifies a social enterprise's key features (which are illustrated in Table 2) along three dimensions: the entrepreneurial dimension, the social dimension, and the one relative to the governance structure.

Table 2. An attempt to operationalise the definition of social enterprise based on the SBI of the Commission

The entrepreneurial dimension ⁽⁴⁾	The stable and continuous production of goods and services - Revenues are generated from both the direct sale of goods and services to private users or members and public contracts (). The (at least partial) use of production factors functioning in the monetary economy (paid labour, capital, assets). - Although relying on both volunteers (especially in the start-up phase) and non-commercial resources, in order to become sustainable social enterprises normally also use production factors typically functioning in the monetary economy.
The social dimension	Explicit social aim ⁽⁶⁾: the products supplied/activities run have a social/public interest connotation - The type of services produced or activities run can vary significantly from place to place, depending on unmet needs arising at the local level, or in some cases even in a global context.
The governance dimension	Inclusive and participatory governance model - Social enterprises may be created as single or multi-stakeholder organisations. - The profit distribution constraint (especially on assets) guarantees that the enterprise's social purpose is safeguarded.

Source: Mapping Study, 2014.

⁽⁴⁾ The indicators of the entrepreneurial dimension identified in Table 2 are proxies that are meant to capture both the entities that are fully-fledged social enterprises and the organisations that are evolving towards a social enterprise model, but are still at an embryonic stage of development. This implies the possibility of also considering, under the social enterprise definition, organisations that do not have paid staff, but rely exclusively on volunteers. For the same reasons, organisations that draw on financial resources that cannot yet be fully regarded as market resources are also to be considered under the social enterprise definition. Examples include certain types of grants and membership fees, which are paid against the delivery of specific services.

⁽⁵⁾ The definition of the entrepreneurial dimension includes public contracts, which are fully classified as market income.

⁽⁶⁾ Authors use the adjective 'social' to refer to any type of activity that is distinguished by a general interest or merit character (e.g., cultural, educational, environmental, etc.). Depending on the legal form assumed by the social enterprise, the explicit 'social aim' pursued is either stated by the legislation regulating the legal form adopted by the enterprise or it is defined by the by-laws of the organisation. National legislation defines the social aim in two main ways: either they identify the specific sectors that are to be defined as social (e.g., delivery of social, health, educational, cultural, and/or environmental services), or they define the aims that must be pursued by the eligible organisations (e.g., work integration of disadvantaged people, fulfilling of local needs, local development).

Provided that the pursuit of explicit social aims is prioritised through economic activities, the entrepreneurial, social and inclusive governance dimensions can be combined in different ways⁽⁷⁾. When the social enterprise's social purpose is safeguarded by the type of activities carried out, compliance with a profit distribution constraint becomes less relevant. An example is the integration of a reasonable quota of disadvantaged persons to work⁽⁸⁾: since it presupposes a strong social connotation of the enterprise, it inevitably makes the generation of profits difficult to achieve. Similarly, there is a trade-off between compliance with the non-distribution constraint and the participation of stakeholders: a partial (or 'relaxed') distribution of profits can be counterbalanced by the inclusion of all the involved stakeholders in the governance of the social enterprise, which allows for the safeguarding of their interests⁽⁹⁾.

The choice in favour of a specific combination depends upon cultural grounds: while the French tradition normally values high participation, compliance with a non-profit distribution constraint is largely preferred by the Italian legislator. Whatever the case, what matters when identifying the borders of the social enterprise phenomenon is a balanced combination between the three dimensions. Against this background, sector-specific and organisational definitions of social enterprise that have been incorporated in policy documents and national legislatures of EU Member States are largely consistent with the SBI definition. However, sector-specific definitions are narrower and therefore not well placed to unlock the full potential of the social enterprise model.

It should be noted that there are also more flexible and open examples of organisational definitions and legislation that, while not fulfilling the SBI definition, might be capable of mobilising a significant number of mainstream enterprises to commit to social aims, going beyond the traditional CSR. Interesting examples are the B-corp movement, based on external certification, reporting and scrutiny, as well as the legislation on low-profit limited liability companies (L3Cs) adopted by several states in the United States with a view to informing shareholders that profit maximisation is not the sole goal pursued by the enterprise. A recent European example is the Italian 2016 Stability Law, which regulates businesses that are profit-oriented but also pursue one or more general-interest – including environmental – aims (i.e. benefit corporations).

Unlike organisational and sector-specific conceptualisations, which presuppose the institutionalisation of a new type of enterprise, definitions belonging to the second approach – social entrepreneurship – are relevant only as a general trend. Social entrepreneurship can be described as a mind-set spanning all types of organisational and legal forms, including individual entrepreneurs⁽¹⁰⁾. When compared to social enterprises, social entrepreneurship initiatives do not prioritise the pursuit of explicit social aims and they do not necessarily deliver general interest services. These initiatives typically have a dual bottom line that balances the pursuit of profit with the aim of achieving social benefits; as a result, they cannot be subject to specific restrictions such as the limited distribution of profits or the inclusion of relevant stakeholders in the governing bodies. This implies that there is no guarantee that the community monitors the activity, nor that the social orientations of social entrepreneurship initiatives will survive over time, simply because they are subject to the will of the entrepreneur (Light, 2006; Helm and Andersson, 2010). The social entrepreneurship approach has rarely been incorporated by

⁽⁷⁾ Noteworthy is the proximity of the definition delivered by the SBI with the conceptual approach developed by the EMES International Research Network in the last twenty years (Borzaga and Defourny, 2001; Nyssens, 2006; Defourny and Nyssens, 2016).

⁽⁸⁾ Taking into account recent EU regulations on reserved contracts, the reasonable quota of disadvantaged people to be integrated through work should be at least 30 % of the total number of employees.

⁽⁹⁾ Examples of 'relaxed distribution of profits' are provided, for instance, by the legislation on social cooperatives in Italy and the legislation on SCICs in France. Both cooperative types are allowed to partially distribute annual dividends, but they must comply with a total asset lock.

⁽¹⁰⁾ The concept of social entrepreneurship embraces a diverse set of entrepreneurial initiatives: corporate social responsibility (CSR) practices promoted by single entrepreneurs, conventional enterprises, non-profit organisations and profit/non-profit ventures in an attempt to pursue both economic and social objectives. The aims pursued by social entrepreneurship initiatives include the design of innovative processes that integrate social, environmental, and ethical human rights and consumer concerns into the business operations of conventional enterprises (Nicholls, 2006). Promoting social entrepreneurship as a broad approach can be relevant for social enterprises in terms of skills and attitudes.

specific legislation. Ashoka and the Schwab Foundation's definitions of the social entrepreneur offer classic examples of this approach. According to this approach, the social entrepreneur is expected to create an initiative that drives positive societal change; hence, she/he is regarded as a 'change-maker' also in such cases where no business or income-generating activity is created.

The organisational definition of social enterprise elaborated by the Commission draws on some of the features that distinguish existing organisational types, i.e. traditional non-profits, traditional social economy organisations and mainstream enterprises. Such features include the explicit social aim that can be pursued by traditional non-profits and social economy organisations; the inclusive dimension notably characterising social economy organisations; and the entrepreneurial dimension, which typifies traditional enterprises. At the same time, by combining only selected features in an original manner (Table 3), this definition allows for a clear-cut distinction of social enterprises from mainstream enterprises, traditional non-profits and traditional social economy organisations⁽¹¹⁾.

Table 3. Traditional organisations versus social enterprises

Type of organisation	The entrepreneurial dimension	The social dimension	The inclusive dimension	Evolution towards a social enterprise model
Traditional non-profit organisations (e.g. voluntary organisations, charities, associations, foundations)	They normally run economic activities only marginally: they mainly perform advocacy or redistributive functions. They mostly rely on volunteers, and sometimes on paid staff. Non-profits used to rely mainly on grants and were not distinguished by an entrepreneurial dimension.	Non-profits providing general interest services to the community and serving disadvantaged groups pursue explicit social aims. Non-profits aiming mainly to promote the economic interests of their members do not fulfil this criterion.	The fulfilment of the inclusive dimension depends upon the type of legal form. While associations, voluntary organisations and charities have a democratic and often inclusive dimension, the governance of foundations is not democratic, but can ensure some degree of inclusion.	Provided that there is a shift towards an entrepreneurial stance, traditional non-profits are naturally structured so that they can evolve into social enterprises.

⁽¹¹⁾ Note that – depending on the conceptual approach adopted – some organisational types (namely associations) belong to both the non-profit sector (they comply with the non-distribution constraint) and the social economy (they are managed according to its principles, i.e. democratic management, autonomy, etc.).

Type of organisation	The entrepreneurial dimension	The social dimension	The inclusive dimension	Evolution towards a social enterprise model
Traditional social economy organisations (cooperatives, mutuals, associations)	Cooperatives and mutuals conduct economic activities. Associations traditionally display an entrepreneurial dimension only in a few countries.	While associations can pursue either mutual or general-interest aims, traditional cooperatives are conceived to promote the interest of their members (consumers, workers, farmers, savers). Therefore, only cooperatives which explicitly pursue social aims fulfil this criterion ⁽¹²⁾ .	Associations, cooperatives and mutuals are distinguished by an inclusive and democratic governance. However, they normally include one homogeneous type of members in their governing bodies (single-stakeholder).	Provided that the mutual orientation is overcome by opening the membership to a plurality of stakeholders, social economy organisations are conceived to evolve into social enterprises.
Mainstream enterprises	They regularly conduct economic activities.	They are not conceived to pursue explicit social aims: their ultimate goal is normally to distribute profits to the owners of the enterprise in proportion to their shareholding. However, mainstream enterprises can voluntarily decide to pursue also social and/or environmental aims (e.g., address the needs of recipients at the bottom of the wealth pyramid).	Mainstream enterprises are not distinguished by an inclusive dimension.	Mainstream enterprises are intrinsically not conceived to evolve into social enterprises. In order to qualify, they must prioritise the pursuit of social aims to the detriment of their shareholders' interests. This presupposes that enterprises incorporate the social dimension in their by-laws.

Drawing on the organisational definition of the Commission, social enterprises are present in all EU Member States, regardless of the type of welfare system and whether or not there is a well-developed non-profit sector, a cooperative tradition, or specific legislation. Depending on the national legal system and contextual characteristics, social enterprises cover a variety of legal and organisational forms⁽¹³⁾ in each country studied, perform in diverse fields of general interest and entertain diversified relations with public agencies.

⁽¹²⁾ This does not mean that traditional cooperatives do not have strong community roots. However, whereas early cooperative initiatives were strongly rooted in a 'collective awareness' that sought to improve the well-being of communities (Defourny and Nyssens, 2012), over the decades cooperatives have become extremely diversified, depending on their location and field of operation. In many countries where markets are more developed, cooperatives' social commitment has weakened and, in some cases, they have evolved into entrepreneurial forms that differ from investor-owned enterprises solely in terms of ownership rights, rather than by virtue of their social orientation.

⁽¹³⁾ Both new types of enterprises and existing organisations that have been refashioned by a new dynamic.

1.2. Social enterprise background

National reports confirm that the drivers that have been influencing the upsurge and consolidation of social enterprises over the past thirty years are of two kinds:

- bottom-up drivers, when social enterprises are rooted in local communities, and/or;
- top-down drivers, when social enterprises are boosted by public policies.

The diverse social enterprises that have emerged in Europe share a common dynamic, whereby groups of citizens assume responsibilities hitherto ignored or not adequately dealt with by the public bodies in charge. These include the direct production of goods and services of general interest to the community (the Commission, 2014; Galera and Salvatori, 2016). Since they contribute to addressing unmet needs through new organisational architectures, social enterprise initiatives ought to be regarded as an organisational innovation *per se*. The innovative feature of social enterprises is that citizens' mobilisation is structured in an entrepreneurial, organised and efficient manner. The institutionalisation of this bottom-up dynamic ensures the regular supply of general interest services or goods to local communities with a view to fulfilling unmet needs. While having a strong local dimension, the emergence of social enterprises has in turn contributed to modifying the welfare systems – sometimes profoundly – by extending the range of actors and redesigning the services supplied.

The social enterprise dynamic is present in all the Member States and has its roots in the tradition of associations, mutual aid societies (France, Belgium), non-profits/charities (Ireland, Slovakia), and cooperative and voluntary engagement (Poland and Italy) that preceded the creation of the contemporary state bodies. The traditions inspiring social enterprises have been revitalised by the social and cultural mass movements of the late 1960s, by the democratic revolutions that took place in Central and Eastern European countries after the collapse of communism and, more recently, by ecological challenges and the emergence of responsible consumption patterns. The global economic and financial crisis has moreover acted as a spur for emerging social enterprise initiatives (examples of recent dynamics are offered by the Italian and Spanish community cooperatives).

Most social enterprises are rooted in forms of collective awareness, such as the need to promote social justice, protect the environment, support the social and professional integration of disadvantaged individuals, fill gaps in general interest service delivery and sustain the development of marginalised and depressed localities (Borzaga and Defourny, 2001; Defourny and Nyssens 2013). In other instances, social enterprises are grounded in initiatives of social workers, who commit themselves to designing new service models and implementing innovative social inclusion strategies to overcome the inability of public welfare providers to address emerging needs arising in society. A still marginal but growing component of the social enterprise movement originates in initiatives with a philanthropic background. This component can be found in all countries studied and is sometimes boosted by the traditional business sector or by international donors' initiatives (Laville, 2015; Defourny and Nyssens, 2016). Examples are provided by the Yunus social business system, which approaches the world of social development by bridging the gap between social enterprises and philanthropic lenders and donors.

Social enterprises boosted by either the community or social workers are particularly widespread where there is a strong social economy and/or third sector tradition and civic engagement is notably high. Conversely, social enterprises driven by external inputs are common in new Member States, where these traditions are weaker and donors' programmes have played a key role in supporting social enterprise development (Borzaga et al., 2016; Lambru and Petrescu, 2016) ⁽¹⁴⁾.

⁽¹⁴⁾ While sustaining significantly new types of organisations, external funding programmes, including EU structural funds, have underestimated old organisations that were undergoing a transformation process such as, for instance, mutual benefit organisations and cooperatives for the disabled (Borzaga et al., 2008; Lambru and Petrescu, 2016).

Public funding schemes have also played an important role in furthering the upsurge and consolidation of social enterprises. New schemes have been designed to further efficiency and innovation in light of the proven inability of the public welfare supply to address complex and increasingly diversified needs arising in society. In some countries (such as the United Kingdom), social enterprises have been supported by public policies as a way to privatise welfare services. In other countries, which are characterised by a poor supply of welfare services, social enterprises have been financed by public policies to regularise the delivery of social services whose production had been initially experimental thanks to the self-organisation of groups of citizens⁽¹⁵⁾.

A crucial role in raising public awareness of these dynamics has been played by the EU since the 1990s, when the Commission first shed light on the contribution of civil society to welfare. By combining the demand for welfare services with the creation of new types of organisations, which approximated social enterprises, the Commission identified – in its 'Delors report'⁽¹⁶⁾ – the possibility of creating new employment opportunities. Over the years, the active role of the Commission has increased in importance, so that third sector organisations and social enterprises have become key beneficiaries of EU policy actions and funding schemes, notably EU structural funds. The 2011 SBI took a step further by presenting a specific action plan to promote the development of social enterprises and their eco-systems in Europe.

1.3. Social enterprise evolutionary patterns

National reports confirm that social enterprise evolutionary patterns, including their stage of maturity, depend upon the interplay between a number of factors.

Such factors include: 1) the capacity of economic and welfare systems to respond to new collective needs; 2) the mobilisation capacity of civil society; 3) the level of recognition of social enterprise; 4) social enterprise integration in the public welfare system; and 5) the presence or absence of contextual features that favour the development and replication of social enterprises. Such features include the stage reached in administrative and fiscal decentralisation; whether or not policies for the privatisation and outsourcing of social services have been adopted; an optimal use of European funds in support of sustainable social enterprise projects (Galera, 2014); and the development of private investment markets.

For the sake of clarity, these specific features are synthesised here into four main factors that have a role in explaining country variations:

- degree of 'coverage' of general interest services by the welfare system;
- degree of civic engagement;
- level of recognition and acceptance of social enterprise in the general public;
- public authorities' relations with private providers that have a strong social orientation.

1.3.1. Degree of coverage of general interest services by the welfare system

The degree of coverage of general interest services ensured by the welfare system is one of the main factors explaining the different development and expansion of social enterprise across countries, in particular for social enterprises that develop in traditional welfare domains.

Whereas in countries distinguished by extensive public and non-profit welfare structures, covering the majority of the needs of the population (e.g., Austria, Germany and the Nordic countries), social enterprises have emerged in niche areas, in countries

⁽¹⁵⁾ Similarly to the Mapping Study, the International Comparative Social Enterprise Model (ICSEM) Project identifies three main 'matrices' for social enterprise: the first matrix is the third sector/social economy, and it is grounded in the non-profit and cooperative tradition; the second one has its roots in the philanthropic behaviour of the traditional business sector; the third one is the state/public matrix (Defourny and Nyssens, 2016).

⁽¹⁶⁾ European Commission (1993).

characterised by severe gaps in general interest service delivery (e.g., Italy and Greece) social enterprises have mostly developed to cover unmet needs broadly.

Thus, what matters in explaining country variations is, among other factors, the ability of the welfare system to respond to new challenges and to meet a variety of needs arising in society. At the same time, the need to fill new gaps in personal and general interest service delivery, induced by demographic, social and economic transformations, growing environmental concerns and the economic crisis, explains the significant expansion of social enterprises in domains other than welfare that has occurred in several EU countries over the last decade.

1.3.2. Degree of civic engagement

As already highlighted, social enterprise emergence is also reinforced by the social and civic commitment of groups of citizens. This social commitment varies to a considerable extent across and within countries and is often connected to the existence of social movements promoting social justice and fighting against the marginalisation of fragile groups of people. Civic engagement makes human (volunteers) and financial (donations) resources, as well as entrepreneurial skills, available for community-based initiatives. Civic engagement also explains the ability of social enterprises to self-organise and set up networks for lobbying, coordination and replication purposes ⁽¹⁷⁾.

Very high degrees of citizen participation have in general contributed to the broad diffusion of new social enterprise initiatives. Conversely, social enterprises tend to be less developed – and voluntary engagement is less common – where solidarity relations build mainly on family networks and informal community reciprocity; examples hereof include some new Member States, where bonding rather than linking social capital tends to prevail and social enterprise initiatives are less widespread and sometimes isolated.

1.3.3. Level of recognition and acceptance of social enterprise in the general public

Recognition of social enterprise takes place through the political and/or legal acknowledgment of these new types of enterprises, on the one hand, and the self-recognition of the same organisations, which may or not conceive of themselves as social enterprises, on the other hand. The twofold (top-down and self-) recognition of social enterprise helps in particular to explain the move from what is perceived as a substantially 'niche phenomenon' towards the full acknowledgment of social enterprises as innovative providers of general interest services that can contribute to both transforming the welfare system and supporting a sustainable development paradigm (Johanisová and Frankova, 2013).

Experiences from a wide set of EU countries show that the recognition of social enterprises can involve the social enterprise as a distinct organisational form (as was, for example, the case in Italy) or that it can occur within a broader process, connected to the acknowledgement of a wider phenomenon such as the social economy, the social and solidarity economy or the third sector (as in France). In cases where social enterprises were considered as stand-alone institutions, the recognition took place in three main ways: through the transformation of existing legal forms (e.g., adjustment of the cooperative form so as to address explicit social aims); through the granting of an opportunity, for selected or all existing legal forms, to qualify as social enterprises; and through the recognition of new legal forms, designed for the management of specific types of social activities. National reports show that both the recognition of distinct organisational forms and of broader phenomena are connected to the need to legitimise new dynamics combining an economic and social dimension. Request for recognition has been advocated in some instances not only by the same grassroots organisations that had undergone a transformation, but also by larger cooperative groups, movements and

⁽¹⁷⁾ This aspect is analysed in Section 2.5.

second-level associations, which lobbied for the formal acknowledgement of a new type of enterprise⁽¹⁸⁾.

It is, however, important to note that when the social enterprise has been acknowledged through a broader process of recognition, its definition is often poorly employed and sometimes misunderstood, in a context characterised by a rather widespread use of alternative terms such as 'social economy', 'social and solidarity economy' or 'third sector', which partially overlap. The terms 'social economy' and 'social and solidarity economy' are widely used in Belgium, France, Poland, Portugal and Spain⁽¹⁹⁾. In these countries, the social economy explicitly or implicitly comprehends the social enterprise dynamic, along with other organisational types pursuing different aims (member or general interest aims) and running diverse activities (advocacy, distribution, provision of services), often in sectors characterised by a weaker commitment towards benefiting the entire community or fragile groups of people (e.g., agriculture, credit, etc.).

The degree of recognition of social enterprise also depends upon the domains where this new type of enterprise, when regulated and/or supported through targeted measures, is entitled to engage.

When social enterprise fields of engagement are regulated, three distinct sectoral trends can be identified:

- A first trend focuses on traditional welfare services, including activities addressed to socially disadvantaged groups. This situation was typically characteristic of social enterprises in Italy (e.g., social cooperatives) until a decade ago.
- A second trend implies the delivery of a large range of services of general interest. This trend is typical of countries where social enterprises have either had a wide focus from the outset (e.g., the United Kingdom, France, or Belgium) or have recently – over the last two decades – moved away from traditional welfare services towards new activities of community interest (e.g., social housing, production and consumption of renewable energy, and a range of environmental, cultural, and recreational services). This latter case characterises social enterprises in Ireland, Italy, Poland and Spain.
- A third dynamic implies the use of a sector-specific definition of social enterprise, limited to work integration. It is important to highlight that definitions conflating WISE with social enterprise substantially weaken the potentiality for social enterprise to be recognised and accepted by governments and society as a broad, diverse and vibrant movement with a much wider remit than just social inclusion. Examples of national legislatures that have introduced sector-specific definitions of social enterprises include Poland, Slovakia and Spain.

It is interesting to note also the resistance – if not opposition – shown by traditional welfare organisations: indeed, these organisations are in some cases reluctant to recognise social enterprise as an innovative dynamic and sometimes see them as competitors. In this respect, Austria and Germany represent typical examples of a predominant cultural tradition that is averse to recognising social enterprise as a widespread institutional dynamic (Lang and Anastasiadis, 2015).

This being said, although considerable differences are noticeable across countries, national reports confirm that, in most countries analysed, social enterprises have not been fully recognised. This incomplete acknowledgment is not only due to the poor recognition of social enterprise by public authorities (e.g., lack of a coherent legal and fiscal framework), but it must also be ascribed to the inability of the various forms of social enterprise (e.g., associations, cooperatives, legally recognised social enterprises) to speak with one voice or articulate their different voices.

⁽¹⁸⁾ Noteworthy is the collective reflection within the French SCOP movement that preceded the legal recognition of the SCIC cooperative form. See Confédération Générale des SCOP, *Présentation de la démarche collective d'innovation*, www.resoscope.org/scic and SCOP Entreprises, *Bulletin de liaison des acteurs du Réseau Scic*, Info Scic, n° 3.

⁽¹⁹⁾ Romania has recently approved legislation with respect to the social economy that was quite hotly debated because it was opposed by cooperatives, which do not self-recognise as part of the social economy.

1.3.4. Public institutions' relations with private providers that have a strong social orientation

Although the scope of activities is currently broadening, social enterprises have so far mainly engaged in the delivery of welfare services. As a result, a key factor explaining their diverse degree of development and size is the approach of public institutions in this regard, and particularly the way in which they have arranged the provision of public welfare services.

The organisation of welfare service delivery differs significantly across EU Member States. Country variations depend largely on whether public agencies support, tolerate, or disregard the role of private non-profit providers as suppliers of welfare services. It is important to note that the relationships between public institutions and social enterprises have been influenced by the transformations of the welfare states that have been in turn, to a considerable extent, driven by the need to increase efficiency in a changing context, characterised by an ageing society, persistent unemployment, austerity and social exclusion.

Belgium and France have traditionally acknowledged the role of associations as service providers. Conversely, in spite of the poor supply of welfare services by public bodies, in Ireland, Italy and Spain the non-profit sector has played only a marginal role, which was, until a few decades ago, mostly confined to influencing public policy and advocating for the rights of specific categories of people. On the contrary, in Nordic countries, until recently, the provision of welfare services has been mainly ensured by public agencies, leaving little space for private providers; a tendency towards privatisation has taken place during the past few decades, though.

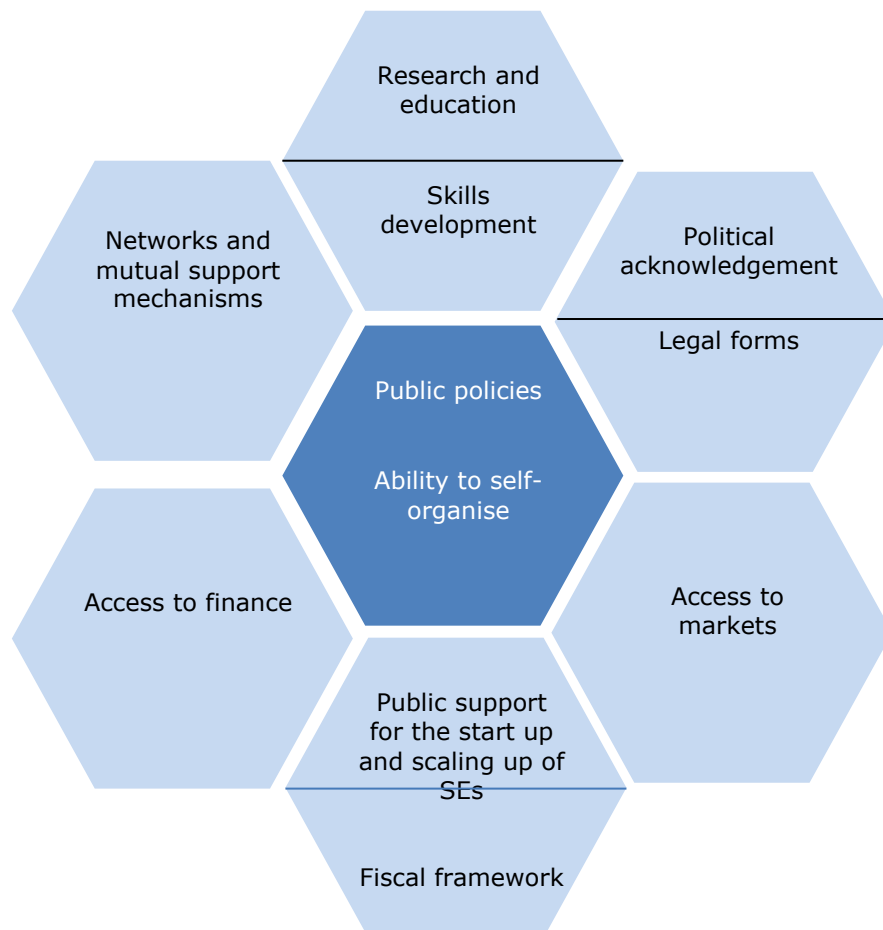
An additional key factor that paved the way for or hindered the emergence of social enterprises is the degree of administrative and fiscal decentralisation, which explains the greater or lesser autonomy of local entities in developing local social service delivery mechanisms. In many new Member States (e.g., Croatia, the Czech Republic and Slovakia), extensive administrative and fiscal centralisation has prevented local authorities from experimenting with local welfare policies in partnership with social enterprises. On the contrary, where administrative and fiscal competencies have been decentralised to local authorities, more fruitful relations with social enterprises have been established by local authorities.

2. SOCIAL ENTERPRISE ECO-SYSTEM

The social enterprise eco-system is quite complex. It builds on two main pillars: the public policies that recognise, regulate and support such organisations, with a view to enhancing their multiplication; and citizens' ability to self-organise, which drives the upsurge and development of social enterprises from the bottom up. These two underlying pillars shape and influence in turn a number of evolving factors that compose the social enterprise eco-system, as illustrated by Figure 1. These include 1) the political acknowledgement and legal forms that have been recognised at the national level; 2) access to market; 3) the public support (for start up and scaling up, as well as the fiscal framework); 4) access to finance; 5) networks and mutual support mechanisms; 6) research, education and skills development. National reports confirm that, rather than depending upon one factor alone, the eco-system is shaped by the interplay between all these factors. Although they are present in all countries studied, their relative importance varies significantly across countries.

The following sections describe each component of the eco-system with a view to assessing their relevance and key challenges in the seven countries studied.

Figure 1. Social enterprise eco-systems



2.1. Political acknowledgement and legal forms

2.1.1. Political acknowledgement

Depending on the country, the political recognition of social enterprise has taken place in different periods and through various tools:

- political recognition by means of legislation specifically designed for social enterprises (see next subsection 'Legal forms');
- creation of specific ministerial units, structures and departments in charge of promoting social enterprises (as in the United Kingdom) or a broader set of organisations, such as the social economy (as in France or Spain). Alternatively, delegation of issues related to social enterprise to existing central or regional ministries (Ministry of Family, Labour and Social Policy in Poland; Ministry of Labour and Social Policy in Italy; Ministry of Labour, Social Affairs and Family in Slovakia; different ministers in charge of designing regional support policies in Belgium);
- reforms of the key domains of intervention of social enterprises, which have led to a direct/indirect recognition of their role as provider of specific types of general interest services (e.g. reforms in the domains of welfare, employment, public procurement, etc.). This modality of recognition has sometimes preceded and in some other cases followed the legal acknowledgement of the new types of enterprises;
- adoption of specific national or regional/local policy strategies focused on the social economy or social enterprise. Examples are provided by Bulgaria (National Social Economy Concept, defined in 2011); the Republic of Croatia (National Strategy for the Creation of an Enabling Environment for Civil Society Development 2012–2016 and National Strategy for the Development of Social Entrepreneurship); and Poland (National Programme for Social Economy Development, adopted in 2014);
- explicit references to social enterprises made by official policy documents and operational programmes.

Table 4. Social enterprise recognition

Country	Type of recognition
Belgium	<ul style="list-style-type: none"> - <i>1996 Social Purpose Company Law</i> - Since 2008, the competence on the social economy has been regionalised through the appointment of different ministers in charge of designing regional support policies.
France	<ul style="list-style-type: none"> - <i>2001 Law on Collective Interest Company (Société d'Intérêt Collectif)</i> and <i>2014 Framework Law on the Social and Solidarity Economy</i> - A Minister of State for Commerce, Small-Scale Industry, Consumer Affairs and the Social and Solidarity Economy was created: it was attached to the Minister of the Economy, Industry and Digital Sector. - A Supreme Council of the Social and Solidarity Economy was set up.
Ireland	<ul style="list-style-type: none"> - There is no specific legal framework designed for social enterprises, but their creation is possible through a variety of legal forms. - A government sector review was carried out in 2013 (Forfas report). - There was a specific social enterprise ministerial post at the government level in the previous government, but this is no longer the case.
Italy	<ul style="list-style-type: none"> - <i>Law 381/1991 on Social Cooperatives; Law 155/2006 on Social Enterprise; Law 106/2016 on Reform of the Third Sector</i> - Law 142 and Law 241 of 1990 clarified the modalities whereby local administrations can manage the welfare services falling within their competence. - The Deputy Minister of Labour and Social Policy was appointed to deal with policy issues related to social enterprise.

Country	Type of recognition
Poland	<ul style="list-style-type: none"> - Social enterprise first recognised by the <i>2003 Act on Social Employment</i> - <i>2006 Act on Social Cooperatives</i> - The Department of Public Benefit was created within the Ministry of Family, Labour and Social Policy, and the State Committee for Social Economy Development (<i>Krajowy Komitet Rozwoju Ekonomii Społecznej</i> – KKRES) was set up as a subsidiary body of the Ministry of Labour and Social Policy. - The National Strategy for Social Economy Development was adopted in 2015.
Slovakia	<ul style="list-style-type: none"> - Social enterprise recognised by the <i>2008 Slovak Legal Act</i>, which amended <i>Act 5/2004 on Employment Services</i> - Under the recent operational programme of the EU 2014-20, the Ministry of Labour, Social Affairs and Family of the Slovak Republic launched a number of calls to support social enterprise development.
Spain	<ul style="list-style-type: none"> - <i>Law 44/2007 on Social Integration; Law 1/2013 on Special Employment Centres</i> - A specific Directorate General devoted to the social economy was created within the Ministry of Employment and Social Security. At the regional level, all Autonomous Communities have departments dealing with the social economy (Autonomous Communities have also exclusive competences in some crucial issues related to the social economy, and they have all introduced specific legislation).

It is important to note that the political recognition of social enterprises that has been achieved through the abovementioned strategies has been crucial for ensuring both private and public market access.

2.1.2. Legal forms

The development of social enterprise does not necessarily require the adoption of specific legal forms. These organisations have in many cases emerged using existing non-profit legal forms made available by the various legal systems.

In Belgium and France, the most widespread path to set up social enterprises remains the use of the legal form of association, because it permits a significant degree of freedom in the performance of entrepreneurial activities, in particular with respect to the sale of goods and services on the market. In Belgium, the *association sans but lucratif* (ASBL) is characterised by a very high degree of flexibility in terms of activities and income sources: commercial activities are allowed provided that they are subordinated to the organisation's social mission. Conversely, in countries where the economic activities of associations are limited, as is the case in Nordic countries such as Sweden, social enterprises are more frequently created under the legal form of traditional consumer or worker cooperatives.

In other countries where non-profit legal forms had traditionally been prevented from running commercial activities, legal changes have progressively permitted the management of these economic activities by such organisations.

Where social enterprises have been explicitly recognised, legal recognition has followed three main paths:

- adjustment of cooperative regulations/traditional cooperative form to allow for the pursuit of general interest aims (e.g., social cooperatives in Italy; SCICs in France; social cooperatives in Poland, Hungary and Croatia; social initiative cooperatives in Spain);
- introduction of a social enterprise legal status/qualification that can be adopted by a variety of legal entities, provided that they comply with given criteria, in addition to the fulfilment of the criteria already in force for the legal forms entitled to qualify (e.g., in Belgium, Italy, Slovakia and Spain);

- recognition of new legal forms specifically designed for managing particular types of activities with a social focus. In the early 1990s, specific non-profit legal forms have been introduced in the Czech Republic (public benefit company), Slovakia (non-profit organisation providing public services), Poland (public benefit organisation) and Slovenia (*zavod*). All these non-profit legal entities have been conceived to deliver a broad range of general interest services. However, although they show the typical characteristics of social enterprises, they are often not considered as such. Exceptions include the legal forms introduced specifically for WISEs (e.g. in Finland and Lithuania), which are widely regarded as social enterprises by both policy-makers and the public.

In some cases, legislators have followed different paths in different periods. The predominant trend has been to first adjust existing legislation, with a view to regulating particular legal types of social enterprises (e.g., social cooperatives in Italy, SCICs in France), subsequently providing for a broader acknowledgment. After regulating social cooperatives in 1991, the Italian law 155/2006 enlarged the typology of legal entities that can qualify as social enterprise. Following the introduction of the law on collective interest companies (*société coopératives d'intérêt collectif*, or SCIC) in 2001, France provided for a wide recognition of the social and solidarity economy in 2014. Furthermore, the 2014 law also introduced the opportunity for companies – independently from their legal form – to apply for the accreditation as a 'socially useful solidarity-based enterprise' (Article 11). Belgium was the first country to follow the reversed trend – first adopting a very general legislation on social enterprise, as a pioneering recognition.

The impact of social enterprise legislation has been controversial: while it strengthens the visibility of the legally recognised social enterprises, it can also overshadow all the types that do not enjoy formal recognition. In Italy and Poland, social cooperatives have registered a dramatic increase in number right after the introduction of specific legal acts. Conversely, cooperative adjustment was disappointing overall in France, except in the agricultural domain, where a significant number of collective interest cooperative societies have been established (Thomas, forthcoming).

The impact of legislation providing legal qualifications for social enterprises has been so far disappointing in almost all countries that have followed this path, except in the United Kingdom, where the number of community interest companies (CICs) has increased significantly. It is interesting to note, however, that the majority of *de facto* social enterprises (associations, foundations, cooperatives, *zavods*, etc.) operating in the countries concerned have preferred not to register as social enterprises.

Another interesting aspect is the low number of joint-stock/shareholder forms that have registered as social enterprises in countries where this form is allowed to qualify. One preliminary conclusion is that joint-stock/shareholder forms seem not to be structured to evolve towards a social enterprise model, given their weak ability to both involve relevant stakeholders and rely on participatory dynamics. Conversely, these forms are increasingly engaging in social entrepreneurship activities, which are fully in line with the profit rationale they embed. As illustrated in Table 5, all social enterprise legislation is consistent with the SBI definition of social enterprise. However, depending on the country, they tend to shed particular light on specific aspects rather than others (e.g., governance or compliance with a non-distribution constraint).

Table 5. Social enterprise regulations

Country	Legal acknowledgment	Main regulations	Impact of legislation (significant, moderate, fair) ⁽²⁰⁾
Italy	1. Via cooperative adaptation (Law 381/1991 on social cooperatives)	<ul style="list-style-type: none"> - Recognises cooperatives that provide welfare services and work integration. - The governance can be multi-stakeholder. - Partial non-distribution constraint; some distribution is allowed but assets must be locked. 	Significant Number: 11 264 (2011)
	2. Via social enterprise qualification (Law 155/2006 on social enterprise)	<ul style="list-style-type: none"> - Introduces a legal category of 'social enterprise' and broadens the sectors of activity (eligible organisations include cooperatives and traditional non-profit organisations, but also investor-owned organisations). - Stakeholder membership encouraged. - Total non-distribution constraint introduced. 	Fair Number: 535 (2013)
	3. Via third sector reform (Law 106/2016, Article 6 on social enterprise legislation)	According to the new law, social cooperatives and their consortia qualify by law as social enterprises. The law replaces the total non-distribution constraint introduced by Law 155/2006 for legally recognised social enterprises with the same partial non-profit distribution constraint allowed for social cooperatives, as an incentive to attract potential investors.	[Changes just introduced so no impact yet]
Poland	1. Via cooperative adaptation (2006 Act on social cooperatives)	Recognises social cooperatives that integrate disadvantaged people through work; the rather high threshold of disadvantaged workers initially introduced (80 %) has been replaced by a 50 % threshold.	Significant Number: 1 269 (2014)
	2. Via social enterprise qualification	Under discussion.	
Belgium	1. Via social enterprise qualification (1996 Law on the social purpose company)	<ul style="list-style-type: none"> - Acknowledges enterprises that explicitly pursue social goals. The enterprise must clearly describe the social goals pursued and the main goal cannot, in any event, be conferring indirect financial benefits to members. - Nobody can participate in the organisation's general assembly with more than one-tenth of the votes connected to the represented shares; employees are allowed to participate in the company's governance through the ownership of shares. - Partial non-distribution constraint and asset lock foreseen. 	Fair Number: 598 (2014)
	2. Via recognition of WISEs , Regional Decrees in the late 1990s	- Regional legislation supports the development of WISEs devoted to unskilled and long-term unemployed people (previously such support only existed for the work integration of disabled people through sheltered workshops).	Moderate [No separate data available allowing for the measurement of the impact of regional

⁽²⁰⁾ This classification is based on three categories: 1) 'significant' when the new legislation has resulted in a significant increase in number of registered/legally recognised organisations; 2) 'moderate' when the number of organisations exploiting the possibilities offered by the law is remarkable but could be higher; 3) 'fair' when most of the entitled organisations have decided not to qualify or not to choose the new legal framework.

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			policies]
France	1. Via cooperative adaptation (2001 Law on collective interest cooperative society)	<ul style="list-style-type: none"> - Recognises cooperatives that are set up to meet unsatisfied collective needs. - It prescribes a multi-stakeholder membership (at least three member categories, which must include workers and users). - Partial non-distribution constraint and asset lock foreseen. 	Fair Number: 536 (2016)
	2. Via social and solidarity economy legislation (2014 Law)	<ul style="list-style-type: none"> - Recognises the social and solidarity economy (which traditionally consists of co-ops, mutuals, foundations, associations and neighbourhood enterprises). - The law also recognises organisations operating under a commercial status (socially useful solidarity-based enterprises) but including in their operating rules several fundamental features, such as democratic governance, search for social utility, limited distribution of profit, asset lock, etc. 	[New law recently introduced so no impact yet]
Slovakia	1. Via WISE qualification (Act 5/2004 on employment services)	<ul style="list-style-type: none"> - Introduces a qualification as social enterprise that can be adopted by any legal form, provided that the organisation employs workers who are disadvantaged and reinvests 30 % of profits into the creation of new job positions or into improving working conditions. - Field: work integration. - Governance: participatory nature not required. 	Fair Number: 94 (2014)
Spain	1. Via cooperative adaptation (Law 27/1999 on social initiative cooperatives)	<ul style="list-style-type: none"> - Fields: economic activity intended to employ socially excluded people/social concerns not addressed by the market. - Governance: shareholders can be either workers or, in the case of 'integral cooperatives', different categories of stakeholders, including public entities and organisations. - Partial distribution of profit allowed. 	Fair Number: 566 (2009)
	2. Via WISE qualification (Law 44/2007 on social integration enterprise, cooperative or corporation)	<ul style="list-style-type: none"> - Fields: any economic activity intended to employ socially disabled people. - Governance: shareholders can be either workers or, in the case of 'integral cooperatives', different categories of stakeholders, including public entities and organisations. - Partial distribution of profit allowed; existence of an asset lock. 	Moderate Number: 206 (2015)
	3. Via WISE qualification (Special employment centres, Royal Legislative Decree 1/2013 on the rights of persons)	<ul style="list-style-type: none"> - Field: work integration of disabled people. - 80 % of the profits available for the year must be allocated to the improvement or expansion of productive structures and integration; existence of an asset lock. 	Moderate Number: 450 (2015)
	4. Via social economy legislation (Law 5/2011)	<ul style="list-style-type: none"> - Recognises the social economy, pursues mainly a symbolic and promotional scope. - This legislation presupposes that the entities composing the social economy are regulated by distinct regulations. 	[Not relevant due to its recognition aim]

Overall, as mentioned above, social enterprise laws have played a dual role, not lacking in ambiguity. On the one hand, they have contributed to capturing at least part of the phenomenon, they have given it visibility, and they have supported (or this was the intention, at least) its development by granting social enterprises formal recognition. The Community Interest Company Regulations introduced under company law in Great Britain in 2005 offer in this respect an interesting example of a well-functioning legislation designed for enterprises that want to use their profits and assets for the public good. By empowering the community in the management of services at the community level in areas such as childcare provision, social housing, community transport or leisure, this new legal form has had a positive impact also in relation to enhancing citizens' empowerment and trust in the context of privatisation of welfare services.

On the other hand, by legitimising only certain forms of social enterprise (i.e. work integration enterprises in many EU countries), legislative interventions have involuntarily contributed to overshadowing the numerous *de facto* social enterprises – that is, those that have not been formally recognised but produce important services of general interest.

2.2. Access to market

Social enterprises address both a private and a public demand for general interest services. Country analyses confirm that a growing private demand is generated, for instance, by the productive relations WISEs establish with mainstream enterprises and by the corporate welfare services mainstream enterprises deliver to their employees to support their professional and private lives.

However, given the nature of the services supplied, the public demand still prevails in all countries studied. Attention is therefore addressed to the types of relationships social enterprises establish with public welfare systems.

2.2.1. Types of relationships established by social enterprises with public welfare systems

Similarly to traditional non-profit organisations, a key component of the eco-system of social enterprises – and particularly of those delivering welfare services – is the type of relationships they establish with the public welfare system. The public welfare system is indeed the main funder on the demand side.

Public policies can play three distinctive roles *vis-à-vis* social enterprises: promotional, integrative or substitutive. While these three roles coexist in each country, what varies is their relative importance over time and across countries.

- The promotional role concerns public support measures, which are designed to support the development of social enterprises 'from the outside' without assigning them a precise role in the frame of social public policies. These measures mainly aim to exploit the contribution of social innovation or are designed to enhance social inclusion where the outcomes of policy initiatives are not predictable in advance. This kind of support often takes the form of public subsidies and it is typically employed by EU funding schemes, notably structural funds.
- The integrative role concerns public support policies that are expected to sustain the complementary supply of general interest services in domains where public provision is lacking. The degree of coverage and the types of services that social enterprises deliver strongly depend upon country specificities. In Nordic countries, which are characterised by extensive public welfare structures, typical fields of engagement have been so far niche areas such as childcare, work integration and elderly care. Conversely, in countries like Italy, where the welfare state has been notably marked by a poor delivery of welfare services, the domains of engagement of social enterprises have been much more diversified from the outset (social, educational and health services and work integration), with a tendency to enlarge in very diversified fields of general interest. In Ireland and Spain, social enterprises have emerged specifically to facilitate the work integration of disadvantaged people. However, they have recently expanded in

new fields of activity such as childcare, elderly care, healthcare, enterprise development, community services/development, social housing in Ireland and natural and cultural heritage management in Spain. Similarly, in Poland, besides work integration, which was the typical domain of engagement of the pioneering social enterprises, these organisations now also run educational, sport, tourism and recreational activities⁽²¹⁾.

- The substitutive role typically concerns welfare states that used to be distinguished by a large delivery of public services and have shifted towards privatisation by contracting out their provision to private providers, either by including or favouring social enterprises. Despite its longstanding cooperative and charity traditions, the United Kingdom offers a classic example of this type of dynamic. Social enterprises have indeed multiplied after the privatisation process initially started by the Thatcher and Major governments and then continued by the following ones. Through the 2008 Law on the System of Choice in the Public Sector, Sweden has recently chosen a similar strategy, which permits local authorities to opt for the so-called choice system in the context of health and social services. Under this law, families living in municipalities that use this system may choose between private or public types of intervention, thus opening up new markets for private producers of welfare services, including social enterprises (Gawell, 2015).

2.2.2. Public procurement

Most EU countries have progressively moved away from grants, evolving towards competitive public procurement over the last two decades. While stabilising the relationships of social enterprises with public agencies, the impact of public procurement has been controversial. When open to conventional enterprises and based exclusively on cost minimisation criteria, competitive tenders have discouraged innovation and have pushed social enterprises into adopting practices that typically characterise either public welfare providers or traditional mainstream enterprises. Most importantly, by inducing budget cuts, competitive tenders have weakened the ability of social enterprises to detect unmet needs, with detrimental effects for the most vulnerable beneficiaries.

Against this background, the EU public procurement rules (2014/24/EU) that came into force in 2014 are a significant step forward. Indeed, they offer new opportunities to social enterprises and encourage the evaluation of bids, in particular those concerning social and health services, on the basis of the best price/quality ratio. Furthermore, EU public procurement rules provide more opportunities for reserved contracts and the use of social clauses, whose adoption is however still decided at national level.

However, by May 2016, 21 Member States had failed to transpose this important EU regulation, and overall the practice of including social criteria in public contracts is not yet very extensive⁽²²⁾.

⁽²¹⁾ Subsidies are typically employed by promotional and integrative public policies. As fixed contributions that are not conceived to cover all costs, such subsidies are not sufficient by themselves to ensure the survival and growth of social enterprises.

⁽²²⁾ For more information see: http://europa.eu/rapid/press-release_MEMO-16-1823_en.htm. At the time of the publication of this study, Ireland and Poland had transposed the EU directives.

Table 6. Public procurement, social clauses and reserved contracts

Country	EU public procurement rules (2014/24/EU)	Social clauses	Reserved contracts
Belgium	No legislation adopted yet to transpose the EU directives. Flemish Action Plan towards more ethical public procurement was adopted in 2013.	Inclusion of social, environmental and ethical clauses in public procurement allowed (compliance can be required by local, regional and federal public authorities).	
France	EU directives transposed into French law in 2014 through Ordinance no. 2015-899 of 23 July 2015 on public contracts (implementing decrees have not been published yet). Local authorities and public institutions are required to develop and publish schemes to promote socially responsible public procurement.	Social clauses can be allowed for services delivered with sufficiently high level of positive social impact.	
Ireland	EU directives transposed into Irish law in May 2016. So far social enterprises are still placed at a disadvantage in comparison to commercial enterprises.	Not envisaged.	Not envisaged.
Italy	EU rules transposed into Italian law through the Legislative decree 50/2016. Procurement criteria are expected to improve in compliance with social and environmental principles.	Social clauses can be introduced for contracts above EU threshold.	Reserved contracts are allowed above EU threshold for WISEs employing at least 30 % of disadvantaged workers over the total workforce.
Poland	EU rules transposed into Polish law on 28 July 2016. The new law refers to social criteria in addition to criteria based on costs.	Social clauses can allow for the limitation of public procurements to legal entities that employ over 50 % of disabled or socially excluded people.	
Slovakia	EU rules transposed into the Slovakian law in November 2015 through Act No. 343/2015. Significant effort required in the field of education and awareness raising, given the still scarce knowledge of public procurement.	Inclusion of social, environmental and ethical clauses in public procurement allowed and strengthened.	Reserved contracts are allowed for sheltered workshops and so called 'entities of social economy' (in fact, WISEs) employing at least 30 % of disadvantaged workers over the total workforce.
Spain	No legislation adopted yet to transpose the EU directives.		Integration enterprises and social initiative cooperatives can have access to reserved contracts.

As for the countries studied, as at September 2016, Belgium and Spain had not yet transposed the EU Public Procurement Rules (2014/24/EU) into national legislation.

It is, however, important to note that based on an internal document dated 2014, the Belgian legislation allows for the inclusion of social, environmental and ethical clauses in public procurement. Accordingly, local, regional and federal public authorities can require compliance with a number of social and environmental criteria. At the regional level, in Flanders, there is a Flemish Action Plan towards more ethical public procurement, and in Wallonia, a decree dated 2013 encourages local authorities to orient public procurement in a more sustainable way.

As for the remaining five countries, the new legislation has introduced smarter rules for public procurement that take also social, ethical or environmental criteria into account.

The EU directives were transposed into Polish law on 28 July 2016. They introduced four major rating criteria for public procurement; in addition to criteria based on costs, the new law also refers to social criteria, namely accessibility for all users and social and vocational integration.

In Italy, Legislative decree 163/2006 'Code of public contracts relating to works, services and supplies, Directives 2004/17/EC and 2004/18/EC' and the Decree of the President of the Italian Republic 207/2010 provided for the opportunity to subordinate the economic requirements of the procurement procedures to social or environmental sustainable aims, but the criterion of awarding the lowest price rather than the most economically advantageous bid has generally prevailed. However, the EU rules for public procurement (Directive 23, 24, 25/2014), recently transposed through the Legislative decree 50/2016, are expected to improve the procurement criteria in compliance with social and environmental principles.

In the United Kingdom, the 2012 Public Services Act provides that, when outsourcing, government agencies should take account of the contribution made by outsourced services to improvements in economic, social, and environmental well-being in the territory in which they operate. The underlying logic here is to ensure that the public sector's purchasing capacity is directed towards generating social and environmental benefits, as well as guaranteeing greater levels of efficiency.

EU directives have just been transposed by Ireland in May 2016. Nevertheless, anecdotal evidence suggests that social enterprises do not compete on a level playing field in terms of access to public procurement markets; indeed, they are put at a disadvantage in comparison to commercial enterprises (Clarke and Eustace, 2009). One of the key problems – not specific to social enterprises, but for all SMEs – is the size of public contracts, which tend to be very large in value. Social enterprises in Ireland are typically small, with very few full-time staff and limited capacity to respond to tenders. It was suggested that they are often simply unable to meet tendering requirements, for instance insurance thresholds. Advocacy from within the sector has called for the introduction of community benefit or social clauses within public services commissioning, in order to build in recognition of the wider societal benefits to contracting with social enterprises. It has also been suggested that public contracts could be broken up into smaller units, thus enabling social enterprises to bid.

Regarding competition law *vis-à-vis* social enterprises, in most countries studied contracts can be reserved specifically for WISEs, and/or social clauses benefiting social enterprises can be used when procuring services. Social clauses are not envisaged in Ireland.

In Italy, Law 381/1991 has laid the foundations for preferential purchasing. Following a challenge by the European Union, legislation introduced in 1996 provides that municipalities can only give direct contracts to work integration social cooperatives below the EU threshold (EUR 200 000) and that social clauses can be introduced for larger contracts. It is interesting to note that contracts can now be reserved even above the EU threshold to WISEs employing at least 30 % of disadvantaged workers over the total workforce (article 112 of Legislative decree 50/2016).

According to the Polish Law on Public Procurement, social clauses allow for the limitation of public procurements to legal entities that employ over 50 % of disabled or socially excluded people. Calls for tenders could include requirements concerning the employment of unemployed or young people, people with disabilities and other categories of disadvantaged people mentioned by the law on social employment.

In Spain, all integration companies and cooperatives of social initiative can have access to reserved contracts in the procurement of goods and services with the public administration (Fajardo, 2013). Similarly, in Slovakia reserved contracts are allowed for sheltered workshops and WISEs employing at least 30 % of disadvantaged workers over the total workforce.

As for France, although social clauses have been available for more than ten years, the proportion of public calls for tenders with social clauses is still small. This notwithstanding, this proportion is growing: in 2010, 2.5 % of public contracts amounting to EUR 90 000 or above included social clauses; in 2011, this amount reached 4.1 %. 'Social clauses' are not expected to favour social enterprises specifically: they may also favour conventional enterprises if these offer goods or services with a sufficiently high level of positive social impacts. In general, it is believed that more extensive use of 'social clauses' will only be possible if it is preceded by a more positive response from public authorities (e.g., mayors of cities, relevant decision-makers in central governments and state agencies responsible for public procurement), as adequate instruments and procedures allowing for a wider usage of 'social clauses' are already in place.

To conclude, while good use of social clauses might provide for a more level playing field, it will not automatically create positive discrimination in favour of social enterprises. Against the background of supporting social enterprises, the main challenge is therefore to advance certain social impact outcomes.

2.3. Fiscal framework and support to start up and scaling up of social enterprises

2.3.1. Fiscal framework

In all countries analysed, the fiscal framework within which social enterprises operate is rather complex, often incoherent and fragmented, and an overall and clear policy providing for specific fiscal incentives for social enterprises is missing. Two different situations tend to take place. In some cases, social enterprises benefit from incentives designed for the legal frameworks they use. This is, for example, the case in Italy and in Ireland, where cooperatives (in Italy) and organisations with charitable status (in Ireland) are exempt from tax on non-distributed profits. In other cases, social enterprises enjoy the same fiscal benefits as any type of enterprise (e.g., in Slovakia). This treatment fails to recognise the contribution of social enterprises to welfare, especially to the reduction in public interventions and expenses⁽²³⁾.

Furthermore, instead of being tailored to social enterprises, benefits are normally granted 1) on the basis of the activities run or 2) to specific types of organisations. Reduced social security contributions are granted to enterprises employing disadvantaged people in Belgium, Italy, Poland and Spain. Similarly, new type of cooperatives, such as social cooperatives in Italy, Spain and Poland, are subject to lower tax rates, both with respect to corporate tax (as with other non-profit organisations) and sometimes VAT.

In Belgium, WISEs' profits put into an asset lock scheme are subject to tax reductions and, under certain conditions, WISEs benefit from a reduced VAT rate.

By contrast, social enterprise legislations defining new legal status/qualifications have failed to introduce an advantageous fiscal treatment for all the entitled entities, and this

⁽²³⁾ Research conducted on social cooperatives in Italy demonstrates that, besides increasing production and the tax base, the employment of vulnerable persons also allows for a significant reduction in social costs (over EUR 5 000 per person; see Borzaga and Depedri, 2015).

circumstance contributes to explaining the scarce number of organisations that have chosen to register as social enterprises in both Belgium and Italy.

The fiscal framework of associations and foundations is still not fully consistent with the running of economic activities. Similarly, limited liability companies that perform social enterprise activities do not always benefit from the fiscal advantages that are awarded to non-profit organisations.

By focusing specifically on the seven countries studied, Table 7 provides a tentative and preliminary (albeit incomplete) overview of the fiscal framework for social enterprises.

Fiscal treatments are classified in three main types: reduced social security contributions awarded to social enterprises when they perform in given fields; tax exemptions and lower rates envisaged for social enterprises under specific conditions; and tax reductions granted to private and/or institutional donors of social enterprises.

Table 7. Fiscal framework

Countries	Reduced social security contributions/costs	Tax exemptions and lower rates	Tax reductions for private and/or institutional donors
Belgium	Social security tax breaks are provided in the health care and social service sector. At the regional level, deductions in social security contributions are envisaged for the employment of particular workers.	Under certain conditions, WISEs benefit from a reduced VAT rate. WISEs' profits put into an asset lock scheme are subject to tax reductions.	Can be provided under a certain number of conditions.
France	Associations and WISEs can benefit from reduced social security taxes for the employment of particular workers under certain conditions.	Sport and cultural associations can be exempt from corporation tax and VAT on services provided to their members. Foundations are not subject to VAT nor to corporation tax for activities directly related to their purpose. SCICs' revenue that is allocated to the asset lock is tax exempt. VAT rate depends upon the activity run.	Donations from individuals to associations of public interest, foundations and endowment funds are tax deductible to a limit of 60 % of the taxable income. The rate rises if the donation is allocated to provide free care, meals or housing for people in difficulty.
Ireland	The Wage Subsidy Scheme provides financial incentives to WISEs to employ disabled people who work more than 20 hours per week.	Section 848A of the Taxes Consolidation Act 1997 (TCA 1997) provides for a scheme of tax relief for certain eligible charities and other approved bodies which can include social enterprises.	Section 847A of the Tax Consolidation Act 1997 provides for a scheme of tax relief for relevant donations to an approved sports body including social enterprises.
Italy	WISEs are exempt from the payment of social insurance contributions for the disadvantaged workers integrated.	Social coops are exempted from payment of corporate tax (IRES) and benefit from a favourable VAT rate. Given activities run by associations and foundations that qualify fiscally as ONLUS (non-lucrative association of social utility) are not taxable because they are classified by definition as non-	Donations to social cooperatives and other social enterprises that qualify as ONLUS are tax-deductible.

Countries	Reduced social security contributions/costs	Tax exemptions and lower rates	Tax reductions for private and/or institutional donors
		commercial. Innovative social start-ups are entitled to specific fiscal advantages ⁽²⁴⁾ .	
Poland	The local government may cover specific costs related to retirement, health and disability pension insurances for the disadvantaged people integrated, as well as costs related to retirement, disability pension and accident insurances for the first 25 months of work. During the following 12 months, the local government covers only half of these costs. Disabled employees are exempt from paying insurance to the Labour Fund.	Social coops are entitled to certain breaks in corporate income tax.	
Slovakia	Like all other enterprises, social enterprises may apply for a reduced payment of social insurance contributions for the disadvantaged workers integrated.	Tax treatment of social enterprises is not significantly different from that of other enterprises. In the past, non-profits had some tax benefits, but these were abolished in 2006.	Donors have no tax relief nor any other type of benefits, but changes are expected in this regard.
Spain	Reduced social security contributions available to all enterprises for employing young workers up to 30 years old and senior workers of over 45 years. They range from EUR 500 to EUR 5 300 and may reach 100 % of the contributions in the case of CEE and EI.	Social initiative coops benefit from lower tax rates (corporate tax amounts to 20 % instead of 30 % and they benefit from a 95 % reduction in economic activity tax). Cooperatives and worker-owned enterprises are exempt from certain taxes.	Social initiative coops are comparable to associations and foundations and therefore would be eligible for donors to make tax-deductible donations. However, the law on donations in Spain has been under discussion for several years now but it has not been approved yet.

⁽²⁴⁾ See Section 4.2.3 for a detailed description of innovative social startups (SIAVS).

2.3.2. Support to start up and scaling up of social enterprises

Public support measures for the start up and scaling up of social enterprises differ in terms of 1) the different public authorities entitled to implement the support programmes (central *versus* regional governments); 2) the array of support provided; and 3) the types of beneficiary organisations targeted.

Most stakeholders interviewed consider that close cooperation with local public authorities is extremely relevant for the development and implementation of support initiatives for social enterprises. This is notably the case in Belgium, France, Italy, Poland and Spain, which are very much decentralised. It should, however, be noted that strong cooperation with local authorities may also result in severe regional differences. In France, there are quite significant regional disparities relating to access to public support schemes at the local level and to the development and scope of the government's supported initiatives. Against this background, the Rhône Alpes Region is an evident example of a leading region as regards the development of the social and solidarity economy, with an abundance of initiatives backed by regional authorities. Similarly, in Belgium, public bodies of the various regions define and support social enterprises in different ways (e.g., in the Flanders region, only WISEs are recognised and supported, while in Wallonia, social enterprises engaged in other domains are also supported through different measures).

Situations range from the availability of a large variety of policy measures (lacking, however, an overall coordination) in France to very scarce public support schemes for social enterprises altogether in Slovakia. The stakeholders interviewed judge both these extreme situations unable to adequately boost the development of social enterprises.

Support measures can target all enterprises, including also social enterprises; they can be designed for the social economy/non-profits more broadly; or they can be tailored for social enterprises specifically. Alternatively, public support can target the activities run. It is interesting to note that in some countries or regions, social enterprises are almost fully included in the social economy. This is the case in Wallonia in Belgium. In Wallonia, provided that they do not have the legal form of association, social enterprises generally have access to traditional supporting measures available to all types of enterprises, such as the provision of equity capital and credit for investment at a reduced rate by local or regional public financing bodies. Furthermore, numerous regional programmes funded by the European Social Fund specifically target social economy organisations; social enterprises can benefit from these programmes when they use the legal forms that typically characterise the social economy.

Similarly, the origins of public support to social enterprise in Ireland can be found in two schemes targeting the social economy more broadly: the Social Economy Programme (SEP) and the Community Services Programme (CSP). Launched in 2000, the SEP aimed to tackle disadvantage and support community regeneration, notably 'community businesses', 'deficient demand social economy enterprises' and 'enterprises based on public sector contracts'. In 2008 the SEP was replaced by the CSP, which was launched to help community businesses deliver local community services and to create employment opportunities for people from disadvantaged groups.

Finally, in several countries, including France, Poland and Italy, the public support system, rather than targeting specific groups of organisations defined as social enterprises *per se*, is geared toward specific types of entities (e.g. associations, SCICs) or specific types of activities (e.g. work integration, care services).

In Poland, there are diverse targeted support measures specifically tailored for social cooperatives, while other social enterprise types, namely associations and foundations, have much more difficulty in accessing public support. In Belgium, most public policies target specific sectors of activity (e.g. recycling, health, etc.) or social missions (e.g. work integration, 'proximity services', etc.) that are often localised. In Spain, whereas several policy measures provided by both the central government and autonomous communities target mainly the social economy, specific measures have been designed to support labour integration enterprises and special employment centres of social initiative.

This is especially the case in the Autonomous Communities of Valencia, Aragón, Andalusia, the Basque Country and Catalonia.

It is interesting to note also an additional innovative mechanism of public support addressed to non-profit organisations: the 'tax assignment system', which exists in both Poland and Slovakia. It enables taxpayers to allocate a percentage of their taxes to a non-profit organisation of their choice.

The following table classifies the support measures provided to social enterprises according to whether they target all types of enterprises (including mainstream ones) that meet specific criteria (e.g. SMEs, start-ups, enterprises employing disabled people, enterprises delivering social services), the social economy or the non-profit sector, or specific types/all organisations that can be qualified as social enterprises.

Table 8. Typology of public support measures

Countries	Measures targeting all enterprises that meet specific criteria	Measures targeting the social economy/non-profits	Measures targeting social enterprises
Belgium	In Wallonia, social enterprises have access to support measures available to all types of companies, provided they do not have the legal form of association. Local or regional public financing bodies provide equity capital and credit for investment at reduced rate.	EU funds (e.g. ESF; FEDER; INTERREG) target the social economy.	Various accreditation schemes coexist in the Belgian work integration landscape.
France	Social enterprises have access to regional support schemes dedicated to innovation.	The ESF and the ERDF target the social and solidarity economy. There are numerous and diversified support initiatives at the regional level.	
Ireland		Two main programmes target the social economy: the National Social Economy Programme, which aims to support community regeneration, and the Community Services Programme, which aims to help community businesses deliver local community services and create employment opportunities for people from disadvantaged groups.	
Italy	Social enterprises can be supported through the 'Guarantee Fund' targeting SMEs.	The Marcora Law (49/1985) provides for a self-financing mechanism specifically for cooperatives. Connected to the Guarantee Fund, a dedicated support scheme was established in 2015.	The initiative 'Start-up for social enterprises' was launched in 2013 by the National Union of the Italian Chambers of Commerce and Universitas Mercatorum. Various regional initiatives tailored for social enterprises or WISEs have been launched at the regional level.

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Countries	Measures targeting all enterprises that meet specific criteria	Measures targeting the social economy/non-profits	Measures targeting social enterprises
Poland	Start-up grants are provided for all types of enterprises which meet particular criteria (e.g. they employ disabled people) by the Polish Labour Fund and the special fund for the disabled.	The National Programme for Social Economy Development (KPRES) sets the directions and instruments for a policy scheme for social enterprises at the national level and identifies the specific tasks that the provinces are expected to realise ⁽²⁵⁾ . Tax assignation system.	Start-up grants are provided by the Polish Labour Fund and the special fund for the disabled.
Slovakia	All enterprises that create job positions for disadvantaged jobseekers ⁽²⁶⁾ can receive a public contribution ⁽²⁷⁾ .	Tax assignation system.	Public financing covers a certain proportion of the salaries of personnel hired under reintegration contract in the <i>ex lege</i> social enterprises.
Spain	All enterprises delivering social services can receive grants and subsidies.	Workers can capitalise unemployment benefits when starting up a cooperative. Grants and subsidies are provided for the incorporation of certain types of workers ⁽²⁸⁾ , direct investment contributing to the competitiveness of companies, subsidised technical support and training. Grants supporting internationalisation or innovation are channelled through organisations working at the regional level.	<i>Ad hoc</i> measures address labour integration enterprises with the aim of hiring workers; making investments; training workers and setting up professional networks. <i>Ad hoc</i> measures address the special employment centres of social initiative in order to generate employment projects and safeguard jobs.

⁽²⁵⁾ Namely: to implement regional programmes and manage public policies for the social economy in every province (*voivodship*); to establish a network of social economy support centres; and to promote cooperation with local authorities.

⁽²⁶⁾ The eligible groups of disadvantaged jobseekers are defined in the Act 5/2004.

⁽²⁷⁾ Provided for one/two years and amounting from 25 up to 40 % of the average Slovak wage.

⁽²⁸⁾ Unemployed people under 25 years old who have not previously had a first steady job; unemployed people over 45; long-term unemployed who have been registered at the employment office for at least 12 of the previous 16 months, or for at least six months of the previous eight months if they are under 25 years old; unemployed people who have received unemployment benefits as a *una tantum* subsidy for joining a cooperative or labour company as member; unemployed women who join the company in the 24 months after giving birth, adopting or fostering a child; unemployed disabled people with a degree of disability of 33 % or higher; unemployed socially excluded people who belong to any of the collectives referred to in the Programme for the Promotion of Employment force; workers who have held a temporary employment contract for less than 24 months, with a minimum validity of six months from the date of the grant application.

2.4. Access to finance

The debate on how to support social enterprise growth which followed the SBI considered social finance as a strategic issue. Impact investment has been assigned considerable relevance also by the G7 Taskforce on Social Impact Investment.

The main conclusion drawn from the empirical literature and national reports is that the demand for repayable finance – i.e. investment – is growing, but it is still not very high.

The limited demand for repayable finance is confirmed by the scarce use of dedicated funds, such as the Big Society Capital in the United Kingdom, where the size of the social enterprise sector is much larger, and the national government has notably used finance as a mechanism whereby to support social enterprises. According to a survey focused on a sample of British social enterprises, only 15 % of them declared to have sought external financial resources over the three years that preceded the research (Lyons and Baldock, 2014).

The issue of accessing finance, however, concerns those social enterprises that increasingly decide to invest in risky activities. These might include typical fields of recent expansion of social enterprises, like waste management, management of facilities for cultural activities, cultural heritage management, social housing, etc.

For an accurate assessment of social enterprises' ability to access finance, the following issues – deduced from the analysis of the national reports – need to be taken into account:

- Social enterprises have some self-financing abilities, which draw on the significant contribution of volunteers. They tend to need external financial resources when they scale up and/or invest in non-labour intensive activities. In this respect, the non-distribution constraint is a mechanism conceived to support self-financing.
- In some countries, financial intermediaries already address the credit needs of social enterprises. Existing intermediaries include traditional banks, socially-oriented banks, and dedicated financial institutions.
 - Where the social enterprise sector is well developed, traditional financial intermediaries are in principle able to respond to the credit needs of social enterprises. In France, Italy and Ireland, retail banks are generally willing to provide loans to social enterprises, which appear to be less affected by the economic situation than enterprises operating in private markets, and generally show a low level of risk, given their small size.
 - Socially-oriented banks, like cooperative banks (which can be found for example in Belgium, France, Italy and Spain) and ethical banks (e.g. Banca Etica in Italy and Triodos Bank in Belgium and Spain), are in principle particularly willing to fund locally-based initiatives, such as the ones promoted by social enterprises.
 - Grant-making foundations are increasingly interested in supporting social enterprises' investments rather than management costs.
 - Various traditional banks have created specialised institutions or particular sections (e.g. Unicredit and UBI in Italy; BNP Paribas in France; BGK in Poland, which provides financial support within the framework of EU funds) that are conceived to address specifically the financial needs of non-profit organisations.
- Innovative social finance instruments are increasingly at the disposal of social enterprises in most countries studied. These include impact investing, social impact bonds, social venture capital and participative or alternative finance outside the traditional financial system, like crowdfunding. In new member countries, like Poland, the development of financing schemes tailored for social enterprises is significantly supported by European funds.

- In all countries studied, equity investments are at a nascent stage. This is partially due to the micro dimension of many social enterprises that makes them barely attractive to venture capital and to the reluctance of some social enterprise typologies towards equity capital.
- Difficulties in accessing finance mainly result from an insufficient knowledge of the existing supply of finance, the lack of investment skills and the poor ability to develop adequate project proposals. However, the difficulties highlighted by social enterprises do not apparently differ from those usually faced by SMEs.

To conclude, for social enterprises to be supported, there is a need for adequate policies that are able to incentivise social enterprise capitalisation by means of innovative financing tools. To this end, especially noteworthy are those specific programmes that favour capitalisation, like small subsidies, matching funds, and guarantee funds, which are meant to safeguard the lender in the case of social enterprise default.

2.5. Networks and mutual support mechanisms

Where they exist, social enterprise movements and second/third-level organisations have played a key role in supporting the growth of social enterprises. In the countries concerned, cooperative movements – and sometimes the representatives of associations – have played an important role in legitimising the emergence of a new type of cooperative, with a declared social aim, and they have successfully lobbied for the introduction of enabling policies by participating in the drafting of new legislation and policies (e.g. in France, Italy and Spain). Networks have also been important as a strategy whereby social enterprises have succeeded in both rendering their innovative models easily replicable and matching the growing demand for services. At the same time, the emergence of social enterprises where networks are weak or almost non-existent has been much slower and more complex than in countries distinguished by strong networks.

In terms of self-organisation in networks, significant differences are noticeable across countries: while in Italy, Belgium and France, a plurality of networks with representation, lobbying and coordination purposes exist, in Poland intermediary structures and networks representing or gathering social enterprises are poor. In Slovakia, there are no dedicated networks at all, whereas Ireland and Spain are situated placed in between, with a few networks playing mainly a representation and support role.

Particularly noteworthy are those second-level organisations, consortia and umbrella organisations which increasingly provide business support services specifically to social enterprises. These include networks supporting the activities of social enterprises and their launch, growth and replication on a wider scale in Belgium, France, Ireland, Italy and Spain.

Table 9. Social enterprise networks

	Types of existing networks	Examples	Role
Belgium	- Networks focused on a specific organisational form (spanning across several fields of activity)	Febecoop and Coopkracht (cooperatives).	They are involved in many aspects related to social economy/social enterprise.
	- Networks focused on a specific field of activity (including several organisational forms)	Réseau Financement Alternatif and Hefboom (ethical and social finance).	
	- Networks focused on field and form combination	Atout EI and Vlaamsinvoegplatform (work integration enterprises in Wallonia and Flanders).	
	- Networks spanning across fields and including several forms	ConcertES (transversal platform of social economy networks officially recognized as the main representative of the sector in Wallonia and Brussels).	
France	- Associations supporting particular segments of social economy	Les Scop, network of SCOPs (cooperative and participative societies). Federation of work integration enterprises (FEI).	They promote initiatives aiming to increase the cooperation between social enterprises and traditional profit-driven companies. They aim to simplify access to information about the social and solidarity economy.
	- Financial networks	Groupe associatif France Active.	
			These networks support the activity of social enterprises

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	Types of existing networks	Examples	Role
			and the creation of projects.
	- Union of associations for social services		
	- Professional networks	Centre des Jeunes, Dirigeants et Acteurs de l'Economie Sociale (network gathering social enterprises' managers).	These networks provide advice and support to social entrepreneurs and social managers.
Ireland	- Representative bodies	Irish Social Enterprise (network for social enterprises, social entrepreneurs and social innovators).	These bodies promote social enterprise and social entrepreneurship.
	- Support networks	Social Enterprise Task Force (network of key stakeholders).	These networks contribute to the development of appropriate national supportive policies for the development of the sector.
Italy	- Representative bodies	Confcooperative-Federsolidarietà and Legacoopsociali (representative bodies for social cooperatives).	These bodies provide political representation, advocacy and trade union support.
	- National, regional and local consortia	Consorzio Gino Mattarelli (CGM) and Idee inRete (at the national level).	These consortia support social enterprise replication and growth.
	- Support networks	Over 300 local consortia. Forum del Terzo Settore (advocacy group for the third sector).	These networks provide social and political representation and also perform a coordination role
	- Networks running entrepreneurial activities	A few newly established <i>ex lege</i> social enterprises that have developed as a network gathering different actors.	These networks are involved in the direct production and/or management of trading activities.
Poland	- Representative bodies	Union of ZAZ ⁽²⁹⁾ employers and other social enterprises.	These organisations aim at representing their members and broader groups of social enterprises; they promote social enterprise in its various forms and provide support for member organisations.
	- Support networks	National Audit Association of Social Co-ops.	
Slovakia	- There are no specific networks dedicated to social enterprises	The creation of a national umbrella organisation for social enterprises, in collaboration with the Ministry of Labour, Social Affairs and Family, is being planned for 2017.	Some non-institutionalised forms of self-help between groups of social enterprises exist.
Spain	- Representative bodies	Spanish Confederation of Entities of the Social Economy (CEPES).	These bodies support the creation and consolidation of such enterprises.
		National Federation of Labour Integration Enterprises (FAEDEI).	They ensure coordination with other networks related to social enterprises.
			They promote collective

⁽²⁹⁾ Social enterprises employing people with disabilities.

	Types of existing networks	Examples	Role
		Spanish National Federation of Special Employment Centres of Social Initiative (FEACEM).	negotiation with the government. They push for disclosure and social recognition of social enterprises.
	- Support networks	Socialemprende (Spanish Association of Social Entrepreneurs).	These networks promote and support all the initiatives related to social enterprises. They promote and support the creation of associations of social enterprises.

2.6. Research, education and skills development

2.6.1. Research and education

Although limited, research on social enterprise has played a key role in both promoting and increasing the visibility of this phenomenon at European level. This being said, social enterprise is a relatively new field of scientific enquiry. Although it is attracting the interest of a growing number of researchers, research in this area is still fragmented, often mono-method and mainly descriptive and classificatory. In addition, official statistics are mostly limited to specific legal forms (for instance, the Spanish National Statistical Institute [INE] only considers cooperatives). Consequently, social enterprises have been studied in depth in only a few countries.

Research efforts have so far been unable to quantify the different legal forms that compose the social enterprise universe. This is particularly true in contexts where social enterprises are not regulated by specific legislation (e.g. in Ireland), as well as where specific legislation acknowledges only specific forms of social enterprise (e.g. in France, Belgium, Slovakia, and Spain). Positive exceptions are Poland and Italy. In Poland, entrepreneurial non-profit organisations are measured by the Central Statistical Office, while social cooperatives are investigated every two years by the Ministry of Family, Labour and Social Policy. Further improvement in this regard is moreover to be expected: the Central Statistical Office, in collaboration with the Department of Public Benefit and the Ministry of Family, Labour and Social Policy, will measure the potential of social enterprises within the framework of the 'Integrated System of the Monitoring of the Social Economy Project'. In Italy, particularly noteworthy are the 2001 and 2011 official ISTAT censuses, specifically focused on non-profit institutions, which have allowed for the measurement of the quantitative importance of both social cooperatives and traditional non-profit organisations that run market activities.

From a comparative research perspective, significant steps forward in the collection of systematic data on social enterprises have been made in the framework of the EU-funded project Third Sector Impact (TSI)⁽³⁰⁾. Over the past decades, new research centres have been created in several EU countries, and networks gathering research centres and individual researchers have been established in a few countries (e.g. the Iris Network in Italy). As a result, numerous conferences have been organised, which helped to improve the understanding of the social enterprise phenomenon.

⁽³⁰⁾ TSI researchers, with the support of many national statistical offices' representatives, propose a conceptualisation of the third sector that includes the social economy and social enterprises. This conceptualisation has been incorporated into the 'UN Handbook on Nonprofit Institutions' in the System of National Accounts. By recognising that the social economy and social enterprises deserve attention in national statistics, this Handbook offers great potential for supporting the collection of systematic data on social enterprises via its progressive building into national statistical systems. For more information, see www.thirdsectorimpact.eu.

The number of educational and training programmes tailored for social enterprises is also growing significantly. In France, for example, social and solidarity economy modules were integrated into teaching programmes at the university level⁽³¹⁾ and RIUESS, an inter-university network of teachers and researchers specialising in the social and solidarity economy, has been officially recognised⁽³²⁾.

In Belgium and Italy, several universities have included courses and programmes or have established chairs on social enterprise, social economy and related topics. These initiatives also include practitioner-oriented training modules. It is important to note that these universities play an important role in observation of the emergence and development of social enterprise and are very involved in making research available to field actors and the public. In Belgium, social enterprise is also developed through courses and activities in higher education schools organising professional bachelor's programmes, and topics related to social enterprise and the social economy are also increasingly promoted in secondary schools. Besides regularly organising education and training sessions, networks and federations also have an observatory function and play a role in the collection of data on and analyses of the social economy (as for example in the Observatoire de l'Economie Sociale, established by ConcertES).

Although academic research focusing on social enterprises has been quite limited in Slovakia, a number of changes have occurred in recent years and some positive trends can be acknowledged in this respect. A Social Economy Research Centre has been operating at the Faculty of Economics, Matej Bel University since 2007.

2.6.2. Skills development

In all the countries studied, including those where social enterprises have grown in number and size and have proven to be efficient providers of a wide set of general interest services, management has remained an area of weakness. This is mainly due to the fact that many social enterprises developed from community groups. Consequently, they are still staffed, to a significant extent, by volunteers, or they may not have the ability to recruit staff to meet specific managerial skills.

This situation also concerns countries where *ad hoc* educational programmes have been designed to train social entrepreneurs. In these cases, the key problem is the lack of competent and experienced trainers. The dearth of educational and training programmes tailored to the needs of social enterprises often leads social entrepreneurs to adopt practices and tools inconsistent with the mission of social enterprises. Similarly, mainstream business support has not been effective in engaging with social enterprises, instead prioritising more traditional commercial businesses.

The mere 'copying' of practices from mainstream firms disregards the potential of social enterprises to develop alternative models that are more efficient and consistent with their peculiar local roots, inclusive dimension and explicit social aims.

Weak social enterprise-specific management has several negative consequences: it encourages social enterprises to mimic the practices of investor-owned enterprises, and it hinders social enterprises from exploiting their key advantages, especially those resulting from the strong and active engagement of the community. Against this background, alternative models of management skills education are strongly needed to help social enterprises to develop their potential as a true alternative to current unsustainable mainstream economic practices.

⁽³¹⁾ According to the CNCRES, in 2012 there were 72 courses (undergraduate and graduate levels) relating to the social and solidarity economy (as compared with 26 in 2007).

⁽³²⁾ The Conference of University Presidents (*Conférence des Présidents d'Université*, or CPU) and the Crédit Coopératif have written a guidebook on training in the social and solidarity economy. See: www.cpu.fr/wp-content/uploads/2015/03/20150319-Guide-UESS-Partie-2-VF.pdf.

3. MEASURING AND CHARACTERISING SOCIAL ENTERPRISE

Social enterprises cover a variety of legal forms in each country studied, and providing a precise estimation of the size of the different social enterprise types in each of the countries studied has proven to be a rather difficult – if not outright impossible – task.

In essence, the prevailing tendency in available statistics is to focus attention on those types that enjoy formal recognition or have obtained *ad hoc* forms of financing from European funds, national policies, and donor assistance programmes.

This study has attempted to go beyond formal recognition and to provide estimates of the social enterprise universe in seven EU Member States.

However, in spite of the calculation efforts that have been undertaken, it is impossible to provide precise statistics for each country. The figures included in Table 10 are taken from the respective national reports, in which the rationale for collecting data is explained in detail. However, it is not possible at this stage to guarantee any cross-national coherence for the overall table. The reliability of the data is higher where at least some social enterprise forms have been recognised and a significant amount of research on social enterprise has been carried out. Nevertheless, since only well-known and recognised initiatives are accounted for, the overall tendency is to underestimate the phenomenon in most countries studied.

Table 10. Mapping

	Year	Total estimated number of social enterprises	Number of WISEs	Number of other social enterprises	Number of employees	Annual turnover (EUR million)	Degree of reliability/coverage (low; satisfactory; high)
Belgium	2014	18 074	500	17 574	371 000	N.A.	High
France	2013	82 519	3 800	78 719	N.A.	N.A.	Satisfactory
Ireland	2009	3 376	N.A.	N.A.	>25 000	1 400	Low
Italy	2011	94 030	3 652	90 378	558 487	37 337	High
Poland	2014	20 784	1 357	19 427	82 162	N.A.	High
Slovakia	2014	3 737	2 623	N.A.	N.A.	N.A.	Low
Spain	2014	8 410*	656	7 754	>35 000	N.A.	Satisfactory

*Except for data on Social Initiative Cooperatives which are from 2009

Some preliminary considerations on the specific characteristics shared by social enterprises across the studied countries can be made with reference to three dimensions: the main domains of engagement, the trend and quality of employment; and the sources of income social enterprises normally rely on.

Social enterprises are active in a wide spectrum of activities, but two key domains emerge from the data analysed in this study:

- the provision of an increasingly wide set of general interest services: welfare; health; educational, cultural and environmental services; social housing; management of facilities for cultural activities; fair trade; etc.;
- work integration, which can in principle take place in any economic sector. Typical sectors include food industry; gardening; cleaning; construction; manufacturing; recycling; waste management; and assembling components. New sectors include, for instance, organic agriculture and the trading of agricultural products.

Although they are mainly rather small, social enterprises represent a significant and growing share of private employment in various countries covered by the mapping study. Social enterprises are the main employer in the social service sector in Italy, Belgium and France, and a key provider of work integration opportunities for disadvantaged workers in all countries studied. Their commitment towards integrating people that are excluded from the labour market is especially important in new Member States (Poland and Slovakia) and Spain.

Social enterprises have registered a positive trend in terms of employment creation, thus demonstrating a counter-cyclical behaviour during the crisis. In France, for example, the private economy registered a negative dynamic in terms of job creation over the period 2008–2010, while the trend in social enterprises was positive (+0.8 %). Similarly, in Belgium, while employment in the public and private sectors decreased over the period 2008–2014, employment in social enterprises increased strongly (+11.5 %); the growth rate in Brussels was even more dramatic (+25 %). The positive occupational dynamic of social cooperatives in Italy is also interesting, especially when compared to mainstream enterprises: between 2008 and 2014, while mainstream enterprises lost almost 500 000 employees, the overall number of employees of social cooperatives increased from 340 000 to 407 000, thus registering a growth of 20.1 %. In Poland, the number of people employed in social enterprises integrating disabled persons has increased dramatically, doubling altogether from 2 013 up to 4 801 over the period 2006–2014.

It is interesting to note that social enterprises have a high proportion of female workers. Their share is particularly significant in the welfare and educational domains, which are key fields of engagement of social enterprises. The share of female workforce in social enterprises amounts to 70 % in Belgium and 67 % in France. In Italy, about 61 % of social cooperatives' non-seasonal part-time employees in 2013 were women, as compared to 47 % in other enterprises.

Furthermore, although wages are often lower than in other sectors and organisations (especially public), when compared to mainstream enterprises, overall job satisfaction in social enterprises is higher and wage inequalities are smaller (Richez-Battesti et al. 2011; Borzaga and Depedri, 2015).

Finally, the findings of the Mapping Study corroborate that social enterprises draw on a plurality of resources, often defined as a 'resource mix', due to the fact that they combine public, commercial and non-commercial resources (including non-monetary contributions). From a comparative perspective, the public sector represents the main 'engine' of development for social enterprises. This is explained by the fact that public welfare policies have a duty to both ensure coverage of most of the services and address the needs of the groups served by social enterprises. With the exception of Ireland – where grants still constitute a vital element in the overall income of social enterprises – the predominant tendency is to replace public grants with public contracting.

4. TRENDS AND CHALLENGES

4.1. Main trends

4.1.1. Growing demand for general interest services

The current situation of many national economies, notably marked by an ageing society and the need to deal with new types of vulnerabilities generated by the economic crisis, is expected to further increase the demand for general interest services. Moreover, in light of the inability of the welfare system to address new emerging needs, it will widen the target groups traditionally served by social enterprises to include new recipients such as youth, the long-term unemployed and migrants. The demand for services and goods of general interest with a strong local dimension is also expected to grow significantly, given the recent evolutionary trends of most European Member States' economies. Because of their inclusive nature, social enterprises show in this respect a competitive advantage *vis-à-vis* alternative providers.

4.1.2. Increase in number and expansion of social enterprises in new fields of engagement

Despite the cuts in public spending that have reduced the availability of public resources in sectors where social enterprises typically operate, these enterprises are growing in number in all countries studied, and they are gradually expanding in new markets, thus confirming their natural tendency to address new concerns arising in society. The potential expansion of social enterprise in new markets is especially important given its impact on the creation of new employment. This trend also involves countries where social enterprise faces cultural obstacles, is disregarded by public policies and/or is not backed by an adequate recognition of its contribution to welfare.

4.1.3. Growing use of the term social enterprise and trend towards legal recognition

Overall, the trend towards developing new legal forms for social enterprise is growing in importance. Over the past 15 years, new legal frameworks specifically designed for social enterprises have been introduced in numerous EU Member States with a view to supporting the replication of such types of enterprise.

4.1.4. Increasing awareness of and demand for a more ethical business

The increasing trend, among consumers, to take into account not only the price and quality of the product they buy, but also the social and environmental implications of how it is produced, will open up new markets for social enterprises, which are offering a wide range of products characterised by a social added value (e.g. fair trade, ethical finance) or have an impact on local development (preference for local products, social tourism, etc.). At the same time, new markets are being opened by the decision of mainstream enterprises, interested in increasing their social impact, to establish productive relations with social enterprises, particularly WISEs.

4.2. Main challenges

4.2.1. Conceptual clarity

In several countries, social enterprises continue to be poorly understood. The idea that social enterprises play a key role in supporting economic development, creating employment and improving the welfare of local communities is highly underestimated at the level of Member States, where social enterprises are sometimes largely disregarded or regarded exclusively as work integration initiatives. Key challenges thus include a broader recognition of both the fields where social enterprises are likely to operate (as legislation in Italy, Slovenia and the United Kingdom has done) and the typologies of disadvantaged workers that are entitled to be integrated by WISEs.

Conceptual confusion is partially generated by the imprecise use of terms, particularly of the notions of 'social entrepreneurship' and 'social enterprise', which are often used

interchangeably. In order to overcome this conceptual confusion, a key challenge is to ensure a coherent and consistent use of the most adequate terms in policy documents.

It is interesting to highlight that many organisations that display the characteristics of social enterprises are reluctant to self-recognise as such. This is particularly the case with traditional non-profit organisations which are often averse to seizing the opportunities offered by the strengthening of their entrepreneurial stance. Traditional non-profit organisations generally have a low awareness of the beneficial implications of organising the supply of social, cultural, sport, and recreational activities in an entrepreneurial manner. A relevant challenge is to help associations go beyond grants and enable them to access public procurement markets.

4.2.2. Potential of cooperatives

Although new types of cooperatives continue to emerge in a bottom-up way (e.g. community cooperatives in Italy, Poland and Spain), the potential of the cooperative model to address the needs of local communities is still far from being fully harnessed. In some cases, the new cooperative types whereby social enterprises have been created have turned into key welfare providers (e.g. of work integration in Poland and of social, health, educational and work integration in Italy). However, in other instances, the role of cooperatives has been confined to specific domains of intervention (e.g. in France, SCICs are well-developed in the agricultural sector but not in other sectors). In former communist countries, the emergence of new cooperatives is hampered by negative legacies, which consider cooperatives a relic of communism; an important challenge is therefore to raise the awareness of the key advantages of the cooperative model for a more effective conduction of social enterprise activities. To this end, research regarding historical (pre-WWII) cooperatives and similar organisations in Central and Eastern European countries could have a role in changing the prevalent assumption that cooperatives emerged only with the 'socialism/communism' of the Eastern Bloc. Breaking this discontinuity would be key in raising awareness of the role and advantages of the cooperative model in New Member Countries.

4.2.3. Relations with public authorities

Given the general interest nature of the services supplied by social enterprises, these enterprises interact with public agencies, which turn out to be their main client in almost all EU countries. The forms and modalities of these interactions are therefore strategic to support the development of social enterprises. However, public procurement strategies vary between countries and there is a diffused conviction that competitive procedures are not suitable with respect to both the types of services supplied (general interest services) and the types of relationships established with the stakeholders involved (cooperative relations). If social enterprises are to increase their social impact, public procurement strategies should adjust to the specificities of each welfare system, and the use of reserved contracts and social clauses, which are still under-utilised, should no longer be limited to work integration. Two main challenges can be highlighted: first, EU Member States that still have not done so should transpose the EU rules on public procurement; and secondly, reserved contracts and social clauses should increasingly become used in competitive tenders, following the introduction of national legislation.

4.2.4. Public support schemes and EU funding

Numerous public schemes, including EU funding measures, have tried to support the creation and scaling up of social enterprises. However, there is a dearth of knowledge about the strategies whereby social enterprises would have been widely and effectively supported – although there are diverse negative examples of support measures that have proven to be ineffective, when not negative. An example of the negative impact of EU funding is the strong tendency, induced in some countries by funding schemes, for social enterprises to approximate the behaviour of public and mainstream organisations. This was, for instance, the case for large associations and foundations in Poland that are often more interested in receiving ESF grants than developing their market-oriented positions. An important challenge is therefore to design innovative support mechanisms whereby the self-organisation ability of civil society can be fully valorised on a large scale

to manage the delivery of general interest services. To this end, the need for adequately trained national/public intermediaries emerges.

4.2.5. Legislation

While, in some countries, targeted legislations have allowed for a dramatic multiplication of social enterprises, in some other countries the impact of the new legal frameworks has been rather disappointing. Several failures have been triggered by the introduction of inadequate legislation, which has been artificially transplanted from one context to the other without being adjusted to national contexts.

Based especially but not exclusively on the experience of the countries studied, it can be stated that legislation designed for social enterprises has succeeded in boosting social enterprise replicability when:

- discussion on new legislation was backed by a deep understanding of social enterprise dynamics (strong engagement by the social enterprise community in the process of drafting of new laws);
- new laws have managed to seize the process of creation of social enterprises that was already taking place on the field (e.g. bottom-up creation of new types of solidarity cooperatives in Italy).

Legislation has failed to boost social enterprise replicability when:

- it was introduced through a top-down approach, with no active engagement on the part of the social enterprise community, with a view to complying with national strategies and without a sound understanding of social enterprise's determinants, key characteristics and patterns of evolution;
- legislation and concepts embedded in legislation were transplanted from other countries/contexts with a significantly different history/tradition (as was, for example, the case in Slovenia);
- the legal environment was already enabling for social enterprises and new legislation did not provide any further incentive to register as a social enterprise for *de facto* social enterprises (as happened, for instance, in Italy and Belgium);
- legislation introduced excessively rigid constraints (e.g. French legislation on SCICs).

Additional research comparing the patterns of legal evolution experienced by Member States is needed with a view to understanding what recognition modalities can succeed in acknowledging and regulating social enterprises in each country, consistently with contextual characteristics. Moreover, bearing in mind that legal recognition is not a sufficient condition for boosting social enterprise multiplication, research should contribute to identifying the core principles that each legislation should incorporate to safeguard the community anchorage of social enterprises.

4.2.6. Management skills

Country reports corroborate that there is a dearth of educational and training programmes tailored to the needs of social enterprises. A key challenge is therefore to develop adequate management tools, which take stock of the community anchorage of social enterprises and adequately valorise the contribution of non-monetised assets such as volunteering and access to local non-market capitals, such as unused assets and abandoned spaces. The valorisation of the links of social enterprises with the community should go hand in hand with the shift towards a stronger entrepreneurial stance. This means that management tools should also enable social enterprises to become more entrepreneurial, instead of just 'grant-ready', with a view to managing the delivery of a wide spectrum of general interest services that will be increasingly contracted out by public administrations or demanded out of pocket by the citizens and other private clients, including mainstream enterprises willing to provide additional support to their employees.

5. CLOSING REMARKS

The Mapping Study confirms that social enterprises are an important and growing sector of the economy in most EU Member States. They exist in all countries studied and are likely to perform in any sector of general interest. However:

- where social enterprises have a longstanding history and are widely recognised by means of consistent policies, they have managed to turn into a significant and resilient phenomenon, be it from a social, economic or employment perspective;
- where social enterprises are poorly recognised and not adequately valued by public policies, their social and economic contribution is still far from being harnessed: except for specific domains of engagement, social enterprises are still highly invisible and their overall economic relevance is also difficult to assess.

Social enterprises' success factors only partially coincide with those of mainstream enterprises. Accordingly, support policies must be designed in a way that takes into account a number of specific features:

- since social enterprises benefit significantly from the contribution of civil society provided by the volunteers, donations, and unused assets they attract and valorise, for trustful relations with stakeholders to be safeguarded, specific key devices must be implemented (e.g. a balanced combination of non-distribution constraint and/or governing bodies open to the participation of all relevant stakeholders);
- when generated by social enterprises, profits, rather than benefiting the owners of the enterprise, are instrumental to the pursuit of the social aim. The scaling up of the enterprise that is supported by the investment of profits is hence conceived to improve the quality of the services delivered and/or to enlarge the fulfilment of the needs addressed.

As far as the eco-system is concerned, neither legal recognition nor access to finance are *per se* sufficient conditions for boosting social enterprise multiplication. Rather, they are only two – and often not even central – components of an overall enabling eco-system.

Key drivers boosting social enterprise's development and scaling up include a wider recognition on the part of national governments and the definition of consistent public policies, including public procurement strategies that fully acknowledge the special nature of social enterprises; the strengthening of the ability of social enterprises to self-organise; the development of research and training strategies that can have a role in enhancing the managerial skills of social enterprises; and the existence of tailored financing strategies and schemes for covering management costs and investments.

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