



A map of social enterprises and their eco-systems in Europe

Results of the mapping study

Unlocking the potential of the social economy for EU growth

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Presentation overview

- **The Study brief**
- **Operational definition of social enterprise**
- **Application of EU operational definition to national contexts**
- **Scale and characteristics of European social enterprises**
- **Social enterprise eco-systems in Member States**
- **Barriers and constraints to development of social enterprise**
- **Concluding remarks**

The study brief

Study Tasks

Task 1: Identification of social enterprises

Task 2: Measurement, characterisation and mapping of social enterprises

Task 3: Legal and standards mapping

Task 4: Mapping of public policies and social investment markets

Task 5: Developing recommendations for EU action (policy + future research)

Study Outputs

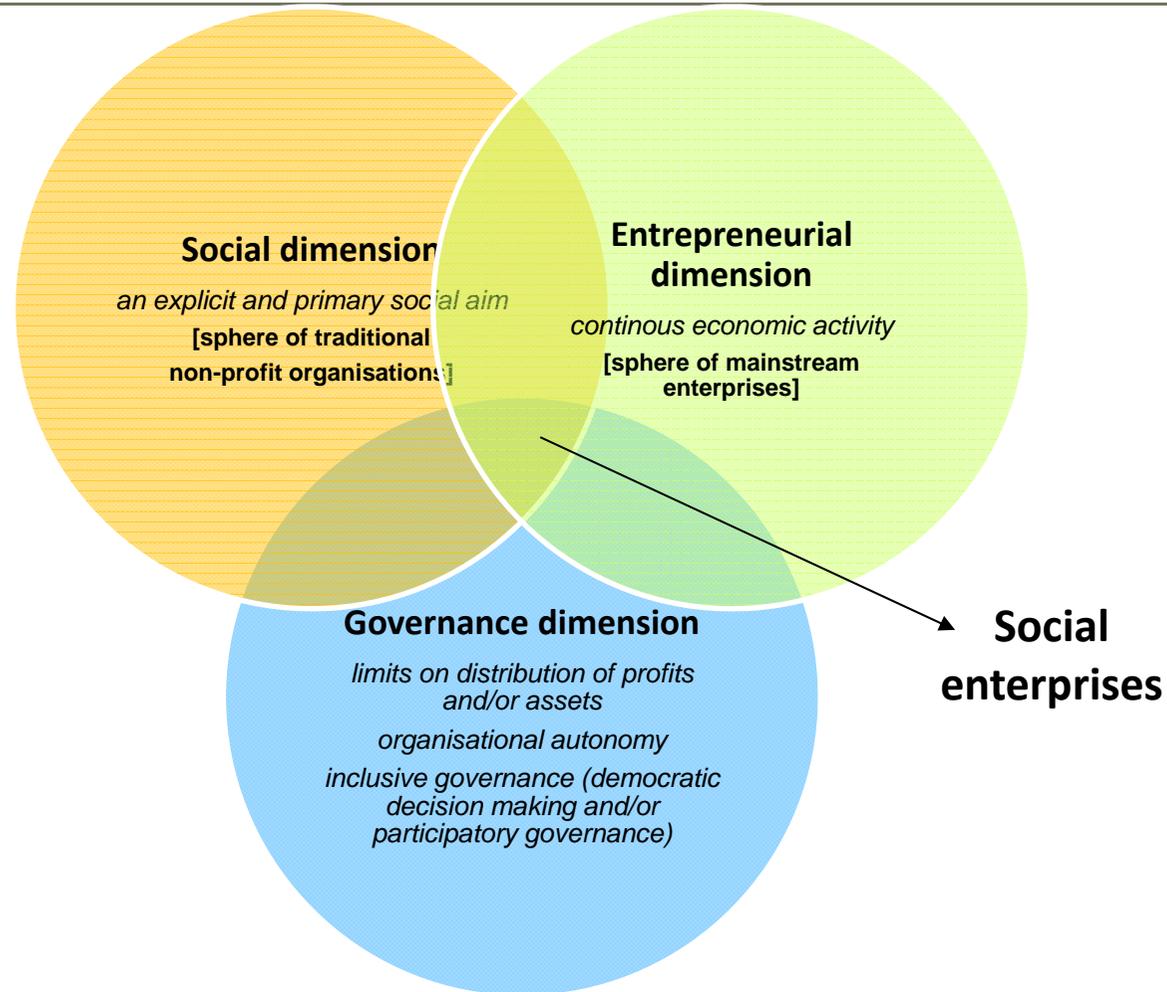
A common EU operational definition

Evidence base for policy making:

Synthesis Report
29 Country Reports (EU28 + CH)
Legal Mapping Documents

Policy Action at EU level

The EU operational definition of social enterprise



The Study does not propose a new definition of social enterprise. It ‘operationalises’ the existing notion of social enterprise as articulated in the European Commission’s SBI communication - developed and refined over the last decade or so through a body of European academic and policy literature

Application of the EU operational definition to 29 national contexts

- **Growing convergence across Europe as regards the defining characteristics of a social enterprise**
 - Engagement in economic activity (entrepreneurial dimension). *Although minimum levels of income generated from market sources typically not specified. There are some exceptions (e.g.*
 - An explicit and primary social aim (social dimension). *Although in some countries, social aim is narrowly interpreted as work integration*
 - Limits on distribution of profits (governance dimension). *Although different approaches: partial versus total non-distribution constraint*
- **The main differences lie in the interpretation and importance of some aspects of the governance dimension**
 - Inclusive governance is not seen as a defining characteristic of social enterprise in several countries
 - Differences in interpretation of what organisational autonomy means in practice: understood variously as “managerial autonomy”, “autonomy from the State” or “autonomy from both the State and traditional for-profits”



Scale and characteristics of social enterprise activity in Europe

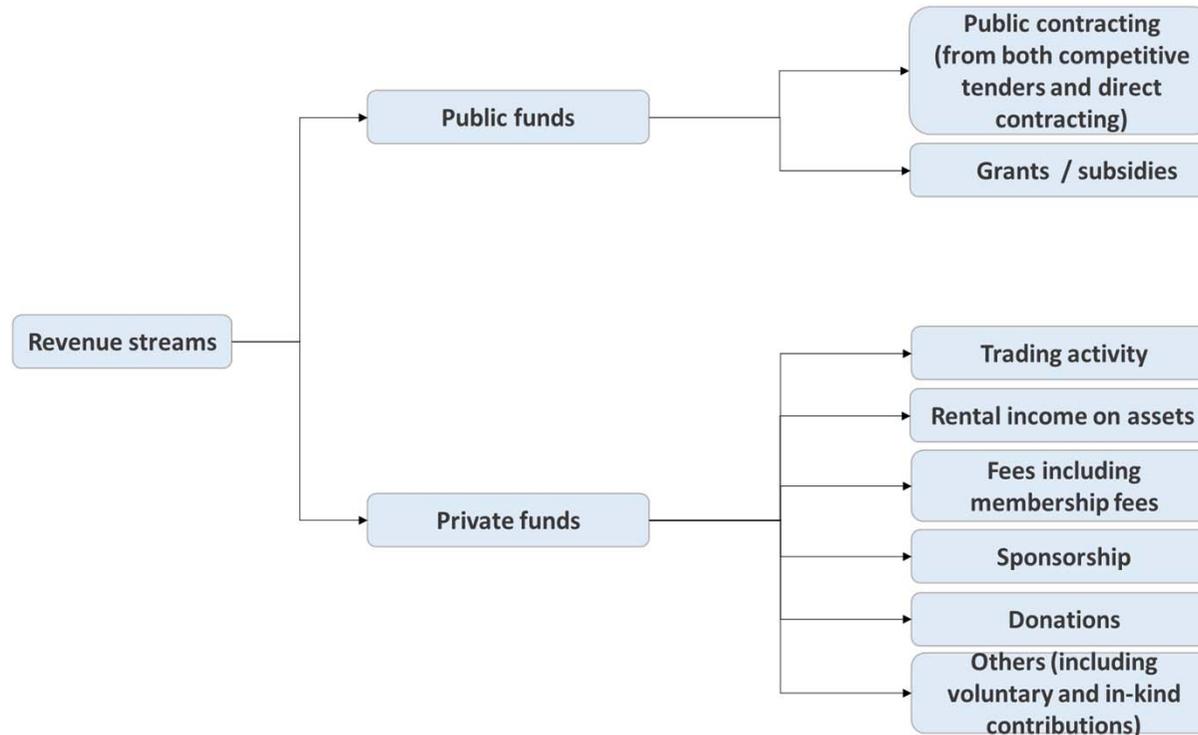
Scale of social enterprise activity in Europe

- **Difficult to measure and compare social enterprise activity across Europe due to:**
 - Limited availability of data at national level
 - Diversity of definitions and methods used at national level
 - Limitations of methodologies used at national level e.g. survey based approaches based on self-identification by respondents
- **Besides, much social enterprise activity takes place ‘under the radar’**
 - Although growing in number, legally or institutionally recognised forms of social enterprise (where these exist) do not capture the ‘de-facto’ universe of social enterprise
 - Social enterprises are often ‘hidden’ among existing legal/ organisational forms (e.g. associations and foundations with commercial activities; cooperatives serving general or collective interests; mainstream enterprises pursuing an explicit and primary social aim)
- **Nonetheless, available evidence suggests currently small (<1% of business population) but growing levels of activity**

Fields of activity

- **Lack of standard and consistently used classifications of social enterprise activity makes aggregation and comparisons difficult**
- **The mapping study however, finds that social enterprises are undertaking a growing breadth of activity beyond work integration and social services of general interest**
- **A broad typology of activity can be drawn on the basis of common patterns detected across countries**
 - Work integration
 - Provision of social services of general interest (long-term care, early education and childcare, social housing, employment services, health care)
 - Other social and community services e.g. counselling, youth outreach, micro finance, temporary housing for homeless etc.
 - Public services e.g. maintenance of public spaces, transport services, refuse collection, rehabilitation of ex-offenders etc.
 - Land-based industries and the environment e.g. recycling, renewable energy etc.
 - Cultural, tourism, sport and recreational activities

Sources of income



Adapted from Spiess-Knafl (2012) Finanzierung von Sozialunternehmen - Eine empirische und theoretische Analyse

- **‘Hybrid’ income streams (market/ non-market sources, public and private)**
- **Share of income derived from market sources varies by country and by organisational form**
- **Noticeable trend towards more market orientation, although available information suggests high reliance on public sector sources of income**

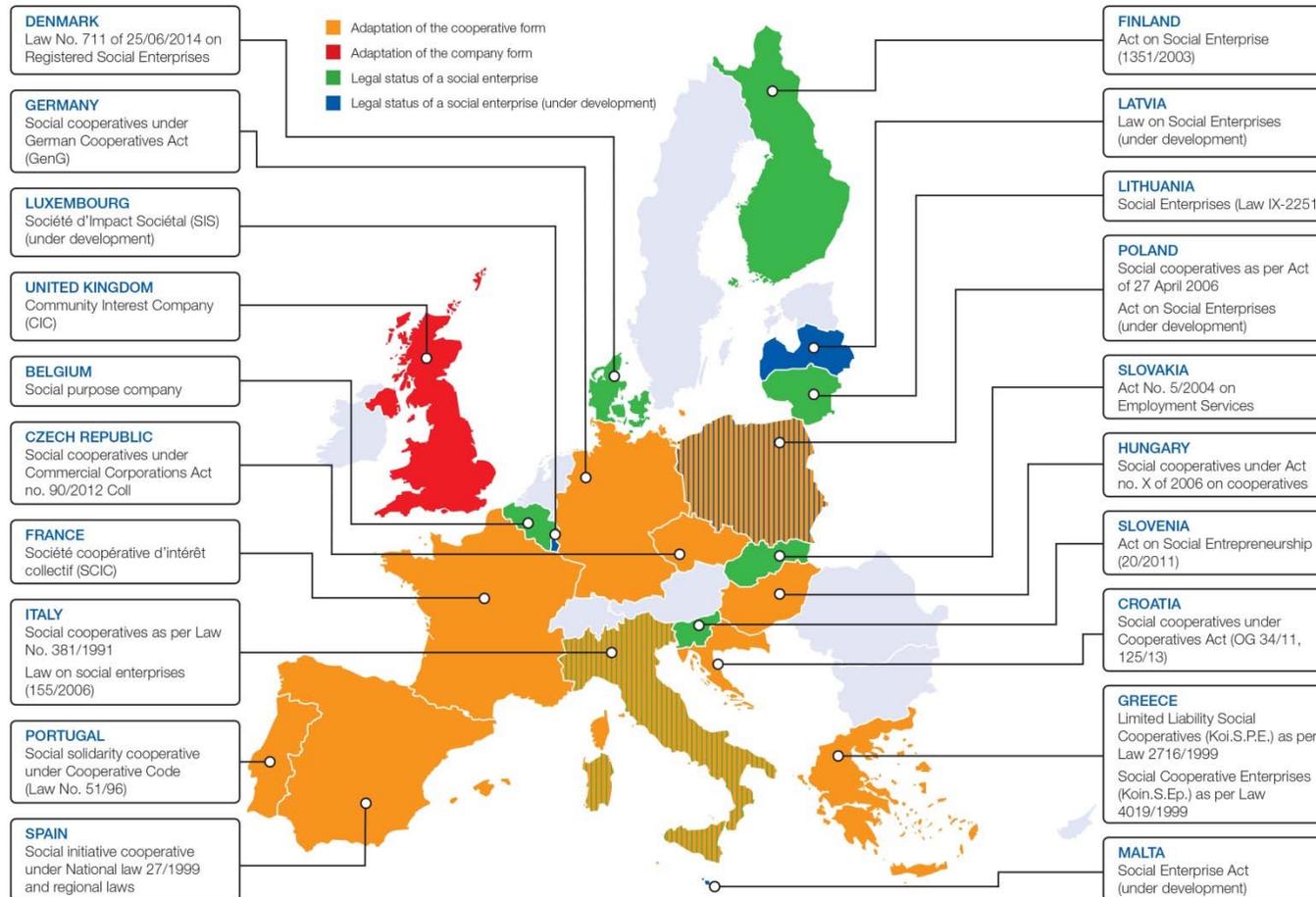


Social enterprise eco-systems

Policy frameworks for social enterprise

- **Few countries have (specific) policy frameworks aimed at supporting the development of social enterprise**
- **Content and scope of policy varies widely across these countries**
- **Components of an enabling policy environment for social enterprise:**
 - Legal recognition of social enterprises through the creation of a legal form and/or legal status
 - Fiscal incentives for social enterprises/ social impact investment
 - Existence of specialist support and infrastructure e.g. business support, coaching, mentoring schemes, dedicated financial instruments etc.
 - Measures designed to facilitate access to markets, notably public sector markets (by creating demand for the services of social enterprises, introducing social clauses in public procurement for example)
 - Social impact measurement and reporting systems

Legal frameworks for social enterprise



Additionally, some countries have created specific types of non-profit organisations that allow for the conduct of economic activity (e.g. non-profit institute in Slovenia) – although not labelled as such, these organisations are de-facto social enterprises

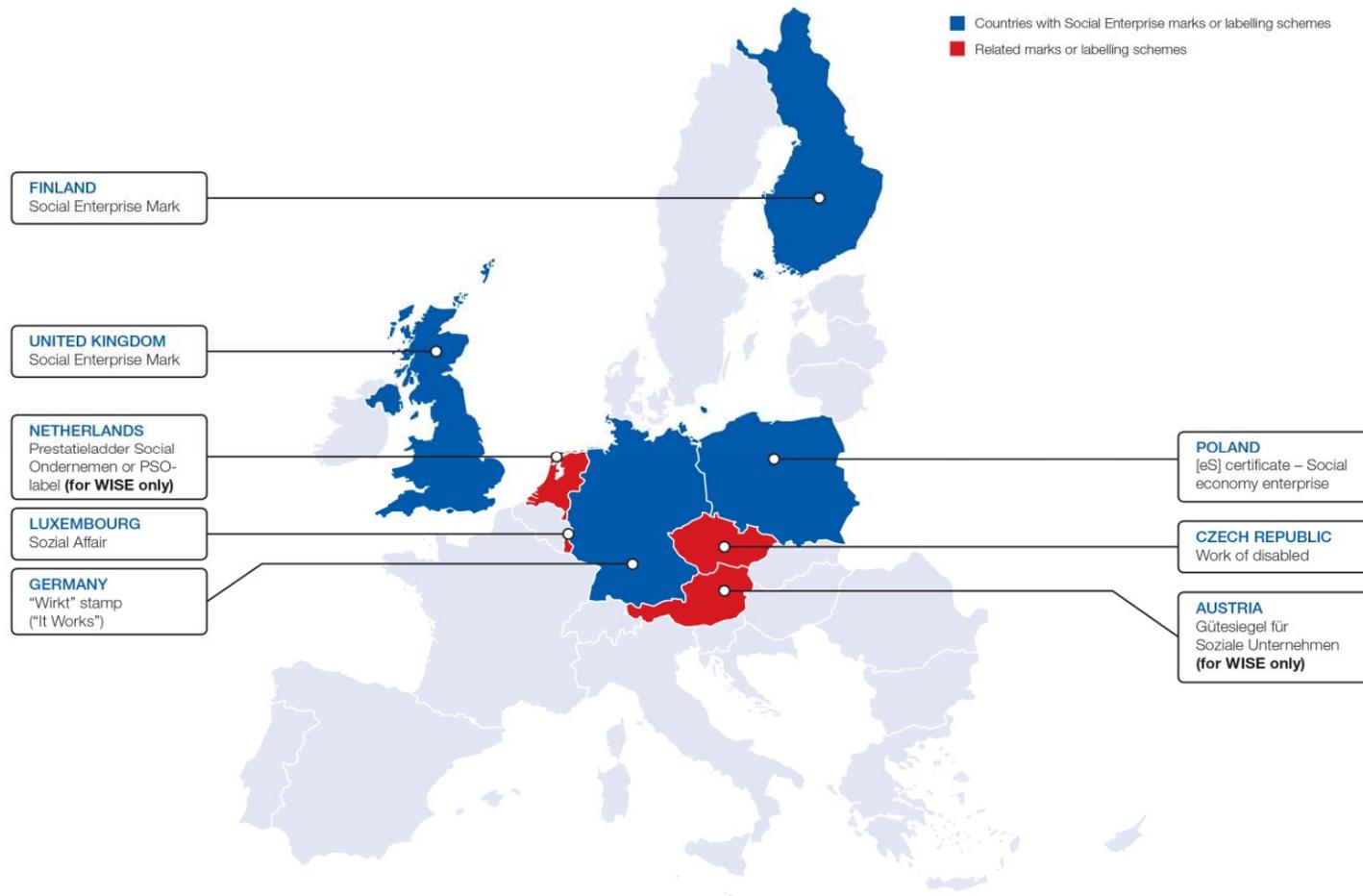
Publicly funded support and services for social enterprises

- A number of countries have initiated a broad variety of business development services and support schemes tailored for social enterprises e.g. Italy, UK, France, Poland
- There are also several European countries with limited/ ad hoc or no publically funded schemes specifically designed for and targeting social enterprises e.g. Greece, Malta, Cyprus, Latvia, Hungary
- Tailored support for social enterprises is not regarded as necessary in some countries (concerns around level playing field vis-à-vis mainstream enterprises) e.g. Finland
- Overall, specialist support and services available to social enterprise is limited and fragmented across Europe

Typology of publicly funded support schemes

- **Awareness raising**
- **Knowledge sharing and mutual learning**
- **Specialist business development services and support**
- **Investment readiness support**
- **Dedicated financial instruments (e.g. social investment funds)**
- **Physical infrastructure (e.g. shared working space)**
- **Collaborations and access to markets**

Certifications, marks and labels for social enterprise



Certification schemes, marks and labels are not extensively used by social enterprises in countries where these exist

Social impact measurement and reporting systems

- **Very few countries have nationally recognised systems or common methodologies for measuring and reporting social impact**

Country	Social impact reporting system	Voluntary/ Mandatory
Austria	Common Good Balance Sheet	Voluntary
Belgium	A social purpose company has to produce an annual report (non-standardised) on how it acted on the established social goals of the organisation	Mandatory
Estonia	Social entrepreneurship sector pilot statistical report (EU funded) and impact assessment handbook	Voluntary
Germany	Social Reporting Standard	Voluntary
Italy	Bilancio Sociale (social report)	Mandatory for social enterprises ex lege
Portugal	Pilot projects aimed at designing tools	Voluntary
United Kingdom	A number of actors have published guidance and toolkits. There are current attempts to further develop and agree common frameworks	Voluntary

Social impact investment markets

- **Elements of social investment markets:**
 - Investors seeking blended returns (social impact + financial return)
 - Specialist intermediaries e.g. social banks, venture philanthropists
 - Specialist instruments e.g. social impact bonds, impact funds
 - Market infrastructure e.g. social stock exchanges, crowdfunding platforms, networks
 - Other tools e.g. impact measurement systems
 - Policy and legislation e.g. Government support, fiscal incentives
- **The above elements are currently under-developed or missing in most European countries**
- **In some countries social investment markets are starting to develop and take shape e.g. Belgium, France, Germany, Netherlands and the UK**



Barriers and constraints to development of social enterprise

External factors

- **Poor understanding of the concept of social enterprise**
- **Lack of specialist business development services and support such as incubators, mentoring and training schemes, investment readiness support etc.**
- **Lack of supportive policy and legislative frameworks**
- **Difficulties in accessing markets**
- **Difficulties in accessing finance from external sources**
- **Absence of common mechanisms for measuring and demonstrating impact**
- **General economic environment**

Internal factors

- **Lack of viable business models**
- **High reliance on the public sector as a source of revenue**
- **Lack of commercial acumen/ entrepreneurial spirit**
- **Lack of managerial and professional skills/ competencies necessary for scaling-up activity**

Concluding remarks

- **Increasing levels of interest and social enterprise activity across Europe driven by**
 - New and growing social needs that Governments alone cannot fulfil
 - Fiscal austerity
 - Calls for more inclusive , equitable and pluralistic economic systems
- **The mapping study provides a first map of this expanding social enterprise activity and evolving landscape**
 - It identifies the incredibly diverse ‘families’ of social enterprise that exist across Europe
 - It maps select features of the nascent but emerging social enterprise eco-systems
- **This initial mapping should be followed by more targeted and specific research at both national and EU level**

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Thank you

Contact person:

Charu Wilkinson

Charu.wilkinson@icfi.com

Link to the study:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2149&furtherNews=yes>

