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Innovating for the Public Good:
the Rise of Social Entrepreneurs

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OVERVIEW

- I. Social Entrepreneurs, Social Enterprises:
What does this mean?
- II. Dynamics (logics of action) generating SE Models
with illustrations
- III. Social entrepreneurship: its main strengths
- IV. Conclusion

I. Social Entrepreneurs, Social Enterprises:

What does this mean?

- Appearance of new notions **around 1990** in Europe : “**Impresa sociale**” and **social coops** in Italy;
in the U.S.: Ashoka’s **entrepreneurs for the public good**.
- **Social entrepreneurship, social entrepreneur, social enterprise**: first without clear distinctive features
- **Increased confusion induced by a lot of new terms**: social business, social venture, mission-driven business, venture philanthropist, community enterprise, ... and many others.

Three major conceptions

What are the truly distinctive features of social entrepreneurs/ social enterprises in **theory** (conceptions) and **practice** (concrete models)?

Two conceptions rooted in the US context:

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

One conception rooted in the EU context

3. The “**EMES approach**”

1. The “Earned Income” school of thought

- First, focus on **earned-income strategies for NPOs:**
Commercial Non-Profit approach (CNP)
- Later, **any kind of undertaking:** not only NPOs, also for-profit companies, public sector entities reshaped by such an entrepreneurial endeavor toward a social aim
Mission-Driven Business approach (MDB)

Hidden key issues in the Earned Income Schools

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

2 . The “ Social Innovation” school of thought

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

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

Hidden key issues in the Social Innovation School:

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

3. EMES approach: underlining participation

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

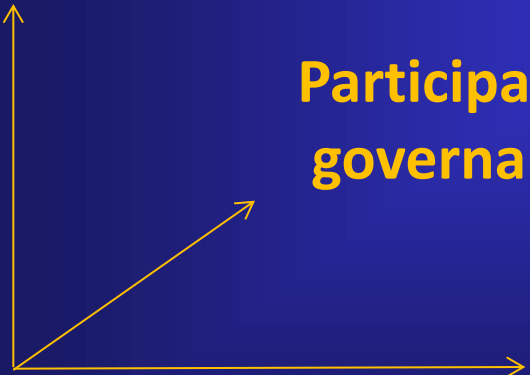


Pole Star

Social mission

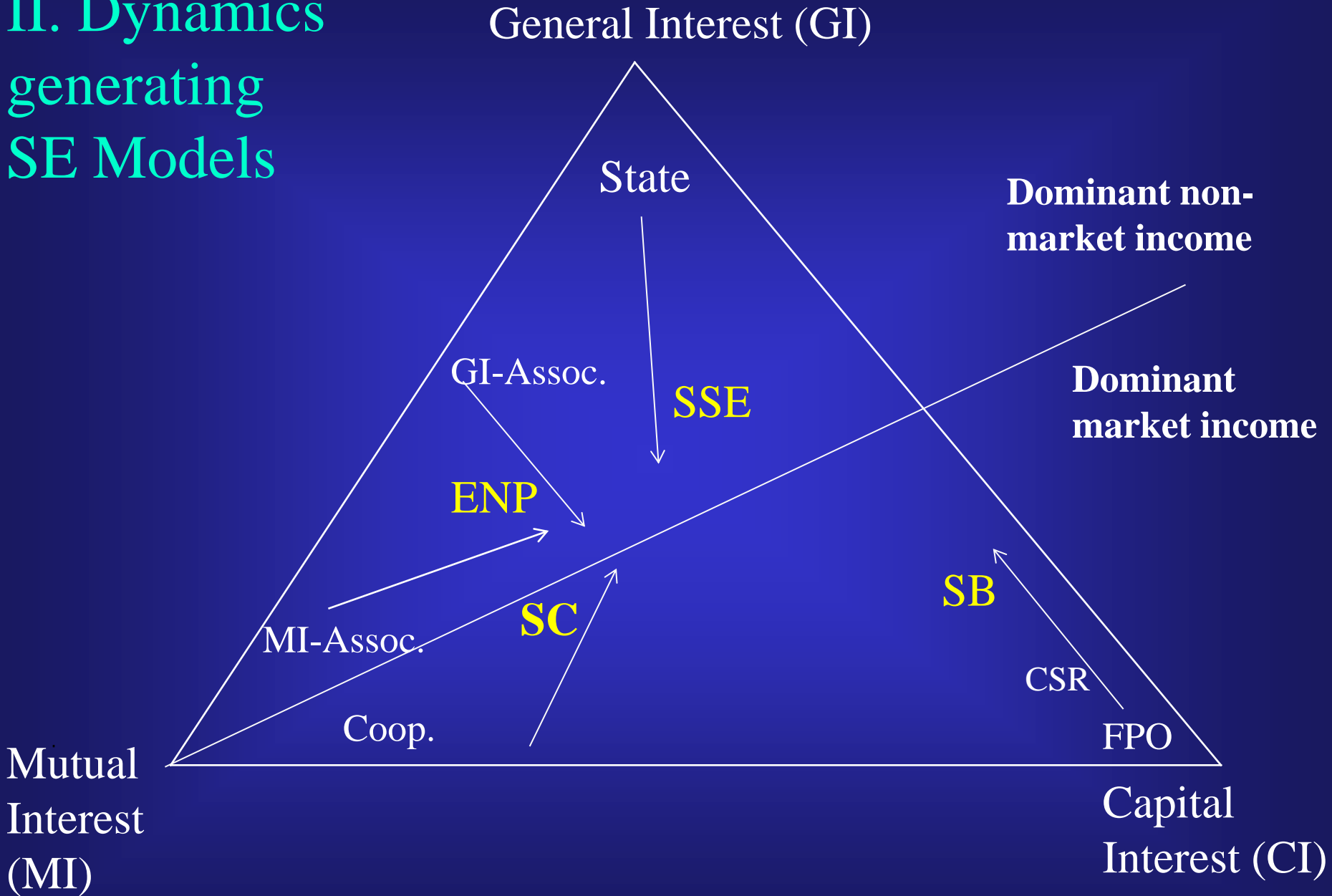
Participatory governance

Economic sustainability



- New legal frameworks **related to the "cooperative model"**:
 - Italy (1991): "social cooperative"
 - Portugal (1998): "social solidarity cooperative"
 - Spain (1999): "social initiative cooperative"
 - France (2001): "cooperative society of collective interest "
 - Hungary (2004): " social cooperative "
 - Poland (2006): "social cooperative"
 - South Korea (2013): " social cooperative "
- New legal frameworks **based on a more "open model"**:
 - Belgium (1995): "social purpose company"
 - United Kingdom (2004): "community interest company"
 - Finland (2004): "social enterprise "
 - Lithuania (2004): "social enterprise "
 - Italy (2006): "social enterprise "
 - South Korea (2007): "social enterprise "
 - Luxemburg (2015): " societal impact company "
 - United States: L3C, (general public) benefit corporation

II. Dynamics generating SE Models



<p>An explicit social mission</p> <p>Logics of action</p>	<p>Work integration</p>	<p>Access to health or social services</p>	<p>Ethical/ Ecological production & consumption</p>	<p>Fighting poverty and social exclusion</p>	
<p>Entrepreneurial nonprofit</p>	<p>WISE implemented by a charity</p>	<p>Association providing home care services for elderly</p>	<p>Associative Fair trade shop</p>	<p>Neighbourhood association (régies de quartier)</p>	
<p>Public sector SE</p>	<p>WISE implemented by a local public service</p>	<p>Local public body providing social services on a quasi-market</p>			
<p>Social cooperative</p> <ul style="list-style-type: none"> ➤ Single stakeholder ➤ Multiple stakeholder 	<p>Popular economy LMF Social coop. type B (Italy)</p>	<p>Coop of health care professionals</p>	<p>Renewable energy citizen coop. Coop. in short circuits</p>	<p>Coopec (IMF) Community development coop.</p>	
<p>Social Business</p> <ul style="list-style-type: none"> ➤ SME ➤ Yunus type ➤ Project developed by large companies 	<p>A company developing a call center with the primacy of its social mission: hiring handicapped people</p>	<p>A social worker starting a residential care institution Aravind eye hospital</p>	<p>SME active in fair trade</p>	<p>Grameen Danone social business Bottom of the pyramid strategies</p>	

III. Social entrepreneurship: its main strengths

- Although taking place mainly in the third sector (nonprofit sector, voluntary sector, social economy, solidarity economy), the SE approach sheds **a new entrepreneurial light** on these organizations
- Most countries from all regions are witnessing a growing interest toward social entrepreneurs and social enterprises because they represent a **practical ways to combine values of freedom, innovation and solidarity**
- Many **educational programs are being set up** to teach and support social entrepreneurship: needed by social workers who lack economic skills and by managers and economists who are concerned with societal and social issues
- Young generations are more pragmatic but want **meaningful jobs**

CONCLUSIONS

- **Pluralism or diversity is fundamental** in most spheres of human life: political, cultural, philosophical, environmental,...
- Social entrepreneurs and social enterprises are major vehicles for ensuring or reinforcing **economic pluralism** at fundamental levels
 - at the level of **economic activity's goals** (mutual interest, public interest, common good...)
 - at the level of the **stakeholders' rights** (limits to rights linked to capital ownership, multi-stakeholders' governance...)
 - at the level of **the types of resources** mobilized for production (market-based resources, public subsidies, donations, vol

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Thank you for your attention

DEFIS POUR L'AVENIR

- Cultiver les **alliances** et non les oppositions
- Eviter la confusion **avec la RSE** tout en suscitant des **rapprochements**
- mais viser à « **percoler** » dans le monde des affaires et à l'interpeller sans cesse
- « Anoblir » l'économie sociale, notamment par des **filières fortes** dans les écoles de management

Central public sector (national and regional)

Mutual societies
(compulsory health insurance system)

Cooperatives
Mutuals + non-profit initiatives

Social economy

Associations
Social purpose companies
Public benefit foundations

Organisations jointly managed
jointly by associations and local
authorities

Trade unions

Co-managed
supporting
institutions
(Sowecsom)

For-profit private sector

Corporate
foundations

Local public authorities