



Peer Review on “Social Entrepreneurship to tackle unmet social challenges”

12-13 December 2017, Oslo (Norway)

Summary report

The Peer Review discussed the current developments in EU Member States with regard to social entrepreneurship focusing on tackling unmet social challenges. Notably, participants discussed the efficiency and effectiveness of public support and schemes on social entrepreneurship, the importance of different actors working together to tackle unaddressed challenges by existing welfare schemes and how to involve people who have experienced poverty and exclusion.

The event was hosted by the Norwegian Ministry of Labour and Social Affairs. Besides the Norwegian host delegation¹, the host country and thematic experts and an academic, government representatives from seven Member States participated to the Peer Review, namely Bulgaria, the Czech Republic, Denmark, Finland, Hungary, Latvia and Lithuania as well as four independent experts². A representative from the European Commission also participated at the event. In addition, a study visit was organised to Sentralen³, where three initiatives to support social entrepreneurship and social innovation were presented: SoCentral⁴, Center for Social Entrepreneurship and Innovation (SE-Centre⁵) together with Tøyen Unlimited and Ferd Social Entrepreneurs⁶.

The focus of this Peer Review provides insight for participating countries on social entrepreneurship in the field of welfare, different approaches to it from a governmental perspective and what can be gained from social entrepreneurship. Social entrepreneurship has come to prominence in the last 10 to 15 years, as a way in which government, third sector, and civil society can help address major social challenges in the context of constrained welfare budgets, increasing inequality and social exclusion, and demands for more inclusive growth⁷. While it is not the only form that social entrepreneurship takes, social enterprises and their development are a major form, (comprising several different models with sufficient evidence of strategies and structures) which enhance the effectiveness of social entrepreneurship in meeting such challenges.

Statistics on social enterprise are not well established, but estimates of the number of social enterprises in seven countries have been presented in the 2016 European

¹ Unfortunately, due to flight cancelations from Brussel Airport Zaventem, the government representatives from Malta, the representative from the European Network of Social Integration (ENSIE) and a representative from the European Commission were not able to attend the event.

² Namely from Bulgaria, the Czech Republic, Denmark and Finland

³ <http://www.sentralen.no/en/thehouse/om-sentralen>

⁴ <https://socentral.no/english/>

⁵ <http://www.sosialinnovasjon.com> (in Norwegian)

⁶ <http://ferd.no/en/social-entrepreneurs>

⁷ Piketty, Thomas (2014) Capital in the 21st century. Harvard University Press.

Commission report on Social Enterprises⁸. It is explained that due to the focus being on well-known and recognized initiatives when measuring the number of social enterprises, the overall tendency is to underestimate these. The estimates presented vary from 3 376 social enterprises in Ireland to 94 030 in Italy.

The Commission uses the term 'social enterprise' to cover the following types of business⁹:

- Those for whom the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation;
- Those where profits are mainly reinvested with a view to achieving this social objective;
- Those where the method of organisation or ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice.

In 2011 the European Commission launched the Social Business Initiative (SBI)¹⁰. The initiative is implemented in close partnership with stakeholders in the sector and EU countries and has three themes:

- Making it easier for social enterprises to obtain funding;
- Increasing the visibility of social entrepreneurship;
- Making the legal environment friendlier for social enterprises.

Since 2011 a lot of initiatives and discussions about boosting social entrepreneurship in the EU have taken place. There is however no single legal form for social enterprises in the EU. The political approach, definitions and legislation on social enterprises are varying substantially across the EU.

In the 2016 European Commission's 'Start-up and Scale-up Initiative'¹¹, the Commission established a new set of actions to encourage social start-ups to scale up, covering the following five areas: better access to finance, improved market access, strengthened regulatory frameworks, uptake of new technologies and business models and international development.

Norway has an extensive public welfare state providing universal social services to its citizens. Still, the public welfare services find it especially challenging to reach the most vulnerable groups.

The present Norwegian government stated in its political platform in 2013 that it will improve the conditions for using social entrepreneurs and voluntary organisations in the welfare system. Social enterprises are still a relatively marginal phenomenon in Norway (app. 400 of which more than half were established within the last ten years), and there is limited experience with collaboration between social enterprises and public welfare services. The dominant types of activities social enterprises engage in are 'social exclusion and the disadvantaged', 'work inclusion', 'community', 'integration', 'youth', 'health' and 'school and education'. Half of the social enterprises have company forms in the private sector (like stock companies, ideal stock companies, business-oriented foundations), and the other half in the voluntary sector (like voluntary

⁸ Social enterprises and their eco-systems: developments in Europe. Brussels, Directorate-General for Employment, Social Affairs and Inclusion, EU Commission, 2016.

⁹ http://ec.europa.eu/growth/sectors/social-economy/enterprises_nl

¹⁰ Social Business Initiative, Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation, EU Commission, 2011

¹¹ Europe's next leaders: the start-up and scale-up initiative, EU Commission Communication, 2016.

organisations, ideal foundations, cooperatives)¹². Since Norway has a strong emphasis on state responsibility for social problems, scepticism towards privatisation of social services is not an uncommon phenomenon. However, it is reasonable to assume that strengthening the collaboration between social enterprises and the various levels in the welfare state is a key challenge irrespective of what specific social needs are addressed. At this point, some initiatives have been taken to map and support social entrepreneurship, and there is a specific grant scheme for social entrepreneurship in the area of poverty and social exclusion. Social enterprises operate within existing frameworks of law, regulations and procurement processes. However, it is clear that social enterprises at least need an 'eco-system' consisting of enabling factors in order to flourish¹³. These enabling factors are also helpful for identifying further challenges on the development of social enterprises.

The key policy messages from the Peer Review can be summarised as follows:

Actions

- Sharing experiences and challenges is of major importance in developing social entrepreneurship and setting up social enterprises.
- It is necessary to raise awareness on social entrepreneurship. Education of all stakeholders with the help of expert research proves to be helpful. A national label which identifies social enterprises as such, helps to raise consumer awareness, and may attract social entrepreneurs.
- In order to ensure a higher success rate of social enterprises, education of the entrepreneurs is of great importance, both in business and in social skills.

Concepts

- Clear distinction between social entrepreneurship on the one hand and social enterprises on the other hand is useful for policy making and the development of a support structure, particularly for social innovation.
- There is a dominance of Work Integration Social Enterprises in Europe. This might constrain and hide other forms of social enterprises.
- Corporate Social Responsibility seems to be moving into social entrepreneurship in some places¹⁴.

Framework conditions

- To have a clear aim and role for any regulations or law to be developed in this policy area, it should not form an obstacle and accommodate for all forms of social enterprises. Whether there is need for regulations or law in this area has to be assessed according to the specific situation in the country. In some countries, legislation has not proven to be useful or even counter-productive¹⁵.
- A better connection is needed between procurement bodies for social services and social enterprises as in some instances there is potential for social enterprises to play useful roles in service provision.

¹² Eimhjellen, I. & Loga, J. 2016. Utvikling av sosialt entreprenørskap i Norge. Rapport 9, 2016. Bergen: Uni Research.

¹³ A map of social enterprises and their eco-systems in Europe. Synthesis Report. Brussels: Directorate-General for Employment, Social Affairs and Inclusion, EU Commission, 2015.

¹⁴ For example, the Norwegian company FERD shows how CSR can be developed into social entrepreneurship, by helping to establish sustainable social enterprise.

¹⁵ Such as for example in Finland.

Governance and processes

- The public sector gains to embrace a bottom-up approach and it is important to seek for collaboration and to be aware of the fact that although there might be risks involved, there is much to gain.
- Where and when possible, target groups should be involved in the social entrepreneurship project to ensure social aims are achieved.
- Instead of quick fix solutions to social challenges, solutions focused approaches need to be developed over time, through partnership with key stakeholders. To ensure that solutions are effective and efficient, and that public support and schemes are used in the best manner possible, there is a need to measure and assess the social impact achieved by social enterprises.