



# **Peer Review on 'Social Entrepreneurship to tackle unmet social challenges'**

**Oslo, Norway, 12-13 December 2017**

## **Synthesis Report**

DG Employment, Social Affairs and Inclusion



**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion

Unit C1

Contact: Dijana Ror and Bent-Ole Grooss

E-mail: <http://ec.europa.eu/social/home.jsp>

European Commission

B-1000 Brussels

**Peer Review on  
'Social Entrepreneurship to  
tackle unmet social  
challenges'**

**Oslo, Norway, 12-13 December 2017**

**Synthesis Report**

Directorate-General for Employment, Social Affairs and Inclusion  
Peer Review on 'Social Entrepreneurship to tackle unmet social challenges',  
Oslo, Norway, 12-13 December 2017

**Europe Direct is a service to help you find answers  
to your questions about the European Union.**

**Freephone number (\*):**

**00 800 6 7 8 9 10 11**

(\*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

#### **LEGAL NOTICE**

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (<http://www.europa.eu>).

Luxembourg: Publications Office of the European Union, 2018

© European Union, 2018

Reproduction is authorised provided the source is acknowledged.

## **Table of Contents**

1	Introduction .....	1
1.1	Background and purpose of the Peer Review .....	1
1.2	European policy context .....	1
2	The Norwegian approach to Social Entrepreneurship.....	5
3	Key questions on 'Social entrepreneurship to tackle unmet social challenges' .....	7
3.1	Providing effective and efficient public support and schemes.....	7
3.2	Actor collaboration to support social entrepreneurship .....	10
3.2.1	Type of actors involved in social entrepreneurship .....	10
3.2.2	Approaches to collaboration.....	13
3.3	Target group involvement .....	14
4	Conclusions and recommendations.....	15

## 1 Introduction

### 1.1 Background and purpose of the Peer Review

A Peer Review on 'Social Entrepreneurship to tackle unmet social challenges' was held in Oslo (Norway) on 12 and 13 December 2017.

The focus of this Peer Review was on providing insights on where to place social entrepreneurship in the field of welfare, discussing different approaches to supporting its development from a governmental perspective and understanding what can be gained from social entrepreneurship.

Social entrepreneurship has developed the last 10 to 15 years, as a way to find solutions for major social challenges in the context of declining welfare budgets, increasing inequality and social exclusion, and demands for more inclusive patterns of growth. Social entrepreneurship and social enterprises comprise of several different models across Europe, often developed in collaboration with government, the third sector, and civil society.

The event was hosted by the Norwegian Ministry of Labour and Social Affairs and participants included independent experts and government representatives from seven Member States, namely Bulgaria, the Czech Republic, Denmark, Finland, Hungary, Latvia and Lithuania. In addition, a representative from the European Commission participated at the event<sup>1</sup>.

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 people in vulnerable situations. The 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 Peer Review covered EU and country specific presentations on how social entrepreneurship models are being implemented and adapted across time, as well as working groups in which exchange of specific measures and activities and lessons learned so far took place. In addition, a study visit was organised to Sentralen<sup>2</sup>, where three initiatives to support social entrepreneurship and social innovation were presented: SoCentral<sup>3</sup>, Center for Social Entrepreneurship and Innovation (SE-Centre<sup>4</sup>) and Ferd Social Entrepreneurs<sup>5</sup>.

### 1.2 European policy context

Social entrepreneurship and social enterprises have become more important in terms of policy and practice across Europe.

The terms 'social entrepreneurship' and 'social enterprises' are often used interchangeably, whereas in some countries these terms are clearly differentiated. The academia, including the international network EMES tends to differentiate between the two with a clear distinction: 'social enterprise' refers to *organisations* fulfilling certain criteria while 'social entrepreneurship' refers to an *approach* driving social change and social innovation.

---

<sup>1</sup> Unfortunately, due to flight cancellations in Brussels, 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.

<sup>2</sup> <http://www.sentralen.no/en/thehouse/om-sentralen>

<sup>3</sup> <https://socentral.no/english/>

<sup>4</sup> <http://www.sosialinnovasjon.com> (in Norwegian)

<sup>5</sup> <http://ferd.no/en/social-entrepreneurs>

With regard to EU policy development in this field, the European Commission launched the Social Business Initiative (SBI)<sup>6</sup> in 2011. The initiative is implemented in close partnership with stakeholders in the sector and EU countries. The following concept on social enterprises was presented:

*"A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities."*

Consequently, the European Commission uses the term 'social enterprise' to cover the following types of business<sup>7</sup>:

- 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.

The short-term action plan introduced in the SBI contained 11 priority measures and centred around the following 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.

A mapping of social enterprises and their eco-systems in Europe in 2014 revealed that the political approach, definitions and legislation on social enterprises are varying substantially across the EU.

However, **the SBI** boosted positive developments both at EU and national levels as well as among stakeholders;

- At EU level the political attention translated into concrete measures in
  - funding programmes (structurally in EaSI social enterprise finance, in EFSI social impact instruments and in an ESF investment priority, but also occasionally in mainstream programmes such as Erasmus+, FP7 and COSME),
  - through specific regulations (European Social Enterprise Fund, EuSEF) as well as through better recognition in relevant regulatory measures (revised 2014 public procurement directive, state aid).
- At national level, several countries have been inspired to introduce new legislation and strategies.
  - For example, the 2014 law on 'social and solidarity economy' in France includes specific provisions for social enterprises in line with the SBI concept.
  - Other examples include the national social investment strategies in Portugal and Luxemburg and new legislation adopted or being prepared in Bulgaria,

---

<sup>6</sup> Social Business Initiative, Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation, EU Commission, 2011

<sup>7</sup> [http://ec.europa.eu/growth/sectors/social-economy/enterprises\\_nl](http://ec.europa.eu/growth/sectors/social-economy/enterprises_nl)

Cyprus, Italy, Greece and Luxembourg, Lithuania, Malta, Poland and Slovenia.

- Italy and UK have been the pioneers in terms of specific legal forms for social enterprises. Both countries have continued to review their national frameworks to boost the development further.

In the 2016 European Commission's 'Start-up and Scale-up Initiative'<sup>8</sup>, a new set of actions was established 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
- Support of impact financing of social economy and social enterprises through international development.

In an international study of social enterprises in over 50 countries<sup>9</sup>, four types of social enterprise were identified<sup>10</sup>:

- The entrepreneurial non-profit (ENP) model;
- The social cooperative (SC) model;
- The social business (SB) model; and,
- The public-sector social enterprise (PSE) model.

The origins and drivers of social enterprise are quite diverse. Not only start-ups, but also the reconfiguration of existing organisations due to changing contexts has been an important pathway. It is important to consider how these different kinds of social enterprise can be supported through collaborations, state support, and eco-systems.

Statistics on social entrepreneurship in Europe are not well established, but estimates of the number of social enterprises in seven countries have been presented in the 2016 European Commission report on social enterprises<sup>11</sup>. 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.

Throughout the Peer Review, the focus was on organisations with a clear social objective, often driving forward social innovation, along with some form of entrepreneurial business model. This however did not ignore the importance of civil society actors who ensure social entrepreneurship connects with local people, and the problems they face<sup>12</sup>.

The Peer Review showed that different concepts and forms of social entrepreneurship exist across Europe, which often depends on various factors, such as the welfare state tradition, the presence of different types actors and the development of the 'eco-system' in which social entrepreneurship can develop (further described below). Also, boundaries between the different actors are not always clear, for example, many

---

<sup>8</sup> Europe's next leaders: the start-up and scale-up initiative, EU Commission Communication, 22/11/2016 see <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016DC0733&from=EN>

<sup>9</sup> ICSEM project: [www.iap-socent.be/](http://www.iap-socent.be/)

<sup>10</sup> Defourny, J. and Nyssens, "Fundamentals for an International Typology of Social Enterprise Models", ICSEM Working Papers, No. 33, Liege: The International Comparative Social Enterprise Models (ICSEM) Project, 2016.

<sup>11</sup> Social enterprises and their eco-systems: developments in Europe. Brussels, Directorate-General for Employment, Social Affairs and Inclusion, EU Commission, 2016.

<sup>12</sup> Roger Spear, Thematic Discussion Paper: Social Entrepreneurship in the EU



NGOs, such as for example in Bulgaria and the Czech Republic, are becoming more entrepreneurial. Moreover, the public sector is becoming more involved or is leading also on social innovation and there are forms of hybrid public/private social enterprises<sup>13</sup>. In general, participants were wary of one (legal) definition of social entrepreneurship, as it might restrict other forms of organisations to develop social entrepreneurship.

---

<sup>13</sup> Luke, B., Chu, V., Social enterprise versus social entrepreneurship: An examination of the 'why' and 'how' in pursuing social change, *International Small Business Journal* 31(7) 764–784, 2013.

## 2 The Norwegian approach to Social Entrepreneurship

As mentioned in the first section, Norway has an extensive public welfare state with comparatively low poverty rates providing universal social services to its citizens. However, the aftermath of the financial crisis and further demographic change also affected Norway, so the state is confronted with increasing demand for social services and support. This leads to new approaches to address this increasing demand with an emphasis on partnership working with civil society and social entrepreneurs to find new solutions, public and private, to more pressing challenges. In 2011, a grant for social entrepreneurs in the area of poverty and social exclusion was established. The government that took office in 2013 stated in its political platform that it would improve the conditions for using social entrepreneurs and the voluntary sector in the welfare system. The ongoing initiatives focus on improving the conditions for social entrepreneurs, such as the establishment of an inter-service working group consisting of eight ministries or the development of a research project to assess framework conditions and schemes for supporting social entrepreneurship.

Social enterprises are still a relatively marginal phenomenon in Norway. There are approximately around 400 of them and more than half of the social enterprises have been established within the last ten years. The dominant types of activities they engage in are 'social inclusion for people in vulnerable situations', 'work inclusion' and 'community' (particularly in social enterprises emanating from voluntary organisations), 'youth' and 'health'. The majority of the social enterprises are dependent on private or public support, and about half of the enterprises have had economic surplus within the last five years. Among those who had generated surplus most of the profit was reinvested in the enterprise<sup>14</sup>.

A study visit was organised to Sentralen<sup>15</sup>, where three initiatives to support social entrepreneurship and social innovation were presented: SoCentral<sup>16</sup>, Center for Social Entrepreneurship and Innovation (SE-Centre<sup>17</sup>) together with Tøyen Unlimited and Ferd Social Entrepreneurs<sup>18</sup>.

The main focus of *SoCentral* lies in creating collaboration in order to solve the most pressing societal challenges. They call themselves 'The Nordic Incubator for Social Innovation'. The Incubator has 230 members from 110 organisations and a portfolio of 50 solutions that they are involved in.

The aim of *SE-Centre* is to increase the chances of individuals to start or enlarge their social entrepreneurship. Amongst other things, they provide job training, creative activities, supervision, coaching and education to target groups.

*Ferd Social Entrepreneurs* (Ferd SE) is part of Ferd, a family-owned Norwegian investment-company. Ferd SE invests in social entrepreneurs. They provide these companies with capital, expertise and networks in an active partnership. Key in this approach is that the entrepreneurs deliver measurable social results and contribute to consolidating their markets. This way, Ferd turns Corporate Social Responsibility into social entrepreneurship.<sup>19</sup>

<sup>14</sup> Eimhjellen, I. & Loga, J. 2016. *Utvikling av sosialt entreprenørskap i Norge*. Rapport 9, 2016. Bergen: Uni Research.

<sup>15</sup> <http://www.sentralen.no/en/thehouse/om-sentralen>

<sup>16</sup> <https://socentral.no/english/>

<sup>17</sup> <http://www.sosialinnovasjon.com> (in Norwegian)

<sup>18</sup> <http://ferd.no/en/social-entrepreneurs>

<sup>19</sup> Corporate social responsibility (CSR) is a corporate monitoring process to ensure that business activities comply with ethical standards and national or international norms. While there are overlaps between CSR and social entrepreneurship, for example via cooperation between businesses and social enterprises, the role of social innovation and impact and participatory 'bottom-up' approaches are a priority for social entrepreneurship, compared to businesses that might see profit as their primary aim.

The majority of organisations engaged in social entrepreneurship participate in networks or hubs, some of which operate as incubators facilitating collaboration, shared working spaces and interaction between sectors. Such arrangements generate co-production and collaboration which is regarded as important by the social entrepreneurs. Because of a lack of comparable data it is not possible to determine whether, how, or by how much the field of social enterprise is growing in Norway. Recent research did not find indications of strong growth in the field of social enterprises, supporting the assumption that neither the needs for welfare production nor the economic situation in Norway stimulate growth<sup>20</sup>. The dominant position of the welfare state and its wide-reaching services may also impede the development of social enterprises.

One of the main challenge reported by social entrepreneurs is that there is not enough collaboration between social enterprises and local authorities. This collaboration is believed to be essential in order to create an 'eco-system' in which social entrepreneurship is able to develop. Currently, local authorities have limited knowledge of what a social enterprise is, many are sceptical to the combined social and business motives and they might associate social enterprise with risk taking. The procurement regulations are difficult to fulfil, privileging larger organisations in the voluntary or private business sectors in procurement processes. Hence, the market for social enterprises in providing social services in local authorities is small. Also, access to counselling and relevant education is scarce, both for local authorities and for social enterprises. There is also little exchange of experiences and knowledge between local authorities<sup>21</sup>.

Despite uncertainties about the level of growth of the social enterprise field in Norway, there are indications of a growing infrastructure with various networks and hubs (such as the above mentioned *SoCentral*), initiatives to improve collaboration in public procurement, and to coordinate policy initiatives between ministries to further the government objective of improving the conditions for using social entrepreneurs in the welfare system. This development is in some respects similar to the start of the 20<sup>th</sup> century, when membership-based voluntary organisations represented social groups and interest, channelled citizen engagement on a variety of social issues into the political arena, and initiated entrepreneurial activities to address social problems<sup>22</sup>. In the second half of the 20<sup>th</sup> century, the state took responsibility to support people in vulnerable situations<sup>23</sup>, creating a welfare state.

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. Overall, social enterprises operate within existing frameworks of law, regulations and procurement processes<sup>24</sup>.

---

<sup>20</sup> Loga, J., Eimhjellen, I., Eschweiler, J., Ingstad, E., Stokstad, S. & Winsvold, M. 2016. Sosiale entreprenører – partnerskap for nye løsninger. Rapport 1, 2016. Bergen: Uni Research.

<sup>21</sup> Loga et al, 2016 / Kobro, L.U., Røtnes, R., Eggen, F.W. & Skar, C. 2017. Statlige rammevilkår på ramme alvor. Sosialt entreprenørskap i norsk offentlig kontekst. Porsgrunn: SESAM, University College of Southeast Norway.

<sup>22</sup> Defourny, J. & Nyssens, M. 2014. The EMES Approach to Social Enterprise in a Comparative Perspective. In J. Defourny, L. Hulgård & V. Pestoff (Eds.), *Social Enterprise and the Third Sector: Changing European Landscapes in a Comparative Perspective*. New York: Routledge

<sup>23</sup> Lorentzen, H. 1994. *Frivillighetens integrasjon: staten og de frivillige velferdsprodusentene*. Oslo: Universitetsforlaget.

<sup>24</sup> Hans A. Hauge, Host Country paper Norway - Social enterprise in Norway – caught between collaboration and co-optation?

### **3 Key questions on 'Social entrepreneurship to tackle unmet social challenges'**

This section focuses on the key issues related to how social entrepreneurship can tackle unmet social challenges as was identified during the Peer Review. It is structured as follows, around the three following questions:

- Section 3.1 How can we ensure that public support and schemes for social entrepreneurship are effective and efficient;
- Section 3.2 How can different actors work together to support social entrepreneurship and tackle challenges currently unaddressed by existing welfare schemes (with a focus on children and young people at risk of poverty and social exclusion and support for labour market integration of those furthest from the labour market);
- Section 3.3 How to involve people who have experienced poverty and social exclusion in social entrepreneurship, ensuring that schemes are well-targeted and efficient.

#### **3.1 Providing effective and efficient public support and schemes**

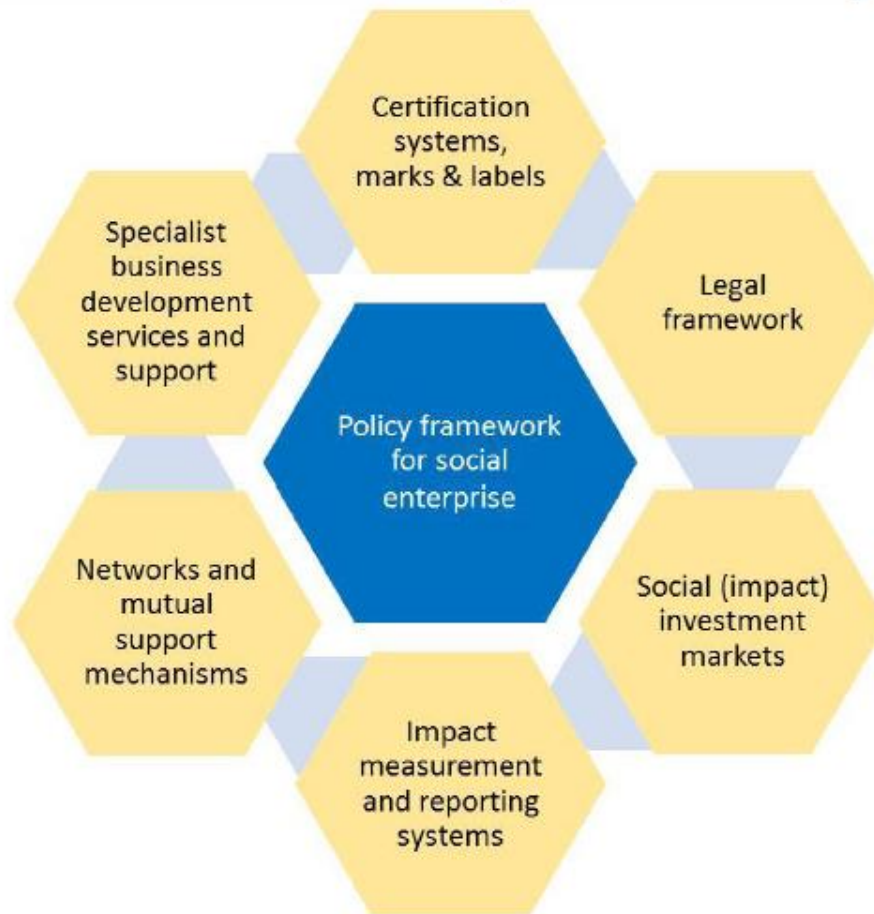
The concept of an 'eco-system' lists a range of measures that can provide an enabling environment for social enterprises. This concept addresses the various spheres and approaches that social enterprises operate in by considering the distinctiveness of their activity: a different way to provide support, engage, invest or consume. The distinctiveness of social enterprises requires a holistic approach encompassing various segments described in the 'eco-system'. The segments within such an ecosystem are interrelated. Furthermore, the various forms of social enterprises mean that the support and resources available in an 'eco-system' might be used differently.

An example of a model for an 'eco-system' is described in the European mapping study of social enterprise and their ecosystems<sup>25</sup>:

---

<sup>25</sup> European Commission (2015) Map of social enterprises and their eco-systems in Europe. Synthesis Report. DG Employment (Directorate-General for Employment, Social Affairs and Inclusion). This model of an 'eco-system' was further developed in the 2016 report 'Social Enterprises and their eco-systems: developments in Europe.' by Carlo Borzaga and Giulia Galera for the European Commission, Directorate-General for Employment, Social Affairs and Inclusion

Figure ES1.4 Select features of an eco-system for social enterprise



At the Peer Review, the key features of this model of an 'eco-system' were discussed as follows:

*Certification systems, marks and labels*

Among other countries, Finland has a social entrepreneurship label which helps to create public awareness. Social enterprises can be recognised and consumers have the option to choose products manufactured by social entrepreneurship.

*Legal framework*

Most of the countries who participated to the Peer Review, although to varying extents and levels of maturity, have a legal framework for social enterprises (e.g. Czech Republic, Denmark, Finland, Hungary and Lithuania). Although many countries have a legal framework for social enterprises, for example providing a separate legal entity for these, there is scepticism among the participants of the Peer Review whether a legal framework necessarily provides the expected benefits. A legal framework or a registration process needs to be embedded into a wider 'eco-system' to support social enterprises. For example, in Finland, incentives to register work inclusion social enterprises did not seem to result in a growth in the number of social enterprises, because the registration process does not go along with any other incentives, as civil servants were concerned that this would not comply with competition rules. In addition, although a legal framework has the advantage to raise awareness, this can be counter-productive because a legal definition might limit or exclude certain types of social enterprises. Whether there is need for regulations or law has to be assessed according to the specific situation in the country. Another important aspect is to consider whether existing legal regulations inhibit social entrepreneurial activity and how such constraints can be removed. For example, there might be legal constraints on non-profit organisations to undertake entrepreneurial activity. In Bulgaria, the process of building a policy and legal framework has started a few years ago which

recognises various legal forms under which social enterprises can be established as well as the need for public support. There is an on-going debate to define social enterprises by law, as well as public support measures, however the debate needs to consider that social entrepreneurship in general is a cross-cutting issue as well as involve actors from various sectors. If there is an identified need for a legal framework, social entrepreneurs should be involved in creating and developing it to ensure that it does not restrict the different forms of social enterprises possible. Moreover, the legal form of a social enterprise needs to be taken into account when considering funding arrangements. For example countries like Bulgaria and the Czech Republic recognise non-profit legal forms with tax breaks.

#### *Social impact (investment) markets*

There are often various means to accessing finance and many social enterprises are often funded by a mixture of public and private funding. Especially countries like Bulgaria, the Czech Republic, Hungary, Latvia and Lithuania use European Structural Funds to set up social enterprises, but also the Danish government has recently allocated 23 million DKK from the European Social Fund towards work integration social enterprises wanting to develop their business potential. Next to public funding schemes, social enterprises can receive funding in different kinds of way, such as through the use of social impact bonds, crowdfunding or micro finance. For example, in Finland, the Innovation Fund Sitra ([www.sitra.fi](http://www.sitra.fi)) is initiating impact investment whereas Social Impact Bonds (not only driven forward by social enterprises) are being piloted. There are a number of private funders, such as ethical banks, who also provide support to new initiatives as many social enterprises struggle financially and access to finance is crucial to create sustainability. Participants also discussed cases of social entrepreneurs who are very dependent on public funding; those providing the funding then need to make a judgement call if the activities are effective, especially when working with people in vulnerable situations.

#### *Impact measurement and reporting systems*

Assessing how well social enterprises are doing in terms of social impact is very attractive for managers, policy makers, funders, beneficiaries, and the general public. Social impact might also be a strong argument to further receive funding or/and public support. However, it is riven with difficulties and challenges, starting from defining outputs and outcomes, to deciding what data to collect and time needed to undertake data collection. Moreover, there might be other outcomes for beneficiaries, positive or negative, which cannot be influenced by the activity of a social enterprise in addition to the challenge of quantifying these. Especially smaller social enterprises might not have funds or resources available to evaluate their performances in terms of social impact. On the other hand, there may be tendencies to over-claim, or boost the apparent performance<sup>26</sup>. Here, cooperation with research might be able to address some of these gaps. Moreover, there is also existing good practice, such as the suggestions to measure social impact by the Expert Group on Social Entrepreneurship (GECES)<sup>27</sup>.

#### *Networks and mutual support mechanisms*

Social enterprise networks and/or other forms of mutual support structures exist in almost all countries. A good example is SoCentral in Oslo, who presented themselves during the visit to Sentralen organised as part of the Peer Review. They name themselves as 'the Nordic Incubator for Social Innovation'. In Bulgaria, the Centre for Not-for-profit Law organises multiple programmes and activities to support social entrepreneurs and civil society in general. During the Peer Review there was a broad consensus that providing knowledge on business and social skills is essential for social entrepreneurship to become successful.

---

<sup>26</sup> Roger Spear, Thematic Discussion Paper: Social Entrepreneurship in the EU.

<sup>27</sup> GECES Sub-group on Impact Measurement: Proposed Approaches to Social Impact Measurement in the European Commission legislation and practice relating to: EuSEFs and the EaSI.

### *Specialist business development services and support*

A number of countries have initiated a broad variety of business development services and support schemes specifically designed for social enterprises and social economy entities more widely. In some countries there is a strong focus on work integration social enterprises when supporting social enterprises. For example, the Lithuanian law on social enterprises defines a social enterprise as an enterprise that is set up to create employment for people excluded from the labour market. The Czech Ministry of Labour and Social Affairs in particular supports the establishment of work integration social enterprises in their grand scheme. However, this may rule out a broader perspective of social enterprises that contributes, often in new ways, to social welfare in these countries. According to the participants, a structural way of financing social entrepreneurship by schemes is better than ad hoc funding. Sustainability is essential to create a base of stable social enterprises which have the opportunity to grow. Another way of providing support is by raising the visibility and profile of social enterprises through awareness raising activities such as events, workshops, awards/competitions and pulling together a diverse community of actors.

At the micro-level of the organisation, attributes of social enterprise that appear to contribute to effective ways of working are:

- Use of local solidarity networks to involve local volunteers and interested professionals and experts;
- Multi-stakeholder and participatory governance structures drawing in local stakeholders and thereby gaining local expertise to meet local needs;
- Use of (ex-)beneficiaries (and locals) as supporters and mentors; and,
- Responsiveness and flexibility.

Similarly, at the micro-level of the social enterprise, it is particularly important to involve the target group effectively<sup>28</sup>.

## **3.2 Actor collaboration to support social entrepreneurship**

### **3.2.1 Type of actors involved in social entrepreneurship**

Different types of actors can work together to develop social entrepreneurship and actors can be involved in varying degrees across countries and/or the focus of the social entrepreneurship activity. They can be classified in different groups according to the type of support and added value they provide:

#### 1. The social dimension

Types of actors within this category can include:

- NGO's;
- Public / private service providers;
- Target group; and
- Citizens

Target group involvement and the collaboration with the public, in particular in a local setting, are needed for social enterprises to gain valuable insights on social problems and possible solutions. This often also provides more effective and innovative solutions to certain problems, because these groups have the best knowledge about their needs. NGOs, public and private service providers often also have valuable knowledge on target groups as well, so they are good partners for social enterprises to collaborate with. However, it was also underlined that the social economy is also a competitive market, and NGOs might advocate their role, as well as public providers who might underline the role of the state as welfare

---

<sup>28</sup> Roger Spear, Thematic Discussion Paper: Social Entrepreneurship in the EU.

provider. Moreover, the boundaries between social entrepreneurs and NGOs might not always be very clearly demarcated; often NGOs might develop innovative solutions and start working in a more entrepreneurial way.

## 2. Public Support

Types of actors within this category can include:

- Ministries; and
- Regional and local authorities.

Ministries, regional and more often local authorities may provide the institutional framework social entrepreneurs can operate in. Furthermore, political support and procurement possibilities need to be secured for social enterprises to be able to thrive. At a national level, Ministries often develop national initiatives to stimulate the development of social entrepreneurship, such as in the host country Norway, where political interest has been shown with the establishment of a grant for social entrepreneurs and several other ongoing initiatives. In Bulgaria, a national document recognises the need for support structures to develop an enabling 'eco-system'. The lack of a national 'vision' might also impede the development of social enterprises, as pointed out by Finland, where 'a lack of a national vision and any strategic approach to social enterprises and their role in the Finnish society has led to an ineffective use of different social enterprise development measures and activities during the past decades.'<sup>29</sup> However, this also depends highly on political support. For example, in Denmark, an ambitious 'eco-system' for social enterprises was built up with the establishment of a 'National Growth Centre for Social Enterprise', the 'National Council for Social Enterprise' and the law on social enterprise, however, both centres were closed in 2015 due to a change in government. Now the area of social enterprise is presented in the Forum for Dialogue on Social Responsibility and Growth hosted by the Danish Business Authority.

If there is a national strategy or approach to strengthen social enterprises, participants underlined that it is important to collaborate in order to break a strategy down to the local level. Moreover, it can also be the case that local authorities develop their own strategies, such as for example in the Danish city Århus which developed an action plan for collaboration in 2012. The national level should work closely with the local level, emphasising the national role as 'knowledge creator and sharer', in particular in Scandinavian countries where municipalities are very independent. An example is the handbook by the Norwegian Ministry of Local Government and Administration that engaged a wide range of stakeholders including social enterprises and local authorities to improve collaboration between local authorities and social enterprises within existing laws and regulations, for instance in public procurement. In Sweden, there is a book on '100 social innovations that can change Sweden'<sup>30</sup> which shares innovative results.

The role of municipalities who, in many countries, provide or contract social services, leads also to the question of the role of the state in welfare provision. In the Czech Republic, there is a discussion about the marketisation of social services which is connected to the role and legal form of social enterprises, as well as their collaboration with municipalities.

Moreover, inter-agency cooperation, starting already at national level, as in Norway, might be helpful to address needs and develop solutions in a holistic way. Social entrepreneurship affects the realm of various Ministries: from finance, economy, to health, labour, social affairs, research and local communities.

## 3. Technical services

---

<sup>29</sup> Harri Kostilainen, Peer Country Comments Paper - Finland

<sup>30</sup> <http://socialinnovation.se/projekt/detta-ar-100-sociala-innovationer/>



Types of actors within this category can include:

- Consultancy firms; and
- Legal firms.

Technical services like consultancy and/or legal firms may provide valuable insights to social enterprises on the fields of (tax) laws, research, organisational skills, etc. An incubator, like SoCentral, helps to stimulate collaboration between social enterprises and firms providing technical services. Public authorities can also cooperate to provide business advice. In Finland, this is done via a state-owned agency for business advice and staff is trained on the topic of social entrepreneurship. However, this can also be driven forward by another social enterprise or a public or non-governmental body to advocate and support social entrepreneurship. In Bulgaria, the Bulgarian Center for Not-for-Profit Law offers training on business planning instruments including the development of their business ideas and an application for a start-up funding. This is then followed by a competition process in which the best ideas receive funding and further mentorship to realise their idea.

#### 4. Funding and commercial business know-how

Types of actors within this category can include:

- Public authorities on local, regional, national and EU level to provide business and access to funding advice for social entrepreneurs
- NGOs and foundations;
- Financial / commercial advisors; and
- Various private investors, such as crowd-funding, individuals, investors and banks and companies.

In order for social enterprises to obtain funding and resources other than schemes, it is important to create new ways of funding. Private investors might be a useful solution. Also, Corporate Social Responsibility of large companies might be a way to gain financial resources for social enterprises, for example, in particular in the Scandinavian countries, there are more and more private investors are interested in social entrepreneurship. In Denmark, the above mentioned Forum for Dialogue on Social Responsibility and Growth hosted by the Danish Business Authority aims to raise awareness of the cooperate sector to support social enterprises to grow. As mentioned earlier, Finland has recently started to pilot new funding models like Social Impact Bonds on a wider scale, also in public-private cooperation. For example, the social enterprise Epiqus work with public authorities to develop new approaches to fund social issues.

#### 5. Research / education / training expertise

Types of actors within this category can include:

- Universities; and
- Education and training institutes.

The field of research helps social enterprise in numerous ways. Research raises awareness and insights to (local) governments on how to support social enterprises. If research on the subject of social entrepreneurship does not exist in a country, it proves to be a good solution to start up with a loose network of interested researchers, like it was done in Finland for example. In Denmark, the Roskilde University offers a Master in Social Entrepreneurship and Management and has also set up an alumni association which further helps to network. Also, education and training on numerous subjects helps social entrepreneurs achieve sustainability in the activities they develop.

#### 6. Networks and associations representing social enterprises

In terms of support structures, networks and bodies representing social enterprises play also a crucial role as a coordinator, but also as an advocate for this upcoming sector. These actors operate often on a European, national and local level, reflecting a 'bottom-up' approach. At European level, actors like the European Network for Social Integration Enterprises (ENSIE), the EUCLID Network, the European Network of Cities and Regions for the Social Economy (REVES) and the Rreuse network represent social enterprises and their support organisations operating at national and regional levels.<sup>31</sup>

Impact Hubs that exist across the world, facilitate exchange and training at local level. At national level, bodies like for example 'Social Enterprise UK' advocate for social enterprises with partners, such as businesses and the public sector whereas at local level, actors like social incubators, can provide the necessary linkage between the different types of actors, providing a platform for collaboration and exchange of ideas.

The above list of types of actors is not exhaustive and their importance and contribution to social entrepreneurship, as well as the composition of the actor group involved, varies widely per country.

### **3.2.2 Approaches to collaboration**

With regard to approaches to collaboration, again, the Peer Review discussions reflected the great variety across the participating countries and there is no 'one size fits all' as historical, institutional and cultural factors influence the shape collaboration takes between the different actors involved. New ways of collaboration find their way to social entrepreneurship. An example are the hybrid organisations: while there used to be a difference between the governmental non-profit, non-profit (NGOs) and for-profit sectors, this distinction has become less clear in recent years. Traditional for-profit companies try to achieve social aims, as is the case with the Norwegian investment company Ferd, who invests in social entrepreneurs delivering measurable social results and supporting them to gain financial sustainability. Ferd provides these companies with capital, expertise and networks in an active partnership with defined milestones and set social targets. In Finland, the social enterprise Epiqus aims to invest into solutions for pressing social or environmental challenges that also generate market returns.

Public services are under pressure because of various factors such as demographic change and, impacts of the recent recession, often combined with spending cuts in public budgets. Hence there is also a need for the public sector for innovative ways to achieve their social impact, eventually with alternative funding or in new ways of collaboration. However, the cooperation between public authorities and social enterprises can still be intensified in many countries in order to find common solutions that work best for the beneficiaries.

Below are a number of approaches that are being implemented in the participating countries, including more innovative ways to effectively provide support in the area of social entrepreneurship:

- Involving centres/bodies that advocate for social entrepreneurship and bring different actors together in various activities. E.g. in stakeholder meetings, social media/blogs, conferences and development of handbooks.
- Collaboration approaches across sectors, such as inter-agency working groups, teams, meetings and discussions. An example is the Danish Committee on Social Enterprise, consisting of previous members of the National Council for

---

<sup>31</sup> <http://www.ensie.org>  
<http://euclidnetwork.eu>  
<http://www.revesnetwork.eu/wp/>  
<http://www.rreuse.org/>

Social Enterprise, other representatives for social enterprises and interest organisations. They coordinate activities and lobbying.

- Designated roles in local/regional authorities, such as 'Innovation managers' who network across sectors;
- Exchange to collect ideas and enhance cooperation, for example by 'Inclusion days' which can serve as a platform; Fairs or 'markets on ideas' on social entrepreneurship (this can be also done with students who get a small budget to realise their idea);
- Good practice exchange, for example the digital social stock exchange: this Danish idea provides a social digital place to seek collaborators for efforts with a common purpose, for example organisations, companies, voluntary associations, NGO's and Social enterprises. The stock exchange matches projects with different purposes to each other;
- Storytelling by sharing success stories digitally, in order to raise awareness and convince on the need for social entrepreneurship.

As part of the collaboration on social entrepreneurship, a number of critical success factors were identified contributing to an effective and efficient way of working together. These include:

- Identification of the right actors to be included in the collaboration;
- A bottom-up approach using participatory principles;
- A shared understanding of the starting position and where to go from there, i.e. setting clear aims and targets;
- Having a social aim which is the main driver for the commercial activity;
- Know-how on the business side in order to build up a long-term operation that can capitalise on the impact of its activities;
- Flexibility and embracing uniqueness when identifying and addressing social problems that have been unmet;
- Long-term ownership and leadership in order to create a sustainable business model;
- Trust by the beneficiaries, which is often established by using democratic or participatory principles;
- A clear allocation of roles and respecting these.

### **3.3 Target group involvement**

Participants listed many reasons why target groups should be involved in social entrepreneurship. First of all, it empowers the people themselves and can improve their situation. Secondly, measures tend to be more effective when they are carried out *with* the target group instead of *for* the target group because it is the best way to understand the problems these groups face, including their capabilities, and therefore the best way to come up with solutions that work for them. There are numerous examples across Europe of social entrepreneurs working together with target groups. Much can be achieved by working directly with the target groups since they are able to:

- Provide information about the beneficiary group and access to the group;
- Know the problems and possible solutions; and
- Some might want to become social entrepreneurs themselves.

There are various ways to involve people who have experienced poverty and social exclusion. An emphasis on bottom-up methods of development of entrepreneurship

seems to be emerging. Such a bottom-up approach aims to ensure the involvement and ownership of an initiative by beneficiary groups and the community itself. Emphasising a system of collaboration or coproduction, in which knowledge and resources do not only reside with an external agency (state or third sector) providing support for social entrepreneurship, but in which it is also recognised that local people bring their own knowledge and resources to the social entrepreneurial activity. It was emphasised by Central European and Baltic countries that the communist legacy of an under-developed civil society is slightly diminishing now with a lot of young people who want to engage on a local level. In the Czech Republic and Hungary social enterprises often have the legal form of social cooperatives in which its members cooperate in a participatory approach for mutual benefit.

In terms of involving service users and people in vulnerable situations, social entrepreneurship may gain from experts by experience, so people who have been facing social exclusion and have experienced service delivery and are able to inform a better service delivery, more targeted at needs as well as can advocate for their peers. This idea for example proves to be helpful in Bulgaria. The SE -centre in Norway is another example. The majority of its 38 members is self-organised, meaning that they have transformed their experiences with different types of exclusion into social beneficial solutions for other people.

The system of collaboration may be more effective when seen as participative, giving the opportunity to beneficiaries and their families to be part of the development process and the social enterprise, and, where possible, in governance. Also, drawing on networks of knowledge, such as community groups or service user groups, resources and support helps to develop innovative and effective ways of working. Achieving positive outcomes based on such an approach relies on identifying and collaborating with stakeholders from all sectors – public, private, and third sector. Adoption of some of these practices is more likely to engage and involve target groups who may be in vulnerable situations. These groups might have been confronted in the past with a more traditional, standardised service delivery and the fact that they can participate in the design of services or projects has an enabling and motivating potential.

When developing strategies and approaches to engaging the target group in the most effective way, experience across the participating countries has shown that the following must be kept in mind:

- Activate partners to involve target groups, while being aware that you can't direct and structure everything;
- Listen really carefully to what people who are involved have to say and communicate in a non-judgemental way;
- Expect unexpected things to happen and don't be afraid to make mistakes;
- Take a step back and involve various stakeholder groups via a bottom-up approach.

## **4 Conclusions and recommendations**

The Peer Review on 'Social Entrepreneurship to tackle unmet social challenges' highlighted the need for sharing experiences and challenges in developing social entrepreneurship and setting up social enterprises. The following key messages were identified:

On visibility and awareness:

- It is necessary to **raise public awareness** on social entrepreneurship. Without this, it is extremely difficult to create an effective support system. In some countries, like for example in Finland, a national label which identifies social enterprises as such, raises consumer awareness.

- Across Europe, there seems to be a dominance of work integration social enterprises. This might constrain and hide other parts of social enterprises, which might be new ways to address social issues or unaddressed needs. **By mapping these other parts of social entrepreneurship**, other forms can be identified and with that information the support system on social enterprises can be improved, therefore increasing the potential for social impact.

On public policies and schemes:

- Any **regulations and laws** in the policy area of social entrepreneurship should accommodate **all forms of social enterprises** because regulations based on too narrow definitions of social enterprise become counter-productive. For this reason, legislation might be unnecessary in some countries or, if a legal definition is developed, it should involve different social entrepreneurs and other stakeholders in order to find a suitable definition for all. This is useful for policy making and the development of a support structure, as different types of social entrepreneurship (such as social enterprises) require different approaches.
- The successful implementation of a **national or regional strategy** to enhance social entrepreneurship should go along with **interagency-cooperation** and the involvement of social entrepreneurs and municipalities to gain buy in and to implement a strategy successfully on the ground. The public sector needs to embrace a **bottom-up approach** and seek for collaboration with actors in the field as evidence so far shows there is much to gain from these types of cooperation.
- A certain form of social entrepreneurship concern hybrid public/private forms, for example to provide social services. In general, however, a **better connection and collaboration** is needed to find innovative solutions on how public services can be provided in an entrepreneurial way. One way to enable stakeholders to do so is the use of expert research.

On sustainable funding:

- **Access to (long-term) funding** and the ability to run a social enterprise in a financially sustainable manner are important to ensure the activity meets its social goal. In particular social enterprises working with people in vulnerable situations need to ensure their activities and support does not suddenly end. In terms of public funding, providers of funding then have to make a judgement call on whether the social enterprise is providing value for money and thus continue their support. Here it might be useful for the funding authority to shift from a subsidy to a procurement contract where the social and economic value developed by the social enterprise is properly assessed and compensated for.
- In order to make funding less dependent on public resources, **support by private investors has become important** recently. The investor will in this case also consider the social impact of their investment. Social impact investing, such as social impact bonds or charity bonds are forms of private investment<sup>32</sup>.

On empowering social enterprises:

- A strong factor to encourage social entrepreneurship is an enabling **environment providing advice and support** as well as an opportunity to share ideas to tackle problems. An important role to facilitate this exchange and cooperation is played by organisations that enable networking between social entrepreneurs.

---

<sup>32</sup> For example, larger companies like FERD in Norway started to invest in social enterprises. This is a very interesting form of social entrepreneurship because their knowledge and financial possibilities enables them to make a substantial social impact with their activities.

- Moreover, **target groups** should be involved in the social entrepreneurship project, when and where possible, to ensure social aims are achieved. By **becoming social entrepreneurs or part of a social enterprise themselves**, there is a higher chance of finding the right solutions for problems encountered by the relevant groups.
- In order to provide evidence on what works and what doesn't with regard to supporting social enterprises is to find a **way to measure and assess the social impact** achieved by social enterprises. By doing so, different types of measures can be compared with each other and it creates more assurance that public and private support and schemes can be effective and efficient. Here, research can cooperate with social enterprises to find realistic ways to measure social impact.
- 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.

Finally, there are no quick fix solutions to social challenges. Solution-focused approaches need to be developed over time, through partnership with key stakeholders.

