

Social Entrepreneurship (SE)

Topic 10. Creating a Global Infrastructure for Social Business

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Why the interest in social enterprise?

- Unprecedented **crisis**
- Complex societal **challenges**
- In this **new social landscape** emerging:
 - Call for smarter, more inclusive and sustainable models
 - Reinforcing the social dimension of Europe
- **Social economy** → a feature of **European social model**
 - Drivers of social change
 - Catalyst for social innovation
 - Produce both social and economic outcomes
 - Proven success in exit of crisis
 - Sustainable, innovative, flexible, resource-efficient, growing...

What is social enterprise and social economy?

Commission description of social enterprise (SBI):

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

- *those for which 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**,*
- *and where the **method of organisation or ownership** system reflects their mission, using democratic or participatory principles or focusing on social justice.*
- *Thus:*
 - *Are businesses **providing social services and/or goods and services to vulnerable persons** (access to housing, health care, assistance for elderly or disabled persons, inclusion of vulnerable groups, child care, access to employment and training, dependency management, etc.); and/or*
 - *Are businesses with a **method of production of goods or services with a social objective** (social and professional integration via access to employment for people disadvantaged in particular by insufficient qualifications or social or professional problems leading to exclusion and marginalisation) but whose activity may be outside the realm of the provision of social goods or services.“*

Commission definition of social economy based on legal forms: associations, foundations, cooperatives and mutuals → interest to define based on shares values and principles

European work - milestones

- 1) Europe 2020 → Monti-report → Single Market Act 1
- 2) EESC requested for **exploratory opinion** (2011)
- 3) Commission launches “Social Business Initiative (**SBI**)” (2011)
- 4) **GECES** formed to follow implementation (2011→)
- 5) EESC provides **opinions** on actions and related topics (2011→)
- 6) Strasbourg Event “**Social Entrepreneurs – Have Your Say!**” (Jan 2014)
- 7) EESC initiates project “**Social Entrepreneurs – Make It Happen**” (Feb-Oct 2014)
- 8) Final report **EESC project phase 1** (Oct 2014)
- 9) Italian **Presidency** follow-up (Nov 2014)
- 10) European Parliament continuation of **Intergroup for Social Economy**
- 11) EESC **project phase 2** Dec 2014-Sept 2015

Creating an enabling environment – SBI priorities

An action plan for support social enterprise in Europe

▪ Improving access to funding

- ✓ Facilitating access to **private funding**
- ✓ Mobilisation of **EU funds**

▪ Increasing the visibility of social entrepreneurship

- ✓ Developing tools to gain a better understanding of the sector and increase the **visibility** of social entrepreneurship
- ✓ Reinforcing the managerial **capacities, professionalism and networking** of social businesses

▪ Improving the legal environment

- ✓ Developing appropriate **European legal forms** which could be used in European social entrepreneurship
- ✓ **Public procurement**
- ✓ **State aid**

“Social Entrepreneurs – Have Your Say!” January 16-17, 2014

- **EESC co-organiser** together with Commission (MARKT, EMPL, ENTR) and city of Strasbourg
- 2000 supporters of social enterprise participated + 2000 followed online
- Objectives → **take stock, identify new priorities, network**
- Harvesting results throughout → resulted in the **“Strasbourg Declaration”**



The EESC Social Enterprise Project INT/735 – *“Social Entrepreneurs – Make It Happen!”*

- **Aim** → take stock of Strasbourg results and define new and concrete actions for the EU Institutions
- **Project method** → bridging to local, regional, national levels and meeting stakeholders
- **Input summarised in project report**
 - Presented to EESC plenary in October
 - Content:
 - Key policy recommendations
 - Results, observations and recommendations
 - Suggested next step → follow-up and communication efforts
 - Annexes

A few key observations...

- There is a **genuine interest** in social economy enterprise
 - Visibility has risen but still little awareness, recognition and understanding of models
- The **description** of social enterprises needs to be further **clarified**
 - Interest in framing the concept of social enterprise, as part of support and promotion the social economy
- **Lack of implementation** at MS level
 - Need political will and ownership by public authorities at all levels must improve
- Parts of the **ecosystem** exist but must be pieced together and placed within a coherent framework
- More **social impact measurement**, include parallel to economic reporting , need training
- Social entrepreneurship and **social innovation** policies must be better **connected**

Key policy recommendations

- ① **Launch 2nd phase of the Social Business Initiative** (clear EU reference points)
- ② **Launch action plan for social economy**
- ③ **Continue European Parliament Social Economy Intergroup**

Key policy recommendations

- ① **Launch capacity building programmes** facilitating **social innovation**
- ② **Draft guidance note** on **new procurement rules**
- ③ **Mainstream** social entrepreneurship and social economy enterprises in Small Business Act

Key policy recommendations

- ① **Share suitable financial solutions and financial eco-system**
- ② **Recognise social economy enterprises in employment and social dialogue**
- ③ **Promote social entrepreneurship in education** at all levels
- ④ **Prioritise research** include in national **statistics collection** to increase understanding, recognition and visibility (models and logic)

Current developments

- ① **New EU institutional context** → European Commission and European Parliament
- ② Highlighted in **EESC recommendations to European Commission's 2015 Work Programme** as:
“Unless we strengthen entrepreneurship, it will not be possible to get back to growth and employment. Proposals include: “Launch an “SBI2” (Social Business Initiative 2), which would include a complete eco-system allowing funding for social enterprises and the social economy as a whole.”
- ③ **Phase 2 of EESC Social Enterprise Project** until September 2015
 - Policy work → dissemination of results, high-level meetings
 - Communication → online community
 - Further bridging to MS levels → going local, event etc.
- ④ **Prioritised in EESC work programme promoting social economy and social enterprise development:**
 - Strasbourg – Project phase 1 – Rome – Project phase 2 – Latvia, Luxembourg?
 - EESC opinion work and activities

Some key document and processes

- **EESC web site** → opinions, reports etc.
- **GECES web site** → Commissions documents
- **Current policy work**
 - Europe 2020 review
 - Commission social enterprise mapping study
 - Public procurement transposition
 - New programming period
 - EuSEF regulation
 - Social impact measurement
 - Interest in social impact investment
 - Social innovation policy developments
 - Others, research and innovation, small business act etc.

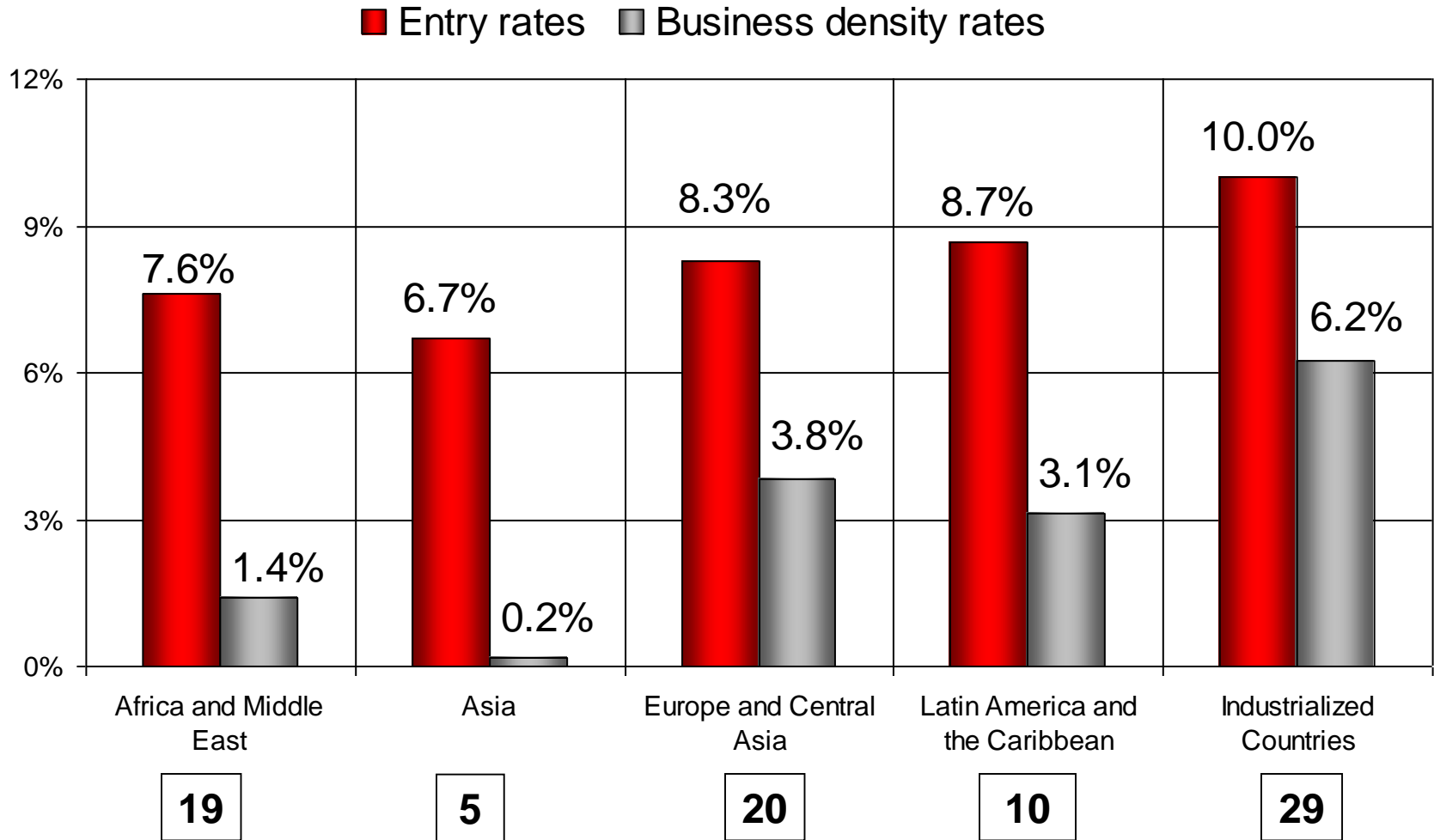
The agenda must continue...

- **Strides have been made** → build on legacy, do not lose momentum
- **Time is now** → complex societal challenges, increased social risks call for social innovation and social impact measurement
- **Proof is there** → more resilient in crisis, agent for social innovation and business creation
- **The interest is high** → project communication results demonstrate and figures speak

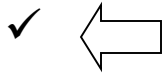
The Role of Corporate Registries

- What information are firms required to register?
 - Is registration compulsory?
 - Incorporations/ closings/ re-registrations
 - Is annual financial information compulsory?
- How do firms register?
- What information does the Registrar collect?
 - Corporate registrations, Internet domain names, Patents
- How is Registrar data distributed?
 - Accessibility by creditors, suppliers, lenders and private vendors (i.e. D&B)
- What is the relationship with new and total registrations?
- What is the relationship with the business environment?
- Case Studies

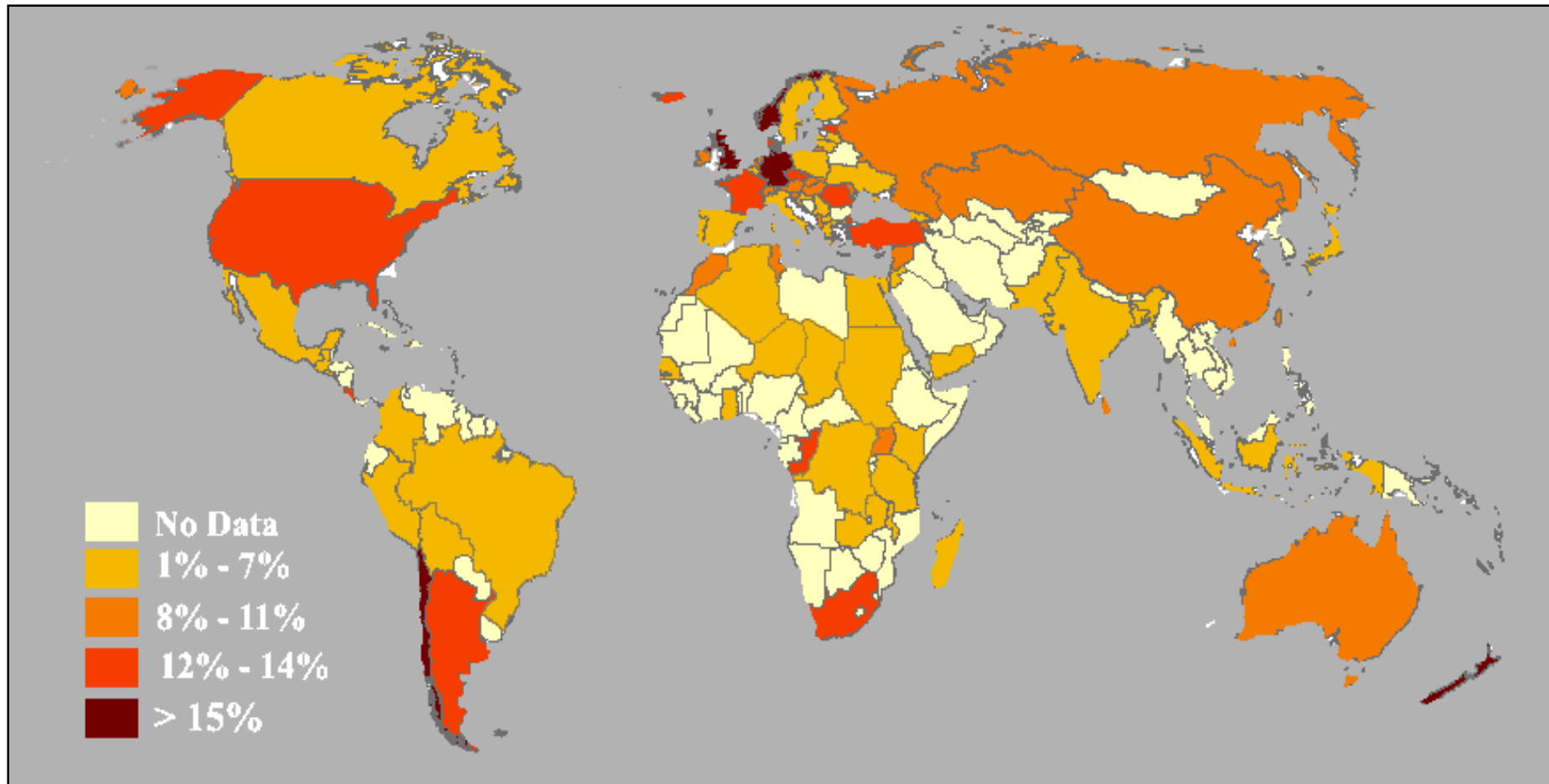
Summary statistics, by region



Summary statistics, by region

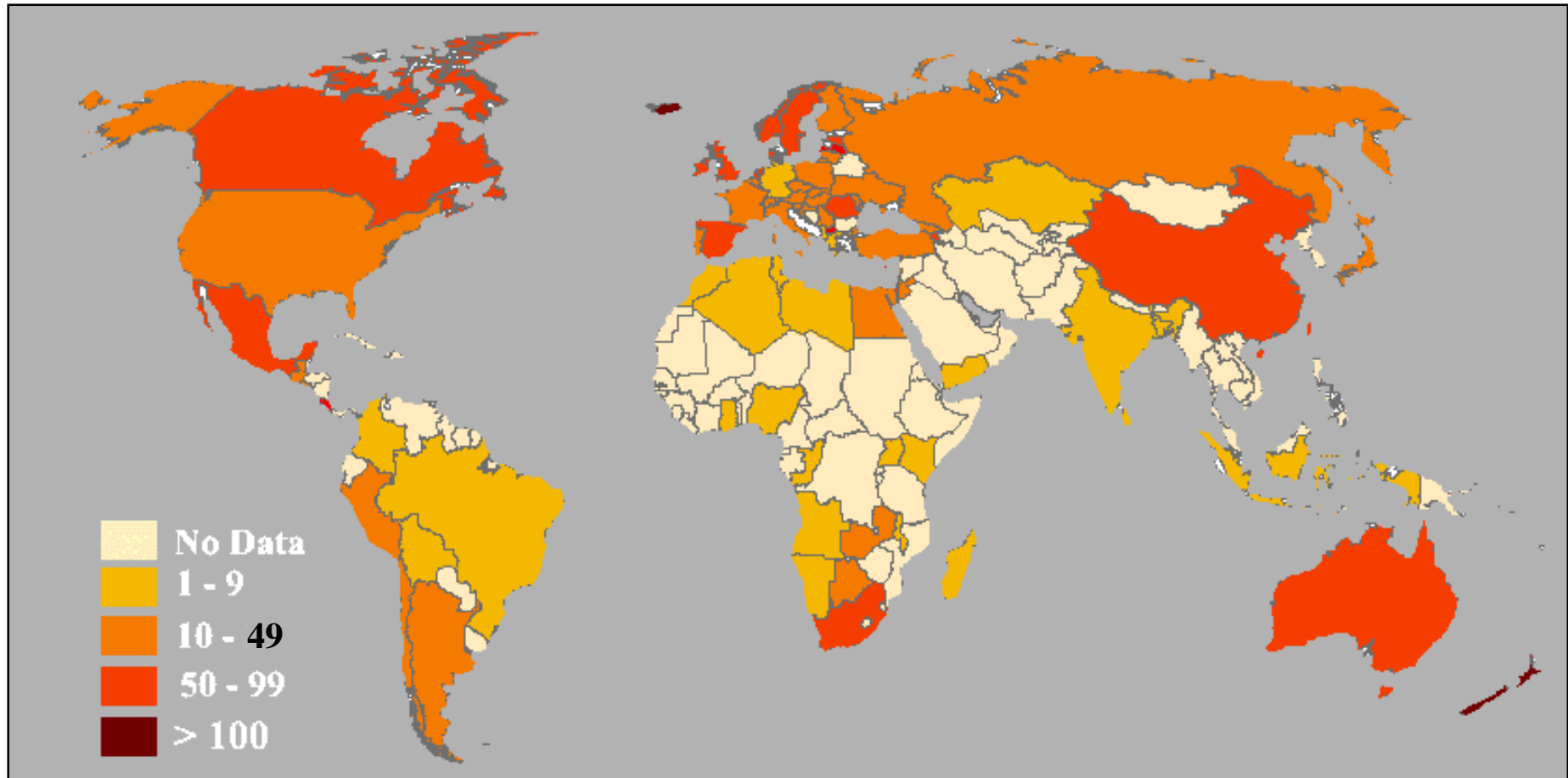


Average entry rate 2003-2005





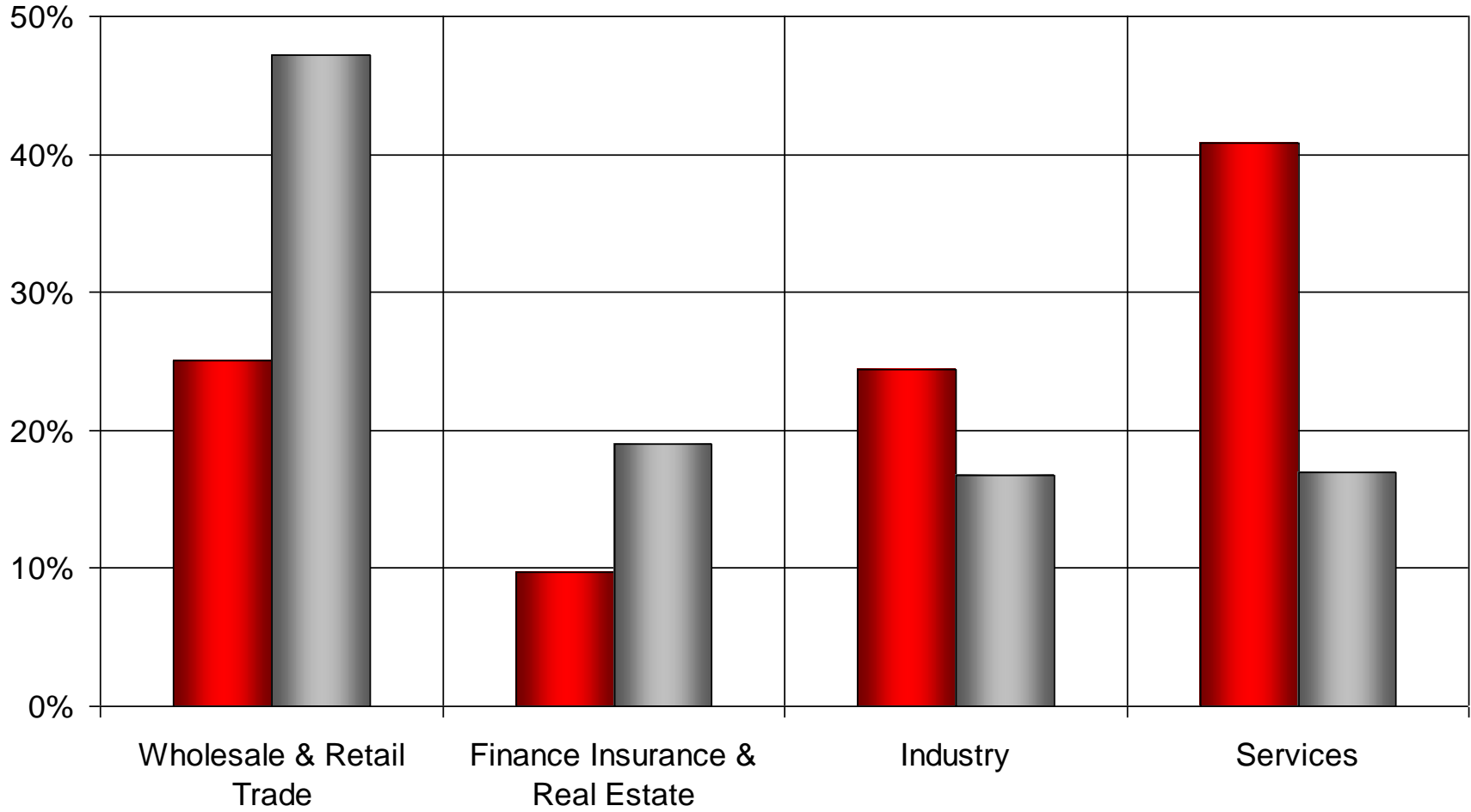
Average Business Density 2003-2005



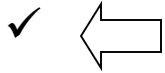
Summary statistics, by sector



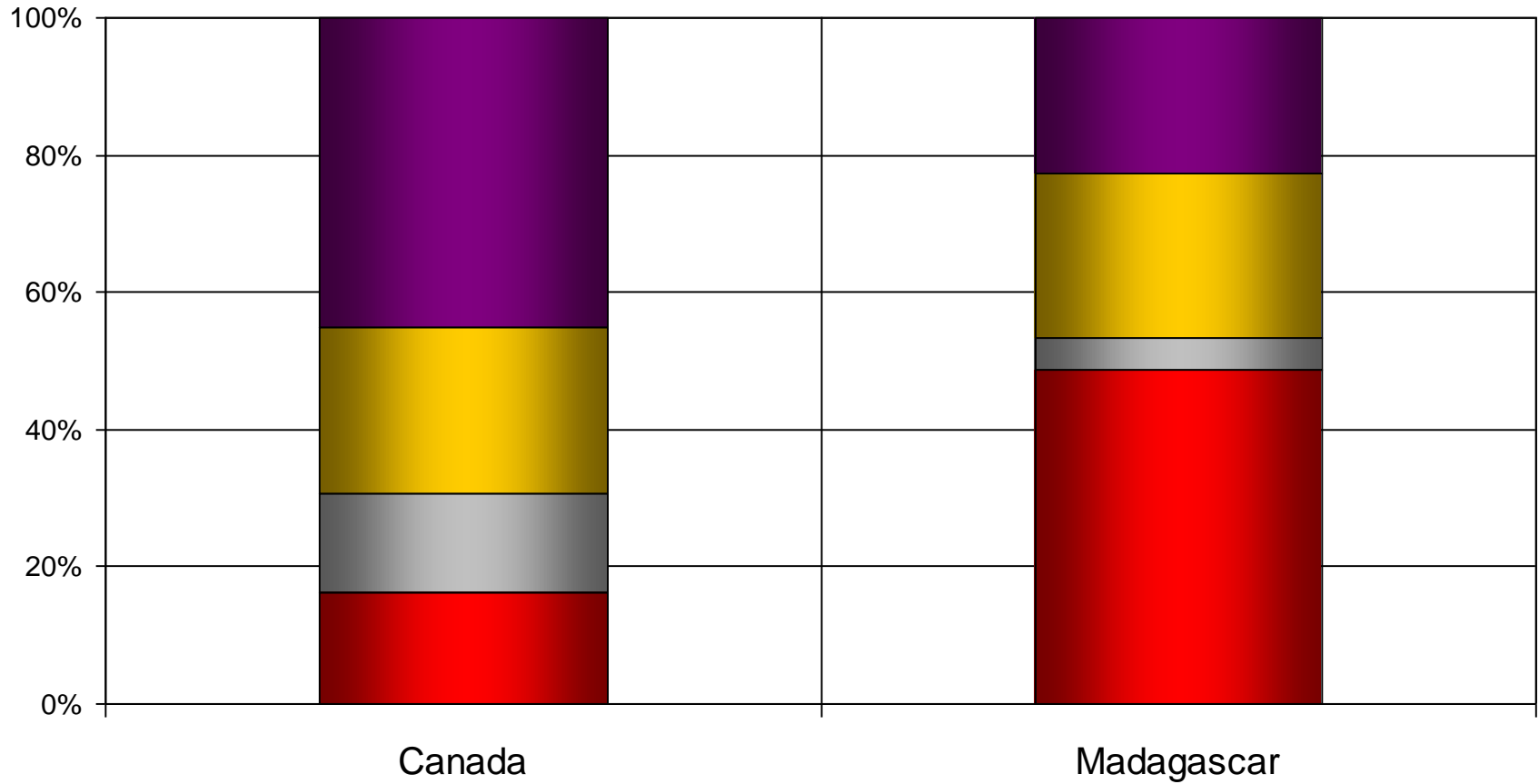
■ Industrialized Countries ■ Developing Countries



Summary statistics, by sector



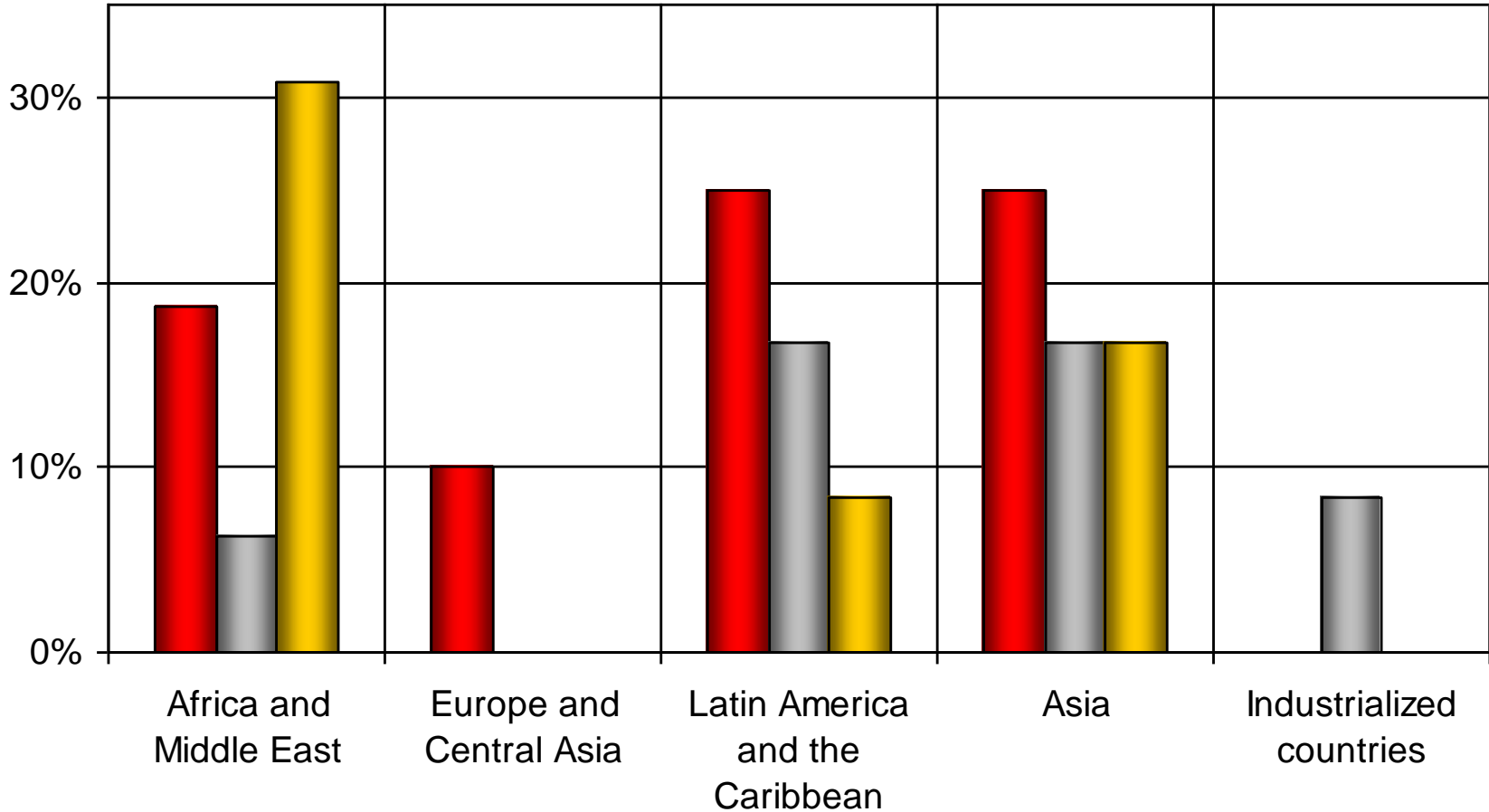
■ Wholesale & Retail Trade ■ Finance Insurance & Real Estate ■ Industry ■ Services



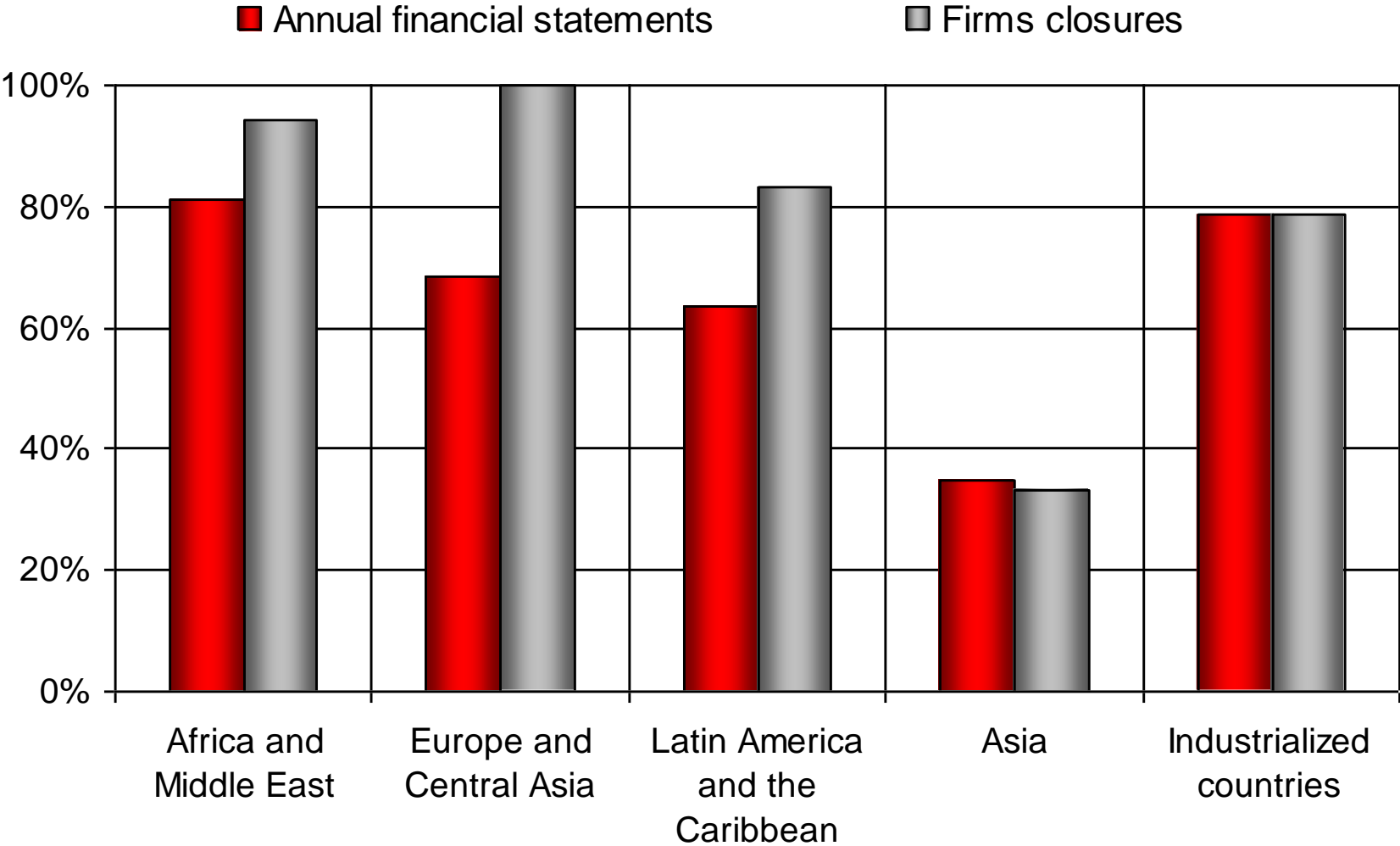
What information does the Registrar collect?



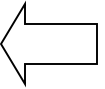
■ real estate registration ■ internet domain names ■ patents



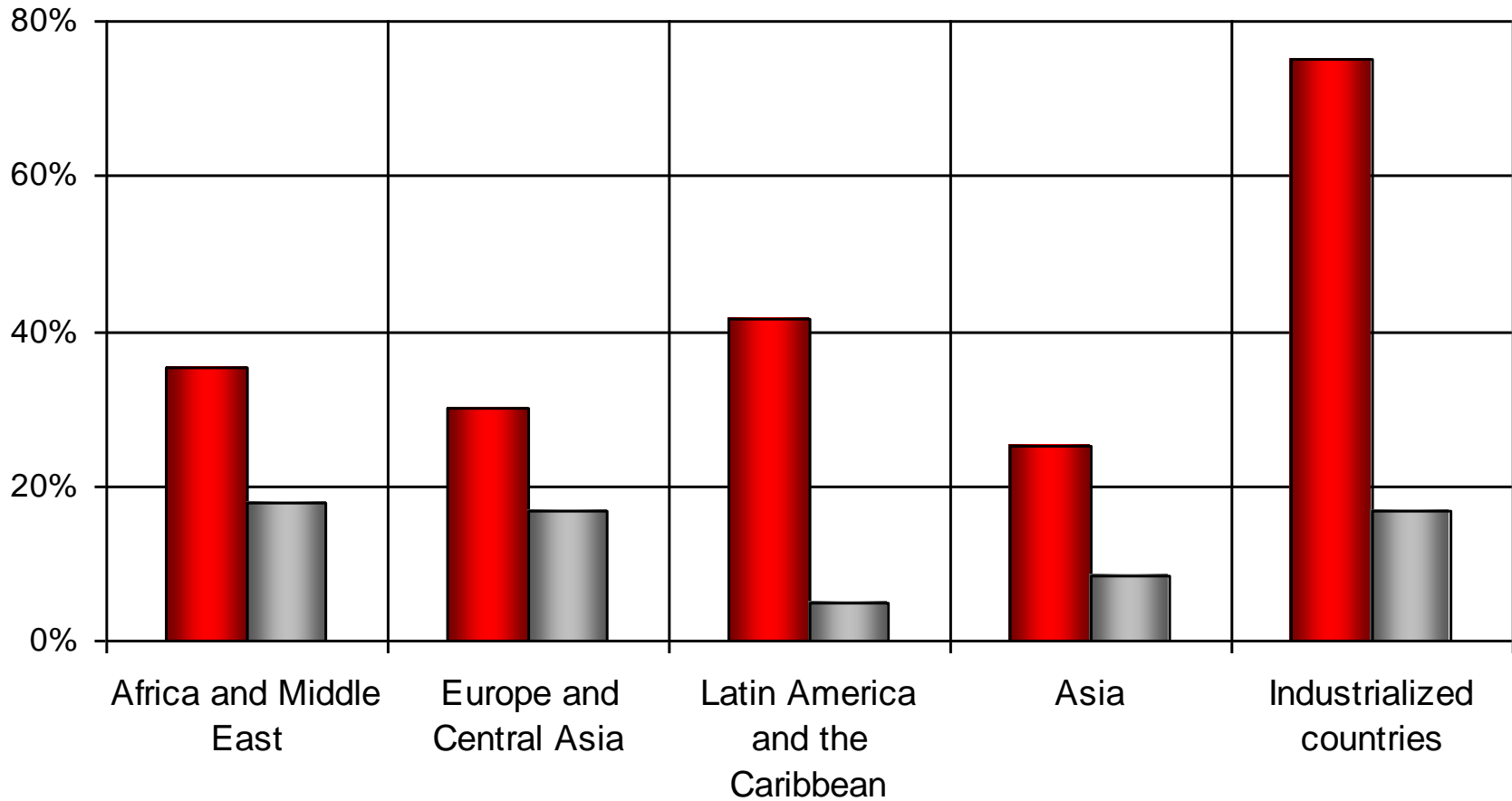
What information are firms required to register?



How do firms register?



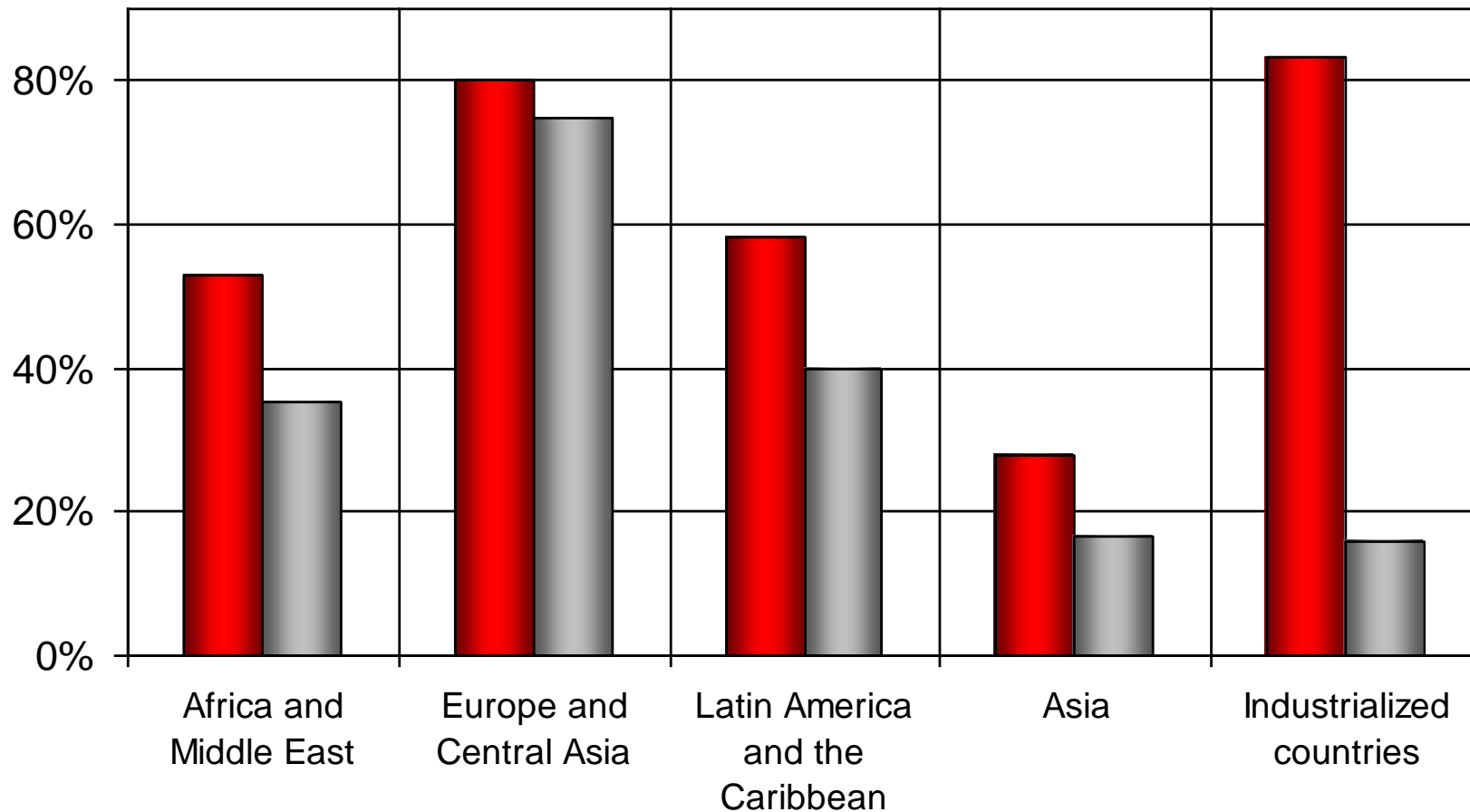
■ Can firms register electronically? ■ Is e-registration required?



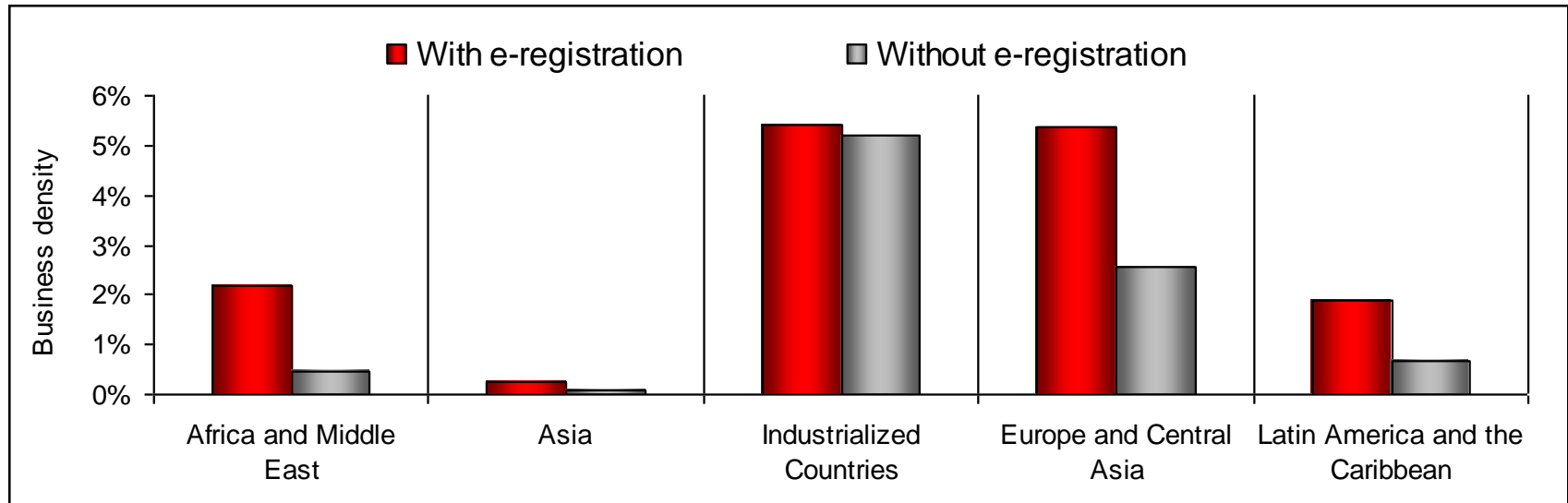
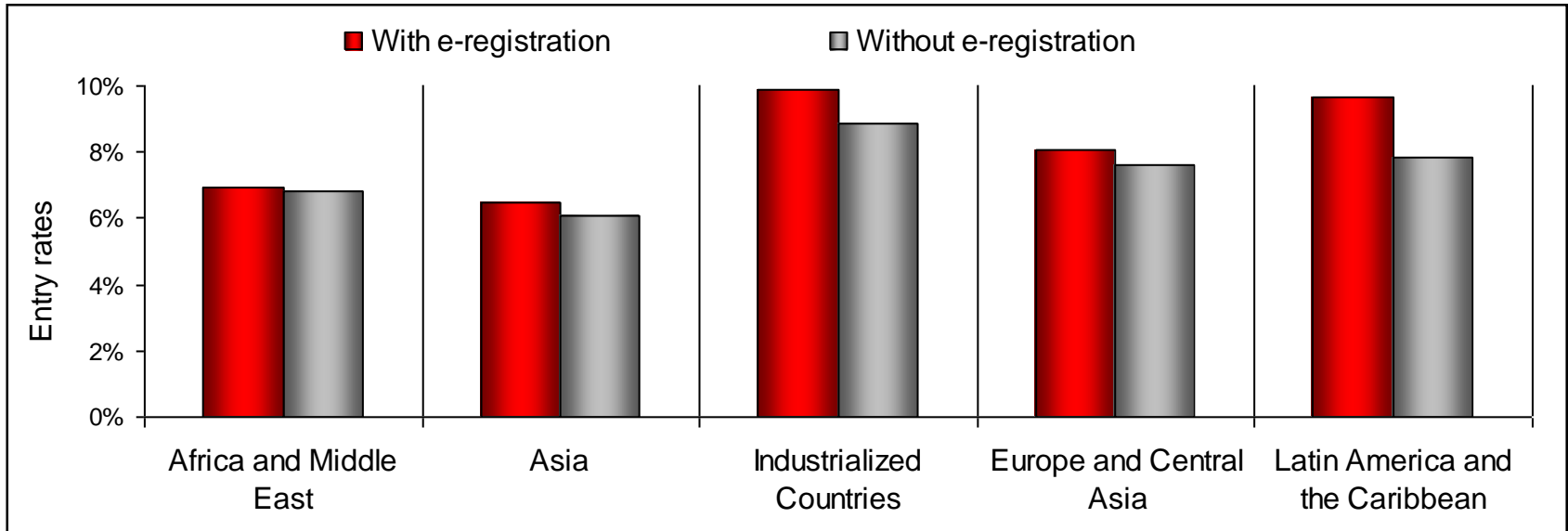
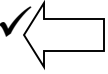
How is Registrar data distributed?



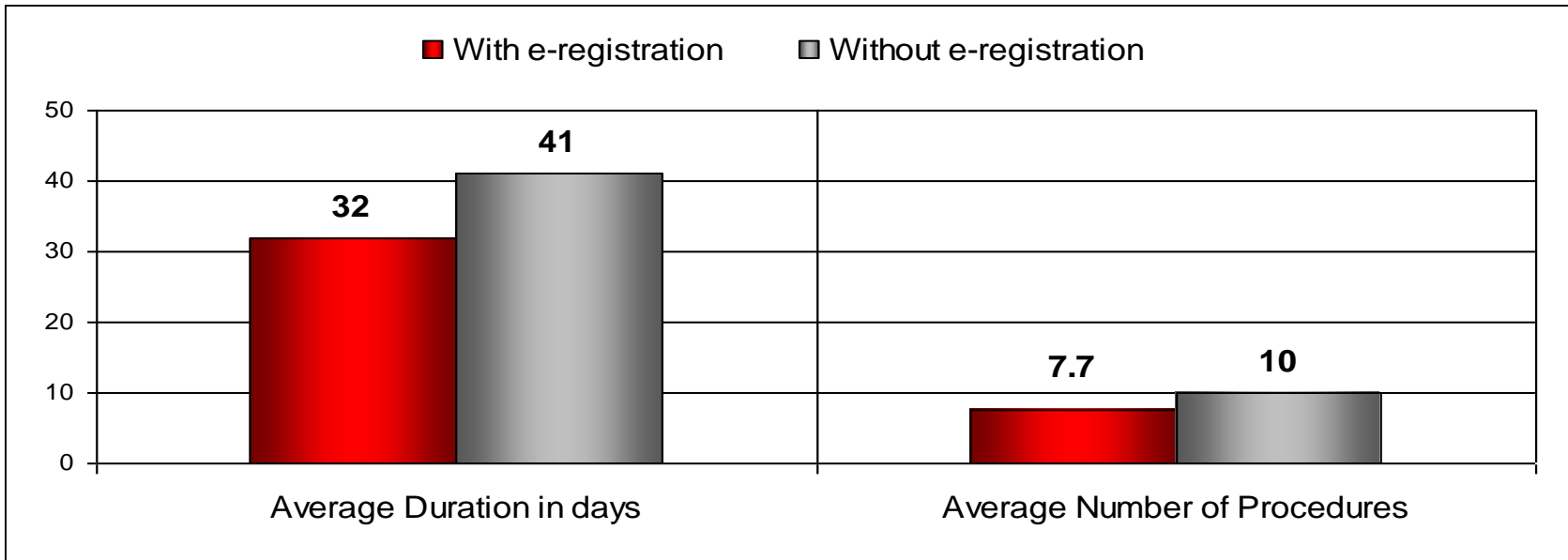
■ Can data be accessed electronically? ■ Is there a fee?



What is the relationship with new and total registrations?



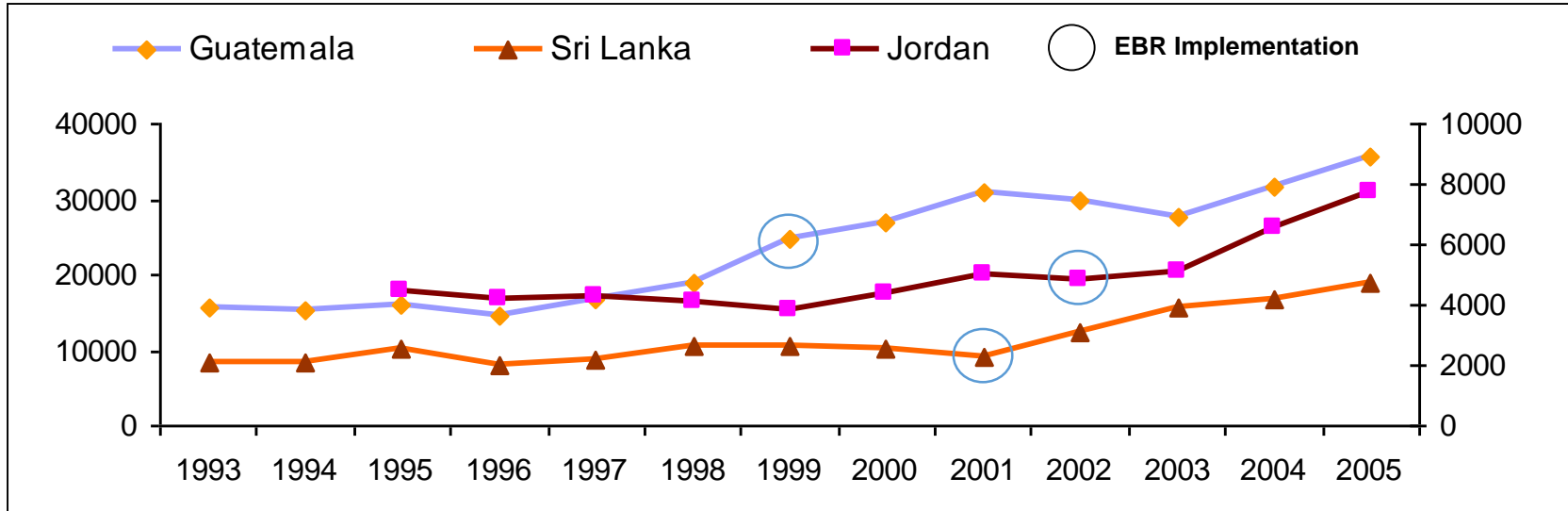
What is the relationship with the business environment?



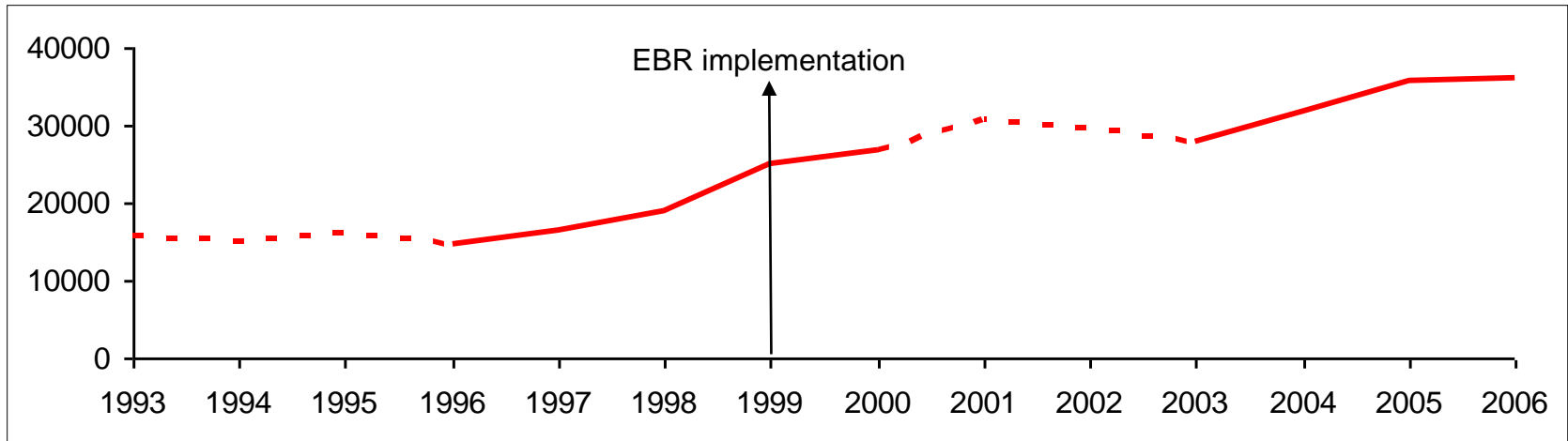
EBR Country Cases



Evolution of Firm registration 1993-2005 (Guatemala, Sri Lanka and Jordan)



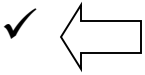
Stages of the EBR implementation / Evolution of firm registration (Guatemala)



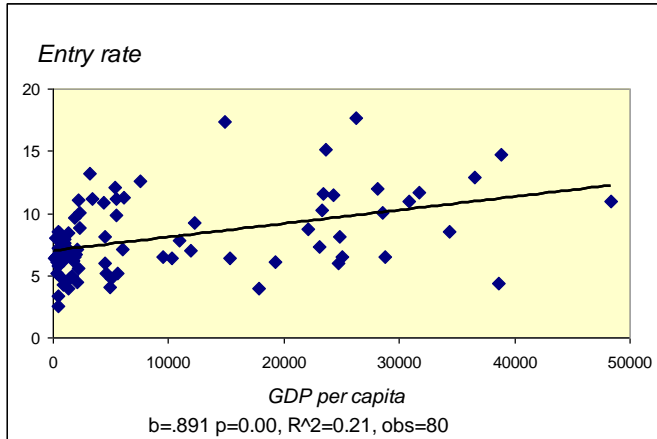
Relationship with the Business Environment

- Scatter-plots / Bivariate tests
- Multivariate tests

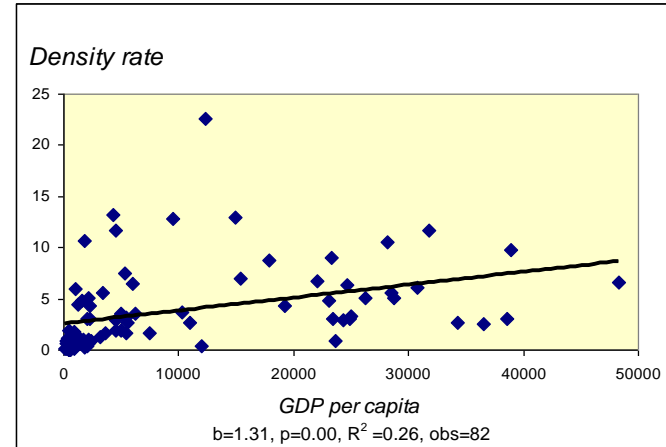
Scatter Plots



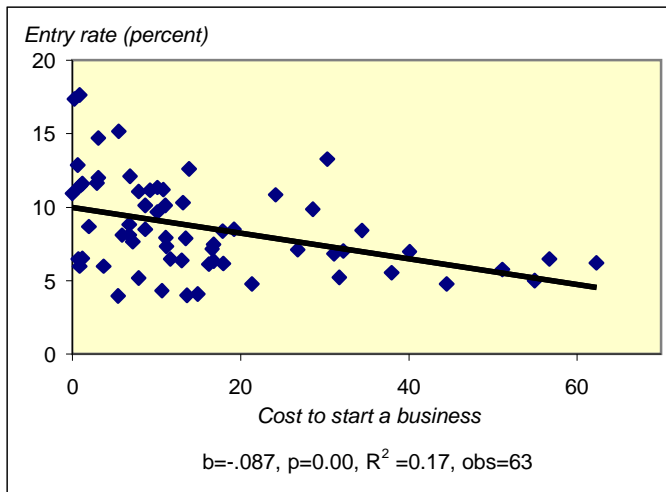
GDP per capita



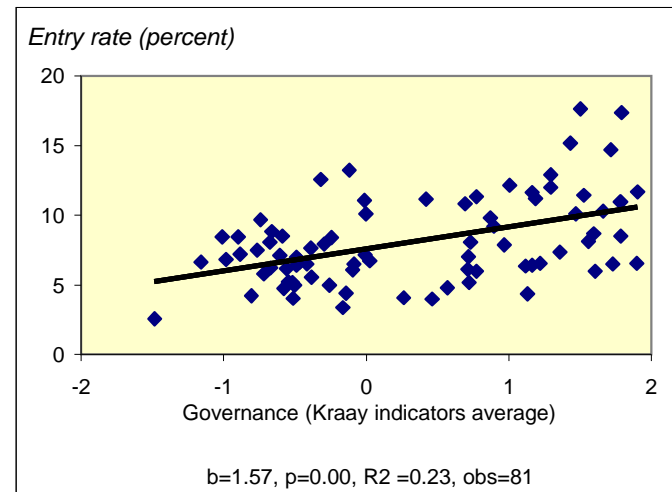
GDP per capita



Cost of Starting a Business



Governance



Multivariate Test



	Business Density Rates			Entry Rates		
Log of GDP per capita	1.426 [0.00]***	0.614 [0.05]*	0.681 [0.06]*	1.093 [0.00]***	0.410 [0.13]	0.192 [0.64]
GDP growth	0.191 [0.32]			0.286 [0.04]**		
Cost to start a business		-0.069 [0.01]***			-0.064 [0.01]***	
Governance index (Kauffman, et al.)			1.204 [0.07]*			1.331 [0.08]*
<i>Constant</i>	-8.930 [0.00]***	-0.176 [0.95]	-2.215 [0.41]	-2.212 [0.22]	6.062 [0.02]**	6.030 [0.06]*
Observations	80	64	82	78	62	80
R-squared	0.26	0.25	0.28	0.23	0.2	0.24

References

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