The Social Platform hosted an in-depth discussion of what is meant by social enterprise, social business and social entrepreneurship during its working group on 4th October. The discussion was led by CEDAG vice president Ariane Rodert who is also rapporteur for an opinion of the E ESC
on the subject, and by Bruno Roelants, General Secretary of
CECOP
.
(
Reminder: CEDAG will develop this theme further in an
open meeting
taking place on 25th November in Brussels
)

The exploratory opinion by the EESC stems from the Single Market Act : social enterprise is one of the 12 levers; it's also mentioned in the European Platform Against Poverty, one of the flagship initiatives of the
Europe 2020 strategy
.
In the opinion the preferred term used is social enterprise, not social entrepreneurship. The thinking behind this is the desire to support all sections of lifecycle - not just the stage of entrepreneurship, is only one part of the whole concept of social entreprise.

 The key criteria linked to the definition of social enterprise are:

1. The primary objective of the action is a social go al, it is not profit driven. This does not mean that profits or revenues cannot be generated, but any profit must be primarily reinvested to enhance the achievement of or expand the enterprise's social objectives, and not going to owners or shareholders.   **A social enterprise does not exist to remunerate capital.**

2. It is characterised by a strong component of independence, democracy, participatory governance, and acting in general public interest. There is a very close tie to social services of

general interest (SSGI). Social enterprises often stem from or are closely linked to a voluntary organisation, or a civil society organisation (CSO).

Ms Rodert underlined the difference between social enterprise and social business. Having a "social profile' doesn't mean that its primary aim is social. A pertinent example is the Body Shop, which is associated with campaigning and doing good works, but which is on the London Stock Exchange. This for us is not social enterprise.

The EESC opinion will identify five areas of importance:

1. Taking social enterprises into account when designing competition or internal market measures at the level of member states (MS).
2. Better access to finance. Social enterprises typically have difficulty in accessing loans or credit. Specifically tailored instruments suitable for social enterprises are needed. Involving microcredit, philanthropic funds, social banking, etc. Crucial too, is that the structural funds be geared towards supporting these enterprises.
3. Modernising public funding - issues such as state aid, public procurement techniques, and tax regimes need to be considered.
4. Development programmes to be set up, hubs existing in many countries that support sharing good examples and transferring skills and know-how to where they are needed.
5. Raising awareness, recognition and trust for social enterprises themselves. This should be done by measuring the social results and impact of these enterprises, not just economic

Mr Roelants of CECOP talked of social enterprise as something quite tangible, which is defined already by a variety of normative texts in up to 12 EU member states. If Commissioner Barnier wants to about this, Mr Roelants said that he cannot brush aside this existing body of concept development. CECOP has produced a significant body of research in the field and has found that the common denominator of the way this kind of enterprise is defined in the different countries, is that these enterprises have the direct and primary mission to produce goods or services of general interest, so term "general interest" is fundamental. The aspect of mission is also fundamental: not only do the enterprises generate these things, but it is in fact their primary mission to do so.

On the question of whether there should be EU legislation, CECOP notes that there is no European legislation concerning national enterprises, it only concerns international, cross border ones, so there is perhaps no need for cross border legislation. However, having a

common policy for something that is recognising a common denominator in many EU countries would be a good idea. One of the participants at the meeting said that it is somewhat surprising that there is no definition of entrepreneurship put forward by the commission. DG Enterprise has worked on this for 10 years or so and they tried to establish a definition in 2000.

On the question of what is motivating organisations, such as the OECD and of course the EU to be interested in social enterprise and social entrepreneurship, it was recalled that in the mid 1990s it was a theme which reoccurred wherever the target what reduction of national budgets, with a background of privatisation, liberalisation, restructuring of national budgets. It was applied a lot to Africa and Latin American in a very heavy handed way by IMF. Now in the EU there is suddenly a big discussion on budget cuts and in same way the social enterprise debate comes up again. It seems quite clear that States, IOs and the EU are looking ways to cut budget, not that they suddenly take an interest in the social worth of these enterprises, just aiming to do things at lowest possible cost.

The point is that they must understand that these enterprises cannot be willed into existence, they need to have in place the right environment to support them. For example, social cooperatives would never had developed without specific tax régimes for the costs they incur doing their social work. Our message is: we are here to give jobs to people for years, and to invest over years in social bettering: You have to change regulatory environment if you want to support us. But we must also remember that the EC does not have input into that level of legislation.

CEDAG members can obtain a full report of this discussion by contacting the [secretariat](#) .

Don't forget to register for CEDAG's [meeting on Social enterprise](#) in Brussels on 25th November (limited number of reimbursed places available)