



DISCOURSES OF SOCIAL ENTREPRENEURSHIP –  
VARIATIONS OF THE SAME THEME?

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## INTRODUCTION

Entrepreneurship has been a well-defined area within economic theory since Schumpeter published his seminal work in 1911 (Swedberg 2000: 22), but *social* entrepreneurship was not a core element in such general entrepreneurship theory, and was hardly dealt with or even mentioned in textbooks and edited review books on entrepreneurship. Steyart and Hjorth (2006) even argue that social entrepreneurship as a field of interest had been neglected in literature on entrepreneurship. They further stress that research on and development of social entrepreneurship was undertaken, until recent years, by scholars and experts who "typically [did] not belong to the core contributors" to the field of entrepreneurship. Instead the interest in social entrepreneurship arrived "simultaneously from very different corners of society with partly overlapping, partly different and even contradictory agendas" (Steyart and Hjorth 2006: 5).

Since the turn of the century this picture has changed. Social entrepreneurship (SE) has managed to conquer centre stage as *the* area within general entrepreneurship theory that attracts full attention, with several textbooks and edited review books being published (Steyart and Hjorth 2006; Nyssens 2006; Mair *et al.* 2006; Austin *et al.* 2007; Nicholls 2008).

Although there are differences between the concepts of "social enterprise", "social entrepreneurship" and "social entrepreneur" (Defourny and Nyssens 2008), the growth of interest in the area is closely related to the fact that social enterprises constitute the fastest growing category of organisations in the USA today (Austin *et al.* 2003), and to the fact that universities and business school around the globe are currently involved in various BA, MA and PhD programmes in social entrepreneurship and social enterprise<sup>1</sup>. There is a fast growing interest for this field among both academics and practitioners in the area. In 2006, it was estimated that 75 per cent of all academic articles on social enterprise and social entrepreneurship had been published between 2002 and 2005 (Steyart and Hjorth 2006). Two large-scale studies, carried out in 2008 by the universities of Trento (Italy) and Cambridge (UK), indicate that there is a growth in the interest, among professionals who have previously worked in the public or private sector, to work for social enterprises<sup>2</sup>.

Why has social entrepreneurship managed to attract so much attention in recent years? Why is it a rapidly expanding field of interest across all sectors in contemporary society? In the *commercial market sector*, social entrepreneurship is closely related to - and yet different from - such corporate strategies as Corporate Social Responsibility (CSR), Corporate Social Innovation (CSI) and the Triple Bottom Line. In the *public sector*, social entrepreneurship is related to an experimental turn in social policy and planning that has been taking place in European countries and the EU since the 1980s; we see this both in relation to urban planning (which is now emphasising collaborative planning and local capacity building) and in participatory social

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<sup>1</sup> Among those, we can cite the University of East London's (UK) innovative Communiversity Programme in Bromley By Bow Centre, which offers a full BA program in social enterprise; Roskilde University's (Denmark) MA program in social entrepreneurship; and MBA programs at business schools in Harvard, Duke, Columbia (USA) and Oxford Universities (UK).

<sup>2</sup> Data presented by Carlo Borzaga, Trento University, and Helen Haugh, Cambridge University, at a conference at Durham University in 2008.

policies. In social policy, the poverty programs launched by the EU pioneered, together with pilot programs in a number of European countries, the interest in making social policy more responsive to the participation of both street-level workers and ordinary citizens. In the *third sector*, social entrepreneurship is related in Europe to a transition within non-profit organisations and voluntary associations, which evolve in the direction of becoming agents on a market and providers of welfare services, and in the USA to a dramatic growth in the impact of the third sector since the mid-1980s.

Research on social entrepreneurship was, in its initial phase, driven in the USA and Europe by practitioners and researchers partly with common approaches and understandings and partly with some major distinctions. As such, the field is composed of a mixture of common trends and backgrounds, on the one hand, and of a considerable amount of variation in the ways social entrepreneurship is emerging, on the other hand; this variation is the result of changing balances and relations between state, market and civil society in the provision of welfare services and work integration in the USA and Europe.

After defining social entrepreneurship, we will first discuss two common features in the current intensive interest, among academics, experts and policy makers, in social enterprises and social entrepreneurship as a way of renewing the welfare state and most of all a way of reframing the balance between the three sectors - state, market and civil society. We will then stress some basic variations between powerful mainstream discourses of social entrepreneurship in respectively the USA and Europe. Finally we will conclude by emphasising that benefits can be gained, from both the common trends and the variations, by developing a method of transatlantic social entrepreneurship learning.

## 1. DEFINITION

Social entrepreneurship can be defined as "*the creation of a social value that is produced in collaboration with people and organisations from the civil society who are engaged in social innovations that usually imply an economic activity*"<sup>3</sup>.

This definition is based upon four criteria: social value, civil society, innovation and economic activity.

The first element in the definition states that social entrepreneurship is linked to the creation of a social value. This element (unlike the remaining three elements, which may be more contested) is present in most approaches to social entrepreneurship and social enterprise. Social value can be *broad and global*, as for Ashoka, that works with a global mission of improving access to basic education, health, clean drinking water and social justice. Social value can also be *narrow and global* but still ambitious and radical, such as for the Grameen Foundation, whose goal is to end global poverty. It can also be *narrow and local*, such as the goal of creating better schemes for ethnic inclusion in specific local communities, or *broad and local*, such as the goal of improving

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<sup>3</sup> Definition based upon a review of literature and definitions offered by networks (such as the EMES European Research Network, the Skoll Centre, CAN and Ashoka) and by individual scholars such as Gregory Dees, James Austin, Charles Leadbeater and individual scholars from the EMES network.

participatory citizenship and institutional capacity by the use of bridging and linking social capital in deprived areas.

The "civil society" criterion is important in order to distinguish social entrepreneurship from social activities in the private commercial sector and in the public sector. Even though social entrepreneurship can be said to be located at the intersection of the public sector, the private sector and the civil society, it is important to differentiate it from CSR and CSI in the private commercial sector and from innovative public policies. CSR is limited by the interests of shareholders and owners of private companies, whereas social entrepreneurship is in principle only limited by the interest of creating a social value for the benefit of the stakeholders in the smaller or wider community. The inclusion of the civil society criterion in a definition of social entrepreneurship is also based on the evidence provided by most working definitions from around the world which, in one way or another, put the interests of vulnerable communities high on the agenda and consider social enterprises as promoting and conducting innovative activities in partnership with various types of NGOs, cooperatives, voluntary associations and community groups, although the specific type changes from country to country and situation to situation.

It should not be necessary to stress the criterion of innovation since "innovative social entrepreneurship" seems to be a tautology. However the aspect of innovation is explicitly included in the definition to highlight the fact that social entrepreneurship is about developing a *new* approach to a social problem and not just about the ambition of forming an enterprise.

Activities of social entrepreneurship often - if not always - have an economic impact, either on the communities that are involved in the activity or on the entrepreneurial organisation itself. "Economy" should be understood here in a broad sense, and it should not be limited to the narrow self-interest often related to the notion of "economic man". Researchers in the EMES European Research Network work with a definition of economic activity that implies that the social enterprise or social entrepreneurial activity is based upon a high degree of autonomy and an ambition of producing goods or services as part of the activity. The notion of economy is relevant for all stakeholders in the activity: for the entrepreneur, who takes an economic risk, and for the participants, who may benefit from improved health, the production of social service, community development, access to work, etc.

## **2. TWO COMMON FEATURES**

During the last ten years we have been witnessing a high degree of enthusiasm for all issues that link the tradition of sociology to the tradition of economics. "Social capital", "social entrepreneurship" and "social enterprises" have generated energy and momentum, and ordinary citizens have become committed social entrepreneurs, determined to make a difference. The enthusiasm is comparable to that which marked other historical periods of dramatic change driven by major social movements and religious revivals. In such periods of change, academics and change makers often join forces in the praise of the new "approach":

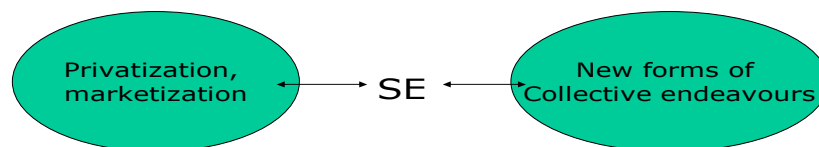
*We call into question the systems and processes of government, which are still run by well-qualified civil servants who rarely get hold of the pieces themselves and whose approach has so failed many of our poorest communities. (...) Social entrepreneurs have discovered that business has a considerable amount to teach them. They like business because businesses operate in the real world.*

(Mawson 2008: 8)

Such contributions to social entrepreneurship are stimulating and important. However, the scientific society is obliged to maintain an analytical distance to the most enthusiastic, generalising, one-dimensional and even self-glorifying approaches. In that context, the present paper will outline some basic trends that are having an impact on the current overwhelming interest in social entrepreneurship.

In order to do so, it is worth clarifying our departing position, namely the assumption that both social entrepreneurship and social enterprise are closely related to two major trends that have had an immense impact on global policy-making since the mid 1980s. The first trend is what we refer to as the "privatisation of the public responsibility for public welfare", with a reference to American scholar Neil Gilbert (2002) and to Victor Pestoff (2009). The second trend is the experimentation with "new forms of solidarity and collectivity" by civil society and social movements as they enter high politics. Figure 1 illustrates how social entrepreneurship can be visually placed between two powerful trends.

Figure 1 – Social entrepreneurship, between privatisation and new forms of collectivity



## **2.1. Trend one: public responsibility for public welfare is being privatised**

American professor of social policy Neil Gilbert from Berkeley is a harsh critic of the privatisation of public responsibility that he has observed in global developments in the provision of welfare since the 1970s. In his book *Transformation of the Welfare State* (2002), Gilbert analyzes what he considers to be a trend occurring simultaneously in all modern welfare states

across the globe, irrespective of their previous welfare strategies - a trend he has labelled "The Silent Surrender of Public Responsibility".

This consists in a fundamental shift in the institutional framework of social protection that is taking place in all advanced industrialised countries, but, according to Gilbert, with the USA and the United Kingdom as front runners. This is not a process of restructuring or adjustment, but of fundamental alteration of the existing framework for social policies. Indeed, policies previously framed by a *universal* approach to *publicly delivered* benefits, designed to *protect labour* against the vicissitudes of the market and firmly held as *social rights*, are currently evolving into policies framed by a *selective* approach to the *private delivery* of provisions, designed to promote *labour force participation* and *individual responsibility* - or, to put it more bluntly, we are currently witnessing a change from the ideal-type Scandinavian model of social welfare to a market-oriented version, which is identified with the Anglo-American approach and that we term the *enabling state* (Gilbert 2002: 4).

More specifically, what is occurring is a shift towards work-oriented policies, with a privatisation of the responsibility for social welfare and an increase in the targeting of benefits. In terms of citizenship, it is a shift from an emphasis on the social rights linked to citizenship to the civic duties linked to being a community member. Gilbert supports his argument with evidence of changes in basic welfare areas such as benefit policies and pension systems, and with evidence of growth in social inequality. This leads him finally to the conclusion that when all "outer layers of rhetoric" are peeled off, "we arrive at a common core of market-oriented social policies that in essence represent the triumph of capitalism" (Gilbert 2002: 182).

*If this change is actually occurring, then it is mandatory to consider how far social entrepreneurship and social enterprises and the related issue of Corporate Social Responsibility are part of this serious and comprehensive attack on the post-war horizon for the direction of the welfare state in the advanced industrialised nations.*

The important lesson of Gilbert's analysis is that the vision of a universal orientation of an institutional, redistributive and intrinsic welfare state was not restricted to Scandinavian or other European countries. The words of such excellent scholars as Theda Skocpol (2003a) and Neil Gilbert (2002) indeed bear witness to the fact that this ambition for the development of the welfare state was more similar on both sides of the Atlantic than what we have been told by generations of welfare theorists. In an outstanding study, Skocpol (2003a) has documented the fact that the universal orientation of the welfare state was not restricted to European countries, as European welfare theorists have often argued (Esping-Andersen 1990). On the basis of several large-scale empirical studies of how government and civil society-based institutions have related to each other, Skocpol stresses that "the U.S. version of the modern welfare state" was thoroughly intertwined with voluntary membership associations, and that, even through the post-World War II era, "popular social programs in the United States were never 'welfare' handouts for the poor alone. They were inclusive benefits or services, exactly the kinds of government activities likely to be favoured by massive voluntary federations that spanned places and bridged classes" (Skocpol 2003a: 72). With this, Skocpol questions an assumption held by many welfare state theorists, namely the fact that a modern welfare state with a universal and institutional orientation never existed in the USA.

From the 1970s onward, however, due to financial and organisational difficulties, "the European welfare state systems began to crumble" (Borzaga and Santuari 2003: 38). The new trend in the welfare state orientation was towards restructuring in order to decrease public responsibility for social problems. New paradigms were self-help, activation and enabling efforts: "Increasing dissatisfaction with state welfare in many countries provided fertile ground for the rapid advance of a New Right market ideology of welfare. (...) At the international level, structural adjustment policies subordinated state welfare to an economic growth agenda, reproducing on a global scale the increasing polarisation, disenfranchisement and social division that the market was bringing to the North." (Taylor 2003: 3)

Since the 1970s European welfare states have adopted another ambition than the universal orientation implied in the institutional redistributive model of welfare, re-introducing individual responsibility and membership instead of public responsibility and citizenship as the foundation of modern welfare states. The pressure on the individual person to show responsibility is found in the mix of local units producing services, the push for privatisation in the direction of private insurance schemes and private retirement schemes, and the push for citizens to become shareholders: "By emphasising the responsibility of local private units for the delivery of social services, the enabling state encourages a solidarity that is linked to membership in law-abiding, community-based, voluntary associations, which fosters the accumulation of social capital. At the same time, however, the push for privatisation also includes support for tax expenditures that subsidise private retirement schemes through work-related pensions, as well as individual retirement accounts, which promote the accumulation of economic capital" (Gilbert 2002: 171). On a global level, there has been a constant increase in the number of private shareholders – who, through acquiring shares, become "members" of the international financial marketplace: indeed, the change of direction in the modern welfare state is underpinned by a considerable growth in the number of shareholders in countries as different as the USA, Germany and Sweden.

If the "alteration thesis" posed by authors such as Skocpol, Gilbert, and Borzaga and Santuari is plausible, we can expect two types of changes related to social enterprise and social economy. First, we can expect a change in the composition of social capital, which will probably evolve in the direction of various forms of bonding social capital, based upon group loyalties and membership schemes, even in countries with a history of investing in policies that primarily worked with schemes of bridging and linking social capital. Next, we can expect the emergence of a model of social enterprise unable to balance between advocacy, active citizenship, empowerment and deliberation, on the one hand, and social service delivery, on the other. This is already now a reality that many social enterprises and social entrepreneurs are experiencing in their daily life.

## **2.2. Trend two: civil society, community and social capital have entered high politics**

Even though a perfect match may exist between the prevailing trend of privatisation and marketisation, on the one hand, and the vocabulary of social enterprises and social entrepreneurship, on the other hand, this is only one side of the coin. The re-orientation of welfare states in the direction of privatisation and membership is not only favouring private and individual responsibility; it is also generating a new role for civil society and creating a new and improved room for collective and solidarity movements to influence the future evolution of the welfare state. The paradox is that social enterprise and social entrepreneurship can be seen not

only as elements in a process of privatisation but also as a manifestation of the power of civil society.

This trend towards the emergence of new forms of solidarity and collectivism is almost as fundamental as the first trend to understand the background for the current enthusiasm for social enterprise and social entrepreneurship. Some experts and observers even claim that the prevailing financial crisis in October 2008 could very well have paved the way for a further elaboration of the "solidarity economy" as an alternative to the shareholder-based private economy.

In 2000 already, World Bank researcher and Harvard affiliate Michael Woolcock welcomed the current interest in social capital and civil society because it facilitates the re-entry of sociology into high-level policy discussions on the impact of local civic engagement on the efficiency of state institutions (Woolcock 2000). As such, the social capital vocabulary is merely a new concept for addressing "old" issues, previously dealt with by classical sociology in terms of "community" and "*Gemeinschaft*" and by political science in terms of "civil society".

During the last two decades, more precisely since the velvet revolutions that swept through Czechoslovakia and other Central and Eastern European countries in 1989, we have witnessed an increase in the expectations regarding the role of the "community" and civil society as a cornerstone for the development of democratic governance and, even more importantly, for the provision of welfare services. Taylor (2003) referred to this as a turn from pure market supremacy to a readiness to invest in social capital and local community. Despite a considerable amount of scepticism about how profound this readiness is, she welcomes it and states that it is "encouraging to see the attention being paid by policy makers and academics across the world to the need to invest in social capital" (Taylor 2003: 2).

How is this increase in policy expectations regarding the role of the third sector to be understood? Is it a sign indicating that the actual impact of civil society as a sphere where social solidarity expresses is increasing? Or is it a sign that the private market economy is gradually becoming more interested in a third sector that can generate profits? Or - phrased with inspiration from Habermas - is it a sign of simple colonisation (Habermas 1981)? Or a new ground for deliberation (Habermas 1996)? There are no simple answers to those questions, but we will argue that the way civil society is framed on the policy agenda as a sphere where social entrepreneurship can develop is different in the USA and Europe; this is the subject of the third section of the present paper.

### **3. VARIATIONS IN DISCOURSES ON SOCIAL ENTREPRENEURSHIP**

#### **3.1. Linking social entrepreneurship to the private for-profit sector**

Let us look at some trends of the third sector and social enterprise in the USA in order to try to extract some possible answers to the question of why social enterprise and social entrepreneurship is an interesting area of investment for the private for-profit sector:

1. Between 1987 and 1997 the number of organisations in the independent sector\* grew from 739,000 to 1.19 million.
2. Between 1987 and 1997 the number of charitable organisations increased at an annual rate of 5.1 percent. This was more than double the rate experienced by the business sector in the same period.
3. The nonprofit sector experienced its highest annual rate of growth in employment – namely 4.2 percent - between 1987 and 1992. In comparison, total nonagricultural employment grew by only 1.2 percent in the same period.

(\*) The notion of "independent sector" is often used in different ways; sometimes, it refers only to charity organisations, and sometimes, to all nonprofit organisations.

Source: The New Nonprofit Almanac & Desk Reference, quoted from Austin *et al.* (2003).

The importance of the non-profit sector as a service provider in the USA has been increasing rapidly since the end of the 1980s. This evolution goes in parallel with a general expanding interest in enhancing the impact of the "community", the "civil society", and the "third sector" that can be observed not only in the USA but also in Europe. A British study has shown that social entrepreneurial activities are more frequent than commercial entrepreneurial activities (Steyart and Hjorth 2006), and the aforementioned study from Austin *et al.* showed that in the USA "non-profit organisations are the fastest-growing category of organisations".

In the USA the most significant partnership in social entrepreneurship is between the non-profit sector and private commercial enterprises. The binary discourse of social entrepreneurship, which combines elements from the community and the traditional private sphere, constitutes a "meeting point" between civil society organisations and private commercial enterprises. This discourse is a very strong voice among international pundits of social entrepreneurship. In his book, *The Social Entrepreneur*, Andrew Mawson recommends that social entrepreneurs seek inspiration in the way private commercial enterprises manage change. With other strong voices he questions "the systems and processes of government" and he recommends that social entrepreneurs instead learn from procedures developed in the world of private business. Whereas, according to him, the civil servants work in an imaginary world, social entrepreneurs "like business because businesses operate in the real world" (Mawson 2008: 8). In an interview with the Guardian (Jan. 9, 2008) Mawson even radicalises the critique of both the welfare state and what he considers to be the liberal ideology of rights and "endless meetings".

Mawson and other pundits of the civil society-commercial enterprises alliance are powerful discourse makers, who offer a "recipe" for successful social entrepreneurship consisting of M+C-S, where M stands for market, C for civil society and S for state. In their view, successful social entrepreneurship takes place when agents from civil society organisations form partnerships with agents from market-based private enterprises without any "obstructing" intervention from the state.

### 3.2. Europe: linking social entrepreneurship to the social economy

With the establishment of advanced economic and political integration and cooperation at EU level, discussions within Europe about the potential of social enterprise and social economy have intensified. Leaders from the European Commission acted, several years ago already, as discourse makers emphasising the historical and current importance of the social economy both for the functioning of a modern market economy, for the functioning of democratic governance, and for the generation of participation and citizenship. Altogether these discourses result in accentuated expectations regarding the role of the civil society as a cornerstone in modern liberal democracies. However, the speed at which this new role for civil society gains momentum, both at the level of the EU and among the different member states, varies.

#### *At the level of the EU*

Promoting social enterprise has been highlighted as a goal in policy documents and initiatives from the European Commission, both as a contribution to the market economy and as a way to improve and sustain forms of active citizenship. For the speeches given by leaders of the European Commission to become more than celebrations of the history of the social economy, they should be followed by the adoption of concrete policies and frameworks that would allow benefiting from the energy in the new social sector that is currently sweeping the world under the flags of SE.

The European Commission has partaken actively in the identification of a European social economy – a sector which, historically, has had an immense impact on European societies for more than a decade. Former President of the European Union Romano Prodi considers institutions in the social economy to be important for the provision of welfare services and for the promotion of citizenship, and to be important contributors to democratic governance. According to him, enterprises in the social economy are distinct from the market economy and from the private for-profit sector, since "their primary purpose is not to obtain a return of capital. They are, by nature, part of a stakeholder economy, whose enterprises are created by and for those with common needs, and accountable to those they are meant to serve". Social enterprises are also distinct from the state sphere, since they are based on "voluntary participation, membership and commitment"<sup>4</sup>.

In his message to the First European Social Economy Conference in Central and Eastern Europe, in October 2004, Erkki Liikanen, who was then EU-Commissioner for Enterprise and the Information Society, stressed that the social economy in Europe represented 10% of the total GDP of the EU, and as such had to be considered to "play a full part in our market economy, and [had] done so for over a century". In his speech to the European Co-operative Convention that took place in Brussels in February 2002, Romano Prodi, who was then President of the European Commission, talked about the role of co-operatives, which form an important part of the European social economy; Mr. Prodi stressed that co-operatives are not only a clear "demonstration that the spirit of solidarity which is at the root in no way clashes with an

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<sup>4</sup> <http://europa.eu.int/comm/enterprise/entrepreneurship/coop/introduction.htm>.

entrepreneurial outlook"; co-operatives also constitute an integral part of European economy, since they "employ 2.3 million people in the European Union alone" (Prodi 2002).

What made co-operatives so special to the President of the EU is that they combine an entrepreneurial orientation with the added value linked to their being "schools of participation and active citizenship". This input, Mr. Prodi notes, is imperative to make European institutions function in the future, since "participation is at the very heart of our European values and we cannot remain passive in the face of its decline".

Romano Prodi and Erkki Liikanen's speeches must be recognised as important and powerful contributors to the discourse on SE. However, in order to sustain social entrepreneurship, social enterprises and the social and solidarity economy as real and powerful alternatives to market-based social solutions, it is about time that the support structure and policy framework for social enterprises be reinforced, both at the national level and at the level of the EU. Looking at current developments in some of the member states might prove useful in this regard.

#### *At the level of EU member states*

Several policy initiatives aiming to support and strengthen social entrepreneurship have recently appeared in European countries, both as a contribution to the production of welfare services and as a way of increasing the role of active citizenship. The way the governments of European countries support SE varies from a focus on competencies and capacity-building initiatives to the adoption of policy frameworks and legal initiatives both aimed at improving the conditions for the development of "another economy".

Denmark was one of the slowest European countries to engage in large-scale initiatives; however, this situation gradually began to change from 2007 onward; indeed, in 2007, 2008 and 2009 respectively, three major initiatives were launched in this country to support competence- and capacity-building as well as policy making within the field of social enterprise:

- In 2007, the Centre for Social Entrepreneurship was founded at Roskilde University, with a grant of almost 1.5 million euros contributed by the Danish Parliament. The purpose of this centre is to become a "greenhouse" for learning and building competences in social entrepreneurship, with a view to improving the living conditions of socially marginalised people. A new Master program in Social Entrepreneurship was set up within this centre in 2008 and some 45 students enrolled. The program is a midcareer master program for adult part-time students who already hold a BA or MA degree from college or university and who are currently working in the field of social innovation as professionals in NGOs, voluntary associations and public agencies.
- In 2008 another grant made by the Danish Parliament allowed the creation of the Centre for Social Economy. The purpose of this centre is to offer consultancy services and to support the dissemination of knowledge among social enterprises, private enterprises and voluntary associations about all kinds of practical aspects of social enterprise, with a view to strengthening the capacity of local social enterprises and the social economy in Denmark.

- In 2009 the influential magazine and think tank Monday Morning initiated a collaboration among many public organisations, private enterprises and associations; this collaboration aimed at formulating a National Strategy for Social Entrepreneurship, to be presented to the general public at the first big nationwide conference on social entrepreneurship, organised at Roskilde University in January 2010. The ambition is to convince the government to start a process of adoption of an adequate financial and legal structure for the benefit of sustaining organisations, enterprises and initiatives in the social economy.

A number of countries such as the UK, Italy, Finland and, to a certain degree, France and Sweden have adopted special policy frameworks and legislation that improve the possibilities for social entrepreneurs and social enterprises to generate workplaces and new initiatives aimed at improving the situation for socially marginalised people. Many of the programs implemented in these countries are questioned by researchers and practitioners, but they nevertheless often serve as fruitful "greenhouses" for a European discourse on the various flags of SE.

One example hereof is the recently developed legal framework for Community Interest Companies (CICs) in the UK. In order to register as a CIC, an organisation must comply with several criteria:

- It must "satisfy a community interest test, confirming that the enterprise will pursue purposes beneficial to the community;
- [It must have an] asset lock – CICs are prohibited from distributing profits they make to their members; a CIC's residual assets, when it winds up, will not be distributed to its members, rather they will pass to another similar organisation with restrictions on profits distribution, like another CIC or a charity;
- CICs are required to provide an annual community interest company report to the registrar of companies" (Spear 2008: 81).

In the course of the research project entitled "Alternative Employment and Integration of Socially Marginalised Groups" (Hulgård *et al.* 2008), several voices arose to contest and debate how fruitful CICs really are when it comes to developing a solidarity economy as an alternative to the private commercial economy and to public agencies engaged in the provision of social services and workplaces. Among the comments - some positive, others negative - made by consultants and practitioners working on a daily basis with CICs and other types of social enterprise, the following are worth mentioning:

- "I would never advise a non-profit to change into a CIC. Some of the old enterprise models give a better framework for doing the same";
- "CIC is a new legal framework that gives a much better platform for social enterprises and hybrid community enterprises";
- "CIC is only a brand that allows you to receive grants and take in volunteers".

At the conference entitled "Listening to the Social Entrepreneur", organised by University of East London in October 2008, Dai Powell (CEO of the HCT group<sup>5</sup>) stated that "social enterprise is the way of building an equitable, just and human world". He also claimed that the current financial crisis could very well be the chance for social enterprises to advance their interest as an alternative economy - a solidarity economy.

### 3.3. Different perceptions of SE

European efforts aimed at the making of a new social economy, with a crucial place for social enterprises, cannot be exclusively considered as being part of what Neil Gilbert considers to be rampant privatisation in the form of the ultimate triumph of capitalism (Gilbert 2002: 181-2). Indeed, the picture of social policies in present welfare states is much more blurred and complex than the one painted by Gilbert, who subordinates several mutually contradictory socio-economic and political trends under one paradigm: the triumph of capitalism. Not all types of social service production that mix providers and consumers in new forms can be subsumed under the patronage of an "enabling state" leading to further privatisation.

Extreme generalisations should be avoided, especially if they are not based on solid evidence. But for the sake of pinpointing trends in a time of rapid change, defining an *ideal-type* of two different models of social enterprise and using these for empirical research seems relevant. Moreover, the differences between the US models and the European models of social enterprise and social entrepreneurship are also already backed up both by empirical evidence - derived from research undertaken by researchers from the EMES network (Borzaga and Santuari 2003; Evers and Laville 2004; Defourny and Nyssens 2008; Pestoff, 2009) and from the Skoll Centre at Oxford (Nicholls 2008) - and by research aiming to understand the historical differences between the North-American and the European models of welfare (Salamon and Anheier 1996). Pestoff (2009), for instance, argues that although social enterprise approaches in the US and Europe are far from being identical, "they are nevertheless a rough functional equivalent" (Pestoff 2009: 53). However, Pestoff also underlines the fact that there are significant differences between the two models of SE. Those differences first of all concern governance and incentive structures.

Table 1 lists some of the differences between the US and the European discourses on SE that have been described in this paper.

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<sup>5</sup> The HCT Group is an award-winning and rapidly growing social enterprise providing public transport services, with six bus depots in London and two in Yorkshire.

Table 1 - Differences between USA and Europe regarding major SE discourses

USA	Europe
+ Associations	+ Associations
+ Private enterprises	+ Public organisations
+ Business community & Business management	+ Public sector involvement
- Public sector involvement	- Private enterprises
+ Individual responsibility	+ Shared responsibility
+ Innovation	+ Social economy /
+ Social purpose enterprise	Solidarity economy

The table shows that, as a matter of empirical evidence, both in the US and in Europe, associations and other organisations in the civil society are the basic organisational body of social entrepreneurial (and other SE) initiatives. But, beyond this common feature, the differences between the two models are more numerous than the similarities.

As the left column shows, US approaches, generally speaking, tend to emphasise the relation between associations/communities and the corporate world as the engine driving social enterprise.

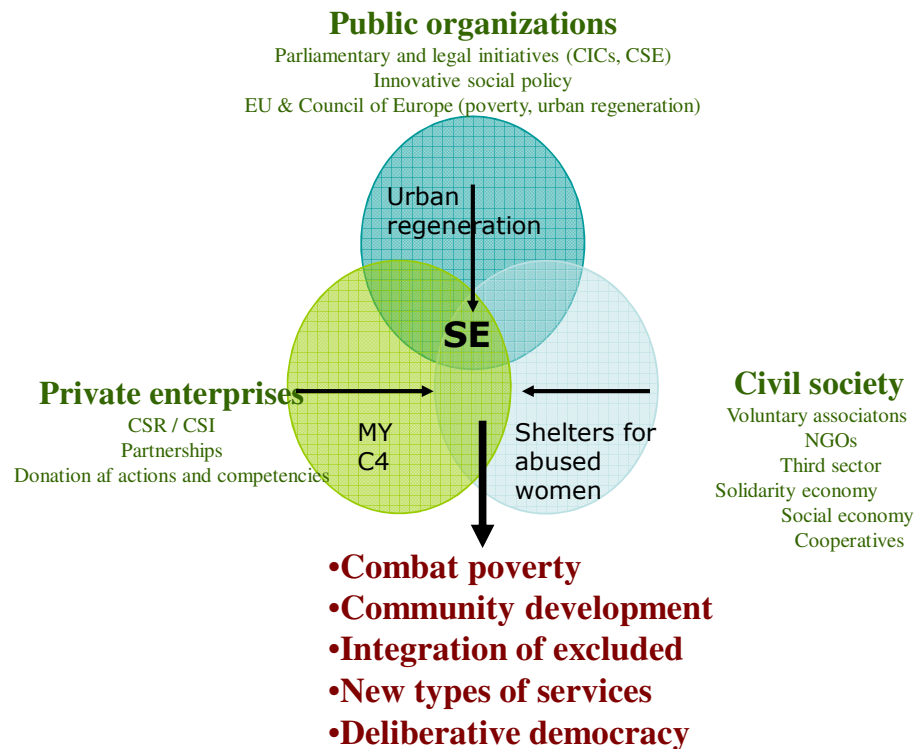
Initiatives launched both by the European Union and by individual European countries can be considered as important strategic contributions, laying out the premises for a third way between "the triumph of capitalism" (Gilbert 2002) and the "old" institutional-redistributive model of welfare, with state dominance. Prodi stressed that some of the most urgent challenges nowadays lie at the blurred intersection of politics, social cohesion and economics: institutions in the social economy are, *qua* schools of democratic participation and active citizenship, to be considered as cornerstones in modern democracies, but they are also important socio-economic actors as service providers and job-makers.

There are at least two lessons to be learned from the analysis of European tradition. The first lesson is that there is in Europe a historical tradition of linking social entrepreneurship and social enterprises to the issue of democracy and participation. The second lesson is that social entrepreneurship takes place at the intersection between the "old" sectors – i.e. the public, the traditional private for-profit and the civil society sectors; it is summed up in the following way by Marthe Nyssens: "Social enterprises can be said to be located in an intermediate space at the crossroads of market, public policies and civil society." (Nyssens 2006) These two lessons are illustrated in figure 2.

But although social enterprises can be located at the cross section of state, market and civil society, specific organisations are often more closely affiliated to one sector. Many social enterprises emerging in Europe within the last 20 years are related to urban regeneration programs originating both in EU and Council of Europe programs and policies. In the area of poverty reduction, public policies have been explicitly active in the formation of social enterprise and the emergence of social entrepreneurship. Other organisations like shelters for abused women

or workplaces for vulnerable parts of the populations are more closely related to the civil society, whereas some of the new micro finance institutions, like MYC4, are more or less conventional enterprises with a social profile.

Figure 2 – Major European discourse



Defourny and Nyssens have shown how social enterprise in the USA is viewed as "market-oriented economic activities serving a social goal" (Defourny and Nyssens 2008: 4). In this perspective, there are some basic distinctions between the American and the European traditions of social enterprises and social entrepreneurship. In the USA, "social entrepreneurship" is first of all a metaphor for addressing the funding problems of the non-profit world through market activities and relations to the corporate world, and a metaphor used to highlight the innovative aspects of social projects (Defourny and Nyssens 2008: 4). In Europe, social entrepreneurship is part of the tradition of the social economy, which links all three spheres in modern liberal democracies in innovative approaches to solving social problems: as Borzaga and Santuari state, "[the] strong interdependence between the welfare state and the non-profit sector is one of the most important features of the non-profit sector in Europe." (Borzaga and Santuari 2003: 33)

In a period of time where new consultant-driven concepts, ideas and tools travel across the globe at a speed that is only limited by the possibility of access to the Internet, there are plenty of reasons for a critical evaluation of those concepts.

As stated by the EMES European Research Network, social enterprise and social entrepreneurship can be generated as bottom-up initiatives launched by local activists and social movements, but they can also be generated through a top-down process, as has historically often been the case in many innovative welfare states across Europe and elsewhere.

There are multiple benefits to be gained from a transfer of knowledge about social entrepreneurship across the Atlantic. With social entrepreneurship being so different in Europe and the USA, and yet related in many important aspects, it makes sense to learn systematically from each other. Learning about the various flags of SE is also about nurturing and harvesting the benefits of SE that have emerged in different institutional frameworks. The long-term goal of such an ambition is to work towards gradual systemic change, with all sectors in modern society focusing on social value creation as their primary objective.

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