Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation

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The Committee on Employment and Social Affairs adopted a report by Heinz K. BECKER (EPP, AT) on Social Business Initiative – "Creating a favourable climate for social enterprise, key stakeholders in the social economy and innovation".

Members recall that the social economy employs at least 11 million people in the EU and accounts for 6 % of the entire workforce or 10 % of all European enterprises (that is, 2 million enterprises). They contribute, by their nature, to establishing a more cohesive, democratic and active society. They often face difficulties, like SMEs, in accessing finance in order to expand their activities.

For a definition of a social economy: welcoming the Commission Communications "Social Business Initiative" and "Towards a job-rich recovery", with recommendations to national governments on improving the framework conditions for social enterprises, Members consider it necessary to define "social enterprise". It means an undertaking, regardless of its legal form, which:

- has the achievement of measurable, positive social impacts as a primary objective in accordance with its articles of association, statutes or any other statutory document establishing the business, where the undertaking: i) provides services or goods to vulnerable, marginalised, disadvantaged or excluded persons, and/or ii) provides goods or services through a method of production, which embodies its social objective;
- uses its profits, first and foremost, to achieve its primary objectives instead of distributing profits, and has in place predefined procedures and rules for any circumstances which ensure that any such distribution of profits does not undermine its primary objectives; and is managed in an accountable and transparent way, in particular by involving workers, customers and/or stakeholders affected by its business activities.

Recommended actions for various types of enterprises: Members emphasise that activities carried out by volunteers in various sectors of the social economy – including young people starting their careers constitute an important contribution to economic growth, solidarity and social cohesion. They ask for recognition and appropriate financial and structural support at local, national and European level.

To help this sector, the Commission and the Member States are invited to ensure:

- the promotion of a strategy and of measures promoting social entrepreneurship and innovative social enterprises, especially with regard to young and disadvantaged people, in order to ensure better and easier access for entrepreneurs, to EU and Member States' programmes and funding (for example, within the framework of the Erasmus For Young Entrepreneurs programme);

- supports initiatives at EU level to extend and strengthen the already advanced association sector;

- calls for the speedy adoption of a **European statute for associations** to complement existing legal statutes at Member States' level and to facilitate cross-border activity of mutual societies;

- to enhance the operating conditions forcooperatives, mutuals, associations and foundations, and thereby support the development of the social economy in general.

Enterprises fulfilling social objectives or achieving social impact*:* stresses that social enterprises are important provides of Services of General Interest (SSGI). They often stem from, or are closely linked to, civil society organisations, voluntary organisations and/or welfare associations providing person-oriented services and often find themselves between the traditional private and public sectors delivering public services, i.e., in the framework of public procurement.They also consider that the notion of corporate social responsibility (CSR) should be viewed separately from that of the social economy and social enterprises, even though a strong interconnection can exist between the two.

Financial Perspectives – improving the legal and fiscal environment: the Members believe that the European Union programme for social change and innovation for the period 2014-2020 with its microfinance and social entrepreneurship axis, contributes to the effort to guarantee better access to micro-credits for micro-enterprises in the social economy. Convinced that different financial instruments – such as the European Social Entrepreneurship Funds, the European Venture Capital Funds and the European Angels Funds (EAF) – are needed to improve access to financial markets for social enterprises, the Members stress the need to support social enterprises through **sufficient financial means at local, regional, national and EU level**, and point to the relevant funds under the Multiannual Financial Framework 2014-2020 (such as European Social Fund, the European Regional Development Fund, the Agricultural Fund for Rural Development, the Programme for Social Change and Innovation, the Programme for Research and Innovation, as well as Horizon 2020).

They explicitly ask for **support for innovative social enterprises**, in particular, those promoting quality employment and combating poverty and social exclusion.

It is also necessary to simplify access to funding and to create conditions under which social enterprises can gain financial independence.

Measurements, support and promotion: Members demand that a comparative study be initiated by the Commission and carried out in cooperation with social enterprises, of the various national and regional legal frameworks throughout the EU, and their operating conditions and characteristics.

Emphasising that there is great variation among social enterprises in terms of form, size, business activity, economy and co-operation, Members consider it necessary to improve their competitiveness across the European Union.

They propose that steps be taken to:

- encourage the creation of social innovation clusters with adequate incentives;

- develop a "**European social label**" to be awarded to social enterprises to ensure better access to public and socially innovative procurement without infringing any competition rules;

- improve the understanding of, and the knowledge about the social economy, and to improve its visibility, by supporting academic research, *inter alia* in the context of the 8th Framework Programme (Horizon),

- launch a regular activity report on social enterprises;

- establish a "**European Award for Social Entrepreneurship**" to recognise its social effects;

- launch a broad information campaign, by means of introducing an accessible, multilingual website that provides quick and easy information on social products and services for citizens.

Members again call on the Member States to consider the benefits of including principles of social business/social entrepreneurship and social responsibility in the content of teaching programmes of schools, universities and other educational institutions, and in life-long learning programmes, in order to help **develop social and civic competences**.

Lastly, Members supported the Commission proposal: i) to set up a multilingual, accessible and user-friendly online platform for social enterprises that should, inter alia, enable peer learning and the exchange of tried-and-tested models, foster the development of partnerships, facilitate information-sharing about access to funding and about training opportunities, and that should serve as a network for cross-border cooperation; and ii) to set up an expert group on social business (GECES).