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### Report on the relationship between welfare, education and social entrepreneurship

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# EFESEIS Enabling the Flourishing and Evolution of Social Entrepreneurship for Innovative and Inclusive Societies

for Innovative and Inclusive Societies

## Report on the relationship between Welfare, Education and Social Entrepreneurship

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### **About EFESEIIS**

The EFESEIIS (Enabling the Flourishing and Evolution of Social Entrepreneurship for Innovative and Inclusive Societies) project endeavours to produce new knowledge and to provide it to every individual, authority or organisation involved or willing to involve themselves in the social economy. It aims to provide a better understanding of Social Entrepreneurship and Innovation using thorough analysis of data gathered in 11 European countries. By 2016, EFESEIIS aspires to give all the key information to a wide range of stakeholders – from policymakers, financial organisations and local authorities to individuals – to remove the barriers preventing the growth of Social Entrepreneurship and to support its development worldwide.

The project has four main objectives: (1) to provide advice to stakeholders on how to foster Social Entrepreneurship and Social Innovation; (2) to draft an Evolutionary Theory of Social Entrepreneurship to explain the different evolutionary paths of Social Entrepreneurship in Europe and how Social Entrepreneurship and institutions co-evolved during time; (3) to identify the features of an enabling eco-system for Social Entrepreneurship; and (4) to identify the new generation of Social Entrepreneurs, their features, needs and constraints as well as their contribution to Social Innovation. The current report is a comparative summary of the influence of welfare and education on social innovation and social entrepreneurship in each partner country.

#### The EFESEIIS partnership

EFESEIIS consists of eleven participating countries comprising (in alphabetical order) Albania, Austria, England, France, Germany, Italy, the Netherlands, Poland. Scotland. Serbia and Sweden.

Academic partners and research institutes:

Università Degli Studi Firenze (Italy), Münster Universität (Germany), Syddansk Universitet – SDU (Denmark), Glasgow Caledonian University (Scotland), University of Northampton (England), Uni-wersytet Warszawski (Poland), The HUB Gmbh (Austria), ALTERRA Research Institute (Nether-lands), Fondacija za Razvoj Ekonomske Nauke, (Serbia), Fondation Nationale des Sciences Poli-tiques (France) and Nxitja e Biznesit Social Sha (Albania).

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### Introduction

### Social innovation and social entrepreneurship in the EU

The concepts of social innovation and social entrepreneurship are increasingly gaining influence within the EU, both at policy level and on the ground. In many ways, this has to do with current economic crisis and its social consequences for many of the Union's citizens. For example, un-employment in the EU-28 rose from 7.1 per cent to 11 per cent - within the Euro Area to 12 per cent - between 2008 and 2013, whilst in some of the worst affected Member States, such as Greece, the figures are closer to 30 per cent. Although the figures seem to have levelled out and to a certain extent improved 1, in September 2015 there were 22.631 million unemployed in EU Member States, equivalent of 10.8 per cent?

Most the EU Member States do identify high unemployment (and long-term unemployment) as one of the six key social inclusion challenges facing their country, and several stress the link between child poverty and children living in (quasi-)jobless households.<sup>3</sup> In addition, an ageing European population, increased global competition and climate changes have become burning societal challenges. The sustainability and sufficiency of Europe's health and security systems as well as social policies in general are at stake. Not surprisingly, the EU Member States are looking for new solutions, not only to long-term unemployment but also to integrate environmental sustainability with economic growth, welfare and education by separating environmental degradation from economic growth. Doing more with less has become one of the key objectives. This has resulted in an increasing need for new policies (e.g. social, education, employment, health) to ensure socially and environmentally sustainable growth whilst creating new jobs and improving the quality of life in Europe.

In many of the European Union's Member States, entrepreneurship is generally recognised and emphasised as a means for economic growth and prosperity and a catchphrase for economic stimulus. Even though stimulation of entrepreneurship is an important policy in most countries, the positive societal outcomes are in best cases seen as indirect (i.e. generating jobs and more tax-income for the government) whilst negative environmental outcomes are more commonly seen as direct societal effects stemming from economic growth. It

<sup>&</sup>lt;sup>1</sup> EC (2014) Employment policy beyond the crises, Social Europe guide, Vol. 8. Available from: http://ec.europa.eu/social/main.jsp?catld=738@langld=sv@publd=7721

<sup>&</sup>lt;sup>2</sup>Eurostat (2015) Statistics Explained – Unemployment statistics. Available from: http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment\_statistics

<sup>3</sup>EC (2013) Assessment of progress towards the Europe 2020 social inclusion objectives: Main findings and suggestions on the way forward. A Study of National Policies, Available from: http://ec.europa.eu/social/main.jsp?catId=738&langId=sv&pubId=7702&type =2&furtherPubs=yes)

<sup>4</sup>EC (2015) Environment - Sustainable development. Available from: http://ec.europa.eu/environment/eussd/escp\_en.htm

is apparent that although we need new entrepreneurial invention initiatives, the European Union is in need of a diversity of entrepreneurial styles and focus to overcome various societal, economic and environmental challenges facing our societies.

Many of the existing problems as well as the societal solutions are traditional legacies from industrialisation, when boundaries between different sectors of society were of greater importance than in today's post-industrialised societies. Moreover, today's challenges are far too complex to be solved singlehanded. Therefore, entrepreneurship has also increasingly come into focus as a potential stimulus for societal value creation. In the Social Europe guide, vol. 7 from 2014 it is stressed that:

Social economy actors and social enterprises are important drivers of inclusive job creation as they often employ disadvantaged people and/or provide them with services or goods, but they also have strong potential for rethinking economic and social policy action. They have an important role to play in the search for new solutions to societal problems and social innovation. Hence they require specific support schemes as well as incentives for getting started. The ESF may be able to provide assistance for actions in favour of capacity-building and support structures for the promotion of social enterprises, in particular through social entrepreneurship education and training, networking, the development of national and regional strategies in partnership with relevant key stakeholders, the provision of business development services and by facilitating access to finance.5

Part of the current attraction of social innovation and social entrepreneurship comes from the fact that they can serve as umbrella concepts for inventing and incubating solutions to all these challenges in a creative and positive way.6 In line with the call for THEME [SSH.2013.2.1-2] - Social entrepreneurship for innovative and inclusive societies, this report takes its starting point in a definition of Social Entrepreneurship as:

"an activity whose primary purpose is to pursue social goals, produce goods and services in a highly entrepreneurial, innovative and efficient manner to generate benefits for society and citizens, use surpluses mainly to achieve social goals, and accomplish its mission through the way in which it involves workers, customers and stakeholders affected by its business activity. The prime objective of social entrepreneurship, therefore, is to generate and maximize social value while remaining economically profitable."7

<sup>5</sup> EC (2014) Investing in people: EU funding for employment and social inclusion, Social Europe guide, vol. 7. Available from: http://

ec.europa.eu/social/main.jsp?catId=738&langId=sv&pubId=7715 [italics added]

<sup>6</sup> European Commission (2013) "Guide to Social Innovation". http://www.google.se/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCUQFjAA&url=http%3A%2F%2Fec.europa.eu%2Fregional\_policy%2Fsources%2Fdocgener%2Fpresenta%2Fsocial\_ innovation%2Fsocial\_innovation\_2013.pdf&ei=IW11VaSKEcWXsgG5y4DgCA&usg=AFQjCNEh39gslfXP1UJ&F1OhJYchC-YJLQ 7 European Commission (2012) Work programme 2013 (Revision) Theme & Socio-economic sciences and humanities (European Commission C(2012) 9371 of 14 December 2012). p. 23

Hence, self-sustainable SEs are, to differing extents, successfully making use of mainstream en-trepreneurial logics - such as innovation, evaluation and exploitation of opportunities to create future goods and services - whilst addressing societal problems, demonstrating that it works to be both commercially oriented and ideologically driven.<sup>8</sup>

### This report

In this report, we aim to shed light on how far and to what extent the national and regional governments – more specifically the welfare regime and the education system – have come in terms of developing supporting ecosystems for social enterprises, to strengthen efforts at national and regional levels. The focus is on establishing to what extent education and welfare influence the development of social entrepreneurship, social innovation and social enterprises. In this context, welfare and education are understood to be amongst the most relevant areas for any government in that it strongly influences the present as well as the future of our societies.

The welfare state is understood in relation to Esping-Anderson (1990) to be a redistributive state with a high reliance on policy making. This suggests, firstly, that a policy driven education system should have a prominent role within the welfare regime. Hence, when entrepreneurship and social entrepreneurship and innovation are promoted as important antidotes to the currently high number of unemployed people, and specifically the long term unemployed, it is fair to assume that the education system is given a leading role as a promoter of both traditional and social entrepreneurship. Secondly, if one applies a classical approach of causal mechanisms on commonly accepted definitions of social enterprises and its ex/implicit relation to the welfare regime as a hypothesis, the result should be a correlation between the state of the welfare regime and the state of the social enterprise sector. Investigating such a relationship could be summarised as: does a weaker welfare regime provide the breeding ground for a stronger or larger social enterprise sector. or alternatively; does a strong welfare regime result in a weaker or smaller social enterprise sector?

The central idea behind this report is that the information gathered will be of use to the different stakeholders in the fields of education, welfare, social

entrepreneurship and innovation in the different countries in focus of this report, as well as other EU member states. More specifically, for policymakers on a national level as well as on the EU level, the report is intended to serve as policy brief and basis for the development of future policies within the field of education, welfare, social entrepreneurship and social innovation. Consequently, in line with traditional EC policy papers and more specifically the Directorate General for Education and Culture, the focus will be on positive empirical examples for countries to learn from and for national authorities to build future policies upon.

#### Method

This report is based on the collective efforts of the eleven research partners making up the EFESEIIS research project: Enabling the Flourishing and Evolution of Social Entrepreneurship for Innovative and Inclusive Societies. The report is based on eleven individual case studies, repre-senting eleven individual syntheses of literature – from policy documents to academic and 'grey' literature on social entrepreneurship, innovations and enterprises – together with interviews with representatives from stakeholder institutions, organisations, and academia engaged in the social enterprise sector in the eleven partner countries. The elven partner institutions have carried out research in (in alphabetical order) Albania, Austria, England, France, Germany, Italy, the Netherlands, Poland, Serbia, Scotland and Sweden.

This report's focus is exclusively on the role of the education systems and the welfare regimes. For information on the role of the main institutions one should turn to the *Report on the Role of Main Institutions*. For more detailed information on interviewees and local literature in local languages, please turn to each of the individual national case study reports found on the EFESEIIS' webpage. Each individual case study reports on the role played by the state, policymaking, legal framework, institutions, the school system and academia, and the market in developing or constraining social entrepreneurship, social enterprises and social innovation. As a common starting point, all reports cover the period from the end of the Second World War to present date, but with specific focus on current development and discussions.

<sup>9</sup> EFESEIIS (2015) Report on the Role of Main Institutions. Available from: http://www.fp7-efeseiis.eu/outputs/10EFESEIIS (2015) Outputs. Available from: http://www.fp7-efeseiis.eu/outputs/

#### Welfare

The EFESEIIS project is closely related to Horizon 2020 which aims at turning the EU after crises into a smart, sustainable and inclusive economy. In order to do so, each of the Union's member states needs to develop new ideas, test innovative solutions and adapt to changing contexts. This innovativeness is even more important since most states have responded to recent crises by wel-fare cost containment strategies that in the long run result in reducing the compensating role of the state. Together, these processes have called into question existing welfare arrangements and many welfare regimes are currently in a highly dynamic phase of restructuring.

The current report constitutes a cross-country comparison. The choice of participating partners has been based on the rich literature of welfare regimes in accordance with Esping-Andersen's famous typology. Such typologies can be understood in line with Weber's ideal-types, i.e. they may either be theoretically constructed models that are to represent a reality, or they may be an attempt to classify empirically observable social phenomena, realtypes. Esping-Andersen divided the welfare regimes in to the 'liberal' – 'means-tested assistance, modest universal transfers or modest social insurance plans' – welfare state, the 'corporatist' – 'preservation of status differentials ... negligible redistributive effects' – welfare state, and the 'social democratic' – 'principle of universalism and de-commodification' – welfare regime-type. In addition to and often as a consequence of the different dimensions of the different welfare regimes, they also differ in terms of their traditions of civil society institutions and of national economic systems.

Aware of the potential limitations with ideal-types, the EFESEIIS partner countries were categorised accordingly: England and Scotland as 'liberal' welfare regimes; Germany, Austria, France and Italy as 'corporative' welfare regimes; and Sweden and the Netherlands as 'social democratic' welfare regimes. Poland, Serbia and Albania, all post-communist states, have undergone massive changes in terms of welfare services, as well as civil society engagement, since the early 1990s. Although with a degree of a common past, the welfare regimes of these countries are not per se identical in type. In many ways, they may to different extent still be described as regime-models in the making, mixing elements from the three different regimes. In summary, the EFESEIIS partner countries have been chosen to represent a broad range of regimes to gain valuable insight into different factors affecting social innovation and social entrepreneurship in different settings.

<sup>&</sup>lt;sup>11</sup> Esping-Andersen, G. (1990) The three worlds of welfare capitalism.

<sup>&</sup>lt;sup>12</sup>Esping-Andersen, G. (2005 [1994]) 'The three political economies of the welfare state' in Hall, J.A. (ed.) The state: Critical concepts. Routledge: London, p. 414

#### Education

Europe faces several challenges that can only be met if it has innovative, well-educated, and entrepreneurial citizens who, whatever their walk of life, have the spirit and inquisitiveness to think in new ways and the courage to meet and adapt to the challenges facing them. Moreover, a dynamic economy, which is innovative and able to create the jobs that are needed, will require a greater number of young people who are willing and able to become entrepreneurs, young people who will launch and successfully develop their own commercial or social ventures, or who will become innovators in the wider organisations in which they work. Because education is key to shaping young people's attitudes, skills and culture, it is vital that entrepreneurship education is addressed from an early age.

Entrepreneurship education is essential, not only to shape the mindsets of young people but also to provide the skills and knowledge that are central to developing an entrepreneurial culture. According to the Key Competence Framework, the entrepreneurship key competence refers to an individual's ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve objectives. Developing mindsets, generic attributes and skills that are the foundations of entrepreneurship can be complemented by imparting more specific knowledge about business according to the level and type of education.

The European Commission has long supported and helped further the cause of entrepreneurship education. Within the education and training agenda, the strategic framework for European Cooperation, Education and Training 2020 has, as its fourth long-term strategic objective, to enhance creativity and innovation, including entrepreneurship, at all levels of education and training (1). The Commission is continuing its support through the Europe 2020 strategy where the need to embed creativity, innovation and entrepreneurship into education systems is highlighted in three flagship programmes: Youth on the Move, An Agenda for New Skills and Jobs, and Innovation Union.

The scope of this research is primary (ISCED level 1) and general secondary (ISCED levels 2 and 3) education. The curricula for vocational, technical or commercial schools at secondary level are not included. Only the public education sector is considered, except in the case of Belgium, Ireland and the Netherlands, where the grant-aided private sector is also covered because it accounts for the majority of school enrolments. Furthermore, in Ireland the clear majority of schools are defined legally as privately owned but, in fact, are fully state funded and do not require payment of fees by parents. In the

Netherlands, equal funding and treatment of private and public education is enshrined in the constitution.

The school reference year is 2011/12. The Eurydice Unit of the Education, Audiovisual and Culture Executive Agency (EACEA) has coordinated the collection of data and the preparation and drafting of this comparative overview. The questionnaire was developed in close cooperation with the European Commission, Directorate General for Education and Culture. This comparative overview analyses the main information received from the Eurydice Network, representing thirtyone European countries. It is divided into four chapters covering:

- 1. National strategies and action plans to encourage the integration of entrepreneurship education.
- 2. How entrepreneurship education is currently being addressed in national educational steering documents in terms of general approaches and subject curricula.
- 3. Specific learning outcomes defined for entrepreneurship education and any practical guidelines to support teachers.
- 4. Initiatives to promote entrepreneurship education and the current situation on educational reforms impacting on the subject. Examples of current practice from individual countries are given in the overview. However, in addition, a complete set of national descriptions is available in the second part of this report; these include references and links to all the relevant policy documents.

With 31 countries participating in the 2011 Eurydice survey on 'Entrepreneurship Education', the consultation provided a unique opportunity to gather information on the current state of entrepreneurship education in primary and general secondary education as well as on the associated recent national strategies, action plans, initiatives and ongoing reforms. A great majority of European countries address entrepreneurship education through national strategies or initiatives (see Chapter 1, Figure 1.2). This clearly reflects the wide recognition of the importance of entrepreneurship education in Europe. Nearly half of the countries have incorporated the objectives linked to the promotion of entrepreneurship education within broader strategies (lifelong learning, education and youth, growth), while several countries, located mainly in Northern Europe, have launched specific entrepreneurship education strategies.

The survey shows that two thirds of European countries explicitly recognise entrepreneurship in central steering documents at primary education level (see Chapter 2.1, Figure 2.1). This changes significantly in secondary education, where virtually all countries integrate entrepreneurship into the curriculum in some form (see Chapter 2.2, Figure 2.2 and Chapter 2.3, Figure 2.4). In prima-

ry education, the cross-curricular approach prevails. Where entrepreneurship education is integrated into existing subjects, these are generally compulsory. Entrepreneurship is not taught as a separate subject. The cross-curricular approach starts to give way to the integrated approach in lower secondary education, with each model being used in a similar number of countries. However, where entrepreneurship is integrated into other subjects, in a third of countries these are optional rather than compulsory subjects. In either case, they mostly belong either to the social sciences area or to the area of economics, business studies and careers education.

A few countries offer entrepreneurship as a separate subject. In upper secondary education, the cross-curricular approach remains equally widespread, but the number of countries also using the integrated approach increases, as does the use of optional subjects. Several countries combine a cross-curricular approach with integration in both compulsory and optional subjects. In addition, there are more countries which offer entrepreneurship as a separate subject. As in lower secondary education, the social sciences are still a popular home for entrepreneurship education. However, more countries at this upper level integrate it into the area of economics, business studies and careers education. The survey shows that many European countries define specific learning outcomes for entrepreneurship education and these generally cover different aspects of the three dimensions of entrepreneurial attitudes, knowledge and skills.

In primary education, half of the countries define learning outcomes related to entrepreneurship and these mostly cover entrepreneurial attitudes but also transversal entrepreneurial skills. No country addresses practical entrepreneurial skills at this school level. At secondary level, most countries have defined learning outcomes for entrepreneurship education. Many countries cover all three dimensions: attitudes, knowledge and skills, and most of them at least two. However, no country has learning outcomes linked only to entrepreneurial skills, which indicates that the other dimensions are needed to build these skills. The data shows that in the countries where practical entrepreneurial skills are defined in upper secondary education, others linked to business knowledge are often also introduced at the same level of education.<sup>13</sup>

<sup>13</sup> Entrepreneurship Education at School in Europe. National Strategies, Curricula and Learning Outcomes http://eacea.ec.europa.eu/education/eurydice/documents/thematic\_reports/135en.pdf (2012)/

### Results

Instead of finding a clear correlation between the size and type of welfare regime (using Esping-Andersen's definitions) and the environment for social entrepreneurs, we found a set of relationships that might be important to investigate further when outlining policy and future research in this area. The differences in history, institutional tradition, socio-economic development and political situation were so great between the studied countries that a strict academic analysis of the material outlined in the previous chapter would not render any meaningful conclusions or recommendations. In order to fulfil the objective of task 6.2 within the EFESIIS project and give the material gathered in our eleven partner countries the analytical treatment it deserves, we would highlight important areas in the relationship and interaction between social entrepreneurs, the welfare systems and education, making it easier to draw on the discussions in this paper in order to develop policy.

### Areas of interactions with the welfare systems

Most countries show a similar expansion in the duties of the state following industrialisation and subsequent urbanisation. During the shift from a mainly agrarian society, where the extended family and village formed the basis of social security, to a more industrialised society, with wagelabour and new living conditions around factories and small cities as main forms of socio-economic organisation, social enterprises of various sorts emerged to mitigate the new needs following in the footsteps of early industrialisation. Religious organisations, philanthropy, political movements, volunteering and cooperatives spread throughout Europe in the late 19th and early 20th century.

By the end of World War I, the nation state became the typical political framework of the newly industrialised societies in Europe, east and west. The nation state, built on the fragments of old empires in central Europe and on democratically reshaped kingdoms in northern Europe, started to expand their social undertaking to gain legitimacy and absorb the strong political movements of the time, fuelled by the social and economic problems in the aftermath of the Great War. In doing so, the emerging welfare state regimes (whether on a local or national level) inevitably encroached on the market of the social sector, crowding out or incorporating the above mentioned actors.

Here the various forms of welfare state according to the taxonomy of Esping-Andersen start to take shape: in central Europe, the welfare state incorporates the existing actors into the organisation of the welfare sector, using intermediaries as providers for publicly funded welfare services. The social entrepreneurs of the turn of the last century are thus merged into the welfare state regimes, given special status as service providers to endusers. In some cases they are even responsible for providing higher education for professionals within the sector, like the Red Cross in Germany, running both hospitals and nursing colleges; a clear example of the corporatist model.

In the Nordic countries this development continued in the direction of the ever growing welfare state capturing more and more areas of service delivery, eventually more or less monopolising the welfare provisions in these countries due to long stretches of social democratic political hegemony. In what Esping-Andersen calls the social democratic model, the dividing line within the welfare system thus runs between different levels of government (local, regional or national) as providers of welfare, rather than between different sectors of society (private, public or civil society organizations).

The liberal welfare model is best portrayed by the countries of the United Kingdom, with a special blend of centralisation and monopoly in health care, and a means-tested and locally organised social dimension to welfare provision. The Eastern European countries could also be considered as belonging to this model post 1989, moving from a totalitarian state-controlled society towards a more liberal welfare model after democratisation. Having gone through a brutal expulsion of more or less all entrepreneurial activities in society during almost 50 years, and at the same time experiencing the collectivisation of property and production facilities in the name of state cooperatives, it is not surprising that the enthusiasm for cooperatives and social entrepreneurship is described as relatively weak in broad layers of society in most country reports from Eastern Europe.

So we have a situation where the welfare state has either incorporated (corporative model), in large part taken over (social-democratic), or depended on various forms of social enterprises for welfare provision (liberal) over the last century, giving the various countries different starting points towards the development of what we today understand as social entrepreneurship during the last 10-20 years. While the Eastern European countries have gone from a totalitarian state system towards a more liberal welfare regime, trying hard to reinvent a vibrant civil society, the Northern European societies have purposely weakened the role of civil society as a political project, but now find that their models need an overhaul and must also try to define a new role for social entrepreneurs.

The liberal countries have continued their liberalisation of their welfare system, now also loosening up the traditionally monopolist core of health care provision in their welfare model. On the continent, the corporatist systems are trapped in a model where the previous wave of social movements are so deeply entrenched in the state system that the new wave of social entrepreneurs are finding it hard to carve out a niche. In France, the scepticism from the unions and the left, which ideologically should embrace the ideas behind social entrepreneurship, is due to a general liberalisation of state functions and labour markets.

Oddly enough, one could therefore argue that the challenges facing the development of a sustainable eco-system for social entrepreneurship in the various welfare models can be seen as converging. The shifting patterns of relationship between the welfare state and the social sector over time in the different countries have created negative path dependencies, pressing the need for innovation of new institutional arrangements which could be addressed on a supranational level and where the EU could play a constructive role. Below we will present some of the more contested areas in the relationship between social entrepreneurs and the various models of welfare states as reported in the country reports, and where we believe the EU level could provide support for viable solutions.

### Improving social services or agents of privatisation

In the Western European countries, the state has grown as an actor within all three welfare models in the years after the Second World War and up until the 1990's. In the last decades, elements of privatisation and changes in the steering mechanisms through results-based management have altered the welfare state systems profoundly. This has been done both by conservative and social democratic governments, reframing the classical political contention between left and right, towards a more liberal centre. The unions and progressive leftist movements have, during these last 20 years, opposed alternative systems of organising the welfare state, seeing these as covert ways of undermining the re-distributive ambitions of the welfare state and introducing a "marketisation" of welfare services.

As the notion of social entrepreneurship has been introduced during the same period of time as this political tug-of-war over re-shaping the welfare state has been at its peak, the traditional left has not embraced the concept and at times has seen the social entrepreneur as an agent of privatisation under the disguise of a social ethos. While the first wave of social enterprise, cooperati-

ves, volunteering and even philanthropy had ideological support and sometimes their organisational base within the unions and other left-leaning groups, the social entrepreneurial concept meets some resistance amongst them.

This is unfortunate and hinders the development of a stable ecosystem for social entrepreneurs in two ways. Firstly, there has to be political consensus in letting social entrepreneurs into the welfare service sector in order to provide enough stable conditions for them to flourish; and secondly, the community of disenfranchised people which the social entrepreneur so often tries to reach as a base for activities has to be engaged, which can be difficult as they are often organised by the very left that is sceptical to the SE movement.

In England this is very obvious as the Conservative government has accepted and expanded the role of social entrepreneurs after it inherited the concept from the previous Labour government. While the social entrepreneur was given attention and a new legal form (Community Interest Company) during the Tony Blair years, it was primarily seen as a new form of collaboration between civil society and the welfare system, strongly influenced by the ideas of the "third way". During the Conservative government, this role has been enhanced to not only collaborate and transform community services, but to actually replace the state as a provider and improve services while keeping costs down. The social entrepreneur is seen as a saviour in an equation that after the financial crises was in danger of not adding up. In France, a similar ideological struggle can be seen in the division of social economy and solidarity economy, which together make up the area of Social and Solidarity Economy (SSE), the official name for the area in which the social entrepreneurs are active.

In the Scandinavian countries, marked by what Esping-Andersen calls the social democratic welfare model, the niche of the welfare sector in which social entrepreneurs can operate is so small that most of them have to rely on public funds to operate, thus becoming an extended arm of the welfare state. While theoretically there could be the same suspicions that social entrepreneurs are a way of replacing the state provision of services in the UK and France, the opposite problem actually arises in the social democratic model. The welfare system is so dominant that there is little room for social entrepreneurs to manoeuvre, save as extensions of the system itself, reaching groups which the existing welfare agencies have difficulties with engaging. Instead of empowering marginalised groups and giving them an opportunity to take back economic and social control of their lives, the social entrepreneurs are at risk of becoming just another way of keeping marginalised groups within the welfare system, although under a new formula, embracing the discourse of entrepreneurship and social engagement, while maintaining the structural integrity of the welfare state structure.

### New skin for an old formula: Access to government

In corporatist countries like Austria, Germany and Italy, there is a long tradition of letting civil society organisations be part of the welfare system. Beside health-care, the main policy areas where civil society organisations still play an integral role in the corporatist model are traditionally rural development (agrarian produce and hand craft), labour market policy (organising employment for vulnerable groups) and community work directed at youth and the elderly.

Having built up a relationship for more than hundred years (with some brief pauses), the social enterprises and entrepreneurs from the early industrial age are deeply entrenched in the governance of these areas within the welfare state. This poses two major challenges: there is no pressure to work on social innovation and re-invent or re-define the organisation of activities towards these groups; and there is little room for new social entrepreneurs to engage with government, as the "slots" are already taken by actors that have been around since the formation of modern government.

The new social entrepreneurs seem to form parallel intermediary bodies and representatives when interacting with government at all levels. This could be because the older, incorporated social movements are no longer considered entrepreneurs, or that the issues that the new generation are interested in taking on are framed in a different manner than in the old industrial society. In any case, the new social entrepreneurs run the risk of becoming less significant (or simply being ignored) and have less leverage when interacting with government. With a less mainstream political and organisational base, new social entrepreneurs simply don't have the weight of the old social movements, although they might be more up to date on which problems it is important to address in today's society, and more in tune with EU 2020.

The challenge would therefore be how to join these two different generations of social entrepreneurs in order to tackle the challenges of today and make use of society's resources in a more efficient way. This would mean that the established social actors could open up their channels to the different levels of government, provide the new entrepreneurs with institutional capacity and some of the experience of dealing with social challenges over the last century. The new generation social entrepreneurs could bring in their innovative approaches, new ways of framing the social challenges, and reach new groups of activists and participants, as well as delivering on goals which combine the three areas of sustainability – social, economic and environmental.

Governments could also engage in this change by opening up new areas of cooperation with social entrepreneurs, disseminating the experiences from the ministry of labour, rural development and other traditional intersection points with social enterprises to other branches of government like ministries responsible for innovation, cohesion policy, tourism, migration, justice, environment and waste management. Apart from re-organising parts of the ministries to handle new challenges together with a new set of actors, it would probably also require some new intermediate bodies, open to both the old generation and new social entrepreneurs, and in more areas of government than traditionally has been the case. In France there is a history of attempting to do this through the delegation for innovation, social experimentation and social economy (DIIESES), and later the Council for social economy, which at one time was even headed by Christine Lagarde as Minister of Finance.

### Solving new complex issues through old structures

A new and growing area of social entrepreneurship can best be described as having a more holistic view on sustainability and society. Inspired by modern green movements and technical innovation, many of the newly registered social entrepreneurships, for example in Austria, deal with issues in the intersection between economic development, ecology and local community work. It can be helping small-scale farmers to transition towards eco-production, handling and re-cycling waste in new ways by engaging local communities, integrating newly arrived immigrants by guerrilla-gardening in cities or by keeping bee-hives on rooftops to ensure pollination in urban areas. While difficult to fit into traditional fields of governance, they are often in line with the overall ambitions of documents like EU 2020 or Horizon 2020.

Facing the problems of interacting with government and other possible financiers as described in the previous chapter, social entrepreneurs that deal with complex issues that span multiple policy areas find it difficult to access a steady financial flow and long term commitments. Often they are designed and financed as projects, with little or no means of strengthening their institutional capacity to form a stable base from which they can expand. Thus we are left with a difficult problem, where the issues that might matter the most for the future of our societies are not given the attention they need, and the entrepreneurs that want to take on these challenges are not able to grow strong enough to handle them.

Another aspect of the same problem, mentioned by many of the northern country reports, is that in order to receive and handle the funds for projects like this, they must emulate more traditional management structures and the-

se are sometimes contrary to the innovative ambition of the social entrepreneur. The social entrepreneur must then choose to become more traditional in their approach in order to access funds, compromising their innovative ideas, with the risk of actually becoming less suitable to be part of the solution to society's challenges. The more participatory and engaging approaches are especially at risk of being abandoned for more traditional ways of service delivery, top-down management, budgeting and reporting. It is easier to plan, monitor and follow up activities that are well specified in advance than to let the actors involved develop the activities in an incremental and participatory way through dialogue and deliberation.

The way we structure funding with the requirements of reporting, monitoring and evaluation also has an impact on what type of activities we chose to include in the project; an unintended side-effect that can have a detrimental effect on innovative ambitions of social entrepreneurs. If the more traditional way of structuring the activities would work, there would be no need for new approaches, and if new approaches are needed we should not require them to design their activities in a traditional manner.

### Bottom-up initiatives or foreign direct investment

An extreme case of the problem discussed above can be found in the Eastern European countries in our study. They report that a lot of the emerging civil society organisations that could be included in the concept of social entrepreneurship or enterprise, have been funded and directed from abroad. With little left from the previous generation of cooperatives and philanthropic organisations after decades of totalitarian state systems, it has been hard to engage individuals bottom-up to form a vibrant civil society, including social entrepreneurship. The whole notion of entrepreneurship and of self-organising goes against everything the old systems stood for, planning and controlling everything top-down as a principle. Forced cooperatives within agriculture and industry have also left large scars in the collective memory, making it hard to attract people to join them today. As our Polish team puts it: "cooperative means worse [quality]". 14

Instead, vast arrays of NGO's have been established in our Eastern European countries through foreign donors. Whether international NGOs, bilateral development cooperation from foreign governments, UN organisations, foundations or philanthropy, the terms and structure of funds is often determined far away from the target population. Depending on the political situation of the country, the funders can have socio-economic, health or political advocacy

<sup>&</sup>lt;sup>14</sup>EFESEIIS national report Poland p. 22

issues as main goals. Mostly they compensate for the lack of funds within the existing welfare system, alleviating poverty and providing basic services to disenfranchised groups.

To put it bluntly, the social entrepreneurship in this case consists of the ability of relatively well-educated groups in the main urban centres to structure and administer organisations that can receive foreign funds, whether through tenders, applications or active fundraising. There is nothing wrong with this professionalisation of the NGO sector, or with building up expertise in running donor driven organisations, but it is questionable whether it can be considered social entrepreneurship in a traditional sense. The dangers are the same as with international aid in general: lack of participation and ownership by the people who need the funds the most make the projects less effective in solving the social issues they are intent on working with. We are at risk of crowding out the emerging welfare state through NGO projects, drawing well educated administrators and managers from public service to foreign funded organisations, and dispersing much needed funds in a fragmented and non-coordinated way, making the impact much lower than it could be.

Here the EU could play a vital role in trying to mitigate the effects of a foreign NGO-driven civil society by designing its funds in a way that would ensure a stronger partnership with the welfare state, insisting on participatory and bottom-up driven approaches in delivery, and not insisting on bureaucratic managerialism as a preferred organisational principle.

### Areas of interaction in education and learning

As we have described above in the introduction, the European Commission has long supported and helped further the cause of entrepreneurship in education. Within the education and training agenda of the strategic framework for European cooperation, all member countries should strive to enhance creativity and innovation, including entrepreneurship, at all levels of education and training. Our economies and societies will depend on our ability to innovate and constantly re-structure our production and forms of organisation. An entrepreneurial and innovative approach in all matters is therefore crucial to reach our goals of a more sustainable society. The best way to implement this new way of thinking and acting would be through the educational system. It reaches almost all future professionals and managers and can be part of shaping the next young generation.

In spite of how important entrepreneurship is in policy documents, it seems from the country reports that this is very difficult to implement in real life. Almost all reports mention that entrepreneurship in general, and social entrepreneurship in particular, is given little or no attention in the lower tiers of education. If it is brought up, it is usually by the intermediary bodies dedicated to social entrepreneurship that are invited to talk at schools or teacher conferences. Our school systems seem very hard to reform and still focussed on producing well skilled employees. The role of topics such as entrepreneurs in society historically and today, entrepreneurial thinking and entrepreneurial learning are still unusual according to the country reports.

### Top heavy

In secondary school and high school there are some examples mentioned of entrepreneurship being brought up, usually as projects or through thematic approaches with special guests at the school. There are also national and EU initiatives around such as Young Entrepreneurs of Sweden, a competitive programme which through a process of pitches and eliminations provides young entrepreneurs with seed capital to fulfil their business ideas. Although in a slow fashion, social entrepreneurship as a concept is also beginning to enter this world of entrepreneurship.

Instead, it seems to be the higher education institutions which are providing courses on social entrepreneurships – as in France, often at business schools – as an alternative to more mainstream forms of entrepreneurship. The empirical data in the country reports suggests that the main source of knowledge around social entrepreneurship is concentrated around universities and business schools, not at lower levels of education or alternative forms of adult education like community colleges, vocational training centres or community study groups. This adds to the image that the main driver for social entrepreneurship is to be found in relatively well-educated strands of the population, giving the socially aware middle class youth an alternative way to channel their hopes and ambitions to form a more sustainable society.

The danger in concentrating the diffusion of knowledge around social entrepreneurship to the academic world, is not only that the subject matter itself takes on a text-book air of traditional management literature, but also that the phenomenon itself changes focus from being a driver in engaging marginalised groups in society and providing the means to empower individuals or groups, to becoming just another vehicle for class reproduction and prevailing management principles to more social fields. Instead of being a tool for changing power relations in society and overcoming socio-economic challenges

through self-organisation, social entrepreneurship can end up re-enforcing existing power-relations, class structure and inequalities, as well as upholding managerial practises based on more traditional forms of business administration.

### Schools as social entrepreneurships

In some of our country studies, the school system itself has been subject to liberalisation and has opened up for social entrepreneurs, not as a subject, but rather as an organisational form. Educators, tired of the traditional school system, have tried to reform the school system from within by providing alternative models of teaching and structuring the school, as in the Netherlands, where the Lederwijs Schools became a popular phenomenon in the mid 2000s. Modelled through inspiration from the Sudbury Valley School in the US, it tried to provide more freedom for students to choose subjects, structure their day and cut across a lot of red tape in the school administration. This more experimental approach to an old social institution is a clear example of social entrepreneurship in itself, although the reform allowing these schools now has been rolled back, and most of them have adopted a less radical organisational form.

Similarly, in Sweden the liberalisation school policy and transfer of legal oversight from central to local government in the mid 1990s opened up for teachers, cooperatives, social movements, and even religious groups to form their own charter schools, as the funds from the government now followed the pupils, rather than just being distributed to public schools. At first, this system created a mosaic of alternative schools, where teachers' or parents' coops could shape their schools according to preferred theory of learning and form of self-organisation. Also, more entrepreneurial approaches to learning and structuring the school day evolved, infusing management and organisational ideas from the private sector into the bureaucratic world of compulsory school and high school.

Over the years, however, the school market in Sweden has consolidated and is now dominated by a few large school consortia, owned and managed by large investment funds. The pioneering social entrepreneurs starting charter schools as an alternative to the perceived bureaucratic public schools have now sold off their creations to large educational companies, and the social innovation element has been toned down. Instead a focus on safety, grades and good results determines parents' choice of schools, much like with the more traditional public schools. But, as in the Netherlands, this wave of liberalisation could still have infused the school as an institution with new ideas around lear-

ning, an entrepreneurial approach to teaching and organising, and shaken up the mainstream educational system, even if the reforms for various reasons do not achieve their original intentions.

### Communities of learning

The most valuable (for social entrepreneurs themselves) interaction with education seems to be the intermediary bodies that have formed in some of our studied countries. These are platforms or nodes for social entrepreneurs, often run by an association or in collaboration with a public body, bringing social entrepreneurs together share and disseminate knowledge and experiences, as well as doing advocacy. There are some good examples of participatory and practice-based communities of learning, based on member associations for social entrepreneurs, for example the Social Enterprise NL in the Netherlands, the Social Enterprise Exchange Event Programme in Scotland and the Forum for Social Innovation and Social Entrepreneurship, which a publically financed and university based centre for supporting social entrepreneurs in Sweden. The Social Enterprise Academy in Scotland also runs courses for universities and schools in social entrepreneurship, besides supporting social entrepreneurs themselves in management and organisational skills.

Centres like these seem extremely important for the eco-system of social entrepreneurship, and here the EU could play a positive role by setting up a network for community of learning within the field of social entrepreneurship. This could also function as a good balance to the university dominated courses on social entrepreneurship, as an academic approach to the subject might not reach all groups that need to be involved if social entrepreneurship is to have an impact on our societies.

## Concluding words

The relationship between social entrepreneurship, the welfare and the educational systems is complex and varied in the eleven country studies for the ESEIIS project. Simply put, the relationship with the welfare system is deep and old in most countries, save the Eastern European countries, while the interactions with the educational system still need more work in all countries. Both areas have their challenges, and in order to help stakeholders make policy decisions we would like to list four priority areas where action could be taken on a European level.

- Try to bridge the confidence gap in all welfare models towards social entrepreneurship. The social entrepreneur must be seen as an actor in his/her own right, contributing to the development and innovation in areas that are important for society if we are to reach the goal of EU 2020 and Horizon 2020. They are not agents of privatisation or extended arms of a far-reaching welfare system, and should not replace public actors for ideological purposes. As part of this, also to reclaim the discourses of co-operatives, civic engagement and community development etc., tainted by totalitarian practises in post-communist countries.
- Support the establishment of, and networking between, centres of learning, building a community characterised by participation and ownership to share knowledge, experiences, organisational and management models, business models, financing models, networks and experiences (good and bad) in order to support a EU-wide eco-system in support of social entrepreneurship and innovation. The universities and business schools can be good part-ners in this, but we should be careful not to surrender the field to academics.
- Coordinate and curb the "NGO-isation" of welfare provisions in Eastern Europe, bringing the state back in and supporting a healthy relationship between the social entrepreneurs and the welfare system. Local ownership and policy alignment should be key issues, and the EU funds directed to this area should be designed and influenced by more participatory, non-bureaucratic initiatives like Leader and CLLD, and coordinated with local authorities so as to not fragment resources.

 Be more vigilant in following up the impact of policy changes towards a more entrepreneurial education system within the EU. These institutions seem to be impervious to change and difficult to encourage to produce the skilled entrepreneurs and innovators of the future, instead of the good employees we needed in the past.

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