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The meaning of Social Enterprise for the economic and social development

The growing importance of social enterprises (SEs) as examples of businesses able to match economic development with solving social challenges has been addressed during the 58th session of the INSMEAcademy held by Prof. Simone Poledrini, Adjunct Professor of Management of Innovation at the University of Perugia (IT).

Prof. Poledrini opened the session by defining **not-for-profit organizations** as entities that:

- have a social aim, that is not-for-profit;
- usually benefit from the work of volunteers and donations;
- are more and more diffused and recognized worldwide.

Not-for-profit organizations belong to the third sector, where the other two sectors in the economy are the public and the for profit ones.

These three sectors had distinct components that remained unchanged until 20 years ago when something started to evolve: the merging of the for profit and the not-for-profit sectors that resulted in the rise of social enterprises.

As reported by Prof. Poledrini, **social enterprises** are all those organizations in the not-for-profit sector that undertake business activities. These activities, managed entrepreneurially, constitute the main source of revenue and are independent from donations.

Going into more details SEs:

- have a social goal that is reached through business activities;
- have a profit distribution constraint. In order to make sure that the aim of the business remains not-for-profit SEs are prohibited from distributing the profit among the owners of the business;
- volunteers are welcome but do not constitute the main part of the workforce of the organization;
- can receive donations but these cannot be the majority of SEs' financial income.

There are two different types of SEs:

1. SEs that provide social services (e.g. healthcare or defense of human rights services)
2. SEs that promote social inclusion and employment such as organizations that provide job opportunities to people with disabilities.

To run a business, SEs use strategic assets that for profit organizations do not have. This means that SEs consider all people to have their own value, strength and power. It is important to understand the contribution a person can give as unique. For example blind people possess a recognized and better ability to perceive and detect information faster than people with sight. This makes them the perfect fit for call centers, where blind people proved to have better performance than people with normal vision.

Prof. Poledrini concluded the session by stating that the world is changing and three aspects are determinant for an increased diffusion of social enterprises:

1. the private and public financial support to not-for-profit organizations. The recent crisis impacted in terms of traditional financial contribution that the not-for-profit sector was used to receive. This was one of the main force driving the traditional not-for-profit sector to move towards a new model like the social enterprise;
2. emerging social needs. For example in Europe the pressing issue of migration is an important problem and a social responsibility to take care of;
3. the decreasing presence of the Government in terms of providing social services.