



BEST: Business Education for Sustainability: Teaching Corporate Social Responsibility and Social Entrepreneurship for Sustainable Local and Regional Development

Information Bulletin
Issue No.4

Dear Reader,

This is the fourth bulletin issued in the framework of the initiative “Business Education for Sustainability: Teaching Corporate Social Responsibility and Social Entrepreneurship for Sustainable Local and Regional Development”. This initiative is supported and co-financed by the Erasmus+ Program of the European Union.

In a series of electronic editions we present the progress of the initiative’s research and new developments in the areas of corporate social responsibility and social entrepreneurship. As the initiative is entering its last year and a great deal of research and work has been completed, we are now focusing on presenting our findings and results to all interested stakeholders and inviting them to take more active part in the upcoming work on the project.

Within the frame of the initiative, the **Center for Social Innovation and Entrepreneurship** was established. Its mission is to raise awareness about the principles, methods and potential impact of social enterprises, responsible business and social innovation, in particular by developing a label for business education “Business Education for Sustainability (BEST)”. We will work to build conceptual and practical skills in support of social innovators, responsible business leaders and change agents. The Center will carry out and promote academic, practical and policy-oriented research in the field of responsible business and the social economy.

In this bulletin, we present the summary of a major research report that is being developed in the frame of the project. Please visit the Center’s website at <http://education4sustainability.eu> to access the draft of the whole report. The report is complemented by a compendium of good practices of social entrepreneurship and corporate social responsibility. Good practices are also published in a searchable online database at <http://database.education4sustainability.eu>. **We continue to work with companies and organizations who would like to have their good practice or replicable idea published in this database. Please read the Call for Contributions for more details.**

Yours Sincerely,

The BEST Project Team

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Call for Contributions to the online good practices database

Social entrepreneurs, companies engaged in responsible business practices and researchers are invited to submit their contributions to database of the Center for Social Innovation and Entrepreneurship. Contributions can describe a good practice or initiative from any part of the world. The team of the Center for Social Innovation and Entrepreneurship is available to assist contributors in the preparation of their good practices. We kindly note that the team will revise case studies that include advertising and marketing statements and will only present factual and unbiased information. Revisions will be performed through collaboration with contributors.

Contributors are free to send a descriptive text or to use the following templates:

Template of good practice of social entrepreneurship [[PDF](#)], [[MS WORD](#)]

Template of good practice of social responsibility of for-profit companies [[PDF](#)], [[MS WORD](#)]. This template can be used also to present public initiatives aimed at encouraging corporate social responsibility or public-private partnerships seeking social impact.

You can also download the templates from <http://database.education4sustainability.eu>.

Companies and organizations whose case studies are already published are welcome to contact us for revisions and update.

Please send your contributions to the following email address: best.project.2017@gmail.com

Involvement of business in promoting sustainable development at the regional and local levels:

Social Entrepreneurship and Corporate Social Responsibility in Bulgaria, Greece, Lithuania, Spain, Portugal, Turkey, UK

SUMMARY

This report outlines the current situation regarding the involvement of business in promoting sustainable development at the regional and local levels in Bulgaria, Greece, Lithuania, Portugal, Spain, Turkey and the UK. It assesses the context, current development and future prospects of corporate social responsibility, the social economy and social entrepreneurship – the most direct forms of linking business and social impact.

The report adopts the following definitions:

➤ **Corporate Social Responsibility**

In line with the current EU definition, we understand CSR as “the responsibility of enterprises for their impacts on society”. While a prerequisite for CSR is full compliance with existing legal regulations, CSR is about actions that exceed legal obligations. CSR requires companies to have developed and to implement a process of integrating social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders. The ultimate goals of company CSR could fall within two basic categories of positive social impact: a) maximizing shared value creation; b) identifying, preventing and mitigating possible adverse impacts of business activities.

➤ **Social enterprise**

Social enterprises are entities engaged in economic activities where:

- social or societal objectives related to the common good are the reason for the commercial activity, often in the form of social innovation;
- profits are mainly reinvested with a view to achieving the set social objectives;
- organization and ownership arrangements reflect the commitment to social objectives and are based on democratic or participatory principles or on the principle of social justice (http://ec.europa.eu/growth/sectors/social-economy/enterprises_en).

➤ **Social economy**

This concept refers to the sector comprising:

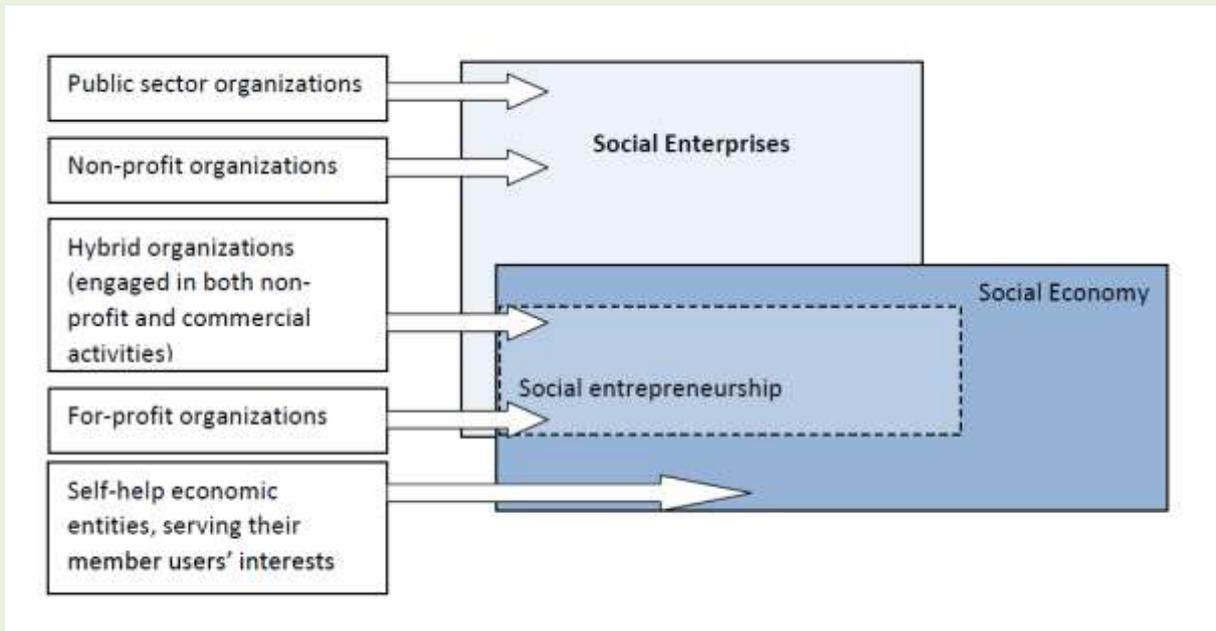
- business entities applying the principle of self-help, such as cooperatives (and business groups controlled by them) and mutual societies;
 - non-profit entities in the social economy – associations and foundations
- **Social entrepreneurship**

The concept of ‘social entrepreneurship’ appears to be least well known and understood within national contexts. Its definition, however, is fairly clear. Social entrepreneurs are those

types of social enterprises that apply entrepreneurial and market-based approaches to create social value.

Social enterprise and social economy are the two terms that appear to be widely accepted and relatively clearly defined at the EU level. Research for this project has indicated, however, that in the different national context the three terms are not well differentiated and do not cover the same type of entities.

The relationship between the concepts that we apply in this report is described below:



Research for this project has led to the following conclusions:

- “Varieties of capitalism” create varieties of social entrepreneurship. The dominant model of economic and social relationships is a strong determinant of the degree of development and varieties of social entrepreneurship (in this process, legacies and traditions have a great impact). Out of the countries studied in the project, the UK provides the context and the eco-system that is most auspicious to market-based social entrepreneurship. Spain is on the other hand notable for the strong development of cooperatives and it is precisely cooperative initiatives that form the backbone of social economic activities. Out of the cooperative movement, new cooperative entities serving a broader community and focused on the general interest (rather than the interest of members) have emerged naturally and have taken up social problems such as unemployment and the needs of vulnerable social groups. In Spain and Portugal, there is a general tendency to accept and discuss the concept and practice of the social economy rather than that of social entrepreneurship. Bulgaria and Lithuania are relatively new market economies with a notable socialist legacy that affects the degree of development of social entrepreneurship. Social entrepreneurship in the post-socialist context is an imported and not yet fully understood model and its actual practice is emerging and developing under the impetus of the EU. It is financially sustained almost exclusively by EU funding. In Turkey the concept of social entrepreneurship is very new and not well understood.

- In Europe the distinction between private and public sector is less pronounced when it comes to social enterprises. While the Anglo-Saxon approaches place a great emphasis on the quest for commercial resources and the degree of self-funding of social enterprises (based on their commercial activities) in order to classify a venture as ‘social entrepreneurship’, social enterprise research in the European context needs to relax this requirement. There are numerous social enterprise initiatives in Europe that do not have sufficient self-funding capabilities.
- In all EU member states studied in this project, emphasis appears to be put on collective efforts and solutions to social problems rather than on individual leadership. There were very few cases of “charismatic”, “hero” business leaders associated with social entrepreneurship. There is a general tendency for social entrepreneurs to be closer to the non-profit world than to the world of the market and business.
- In the studied countries, national-level statistics on the social economy are insufficient, not regularly updated or still underdeveloped.
- In some of the project countries, such as Turkey, social economy entities remain institutionally under-defined, which complicates targeted support for their development. In countries such as Lithuania, however, the other tendency is visible – the legal definition of social enterprises is overly limited and excludes other *de facto* social enterprises from targeted support. Bulgaria’s experience with public procurement innovations on the other hand presents a cautionary tale regarding the potential for abusing the preferential status of “social enterprise” for business profit.
- A remaining challenge is the full-fledged inclusion of the social economy entities into social dialogue and the public policy process.
- An urgent challenge for social enterprises is the development of competitive business models and strategies able to withstand the competition in the increasingly more globalized and deregulated markets. In this regard, a gradual transition to more self-sustaining funding models will be welcome.
- Social entrepreneurship and the social economy need clear approaches to measuring social impact that are sufficiently context-specific and clearly related to the local needs and rights that are being addressed.
- In the project countries, CSR is understood as voluntary business-led activity. Both the EU and national governments in the EU member states that are included in this project, however, have (differently developed) public policies aimed at creating incentives for business to engage in CSR. The UK provides the most developed model, with the other project countries lagging behind. Turkey is the only country where the state (as yet) does virtually nothing to promote or encourage CSR. In all project countries, the influence of international organizations promoting CSR (such as the UNDP) has been a crucial external driver for its development. With the possible exception of the UK, in the project countries there is a tendency to conflate sponsorship and philanthropy with strategic CSR, with the latter being less frequent and usually limited to large and multinational companies.

SUMMARY OF COUNTRY CHAPTERS

Social enterprise sector in the UK

Overall development of the social enterprise sector

There is a vibrant, growing number of social enterprises in the UK. However, there is a lack of clarity of the actual number of social enterprises due to the varied definitions used by surveys and researchers.

Legal issues

Most social enterprises in the UK still today are companies limited by guarantee. The most common arrangement is that they are charities that were also incorporated as companies limited by guarantee. Since 2005 another legal form is in force that allows for a wider range of options, the Community Interest Company, either in the form of a company limited by shares or limited by guarantee. A CIC is a limited company, with features created for citizens who intend to conduct a business activity for community benefit (including environmental issues).

Support

At central government level, all of the UK governments had an office addressing the Third Sector, established in 2006, and coming out of the Social Enterprise Unit (founded in 2002) (often also called the non-profit sector) and its challenges, part of the Cabinet Office, the office close to the Prime Minister. There are multiple, national, regional and local initiatives to support social enterprise. There is a well-developed infrastructure for social enterprises support, which varies vastly between urban and rural areas: most support is located in urban areas.

Arguably the most important social enterprise membership and advocacy body at national level is Social Enterprise UK. The UK has one established certification mark: the social enterprise mark. The country has been a pioneer of innovation in finance for impact (impact investment). Yet, access to finance on the whole has been more difficult for social enterprises than SMEs.

Education

Courses are emerging across the Higher Education field which are specifically targeting those prospective entrepreneurs who might be socially motivated. Enterprise educators are already well-versed in social enterprise.

CSR in the UK

Definition and government position

CSR is most generally seen as the voluntary action businesses take over and above legal requirements to manage and enhance economic, environmental and societal impacts. However, there is still a lack of clarity on the definition; indeed the term CSR is becoming increasingly less popular in business and society in the country. There is a move away from the term CSR towards *responsible business*. Despite some convincing arguments, consensus appears, at present, to reside on a 'light touch' by government where the role of government is to facilitate dialogue between business, regulators and other stakeholders.

Practice

From a business perspective, there is a desire to support local communities, but there has appeared a shift away from the philanthropic towards a pursuit of more shared value. There exists a greater expectation that both parties should benefit through shared value and a need to develop opportunities by creating partnerships and greater communication between actors to see this happen.

Two important non-governmental organisations driving CSR forward exist in the UK: Trading for Good and Business in the Community. They have a key role in facilitating relationship building and communication between society and business.

Education

There are many opportunities for professional development in the area of CSR and responsible business, mostly at post-compulsory (usually Masters) levels. Other opportunities for professional development come in the form of short, skills related courses, designed for continuous professional development.

Social enterprise sector in Bulgaria

Overall development of the social enterprise sector

Bulgaria's socialist legacy and the weak traditions of civil society have so far delayed the development of the social enterprise sector. As a concept, social entrepreneurship was introduced in Bulgaria under the influence of EU policies. At that time, few understood what it was and even fewer had practiced it. All in all, the awareness level of social entrepreneurship in society as a whole is very low and the social economy is not yet a "mainstream" concept.

Legal issues

There is also no clear legal definition of what social enterprise is and what form it should take. Social enterprises can take several forms: non-for-profit organizations working for the public benefit, for-profit (commercial) companies; specialized enterprises or cooperatives for people with disabilities; social enterprises set up by municipalities for the provision of social services. The operation of cooperatives is separately regulated.

Support for social enterprise

Currently, under the priorities of the EU structural funds, social entrepreneurship is being supported by Community-funded Operational Programmes. A number of national strategies and policies relate to the emergence and development of social enterprises inasmuch as they are linked to public funding priorities, enable public-private partnerships and synergies, and tend to put certain social issues on the agenda. The National Social Economy Concept (2011) is the key strategic document that sets the policy framework with regard to social entrepreneurship and the social economy more broadly. Social enterprises can use tax benefits depending on their form and activity.

Bulgaria's Public Procurement Law was amended at the end of 2014 in order to give advantage to cooperatives and specialized enterprises for people with disabilities. The amendment obliges all contracting entities to reserve certain public tenders for contractors that are cooperatives or specialized enterprises for people with disabilities (or consortiums of such members). Due to insufficient capacity for monitoring and control, the preferential treatment has led to a multitude of obviously unethical practices (which, however, cannot be classified as illegal). A large number of for-profit companies have acquired the preferential status in a very short period of time. The Bulgarian case in this regard should be seriously researched as a cautionary tale given that similar preferential treatment is being adopted in other EU Member States.

Statistical data on the social economy in Bulgaria presents a number of problems as a result of the lack of clear definition and criteria on what is a social economy actor and what is a social enterprise, as well as the lack of recent updates.

The market for social investment in Bulgaria is virtually non-existent. The lack of adequate methodology to measure social impact is a major gap that makes it difficult to devise adequate support schemes. In terms of financial solutions, project-based financing appears to be the most widely used option in the start-up phase, mostly as a result of the lack of specialized financial support schemes, the difficulties in receiving loans and the impossibility of receiving loans under preferential conditions. Yet project-based financing brings about a number of challenges related to sustainability.

The development of the sector is also hampered by the lack of suitably skilled employees and lack of managerial and business experience among the managers of the social ventures. Additional drawbacks include the lack of 'responsible' consumers and the harsh crisis-ridden business environment.

Education

Social entrepreneurship is not well covered in mainstream business and economics education.

CSR in Bulgaria

Definition and government position

CSR has been introduced as an external model for business management in the process of creating a market economy. The sources of introduction were three: a) international organizations (including the EU, already in the pre-accession process); b) international companies entering the Bulgarian market - they ushered in a process of gradual sophistication and professionalization of company management, human resources management and strategies for corporate culture and image, which include CSR; c) increasingly more sophisticated and Europeanized education and training of business leaders. CSR was thus quickly adopted by a number of mostly larger companies. CSR is understood as a voluntary business-led activity. The government's involvement with CSR is indirect and resembles arm's-length governance. There is no updated government strategy in the field of corporate social responsibility, but there was such a strategy until recently. While there is an acceptable level of understanding and awareness of CSR within the government and public agencies, this area is not receiving sufficient attention. In such a setting, non-governmental organisations and civic groups are expected to exert pressure on business to assume its share of social responsibility and to be key factors for the growth of CSR.

Practice

The level of awareness of CSR among business is relatively high. However, few of the numerous small and medium sized companies actually spend resources on some form of CSR. Different companies understand CSR differently. Corporate sponsorship/donation is frequently equated with CSR. Long-term engagement in the community or attempts to devise strategies of creating shared value for society and business are termed CSR, too. Attempts to separate these two different approaches in Bulgaria will be futile because many companies engage in both activities without differentiating between them. The few companies that do separate the two categories stand out as rare exceptions. Bulgarian branches of multinational/foreign companies tend to implement at least to some degree the CSR strategy of the multinational/foreign company, which as a rule tends to be longer-term and more

strategically oriented. The level of involvement of business in the local community in Bulgaria is relatively low by European standards. The reason is that tangible social impact is achieved almost exclusively by large companies and the national branches of multinational companies. However, they are mostly concentrated in the capital city and target social causes concerning society as a whole. Inasmuch as smaller businesses are less likely to spend resources on CSR, impact on local communities is curtailed. In addition, a general lack of visibility and attention to CSR, as well as the lack of responsible consumers, diminish the motivation of large companies to make greater efforts in responsibility. CSR reporting is underdeveloped in Bulgaria; companies that do provide standardized reports and attempt to measure the impact of their CSR are rare. There is a general tendency in Bulgaria to use CSR as advertising, which does little to help the emergence of responsible consumers.

Contextual factors and conditions: The survival outlook among small and medium sized enterprises undermines responsibility. Companies report that the protracted economic crisis has adversely affected their ability to spend human and financial resources on corporate sponsorship and CSR.

Education

CSR issues are in the process of being steadily integrated into higher education, either as a CSR course or as part of subjects such as Business Ethics. Training for CSR professionals is provided outside formal education, too.

Social enterprise sector in Spain

Overall development of the social enterprise sector

Social entrepreneurial practices in Spain are discussed in public, academic and policy discourse under the term “social economy”. The notion of social economy developed in the 1980s and culminated with the adoption of the Law on Social Economy in 2011. Currently, the social economy makes a substantial contribution to the Spanish economy. The Spanish Business Confederation of Social Economy (CEPES) estimates that it is responsible for 10% of the Gross Domestic Product and 12.5% of employment. Almost half of the population is influenced by the activities of the social economy. During the last 8 years, 29,000 new companies and 190,000 jobs have been created within the social economy and many of these jobs have benefitted young people under the age of 40.

Legal issues

There are several entities within the social enterprise panorama in Spain: cooperatives, worker-owned companies, WISEs, Sheltered Employment Centres, foundations and associations.

Support for social enterprise

The issue of the social economy has started to be dealt with at institutional level. Since 2012 the Spanish Government maintains a specific position devoted to social economy within the Ministry of Labour and Social Security. Yet this position appears to have focused political action more in the self-employment field than in the fields of the social economy and social responsibility. The decentralised nature of the Spanish state leads to a diverse mosaic of policies and social economy movements at regional level. Autonomous Communities have exclusive competences in some crucial areas related to social economy, such as cooperatives

and mutualities. Recent changes in public procurement rules, passed under impetus from the civil society, are intended to encourage the social economy by inclusion of social clauses, in particular aimed at improving the employment opportunities for people with disabilities.

Education

The social aspects of entrepreneurship are not entirely absent from the Spanish academic field. As more and more social enterprises and foundations seek to hire managers with background in this field and create demand for social entrepreneurship studies, we can expect the offer to grow.

CSR in Spain

Definition and government position

CSR in Spain is defined as a voluntary activity of business. Yet the debate on the voluntary basis of CSR actions vs. the need for regulation has reopened during the economic crisis. Although in Spain public debate on CSR started several years later than in the rest of Europe, after the Lisbon Summit on 2003 the number of socially responsible initiatives has substantially increased. This development has been led by international agreements such as the Global Reporting Initiative, and nationally, the SG21 management system, which started the certification of IQNet SR10. The public administration has specifically attempted to promote the role of CSR. Spain has recently approved a CSR Strategy

Practice

There has been an increase in CSR initiatives that are the result of agreements among companies or of cooperation between civil society and the public administration. The level of awareness of CSR in Spain is different in big enterprises and in small and medium ones. Big companies have paved the way to the introduction of new social responsibility measures, while small and medium companies imitated that process in accordance with their position and possibilities. By international comparison, Spanish enterprises are doing well with regard to the accountability performance on different aspects of CSR. Also, Spain stands out as a country with a large number of sustainability reports. According to Forética database, 54,1% of Spanish companies are active in CSR implementation and less than 10% is unaware of it or are against it. However, small and medium companies are still very much behind big companies in terms of involvement in CSR, despite the existence of new measures and boards seeking to encourage the social responsibility of this sector. The structure of Spanish business is thus a key factor in CSR implementation: 99,9% of companies are small or medium: 99,3% are small (0-49 employees) and 0,6% are medium (50-249 employees); only 0,1% are considered big companies (more than 250 employees).

CSR in Spain has been positively correlated with return on investments. Consumer awareness of CSR is relatively high.

Education

Professional career in CSR in Spain has been mainly promoted by universities and business schools, which have made an effort to establish training and specialised courses on this subject.

The social enterprise sector in Portugal

Overall development of the social enterprise sector

Portugal is one of the countries in which the concept of social economy is widely accepted and recognized by public authorities, companies and the academic and scientific communities. According to the Satellite Account of Social Economy, in 2010 there were 55,383 Social Economy Organizations in Portugal. These social economy entities generated 2.8% of the national Gross Value Added (GVA) and 5.5% of employment.

Legal issues

Social economy entities are grouped into five main categories: cooperatives, mutual societies, *Misericórdias* (mercies), foundations, associations and other social economy organizations. The legal form that most closely resembles the EU definition of social enterprise is Private Social Solidarity Institutions or IPSS (“Instituições Privadas de Solidariedade Social”), introduced in Portugal in 1979. However, out of all the social economy entities, only about 5,085 were officially registered as IPSS in 2015. The other types of relevant entities are the Work Integration Social Enterprises (WISEs) which focus on work integration of disadvantaged people, and the social solidarity cooperatives. Portuguese legislation does not explicitly deal with the concept of social enterprise. The most recent published legislation is Law 30/2013, which defines the concept of the social economy and the entities and organizations that form the social economy.

Support for social enterprise

The social economy entities that are part of the social economy in Portugal are represented in the Economic and Social Council (“Conselho Económico e Social” – CES), a constitutional forum for consultation and social dialogue. Social entrepreneurship is still an emerging area of research in Portugal but it has been growing and developing in recent years. It is, however, not possible to find explicit data related to the social entrepreneurs in Portugal. Statistical data on the social economy is more developed but has not been updated since 2013.

In response to the 2008 financial crisis, the Portuguese government established the Restructuring Fund for the Social Solidarity Sector (“Fundo de Reestruturação do Setor Solidário” – FRSS). After 1998, the government also supported WISEs with special subsidies that could last up to seven years, but support of this type has been phased out and no new subsidies have been awarded since. In 2010, the government launched a special support programme for the development of the social economy (PADES). With the creation of Portugal Social Innovation Initiative (*Iniciativa Portugal Inovação Social*), in December 2014, Portugal was a pioneer in the EU to channel a significant portion (about 150 million euro) from the European Structural Funds of the new 2014-2020 programming cycle for the promotion of social innovation. There are several private financing options for social enterprises.

The main obstacle to the financial sustainability of social enterprises in Portugal is the context itself. On the one hand, a for-profit firm legally cannot compete for grants from the Social Security. On the other hand, there is no incentive for civil society to assist the state in providing social services - there is no sharing of economic benefits, or payments based on social impact, that is, there is no payment by results. In Portugal, therefore, social initiatives tend to be more based on donations than on economic activity. The 2008 economic crisis, however, also gave rise to new initiatives, some of which have sought to become self-sustaining and to offer new approaches to social problems, social exclusion and challenges. Remaining challenges include: poor understanding of the concept of social enterprise, lack of

recognition; poorly developed support services; lack of adequate mechanisms for measuring and demonstrating impact.

Education

A variety of Portuguese-language courses in universities exist for prospective social entrepreneurs. A number of training initiatives are also provided outside of the academia and targeted primarily at professionals.

CSR in Portugal

Definition and government position

The prevailing definition of CSR is of a voluntary activity of business (i.e. the prevalent EU definition is accepted). The boom of CSR in Portugal occurred after the Lisbon Summit of the European Council in 2000. In the last decade there has been an effort to raise awareness of CSR in society and the economy. Although there is no specific policy or regulatory framework for CSR in Portugal, there are a number of sectoral policies that concern it. Additionally, the term “Responsible Industry” is used in a new (landmark) regulation (Decree no. 169/2012) entitled “Responsible Industry System”. All in all, in recent years the state’s role in CSR has been limited to promotion and guidance.

Practice

CSR activities are seen mainly in terms of philanthropy practices, although companies show some awareness also of human rights issues, environment impact activities, health and security of employees. Our research shows that business mostly engages with the following socially responsible activities (in order of importance): training plans, eradication of instances of discrimination, health, safety and wellbeing related measures, work-family balance measures, integration of minorities, incentives for trade union creation, measures to reduce environmental impact. Business involvement in the community typically involves “buy local” policies, frequent support to community activities (charities, volunteering, patronage, etc.), support for employee participation in local projects and training opportunities provided to the local community.

Social responsibility reports appeared in the 1980s when the big Portuguese companies started preparing social reports where they reflected the policies and practices on human resources management on a voluntary basis. Since 2006, Portuguese companies report, on a voluntary basis, environmental information. According to more recent surveys on consumer behaviour, the level of awareness of CSR among consumers has increased even though consumers do not reflect this in their consumer decisions yet. In the absence of regulatory enforcement, voluntary standalone initiatives aimed at encouraging business to adopt responsible business activities abound.

The economic crisis appears to have impacted negatively companies’ ability to engage in CSR activities. Business has reported that public policy could do more to assist CSR through tax benefits, tax reductions, provision of a catalogue of certified institutions that can be supported, European funding, acknowledgement and dissemination of CSR good practices, provision of information, provision of training; support for long-term employment.

Education

As of June 2015, in Portugal there are some courses that teach CSR, social responsibility and/or ethics at different levels of higher education. Most of them are concentrated in higher

education institutions in Lisbon and along the coast region (a notable exception is University of Évora). In addition, there are some private training courses for companies and adults promoted by several consultant companies. There is still scope for improving CSR-related training in the Portuguese education system.

The social enterprise sector in Greece

Overall development of the social enterprise sector

Until 2011, the social economy sector in Greece was poorly institutionalized and – to a large degree - informal. While most initiatives in the social economy were initiated mainly in response to the availability of EU funds, their impact has been rather positive, especially in the provision of social and welfare services. Most (if not all) recent governments have recognised the need to extend the legal framework for the social economy, so as to cover various categories of disabled and other disadvantaged individuals (including new groups emerging due to financial difficulties) and gradually cover larger groups. In more recent years, the economic crisis has created a number of new issues to be tackled.

Legal issues

In 1999, a legal framework for the creation of social cooperatives with limited liability for people with mental health problems was set up. In 2011, Law No 4019/11 on the Social Economy and Social Entrepreneurship introduced the Social Cooperative Enterprise as a legal entity. The purpose of this legislative innovation was to increase employment within vulnerable social groups. This law created the Social Economy Registry in the Social Protection Directorate of the Employment Ministry. This constitutes the basic formal structure for launching social enterprises. The following institutionalised forms of social enterprise exist in Greece: women’s agro-tourist cooperatives (also referred to as women’s agricultural cooperatives); Limited Liability Social Cooperatives - social enterprises for people with mental health problems (Koi.S.P.E.); Social Cooperative Enterprises (“Koin.S.Ep.”). The most recent development regarding the legal framework for social economy is a draft law titled “Social and Solidarity Economy and Development of its Agents”. This law draft was put up for public consultation, which was completed at 27 of July 2016.

Support

The public policy process has not been able to ensure the actual viability, impact and sustainability of the created social enterprises. Most actors in the social economy itself agree that the country currently lacks adequate support structures for social enterprise and social enterprises are dependent on support in the form of EU funding. The only implemented public support schemes, so far, are the TOPSA and TOPEKO initiatives. In the framework of these initiatives (with total budget of 120,000,000 euro) the creation of social enterprises by unemployed persons or persons from vulnerable social groups has been supported through training and counselling.

A social investment market does not exist in Greece and neither do financial intermediaries nor instruments intended for social enterprises. Social enterprises grapple with the same, if not worst, credit crunch conditions as do ordinary SMEs. Cooperative enterprises (Koin.S.Ep.) are entitled to receive subsidies under active labour market support schemes, promoted by the Greek Public Employment Service (OAED), as well as under the TOPSA and TOPEKO schemes mentioned above. However, Koi.S.P.E. and Koin.S.Ep. are not

eligible for most of the mainstream start-up and SME support schemes under the Ministry of Development, which limits their access to operational and venture capital.

In the context of the economic downturn and the restrictive macroeconomic policies in the country, public spending cuts in the area of social welfare creates excess demand for social services. This situation creates opportunities and incentives for the development of social enterprises. Yet there are clear challenges and barriers to the growth of the social economy, including lack of favourable regulatory and support framework, insufficient funding and lack of appropriate alternative financial tools; lack of specialized and experienced personnel and lack of adequate educational and training tools.

Education

Social entrepreneurship / social economy are taught in the form of specific courses in a number of universities. A large number of academic institutions have published social economy guides and textbooks and are participating in some sort of social entrepreneurship support activity (from TOPSA and TOPEKO programmes to self-sustained collaboration schemes).

CSR in Greece

Definition and government position

The existing legislation in Greece does not require enterprises to adopt sustainability reporting nor requires the use of a standard. The Greek state thus maintains an arms-length approach to CSR by not adopting any regulatory framework. CSR is regarded as a voluntary activity of business. A National CSR Strategy (apparently aimed at promoting CSR rather than regulating the field) was drafted only in 2014 its implementation is still pending. It is networks and initiatives outside the public authorities that are mainly responsible for encouraging Greek companies to practice and report on CSR.

Practice

In recent years, given the economic recession, more and more enterprises – particularly the large ones - in Greece understand the important, multidimensional aspect of their social role and try to integrate CSR into their strategies. Despite the upward trend, however, the majority of Greek firms have a limited awareness of CSR and minimal engagement in relevant activities. The private sector as the primary mover of the Greek economy is in addition now passing through a difficult period of crisis, and the solidity and importance of the CSR concept is shaken. The degree of implementation of CSR practices by Greek business remains at moderate levels. Large companies, which are the pillar of support and development of the Greek economy, seem that understand better their role in promoting sustainability. Financial costs are considered to be the biggest deterrent factor for CSR implementation, followed by lack of information and specialized partners.

The main networks and initiatives encouraging Greek companies to practice and report on CSR include the Greek Business Council for Sustainable Development and the Global Compact Network Hellas. The barriers for the growth of CSR in Greece include: a large number of SMEs focusing exclusively on the pursuit of short-term profit (and having insufficient expertise, time, resources for CSR), coexisting with a dynamic cluster of multinational subsidiaries and foreign corporations; insufficient awareness among companies of the advantages of CSR; bureaucratic, centralized public sector and the spread of corruption and clientelism.

Education

CSR in education and training is not generally treated as an autonomous subject, but almost exclusively as a specialised part of business administration studies. In that context almost all Technological Education Institutes (TEI) have CSR courses in their Business Administration Schools.

The social enterprise sector in Turkey

Overall development of the social enterprise sector

Although it has been attracting considerable global attention during the last decades, social entrepreneurship is still a relatively new concept in Turkey. It is frequently viewed as an extension of CSR. The mismanagement of the political and economic system for decades has caused various economic, social, and environmental problems in Turkey. Therefore, when fighting against such diverse problems, the society urgently needs a comprehensive collaboration among public, private, and non-governmental sectors. As a concept which integrates the corporate attention and non-governmental concerns towards sustainability issues, social entrepreneurship can provide a significant tool for the solutions of such problems in a developing country context.

Legal issues

There is no legal regulation concerning social enterprise in Turkey. There is also no legal and officially recognized definition of “social business”. This fact creates several problems in terms of the establishment of social entrepreneurial initiatives and the sustainability of the established ones. Due to these legal deficiencies, initiatives might be classified not under the umbrella term of “social entrepreneurship”, but depending on their legal entities. Commercial enterprises of charities and associations, cooperatives and other businesses are the major actors in the social enterprise sector.

The cooperative movement in Turkey has a long history. It has also received strong state support. Despite the impressive size of the cooperative economy and the success of some cooperatives, the overall evaluation of their impact is far from positive. The situation is compounded by the weak evaluation and monitoring process on the part of public authorities which makes it difficult to assess the actual economic health of many cooperatives. Despite this, in Turkey there are a lot of cooperatives working with social entrepreneurship models.

Support

The lack adequate legislation pertaining to the operation of social enterprises creates a situation where social enterprises are established as associations, foundations, cooperatives or companies, and thus they operate in structures that do not necessarily suit their functions and objectives. In this situation social enterprises do not receive targeted public support to ensure their financial sustainability or their ability to withstand the competitive pressures on the market. The common opinion concerning the legal and financial basis of social entrepreneurship in Turkey is that the structure and support mechanisms are rather primitive in contrast with the other European countries. There is no structured state policy as seen in the examples of several European countries. The awareness on the possible contributions of social businesses to employment and economy has not been developed yet both in society and at the state level. There are some special statutes described as “tax immunity” for foundations and “public welfare” for associations. Those statutes are given to very few foundation and

associations. Those statutes do not provide important privileges; they only ensure tax exception to the donators. Tax exception is legally not possible for cooperatives and commercial enterprises.

Education

Social entrepreneurship is rarely taught in universities in Turkey.

CSR in Turkey

Definition and government position

Turkey has strong native traditions of philanthropy related to the *waqfs* (foundations) and the Ahilik system. *Waqfs* are still active in the country today as part of family-owned conglomerates. It is commonplace to consider and report *waqf* activity as CSR. The traditional systems for organizing and managing philanthropy are a mixed blessing for CSR in contemporary Turkey. On the one hand, they provide a solid foundation and a starting point to promote the spirit and practice of CSR among modern Turkish businessmen. On the other hand, this traditional understanding of philanthropy at worst clashes with, and at best creates misunderstanding, of strategic CSR by depicting it as the ‘modern name’ for philanthropy. Since the 1980s, economic liberalization has made global pressures for CSR more pronounced, yet pressures of competitiveness, profitability and low price production have outweighed those of responsibility as far as Turkish business is concerned. Furthermore, Turkey remains a country where state intervention in the economy continues to be high (even if diminishing) – an economic model that is not conducive of business self-regulation and orientation toward social impact. CSR has thus been promoted gradually under the impetus of international organizations, including the EU (in the frame of the EU accession process), and multinational business. Economic crises, too, have brought to the public attention issues of business ethics and governance, transparency and accountability.

The Turkish state has not committed to a clear vision of CSR. ‘CSR’ has not been cited within any official documents. The state has thus maintained an arms-length approach to the subject. CSR is regarded as a voluntary activity of business, and hence state regulation is deemed meaningless in this field. Public authorities and organizations in Turkey could, however, do more to promote CSR.

Practice

Most businesses in Turkey perceive CSR as a public relations (PR) and marketing tool. CSR activities are frequently organized in cooperation with NGOs with expertise in certain social issues or come in the form of sponsorship and grants. Companies tend to engage in visible social activities addressing widely recognized social issues, yet these CSR activities are unrelated to their core business and do not contribute in the long run to genuine sustainable development. The economic crisis has affected CSR in Turkey but it appears that the impact has not been one-dimensional. A number of smaller firms have prioritized survival and maintenance of economic viability over social engagements. Given the prevalence of small enterprises in the Turkish economy, their declining ability to spend resources on CSR is likely to have reduced the overall level of social responsibility spending. For companies less affected by the crisis or less threatened by collapse, however, the crisis has underscored the importance of social responsibility for improving companies’ image in times when society is losing trust in business. Indeed, in Turkey, most of the large companies have re-confirmed their commitment to CSR activities, especially to philanthropy.

The social enterprise sector in Lithuania

Overall development of the social enterprise sector

Lithuania is still in the initial stage of discovering the ideas and spirit of social entrepreneurship and its benefits for the society. Public authorities tend to be aware of the concepts of the social economy and social enterprise. The concept of social enterprise is, however, limited to enterprises that provide employment opportunities especially for the disabled and the long-term unemployed. Lithuania has implemented a register of these social enterprises that supplies data about them. It is also one of the few countries where “social enterprise” employers are supported by law. However, the legal definition of social enterprise in Lithuania does not accord with the European Commission's definition of a social enterprise. Lithuanian social enterprises continue to pursue the typical goal of the traditional business model, namely profit maximization. Profit distribution is at the discretion of the company owner, profits are not reinvested back into the business to fulfil its social purpose, and there are no innovative social activities or economic operations aiming to create synergies. This considerably narrows the concept of social enterprise and wastes a great deal of potential for developing social entrepreneurship. In addition, the law on social enterprises only recognizes the model of social employment. Such companies receive government support (subsidies for wages and social security). Other types of social enterprise are not legally recognized and there is no opportunity to develop them.

Legal issues

In 2004, Lithuania was among the first new EU member states to have adopted a law on social enterprises. This law distinguishes two types of social enterprises: social enterprise and social enterprise of the disabled. A “social enterprise” status can be obtained by an entity of any legal form (except for state and local authorities, trade unions, religious communities and associations) that meets the prescribed conditions, namely:

- Implements activities for development of professional and social skills and social integration of defined target groups;
- A specified portion of its employees belong to defined target groups (vulnerable social groups defined in the law);
- Less than 20% of its income comes from activities not recognized as social enterprise activities.

Cooperatives and credit unions are the other key actors in the wider social economy in Lithuania.

Support

Employers who hire disabled employees and other members of the target groups can receive the following types of state aid:

- partial compensation for wages and state social insurance contributions;
- grants for creation of jobs, adaptation of workplaces for the disabled, and acquisition/adaptation of means of work for the disabled;
- grants for training of target group employees.

Additional forms of state aid are available for social enterprise of disabled persons. Social enterprises without official legal status can rely only on own investments or the EU funding opportunities for SMEs under Operational Programmes in Lithuania.

There is lack of specific research in the social entrepreneurship area.

Education

There is no formal education for social entrepreneurship in Lithuania. There are some linked programmes and some individual courses. Social entrepreneurship is not adequately taught at Lithuanian universities or vocational education and training institutions.

CSR in Lithuania

Definition and government position

CSR is a new idea in the Lithuanian context. The prevailing definition is the one adopted by the EU. At government level CSR issues are dealt with mainly in the Ministry of Social Security and Labour, but the main player has been the United Nations Development Programme which was the first to initiate the dissemination of CSR ideas in the country. Public efforts at the promotion of CSR remain somewhat fragmented and inter-institutional cooperation has been unsatisfactory. Yet external actors such as the United Nations Development Programme have done a lot – in cooperation with public bodies - to promote CSR in the country. As a result of wide multi-stakeholder discussions involving other Lithuanian entities and foreign experts, the first National CSR Agenda as well as National CSR Promotion Programme for 2009-2013 and its implementation plan for 2009-2011 were prepared and approved by the government. Lithuania was the first among the new EU member states to approve and implement a multifaceted CSR promotion programme. Unfortunately, although the questions of business responsibility and CSR are included in the 16th Government's Programme for 2012-2016, not much is done in the area of CSR since 2013, when the UNDP project office ended its active work in Lithuania.

Practice

While CSR is a widely known concept, more than half of the companies regard it as an additional activity, i.e. activity that is not integrated into the strategic planning of business activities. In a country with weak traditions in CSR, CSR promotion is unlikely to lead to quick results. Furthermore, as quick return on social investment is also unlikely to be expected, the general context of an economic downturn is not supportive of the growth of the CSR paradigm. Additional challenges that hinder or prevent companies from (fully) realising CSR initiatives/plans in Lithuania are the low level of involvement and interest among stakeholders, financial concerns about the costs of CSR initiatives, and the lack of staff with skills and experience to implement CSR initiatives.

Education

Higher education institutions provide knowledge on CSR, especially in study programmes in economics, finance and management. However, in the majority of Lithuanian HEIs CSR issues are only incorporated into other disciplines. Only several HEIs have a separate course of CSR in their study programmes.