

SOCIAL ENTERPRISES IN THE CONTEMPORARY SOCIOECONOMIC CONTEXT

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Abstract

In the context of the concept of social enterprise has experienced an enhanced dynamic in several regions of the world has become a priority to identify favorable contexts to the development of this innovative form of social economy. The article deals with regional characteristics on social enterprise and supporting the emergence of theoretical models and its development. Thus, the social enterprise highlights the innovative business model combining both social and economic objectives that have contribution to labour market insertion, increasing social inclusion and economic development. Generating a set of new practices into a new institutional hierarchy implies the presence of new actors that highlights the importance of sustainable social enterprises to empower economically, socially and culturally the citizens from our societies. Social enterprise activation process is complex and requires human and financial resources, but also the existence of proactive public policies requiring such innovation. Increasing attraction on social enterprises, expressed by many donors, legislators and social actors can reduce their impact paradoxically long-term sustainability, if not consider the context of operating and functioning.

Keywords: *innovation, public policies, social economy, sustainability*

1. Introduction

For the last three decades the concept of social enterprise has experienced a pronounced dynamic in many parts of the world. Broadly defined by its non-governmental approaches but based on the market in order to solve the social problems, the social enterprise often proves itself „a business” – a source of income for many types of socially-oriented activities and organizations. In most of the cases, such income contributes to the long term sustainability of the organizations involved in charity activities. However, within the limit of these parameters,

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in different parts of the world people are trying to identify different concepts and contexts regarding the movement of the social enterprises in their regions (Kerlin 2006). The lack of literature about social enterprises and the way in which these regional differences and social – economic contexts manifest plays an important role in the recording of some relevant comparative data.

For most of the regions of the world, the idea of income generated from charity activities is not a new concept, but this „new” concept has spread, any discourse on and about it seems to be associated to certain organizations and activities, both new or old, which are linked to the regional context and to the social benefits; indeed, the more the concept had grown in popularity, the more the actors and institutions involved in the promotion and development of social enterprises seem to mirror the regional and social – economic environment in terms of emphasizing the structure and resources of a social enterprise. Moreover, certain types of activities or organizations included in the specific of social enterprises from different countries may not be included in the context of other countries even if the same activities or organizations might exist in those countries, too. Therefore, the existing differences within social enterprises from different regions of the world are, in part, reflections of the regional social – economic context. In order to test this statement, the international social and economic data base presented in *Social Enterprise: A Global Comparison* (Kerlin 2009), a book published based on certain contributions of scholars from the enterprises from seven regions of the world, shows how the regional specific factors may form differently the concept of social enterprises, including its users, the organizational forms, the legal structure and the support environment.

Social enterprises may be treated as a global phenomenon in comparative perspective, even if, in the majority of the works about social enterprises, the center of attention goes to only one country or to only one regional analysis and / or to case

studies (Nyssens 2006). The discourse on social entrepreneurship which generally focuses on the individual accomplishments of the socially innovative activists from different regions of the world is likely to have an international aim (Nicholls 2006) and it usually focuses on innovation indifferent of whether such thing involves the activity on the market. However, little attention has been paid to the immediate context of the activity of the social entrepreneurs, as well as to the context which formed the need, the aim, the form of organizational activity, the legal structure and the process involved in its growth and accomplishment. By means of identifying these knowledge gaps and of examining the different regional contexts, one may get to identify the different concepts of social enterprise at world scale.

2. Regional Perspectives of the Social enterprises

The origins of the social theory provide a starting point for the understanding of how the new institutions have been formed within the different national contexts. At basic level, the theory explains how the existence of the social institutions and patterns constrains the options valid for the development of the new institutions – in this case, the development of the nonprofit sectors in different countries (Salamon et al. 2000). From this perspective an explanation is provided for the international variations existing in the development of the nonprofit sectors. This approach, developed by Salamon et al. (2004), is based on the research of Johns Hopkins, Comparative Nonprofit Sector Project, spearheaded in 22 countries in the 1990s. Its main premise is that the variations in the composition and financial base from the nonprofit sector in the different countries can be explicated by the different social, economic and politic context. The majority of the social enterprises have at their bases social organizations, a sense in which the origins of the social origins are used as an expression of an approach to understand the forming and diversity of social enterprises.

Salamon et al. (2004) put the debate on the size of the two variables in the spotlight: the greater or the smaller size of the nonprofit sector and the expense (big or little) for the government's social assistance. Using different combinations of these characteristics, they have tested different patterns, using the existing information on the nonprofit sector and the social assistance expenses for 22 countries and they have reached the conclusion that the latter promote different regimes.

Salamon et al. (2004) analyzed the forming of the three regimes of welfare in terms of the history of the nonprofit sector and of the expenses on social assistance. The methods by means of which the social origins of the different governmental regimes and interrelations between different social classes create the necessary conditions result more or less from the structuring of the civil society. Moreover, they turned to Esping-Anderson (1999) and his study on the origins of the modern welfare in order to examine the forces which create different governing levels in social assistance. Therefore, the authors consider that „certain circumstances are closer for the prosperity of nonprofit institutions than others, while the form and character of the nonprofit sector which has resulted are affected by the particular constellation of the social forces which are enlarging it” (Salamon et al. 2000: 21).

The civil society and the legal regulations which characterize the nonprofit sector made the researchers of the social enterprises analyze two additional factors as being essential in characterizing a social enterprise: the support of the market and the international one. Thus, the market concept embodies aspects regarding the way in which the social enterprise / entrepreneurship appears to be positioned in different societies, governments and market. Moreover, the research conducted by Kerlin (2009) identifies international support as a forth influential factor, starting from the presumption that social enterprises in a society depend on the conditions of the environment.

Although there are some relevant statistics upon the social enterprises and their connection to different regions of the world, Salamon et al., 2004, have also performed other analyses on social enterprises from within the civil society. In the study in which 34 countries in the world were concerned, it was concluded that an average of over 53% of the nonprofit income comes „from the taxes and duties for the services these organizations provide, whereas the commercial income comes from investments, taxes and other sources”. In 24 out of the 34 countries, taxes represent the dominant source of income for these organizations. It is particularly notable the fact that there prevails the commercial income in the developing countries where the society civil sectors are small. For these countries taxes represent in average 61% of the income of the organizations as compared to the 45% average for the developed countries (Salamon et al. 2004).

Due to the lack of information within social enterprises, a qualitative analysis on the funds of social enterprises is also relevant (Kerlin 2009). Therefore all evidence regarding the specific regional circumstances from the initial stage of development of the social enterprise presents the historic context which has determined the social-economic conditions influencing the appearance and development of the characteristics of the social enterprise in the seven regions and countries taken into consideration depending on the four elements: the civil society, the state, the market and the international support.

The general characteristic regarding the social enterprise in all the seven regions and countries is given by the poor programmes because of the withdrawal or the reduced functionality of the state. Therefore, in the United States, the Western Europe and Central Europe, as well as in South America, there were experimented the retreat of the state support in the 1980s and/or the 1990s. In the United States, the beginning of the movement of the contemporary social enterprises was due to the cutting in the governmental funds

for the support of the nonprofit organizations. A slowdown of the United States economy in the late 1970s led to governmental deficits in the 1980s, effects which also led to the diminishing of the funds for the nonprofit sector by the Regan administration (it was estimated that a variety of nonprofit companies were affected, not only the structures involved in social services). In Western Europe the fluctuant economy stood at the origin of the appearance of the contemporary social enterprises whereas the consequences developed under different forms. As unemployment was increasing and governmental income was decreasing, the governmental unemployment programmes from Western Europe proved inefficient and because of the limited resources, many governments in Western Europe offering a wide range of social assistance services found themselves in the situation of reducing or / and replacing them in time. Reforms were characterized by decentralization, privatization and a reduction of the services and the movement of the social enterprises was partly a response to the problem of unemployment. Actually, one of the main initiatives was the integration of the unemployed on the labour market by means of social cooperatives while social enterprises provided services which social assistance was no longer directly responsible. Over time, the governments from Western Europe were involved in financing these initiatives of the social enterprises, especially in the integration area on the labour market.

In Central and Eastern Europe, social enterprises were rekindled by a strategic retreat of the state after communism had fallen down. Here the strategic retreat of the state was more dramatic and was not supported by the civil society already weakened by the communist period. Moreover, the transition towards a market economy led to great increase in unemployment. The international community responded to this crisis with an increased grant of foreign aids, as well as with different sets of political recommendations. A small number but increasing of Europeans from the Center and the East, social

reformers, grouped themselves in social enterprises as a viable solution and they received support from international sources for their developments. Although it was considered as an alternative service for unemployment and human services, the concept of social enterprise in Central and Eastern Europe begins to reflect the realities already registered in the region.

Within another context, Argentina knew a strategic retreat of the state due to the „Washington Consensus”, by means of the instauration of the structural adjustment programmes applied as part of the market reform. Not only did the reforms abate the social benefits programmes but there were recorded some dramatic twists in the economy as far as unemployment was concerned. Social enterprises from Argentina „emphasize the problems related to poverty, the income inequality and the production conditions and which were no longer addressed to the economic sphere and the public sector”. Indeed, social enterprises in Argentina turned into civil society associations and they mainly include mutual cooperatives and societies addressing unemployment and social exclusion.

In Zimbabwe and Zambia, countries marked by a persistent lack of the support from the state in the context of a poor economy, the creation of jobs by the social enterprises appeared after having adjusted the structural programmes which had generated increased unemployment rates. International aids were directed towards the non-State traditional actors, also having in view their capacity to administrate the deadlock economy. This concentration of the international support on the actors outside the state was the only important factor which led to the development of social enterprises, especially of the international NGOs. Rather than the cooperatives, international support is based on micro-credit for small businesses, but the lack of the state reforms in these areas continued to constrain the sustainability of their success.

South Asia was for a long time associated with high poverty rates and increased unemployment, improperly treated problems through social assistance programmes of the

government and exacerbated by the financial crisis in the late 1990s. Recently, certain economies in the region have started to give signs of increase together with the interest generation in social enterprises. The term of „social enterprise” has only now started to be associated with the income generating activities for a sustainable social development. In South Asia social enterprises either profit or non-profit take the form of small investments which address unemployment, ensure the necessary services and protect the environment.

In Japan, the interest in social enterprises was encouraged by a series of events and legislative changes which emphasized the limitations of the government interventions. Volunteering efforts after the Hanshin-Awaji earthquake in 1995 and the government's late reaction rekindled a new interest in the nonprofit organizations which led to the passing of the law regarding the setting up of the nonprofit organizations in 1997. The entrepreneurs with social objectives appreciated positively the new law on the development of a social enterprise. Furthermore, in 2003 the review of the legislation of the local administration which led to the decay of the communities made the political decision factors target at social enterprises in order to help social revitalization and integration. Recent interest in the community's business as referred to the establishment of social responsibility has generated the raising of the involvement in the activities of the social enterprise.

Regional and national analyses (Kerlin 2009) not only underline the circumstances which had stimulated social enterprises, but they also bring to light important details about the characteristics of the social enterprises from different areas. The analysis from this sector uses the qualitative information in order to formulate the social enterprise patterns for each of the seven regions. These patterns have been created by means of comparing the descriptions of the seven social enterprises referring to six variables which help characterizing the differences relating to the social enterprise:

revenue accumulation, concentration in the programme area, common types of organizations, the work legislation framework, the societal sector and the basis of strategic development. Therefore, the present analysis is a comparison per regions / countries which have used the regional characteristics associated with the four elements of the social enterprises: the market, the international support, the state and the civil society.

The first variable, the revenue accumulation, focuses on the immediate global aim in the implementation of an activity specific for the social enterprise as compared with similar activities from other regions. Thus, Zimbabwe and Zambia focus on their own sustainability as immediate income because of the lack of other financing forms and because of the need for economic development. In the Western Europe, on the other hand, focus on immediate income is a social benefit given by the accentuation of unemployment and the reduction of social exclusion, often financially supported by the state. The variable of programme concentration is related to the type of activity which is generally supported by the social enterprises from the region. In the United States all types of social activities can be supported by the social enterprises. However in Central and Eastern Europe and in many other regions, most of the programmes associated with the social enterprises are oriented towards the reduction in unemployment or towards social services.

In many regions / countries there is a number of organizational types or legislative mechanisms by means of which a social enterprise is run. Therefore, the third organizational – type variable refers to the most common juridical form for the social enterprise. For example, in Japan the most common juridical forms for social enterprises are the nonprofit organizations and companies. In Argentina, mutual cooperatives and societies are most often used to represent social enterprises.

The juridical framework represents the fourth variable, the Western Europe being the irrefutable leader in this area, with legal name for the social enterprises established in many European countries (the most recent in Great Britain), while in South Asia there has been no progress in this direction.

The fifth variable, the societal sector, shows the sector in which social enterprises are most of the time associated with a region or a country; in other words, it indicates the immediate environment in which the activities of social enterprises operate or are allowed to operate. In Japan, where companies are involved in this concept of social enterprise, the economic and social benefits and the market economy have the most relevant sphere. In Argentina where social enterprises have functioned in order to satisfy the needs of the citizens, the civil society often refers to the social economy.

Finally, the sixth variable refers to the basis of strategic development which focuses on the financing source and the development of the initiatives for social enterprises from a given region. In the United States this basis is definitely the private foundation and the business world with the limited involvement of the government, while in Zimbabwe and Zambia, unlikely, this basis consists of international support programmes implemented by foreign organizations and governmental structures.

3. Explanatory models associated to the development of social enterprises

The next step in analyzing the regional/national enterprise – pattern is to reflect on the four elements associated with the function of the social enterprise: the market, the civil society, the international support and the state.

Within some theoretical approaches there are identified some attempts to explain the differences in dimension, presence, content or of financing of the nonprofit organizations at the level of each state (Salamon and Anheier 1998, p. 220).

Most of them are inspired from the classical pattern of failure on the market¹, while others focus on the demand scored at the level of the nonprofit organizations.

3.1. The theory of the public sector failure/ free market failure and the theory of interdependence

Built on the classic economic pattern, the theory of public sector / private sector failure explains the existence of the nonprofit organizations as a result of the market failures' persistence, in direct correlation with those of the state or of the public institutions.

In a democratic state, public activity and the provision with public goods tend to satisfy only the needs of those constituents who belong to the middle class and therefore some of the demands of the minorities for public goods shall remain unsatisfied (Weisbrod 1988). From this perspective, the failure of the public sector² is greater due to a greater eclecticism of the population but the more reduced the scale of public goods provisions is, the greater it may become. Under such circumstances people shall orient themselves towards the nonprofit organizations for the goods and services of public utility which have not been provided by the public institutions. The behavior of the nonprofit organizations often derives (in a formal way) from an amalgam of paternalist distribution related concerns, focusing on the way in which they can provide goods towards certain geographic areas and target-groups. Unlike the profit organizations, the nonprofit ones are less stimulated by the consumer groups or the activities which may bring profit. These arguments may also represent a reason for the public

¹ Koning et al. (2007, p. 225-256) state that market failures are often explained by the following factors: the information dissymmetry, the externalized activities, the market and distribution position or the concerns related to the allocation of the goods.

² Such failure of the public sector is also a failure of the private sector: the organizations targetting to maximize profit do not provide public services due to their behavior as free market players.

sector intervention (eg. general tax facilities), therefore being reduced from the activity object of the nonprofit organizations (Koning et al. 2007: 255-256).

As far as the public goods supplying area is concerned, it was traditionally considered that the role of the state as a social, education and health service provider may lead to differences of the activity dimension at the level of the nonprofit organizations, thus determining a substitution relation (Rose-Ackerman 1996: 706).

3.2. Theory of trust

Another form of failure of the market economy comes from the informational dissymmetry in terms of the fact that supplying goods often involve a moral hazard (Koning et al. 2007, p. 255-256). When consumers are to appreciate the quality of the goods or of the acquired services and they are facing a scarcity of information (especially if it is about complex personalized services), they can choose the nonprofit sector where there are no non distribution-related constraints. Such constraint is perceived as a trust indicator (Hansmann 1987), assuming that the producers looking to maximize profits may not be stimulated to provide the consumers with goods and services of the promised quality. The constraint of the non-distribution shall make producers be stimulated to adopt an opportunity behavior, but nonprofit organizations may intervene in order to supplement a market niche when the informational and trust dissymmetry are paramount. For better precision, Salamon and Aheier (1998) state that it is expected that the nonprofit sector may extend within those economies in which trust in business is low¹.

¹ But no empiric proof is found for the basic hypothesis or for the alternative one.

3.3. Theory of welfare

The theory of the failure of the market economy/ public sector also targets at the creation of a negative relation between the dimension of public welfare services and the existence of the nonprofit organizations. From this point of view, the nonprofit sector is an out-of-balance one and the relations between the public and the nonprofit sectors are conflict ones (Salamon 1995). Considering that economic development and higher welfare levels favour the expansion of the state, abatement may as well be noticed in the demand of the nonprofit organizations.

On the other hand, post materialist theories explain the change in values for economic growth (Inglehart 2000). For this purpose, economic and social development allow for higher levels of physic and economic safety of the individual, in which terms the individual's moral values are related to emotion, personal identification, respect, personal expression, self-esteem and group esteem, aesthetics, subjective welfare and quality of life.

3.4. Theory of the offer

Even though there is demand for the goods supplied by the nonprofit organizations due to failure from the state or the market economy, a second condition is necessary: the presence of the nonprofit entrepreneurs, the persons who create nonprofit organizations to satisfy certain needs (James 1987). The entrepreneurial process takes place when entrepreneur-minded people have the vision, the capacity to found an autonomous organization and the opportunity to act (Galindo and Mendez 2008).

The group of theories on the appearance of such entrepreneurs in certain specific circumstances refers to the motivation of those entrepreneurs who have preferred to set up a nonprofit organization. Rose-Ackerman (1996: 701) states

that the performances and the survival rate of the nonprofit organizations and of the profit ones depend not only on the institutional structure but also on the characteristics of the business environment and the entrepreneur's motivation. It is obvious that the nonprofit entrepreneurs have to obtain a relatively high private result for having founded a nonprofit organization. The desire for prestige, reverence, friendship, to be socially desirable, career growth, respect and recognition related expectations, identification with certain groups, positive attitudes related to the community and altruism, the desire to avoid the others' contempt or to be socially accepted may constitute the reasons to set up a business. These reasons are enumerated by Schumpeter (1934), who explains that the main motivation of the entrepreneurs is more the pleasure to create and the possibility of social growth rather than obtaining profit. In the same train of ideas, Bilodeau and Slivinski (1998: 553-557) state that the motivations of the nonprofit entrepreneur may be „the desire to have a statute and appreciation” or the feelings of „good blooming” which he may never get in case he founded a profit-oriented organization. They defend the perception according to which it is rational for the entrepreneur's own interests to found a nonprofit organization in order to provide public goods. However, the motivation of the nonprofit entrepreneur is broader than the way in which he rationally acts for the maximization of utility (in economic terms), choosing to be involved in a creative act by identifying some reasons related to profit, but entrepreneurial decisions are disciplinary and well-balanced.

For the last years the term of „social enterprise” has become familiar to the academic and politic environment and has been growing for the general public as an innovative business pattern which combines both social and economic objectives and which contributes to the integration on the labor market, to the growth of social inclusion and economic development. The interest in social enterprises recently emphasizes an increasing appreciation tendency by the

national and local governments and by the international organization which play a role in the social economy, the nonprofit sector, the cohesion economy from the third sector (Borzaga and Defourny 2001). The last decade can be characterized through an amalgam of terms, phrases and concepts which lately have meant different things for many people, thus causing a lot of confusion and misunderstanding.

From a political point of view, most of the countries are facing a common deadlock due to the failure of neoliberalism in solving the structural issues regarding poverty and social exclusion, which has made many governments take seriously the initiatives of the civil society for such difficulties. In most of the cases these initiatives are well rooted in their society, therefore delivering many examples such as the social cooperatives in Italy, the development initiatives of the economic communities in the United States, the solidarity-based initiatives within the community in France, the social economy from Quebec and, nevertheless, the many microcredit organizations from all over the world. These initiatives stream from the origins of the civil society, while nature and level of institutionalization are very specific for each culture.

At present, the „social enterprise” reference is used to comprise the varied activity, often to interpret the distinctiveness by ignoring the role of these enterprises’ putting into function as homogenous autonomous business patterns with multiple and achievable aims, indifferent of whether they take the form of the „new organizations” or have „a new dynamics from within the third sector” or whether the implantation of an economic alternative development pattern needs a new combination of resources – private and public, monetary and non-monetary (Borzaga and Defourny 2001). Social enterprises are frequently analyzed from a microeconomic perspective as a response for the failure of the state or of the market or even both. The term has got beyond the cultural and linguistic limits without major problems. However,

the attention paid to the entrepreneurship, the mission-related economic activities or the property-related questions vary considerably in the different cultural and institutional contexts. While the potential of the social enterprises to reach their objectives is acknowledged all over the world, the burden given to the economic objectives as compared to the social ones within the same type of private organization remains a difference in the conceptual approaches.

The interest in social enterprises has been accompanied in the last years by the celebration of the „social entrepreneur” in the personal tales which tell about the inspiration and the business mind of the individuals aiming to change the world. Thus, the focus on the initiatives of the „social entrepreneurship” has drawn the attention of the public administrations, the organized civil societies and of the donors, as well as the potential of these innovative individuals to respond to the universal social problems so far unsolved by the governmental policies and by the traditional social-economic actors. Although the aim of this chapter is not to define these terms (”social enterprise”, „social entrepreneur” and „social entrepreneurship”) or the limit separating them, they need to be differentiated. The fact that these terms are used interchangeably in the Anglo-Saxon context has led to confusion as far as the power, influence and potential of the involved actors are concerned, as well as the expectations following them.

Social enterprises are not seen only as an institutionalization of the initiative of the social entrepreneurship, since the last one still exists. The conceptual structural frame selected for this chapter delineates the work from Chantier de l'économie sociale and ARUC-ES from Quebec and the EMES – The European Research Network from Europe. According to the latter, the social enterprise is a private and autonomous organization which ensures properties or services with an explicit aim to bring benefits in the community, managed or headed by a group of citizens in which the material interest of the investors is the

subject of the limits. Furthermore, it is also important the attention to a transparent and democratic structure which also ensures the participation of those being directly involved. In Quebec, where collective enterprises are the synonym of the social economy and it frequently refers to the social enterprise, the definition and emphasis moves from the „juridical – administrative dimension” which is related to the organizational form these enterprises adopt, to insist on the „added value dimension” adopted by the social enterprise when constructing democratic alternatives. Generally speaking, social enterprises, as sector specific to the social economy, need to be analyzed both from a micro and a macro-economic perspective and from the organizational and normative perspective.

The classification of the legal and organizational forms of social enterprises indicates a great variety, by including the nonprofit cooperatives and organizations from the community which are integrated in the social economy based on the community development strategy. These entrepreneurial organizations oriented by the social-economic objectives try to perform activities in the benefit of the community through which social and economic aims combine in an original way (Nyssens 2006). The way in which the available financial and non-financial resources of the social enterprises combine represents the essence of the undertaken activities.

The need for alternative economic strategies is clear in many countries which are trying to solve the poverty and social inequality – related problems and social enterprises have captured the attention of the policies from all over the world through the correspondence of this pattern both with a prevalent commitment to give ground to the state in ensuring public services, and with an increasing tendency from within the countries which adopt more pragmatic approaches for the social-economic development. Thus, the „pattern” of the social enterprise responds to these impulses and, despite the distance between the north and south countries, the support for this new form of business having both public and private

objectives, is universal. As this pattern evolves, the participation nature of the government shall most likely reflect the historic role played by the state in different national contexts, especially when reference is made to the importance of the decisive role in the generation of different organizational forms of the social enterprises subjected to different political regimes (Crouch 2001). From a combine social-economic perspective, the added value of the social enterprises refers to the commitment for the production of goods and services, the social inclusion and for the disadvantaged groups, the regional initiatives, etc. on the labor market. By means of these activities, social enterprises contribute to the sustainable work framework defined by welfare, a fact proved by the numerous experiences in the in different countries. As a result, social enterprises contribute to social cohesion, accumulation of social capital and to sustainable development at local and national level, especially for the reduction in the poverty level.

In a recent article on the establishment of the social enterprises on the market, Alex Nicholls presents a useful classification of the social enterprises, as being institutional, normative and transformative, in order to differentiate the main characteristics and objectives (Nicholls 2006). However, Nicholls's classification tends to reinforce micro-experience while enterprises need the presence of the prevailing pattern at all levels: micro, meso and macro. Full accreditation of the characteristics and specificities of individual enterprises becomes an instrument both to describe the activities / objectives of the individual social enterprises and to be able to place them within a social work framework. By means of creating an ethical market for the investors, social enterprises prove their capacity to produce goods and services available to consumers.

4. Conclusions

The growing fascination related to social enterprises expressed by many donors, legislators and social actors, may paradoxically reduce their impact on the long term sustainability unless the functioning context is taken into account. What has previously been identified as an advantage – the portability and transferability of this microeconomic organizational form – may become an obstacle when attention focuses only on the formal aspect regarding the management of the social enterprise in need of institutional innovation. Moreover, the attention which the social enterprise gets should take into account the complex problem of the durability of the economic activity and the need of support structures. Potential durability of these enterprises is usually infirmed through the under appreciation of the difficulties many social enterprises have to cope with and through the exacerbated role of the government on the market. Furthermore, as previously noted, social enterprises are sensitive to changes of the public policy, especially as far as the eligibility of public substratum is concerned.

Social enterprises are appreciated to be part of a new „welfare mix” in which the two parties, both the governments and the citizens, cooperate in co-projecting the new forms of the public services. This situation has generated a set of new practices, a new institutional classification and the presence of new actors. The sustainability of social enterprises to empower the citizens from an economic, social and cultural point of view is complex, needing both human and financial resources and the activity of a public policies environment requesting such innovation. In some of the countries in the Western Europe the decrease in the resources available for the social enterprises interlinked with the institutionalization process in the context of a free market has lead to an almost paradoxical situation: social enterprises are either „compartmentalized” with closed activity fields to continue receiving public funds or they are

allowed to develop their own mechanism in the market economy in order to mobilize the resources they need.

Social enterprises are in many ways caught in the trap of the context which many times limits their access to public and private resources. As they have been intensely advertised by the media, they have obtained a great public visibility and are considered new small and middle enterprises, but the nature of their mission, their activity and even the legal form of the social enterprises nevertheless limit their capacity to access resources.

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