



# **RO1 Summary Report - Innovative Models of Community Enterprise Development**



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## Introduction

### ComEnt Project Overview

The Fostering Innovation in Community Led Enterprise Development (ComEnt) project is funded under the Erasmus+ Programme Key Action 2: Partnerships for Cooperation. The project consortium includes: Technological University of the Shannon (Ireland: co-ordinator); Fachhochschule Vorarlberg (Austria); ACEEU (Germany); Archivio della Memoria (Italy); Burgas Free University (Bulgaria); Fundatia Alaturi de Voi Romania (Romania); and Communities Creating Jobs (Ireland).

An enterprising community is not simply concerned with capitalism but seeks to build a viable and sustainable social, economic and cultural ecosystem. Enterprising communities involve an integrated mix of social, private and state enterprise, each adding value to the other. According to Cooke (2018), there are sufficient resources (live and dormant) owned by statutory agencies; community and voluntary sector; and private sector which could be utilised productively to create and sustain community-owned social enterprises.

The ComEnt project defines a community enterprise as an organisation owned and managed by the community, whose mission and vision are centred on serving individuals from a defined geographical area (predominantly disadvantaged locations) and / or communities of interest (predominantly marginalised groups in society). This makes community enterprises a distinct group within the wider social enterprise sector, not only trading for social purposes but reinvesting any profits in ways that provide benefits to a particular community.

The promotion and application of a community-led local development (CLLD) approach to the creation of community enterprises would be an innovative step in promoting work integration (training and integration of people with disabilities and unemployed people); providing key social services (health, wellbeing and medical care, health and childcare services, services for elderly people, or aid for disadvantaged people); and enabling sustainable local development of disadvantaged communities (European Commission, 2020). CLLD is a bottom-up / grassroots developmental approach in which local communities or a specific group of individuals identifies the needs and challenges in its area, proposes solutions and defines innovative projects to address the challenges. The CLLD approach requires communities to work with various public and private stakeholders in an integrated manner, thereby facilitating the promotion of innovative and sustainable projects. It is critically important for higher education institutions, in partnership with the community and voluntary sector, to undertake research on the topic of community enterprise.

Furthermore, it is equally important to educate students and relevant stakeholders on the ways in which community owned enterprises can facilitate community-led local development, thereby addressing socio-economic inequalities within disadvantaged locations and amongst marginalised groups. Therefore, key objectives of the ComEnt project are:

- To identify and reflect on best practice examples of successful community enterprise and determine their critical success factors.
- To develop and enhance the knowledge, skillsets and competencies of learners on the concepts of community-led local development and community owned enterprises; and
- To apply an empowering and consultative framework in encouraging communities to become 'enterprising'.
- To develop a course syllabus and associated teaching and learning resources, with a possible focus on: community enterprise models / approaches; leadership, human resources and

operational management in community enterprise; governance / legal entity frameworks; and finance.

- To engage with higher education institutions, policymakers and relevant community development stakeholders with regard to replicating this innovative educational programme on completion of the project.

The main output of the project will be an accredited programme on the topic of Community Enterprise Development. This programme can potentially be delivered to other Higher Education institutions in all member states and will provide practitioners and learners with the knowledge and skills to develop sustainable and innovative community enterprises. All of the programme material including curriculum, learning content, assessment models and accreditation will be made available free of charge.

## **Report Overview**

This report presents the findings for Project Result 01 of the ComEnt Project: national and summary reports on the state of the art on innovative models of community enterprise. The terms of reference for this Research Output stated:

‘This report will be published as an introductory document to inform the development of the training materials. It will be published on the project website, on the partner's websites and on other relevant websites and repositories. The Summary Report will be edited in English and then translated to the consortium languages. This report is a basic resource both for raising awareness amongst stakeholders and general public about the importance of community enterprise. This research output will also be shared with policymakers as community enterprise development is an innovative example of fostering and sustaining employment in disadvantaged locations and amongst marginalised groups in society’

Therefore, key findings from the influence policy development within the fields of social inclusion and local economic development. The key findings and recommendations will inform the development of the special purpose award course syllabus and materials on the topic of community enterprise.

The report is comprised of the following parts:

Part 1 – presents an overview of the concept of community enterprise.

Part 2 – outlines the methodology used to collect data for this report – tools and techniques deployed for data collection and analysis.

Part 3 – records the findings and discusses their interpretation, with specific emphasis on capacity building requirements.

Part 4 – Summary and conclusion (including design of the Certificate in Community Enterprise Development).

## Part 1: Concept of Community Enterprise

The ComEnt project defines a community enterprise as *an organisation owned and managed by the community, whose mission and vision are centred on serving individuals from a defined geographical area (predominantly disadvantaged locations) and/or communities of interest (predominantly marginalised groups in society)*. From this perspective, the project envisaged that community enterprises would be a distinct group within the wider social enterprise sector, not only trading for social purposes but reinvesting any profits in ways that provide benefits to a particular community.

However, the Accreditation Council for Entrepreneurial and Engaged Universities (ACEEU), in an analysis of the terminology used by the European Commission to define enterprising organisations shows that the European Commission (2022) uses the term “social enterprise” instead of the term “community enterprise” in its official documents and website. The project explored therefore if the meaning and definition attributed to this term by the European Commission is substantially different from what the project consortium defined as a “community enterprise”?

In the literature, it is noted that the European Commission (2022) identifies the mission and vision of a social enterprise as an organisation that combines societal goals with an entrepreneurial spirit. More specifically, the EU uses the term “social enterprise” to cover the following types of business:

- *Those organisations that place the social or societal objective of the common good at the centre of their commercial activity, often in the form of a high level of social innovation*
- *Those organisations whose profits are reinvested to achieve a societal objective*
- *Those organisations in which the leadership structure reflects the enterprise's mission, using democratic and participatory principles.*

**Figure 1: Community and Social Enterprise similarities (Source ACEEU National Report)**

	Community Enterprise	Social Enterprise
<b>Mission and Vision</b>	<ul style="list-style-type: none"><li>• <b>societal goal + entrepreneurial spirit</b></li><li>• Social, environmental or community objectives</li></ul>	<ul style="list-style-type: none"><li>• Serving individuals from a <b>defined geographical area</b> (mainly <b>disadvantaged locations</b>)</li><li>• Serving <b>communities of interests (marginalised groups</b> in society)</li></ul>
<b>Type of business</b>	<ul style="list-style-type: none"><li>• Social objective is the reason for the commercial activity</li><li>• Profits are reinvested to achieve the social objective</li><li>• Democratic/participatory principles are embedded in the organisational structure</li></ul>	<ul style="list-style-type: none"><li>• An organisation owned and managed by the community.</li></ul>

More recent definitions of social enterprise by the European Commission (2020, p. 29, Table 2) build on the model created by the Social Business Initiative (SBI) and focus on three main topics: facilitating the process to obtain funding for social enterprises, increasing the visibility of social entrepreneurship and creating a friendly legal environment for social enterprises.

**Figure 2 Social Enterprises and their Ecosystems in Europe**

Main dimension	General definition	Minimum requirements
<b>Entrepreneurial/ economic dimension<sup>(2)</sup></b>	<p><b>Stable and continuous production of goods and services</b></p> <p>&gt; Revenues are generated mainly from both the direct sale of goods and services to private users or members and public contracts.</p> <p><b>(At least partial) use of production factors functioning in the monetary economy (paid labour, capital, assets)</b></p> <p>&gt; Although relying on both volunteers (especially in the start-up phase) and non-commercial resources, to become sustainable, SEs normally also use production factors that typically function in the monetary economy.</p>	SEs must be market-oriented (incidence of trading should be ideally above 25%).
<b>Social dimension</b>	<p><b>The aim pursued is explicitly social. The product supplied/ activities run have a social/general interest connotation</b></p> <p>&gt; The types of services offered or activities run can vary significantly from place to place, depending on unmet needs arising at the local level or in some cases even in a global context.</p>	Primacy of social aim must be clearly established by national legislations, the statutes of SEs or other relevant documents.
<b>Inclusive governance- ownership dimension</b>	<p><b>Inclusive and participatory governance model</b></p> <p>&gt; All concerned stakeholders are involved, regardless of the legal form.</p> <p>&gt; The profit distribution constraint (especially on assets) guarantees that the enterprise's social purpose is safeguarded.</p>	The governance and/or organisational structure of SEs must ensure that the interests of all concerned stakeholders are duly represented in decision-making processes.

The main characteristics of the definitions of “community enterprise” and “social enterprise” while different, both, emphasise the social (or societal) objective of the enterprise either by defining the aim of the enterprise as “social” or specifying the target group and location of the enterprising activities (marginalized social groups/disadvantaged locations). Moreover, both definitions highlight one particular aspect of this kind of enterprise, namely the reinvestment of profits to achieve a social objective. What may be of significance in a community enterprise is the degree of participation of the ‘Community’ as a key stakeholder in the enterprise at a decision-making level.

Within the ComEnt project consortium, there was an agreed consensus that “community enterprises” can be identified as a subcategory within the wider group of social organisations falling under the “social enterprises” eco-system. In this regard, project partners have used the language of community and social enterprise interchangeably and in some partner countries such as Austria the concept of ‘community enterprise’ (*Gemeinwesen-orientierte Unternehmen* in German) does not exist.’ (Austrian National Report) and instead the topic is generally subsumed under social enterprise research. The challenge is that ‘social enterprises are sometimes rather invisible and not well known. Many of them do not even identify as or call themselves social enterprises.’ (EU 2020, p.5).



In Bulgaria, there is a strong focus on the provision of services for vulnerable groups in society, with the relationship with municipalities as contractors for service emerging as a significant factor. While ‘social engagement organizations’ in Bulgaria (Marinova, Yoneva, 2021) have a rich history and traditions, especially when it comes to the type of powerful cooperative movement and chitalishta (community centres) the concept is relatively underdeveloped at this point. In Italy social enterprise has found particularly favourable conditions, and the sector is well established (about ten thousand social enterprises are now operational) and well supported by policy and law. The community enterprises can be identified as either:

- 1) Market Based Enterprises (Market focused businesses)
  - a) Specialized enterprises for people with disabilities - the most common type, sustainable enterprises established under the Law on Integration of People with disabilities.
  - b) Municipal specialized enterprises for people with disabilities - that is intermediate type between independent specialized enterprises and municipal social enterprises.
- 2) Enterprises focused on the social benefits rather than profit.
  - a) Municipal social enterprises (or public-private partnerships with participation of the municipality)
  - b) Enterprises of non-profit organizations – NGO’s who use the finance to fund their activities.
  - c) Social services for vulnerable groups where the enterprise provides employment and acts as an additional source of funding. Participation of the clients is an important element of these enterprises.

What distinguishes these social enterprises therefore is the extent to which the community is involved in the operation of the enterprise but perhaps more critically the extent to which the enterprise can contribute to the enrichment of the social fabric of the community.

In Ireland, the concept of community enterprise has been very intertwined with the concept of social enterprise. From the experience of the case studies, many were motivated by the need to develop services within their community in response to declining services or a declining economy in the area. This perspective affirms the importance of ‘Inclusive Governance’ as a key characteristic of social enterprise. The Regulation (Regulation (EU), 2021/1057, p. 36) has identified the following characteristics of a social enterprise which has the following characteristics:

- a. the achievement of measurable, positive social impacts, which may include environmental impacts, as its primary social objective rather than the generation of profit for other purposes, and which provides services or goods that generate a social return or employs methods of production of goods or services that embody social objectives;
- b. uses its profits first and foremost to achieve its primary social objective, and has predefined procedures and rules that ensure that the distribution of profits does not undermine the primary social objective;
- c. *is managed in an entrepreneurial, **participatory**, accountable and transparent manner, in particular by involving workers, customers and stakeholders on whom its business activities have an impact;*

In Romania, the political experiences after 1989 have influenced the development of the social enterprise sector. This experience is mirrored in other countries in Central and Eastern Europe. The period after 1989 has seen a rebirth of associations and other non-profit organisations (NPOs). Romanian social enterprises have deep roots in associative, mutual and

cooperative traditions. Associations and foundations have acted as the most important policy entrepreneurs, pushing the social enterprise issue on the government agenda. The development of the social economy is seen as critical to the development of the Romanian economic sector.

From the experience of partners, one of the challenges in identifying a distinct community enterprise sector is that the legal structures adopted by the community enterprises are diverse. Social enterprises can be registered as limited companies, cooperatives, trusts etc. eg in Austria the four traditions of social-enterprise-related organisations are classified as cooperatives, non-profit organisations (NPOs), collective social enterprises and social businesses. (see below) There is also no consensus among policymakers and practitioners in Austria as to whether a uniform legal framework for social enterprises would make sense (European Commission, 2020, p. 57).

	Longest-standing traditions			Younger traditions	
Social enterprise traditions	Cooperatives		NPOs	Newly established collective social enterprises	Social businesses
Characteristics	Community-led cooperatives with a focus on social aims and a community and common-good orientation	Large cooperatives with a focus on social aims and a public-benefit orientation (mainly limited-profit housing)	Collectively founded non-profit organisations with a self-help as well as a public-benefit orientation, active in several action fields	Collectively founded non-profit-maximising organisations with a public-benefit orientation, active in several action fields	Mostly individually-driven young start-ups with a social mission

In Austria social enterprises in Austria are legally incorporated under one of the following forms:

- Public benefit limited company (*gemeinnützige GmbH*)
- Limited company (*GmbH*)
- Association (*Verein*)
- Cooperative (*Genossenschaft*)
- Sole proprietorships (*Einzelunternehmer*)
- Catholic corporations (*Körperschaften kirchlichen Rechts*) (Source Austrian National Report)

Similarly in Italy, there is also a well-developed legal structure supporting the social enterprise sector. The outcome of the case studies identified the following commonalities with community enterprises. The presence of an entrepreneurial spirit and intention combines social and economic considerations, where the social goal is considered to be preminent. While the ComEnt project identified at the outset a focus on a community of place and community of interest the concept based on the case studies can also be identity-based communities, communities of need and communities of practice, the key characteristic must be the participation of the community in the direction and decision making of the enterprise.

On the question of community and social enterprise, it appears that the community enterprise sector from a theoretical and practical perspective can be envisaged as a sub-set of the social enterprise sector. What perhaps distinguishes the sector from the larger social enterprise sector is the origin of the enterprise that is what are its foundations, its ethos and in particular its commitment to a sense of community ownership and ongoing involvement in the operations and decision-making of the enterprise. A community enterprise should be characterised by the identifiable participation of its community in the operations of the organisation.

## **Part 2: Methodology**

In accordance with the project's terms of reference, the primary objective of this research output is to 'analyse innovative processes and patterns pertaining to models of community enterprise in the selected partner countries and at a European level'. The project consortium agreed the following methodology for the production of this report at the project's kick-off meeting in Spring 2022.

Initially, the project consortium organised a workshop to analyse the context of community enterprise at European, national and local level. This enabled the project consortium to develop a shared definition of community enterprise. Each partner was responsible for developing a national report which would provide an overview of the community sector in the respective country; opportunities and challenges faced by the sector; capacity building requirements; and policy recommendations. ACEEU was responsible for producing a European report; whilst TUS and Communities Creating Jobs compiled a joint Irish national report. Each report had to have a minimum of three best practice case studies of community reports. On completion of the national reports, a synthesis (this report) was compiled on innovative models of community enterprise.

### **Sampling Strategy**

To support the research, it was agreed that a stratified sampling approach would be taken to identify a range of community enterprises using: scale and sector of operations; year of establishment; and governance / legal structures. A key informant within the community enterprise was selected to participate in a semi-structured interview. This individual had to be knowledgeable of the company's financial operating procedures and its social / community mission. Typical examples include: (a) the Chief Executive / Managing Director (b) the financial manager or (c) the chair of the board or governors/other members of the board.

### **Data Collection**

The semi-structured interviews

It was agreed that a semi-structured interview approach would be adopted and that these would be conducted face-to-face with each person and the areas of focus for the interviews would be:

- I. Information about the organisation
- II. The reasons for starting the community enterprise
- III. How the community-owned enterprise operates

IV. How the organisation manages its finances

V. The leadership & management approach in the organisation & its future directions

VI. And finally ..any other issues that need to be considered

(See Appendix 1 for a full list of support questions)

For this research, an exploratory multiple-case study with a holistic design, where the unit of analysis is the whole social enterprise, was used based on the case study methodology of Yin (2003). Each partner undertook three case studies representing the diversity of community enterprises (see Figure 1 below) in their own country. Data was gathered using semi-structured interviews with the key stakeholders in each case and the complete reports as shown in the appendices.

### **Data Analysis**

The process of making meaning from the resulting interviews adopted an inductive methodology which identified commonalities and differences across all the case studies through a thematic analysis approach. An interplay of deductive (concept-driven) and inductive (data-driven) category development was used. Finally, a cross-case synthesis (Yin, 2003) was performed to derive the main findings and recommendations.

### **Research Ethics**

All participants in the process were issued with an invitation to participate, a letter of consent and the research questions in advance. Ethical approval was obtained from TUS Research Ethics Committee ensuring best practice in the research process. (see appendices)

### Part 3: Key Findings

Three best practice examples of Community Enterprise were identified by each partner in the project consortium. These case studies had to represent the diverse range of community enterprises in operation across Europe. The detail of the case study is included on the project website and below is a summary of the outcomes of the research discussed further under the headings of

- a) Community Enterprise Profile
- b) Factors which promote and support community Enterprise
- c) Barriers which hinder the development of Community Enterprise
- d) Policy Considerations





**Figure 3: Summary of Case Study from each partner**

	No. Staff	Type of Community	Field of Activity	Resource Mix	Legal Form	Use of Volunteers	Website
<b>Austria</b>							
<b>Sunnahof</b>	45	Community of interest	Work integration social enterprise (WISE) with an ecological focus	Mostly non-market	Limited company ( <i>GmbH</i> )	Yes	<a href="http://www.sunnahof.or.at">www.sunnahof.or.at</a>
<b>AEEV</b>	2	Community of interest	Renewable Energy	Mostly market	Association	Partially	<a href="http://www.aeev.at">www.aeev.at</a>
<b>Regio-V</b>	3	Community of place	Local Action Group (LAG)	Non-market	Cooperative	No	<a href="http://www.regio-v.at">www.regio-v.at</a>
<b>REC Schnifis</b>	N/A	Community of place	Renewable Energy	Market	Not yet registered	Yes	
<b>ACCEU</b>							
<b>Eleganz</b>		Community of interest (Young People)	Immigrant and marginalized youth integration into society	Non-Market	NGO	Yes	<a href="http://EleganzBildungsplattform.e.V.-...erfolgreich%20in%20die%20Zukunft!%20(eleganz-bp.de)">Eleganz Bildungsplattform e.V. – ...erfolgreich in die Zukunft! (eleganz-bp.de)</a>
<b>Anjala Youth Centre (Finland)</b>		Community of interest (Young People)	The Centres serve primarily regional, national and international youth activities, camps and nature school activities, and youth activities promoting active citizenship and social empowerment.	Non- Market	NGO	Yes	<a href="http://NuorisokeskusAnjala-Merkityksellistänuorisotyötä">Nuorisokeskus Anjala - Merkityksellistä nuorisotyötä</a>
<b>Kulttuuripaja Kulta, Kouvola, Finland</b>		Community of interest (Young People)	To support the youngster's mental health and promote socialisation among marginalised young adults.	Non-Market	NGO	Yes	<a href="http://KulttuuripajaKulta-Kakspy">Kulttuuripaja Kulta - Kakspy</a>
<b>Bulgaria</b>							

<b>The Social Teahouse - Varna</b>		Community of Interest (Young people)	To support young people in care provision	Mixed Market and Service	Non-Profit Legal Entity	Yes	<a href="https://www.facebook.com/SocialTeaHouse/">https://www.facebook.com/SocialTeaHouse/</a>
<b>Things With Souls</b>		People with Disabilities	Employment Activation	Market	commercial company owned by a Foundation		<a href="https://neshtasdusha.com/">https://neshtasdusha.com/</a>
<b>Maria's world (and Bon Appetit as part of Maria's world)“ Sofia Ireland (TUS)</b>	16	People with Disabilities	Catering / Hospitality	Market	Foundation	Yes	<a href="https://www.mariaworld.org/en/">https://www.mariaworld.org/en/</a>
<b>Suil Eile</b>	1	Community of place and interest	Health and exercise project for community groups.	Non Market	Company Limited by Guarantee	Yes	<a href="https://siuleile.com/">https://siuleile.com/</a>
<b>Loughmore Tea Room</b>		Community of place	Tea-rooms and shop	Market	Co-Operative	Yes	<a href="https://www.facebook.com/thecottageloughmore/">https://www.facebook.com/thecottageloughmore/</a>
<b>Community Power (Templederreen Renewable Energy Supply Ltd.)</b>		Community of interest	Community Owned Renewable Electricity Utility Company	Market	Company Limited by Guarantee	No	<a href="https://communitypower.ie/">https://communitypower.ie/</a>
<b>Italy</b>							
<b>Casa Internazionale delle Donne</b>	8	Communities of interest	Personal services, service to community(ies) of choice, gastronomy, accommodation, event organisation	Mixed Market and other	Consortium of Associations and Social Cooperatives ruled by the social sector Italian legislation	Yes	<a href="https://www.casainternazionaledelledonne.org/english-version/">https://www.casainternazionaledelledonne.org/english-version/</a>

<b>Casetta Rossa</b>	15	Local Community	Community and personal services, gastronomy, event organisation, social projects and initiatives	Market-mixed	Community, self-managed association and space	Yes	<a href="http://casettarossa.org/">http://casettarossa.org/</a>
<b>Banca del Tempo</b>	4	Community of Place	Community and personal services, gastronomy, events organisation, courses, guided tours, help for the elderly, homework help, library, book sales	Non Market	Committee (comparable to a cultural association)	Yes	<a href="https://mammeenonso.it/">https://mammeenonso.it/</a>
<b>Romania</b>							
<b>ADV Romania Foundation (Fundatia Alaturi de Voi Romania)</b>	45	Community of Interest	Provision of goods and services to individuals with a disability and other vulnerable groups.	Mixed Market	Foundation	Yes	<a href="https://alaturidevoi.ro/en/">https://alaturidevoi.ro/en/</a>
<b>Oilright SRL</b>	7	Community of Interest (Disability)	Employment Activation	Mixed Market	SRL (Social Enterprise)	Yes	<a href="https://oilright.ro/">https://oilright.ro/</a>
<b>Dream Art Centre</b>	6	Community of Interest (young people in disadvantage)	Mentoring and counselling for disadvantaged and vulnerable young people	Market	Commercial Company	Yes	<a href="https://dreamartcenter.ro/">https://dreamartcenter.ro/</a>
<b>Ireland (CCJ)</b>							
<b>Ballymacbrury Hostel and Community Centre</b>	3 FT 6PT	Community of Place	Community Enterprise Centre - Montessori School, Sports Hall/AstroTurf Courts, Meeting Rooms, Theatre, Dining/Catering Facilities, Yoga Classes and Accommodation.	Mixed	Company Limited by Guarantee	Yes	<a href="https://www.ballymacbrury.com/">https://www.ballymacbrury.com/</a>
<b>Granard Motte Project</b>	2FT	Community of Place	Cultural and Heritage Preservation	Mixed	Company Limited by Guarantee	Yes	<a href="http://granardmotte.ie/">http://granardmotte.ie/</a>
<b>Sunflower Recycling</b>	57	Community of Place(Unemployed)	Environmental Recycling Scheme	Market	Limited Company		<a href="http://www.sunflowerrecycling.ie/home">http://www.sunflowerrecycling.ie/home</a>



## A. Community Enterprise in Practice

The best practice case studies identified in the ComEnt national reports, demonstrates the diversity of the community enterprise sector. There are organisations which have been set up to respond to geographic and economic marginalisation (Ballymahon Motte project, Ireland); those which are focused on the inclusion of marginalised groups - disability (Sunnahof - Sunflower project, Austria), young people (The Social Teahouse, Bulgaria); arts-based initiatives to include young people with a disability (Dream Art Centre, Romania).

Each of the enterprises has roots in the initiatives taken by community members who wanted to make changes that would allow some disadvantaged/excluded group to improve their circumstances. The circumstances that were to be improved could be economic or improving lifestyle. In some cases, this improvement came through the direct provision of the service itself eg. Banca del Tempo which provide services for the elderly among other services and some through the sale of the products produced (sometimes by the community itself) which facilitates access to resources to provide the services. Eg uses its profits first and foremost to achieve its primary social objective and has predefined procedures and rules that ensure that the distribution of profits does not undermine the primary social objective, and this mirrors the outcome of the Social Enterprises and their Ecosystems in Europe study (European Commission, 2020, p.133) which classified three primary fields of activities as follows:

- health and social services
- work integration of disadvantaged persons
- tackling of other societal challenges

Across the case studies the profile of the community enterprises found that the sector is rich in diversity and among the case studies there were enterprises set up for:

**Economic-entrepreneurial** reasons are characterised by:

- a. an ongoing production of goods and/or services;
- b. a high degree of autonomy;
- c. a significant level of economic risk;
- d. the presence, alongside volunteers or consumers, of a certain number of paid workers.

Other community enterprises focused on the **social dimension** are characterised by:

- e. having as an explicit objective to produce benefits for the community, and thus being concerned with the production of goods or services with or for that community;
- f. being a collective initiative, that is, promoted by a group of citizens;
- g. having governance that is not based on capital ownership;
- h. ensuring broad participation in decision-making processes, by involving, at least in part, the people or groups affected by the activity (thus not only the workers, or not only the users, as in the case of traditional cooperatives);
- i. in the context of such participation, social enterprises often draw on the work and help of volunteers (European Commission, 2020), although this is not a necessary condition to qualify as a social enterprise.

The ComEnt project has focused on two types of communities that are relevant in terms of community or social enterprise, namely communities of place, where people become involved

because they belong to the same territory, or communities of interest, where people come together and take action around a common interest.

The experience from across the partners is however that community enterprises and the concept of social enterprise is at a different stage of development across the different locations. For example, in Romania, social enterprises are currently in an incipient stage of development. Currently, the main source of support for the social enterprise sector comes from the European Union, they note that ‘the nascent social enterprise networks and coalitions have not yet fully advocated or promoted the concept and how the general public may benefit from them.’ (National Report Romania) At the other end of the scale, the history of social enterprise in Italy spans nearly forty years and the concept of social and community enterprise is well understood and developed. Its role as support within the welfare system is clear and this has led to the development of a large number and range of community enterprises in Italy. The support of the state through the provision of financial and policy support is critical for the sector. (National Report Italy)

### **B. Factors which Promote Community-Owned Enterprise**

There were several important considerations identified as being critical for the success of the Community Enterprise.

- ✓ Having the opportunity to liaise together and having a Social Enterprise support organisation was mentioned as being critical. The function of the support organisation is to facilitate networking, to share expertise and experience, and to share funding opportunities and knowledge. Eg: The Forum “Social Enterprise in Bulgaria” comprises an informal network of people and organisations working in the field of social entrepreneurship. The existence of a system that supports community enterprises is not only fundamental for the development of the community enterprises themselves but also to foster a specific type of start-up that contributes to responding to social needs
- ✓ The decisive elements for the effective development and sustainability of social enterprises are the public authorities’ support measures, the stakeholders’ participation in designing the social enterprise activity and the creation of strategic partnerships. Networking with eg. social services and in particular local municipalities is also key as it opens new opportunities and collaborations.
- ✓ For service-based social enterprises to form, develop, act and sustain themselves, it is key that the service provided is embedded within the broader network of service provision. In this approach, it is important that the community enterprises are not seen as a substitute for the public services. The positioning of the community services as support to the proper public provision of services.
- ✓ When they offer a service, have the objective of promoting awareness among the members of the community - but they must be integrated into the public services.
- ✓ Proximity to the community that you are supporting and working with is seen as a facilitator of community enterprise.
- ✓ The identification of social and community services as a specific economic sector is seen as important and this is supported by the EU Commission report. (2020)
- ✓ Another factor that helps the development of social enterprises is the involvement of stakeholders. it is essential to develop a business that creates responses for the actual

societal needs. In addition, the involvement of stakeholders facilitates the development of new services, decision making and quality standards for the community enterprise.

- ✓ A close relationship between the social enterprise and its stakeholders can also lead to the establishment of strategic partnerships with other enterprises in the ecosystem. In Romania, ADV (Close to You Foundation) created the map of social enterprises which is the first digital platform with economic operators of social impact in Romania, the Republic of Moldova and Ukraine. The main objective of this platform is to promote socially responsible procurement.

***Figure 4: Map of the social enterprises in Romania***



- ✓ The grants and subsidies from public authorities turned out to be a very important element for the sustainability of social enterprises. The potential of social enterprises has led to a growing interest in their development from both private institutions and public authorities (European Commission, 2020). The figure below illustrates the main types of support measures for starting a social enterprise in European countries (European Commission, 2020, p. 73, Table 10).
- ✓ Thus, networks and partnerships among social enterprises are crucial elements for succeeding in the growth and innovation of the social enterprises' models (European Commission, 2020, p.50).

**Figure 5 Availability of support structures to start a social enterprise (European Commission)**

Type of support measures	Yes, without limitations	Yes, with limitations	Not available
Grants and subsidies from public authorities and European funds	Austria, Finland, Italy, Luxembourg, Malta, Netherlands, Poland	Belgium, Cyprus, France, Germany, Ireland, Latvia, Lithuania, Portugal, Romania, Slovakia	Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Greece, Hungary, Slovakia, Slovenia, Spain, Sweden, United Kingdom
Grants and other support from private stakeholders, foundations and second-level organisations	Austria, Belgium, Croatia, Czech Republic, Germany, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, United Kingdom	Bulgaria, Estonia, France, Ireland, Italy, Malta, Portugal, Slovakia, Spain	Cyprus, Denmark, Finland, Greece, Hungary, Romania, Slovenia, Sweden
Private and public support for incubators and business innovation centres	Austria, Belgium, Cyprus, Estonia, Finland, Greece, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Spain	Croatia, Denmark, France, Germany, Hungary, Ireland, Italy, Portugal, Romania, Slovenia, United Kingdom	Bulgaria, Czech Republic, Poland, Slovakia, Sweden

**Figure 6 Drivers and Trends of Social Enterprises**

Type of welfare system	Main drivers boosting SE development	Examples of countries
Poor supply of welfare services by public providers and, traditionally, gaps in welfare delivery and strong civic engagement	<ul style="list-style-type: none"> <li>&gt; Bottom-up experimentation by groups of citizens of new services</li> <li>&gt; Consolidation of SEs thanks to public policies that have regularised social service delivery</li> </ul>	Greece, Ireland, Italy, Portugal, Spain
Extensive public supply of social services, increasingly contracted out to private providers	<ul style="list-style-type: none"> <li>&gt; Privatisation of social services</li> <li>&gt; Bottom-up dynamics</li> </ul>	Denmark, Finland, Norway, Sweden, United Kingdom
Extensive public and non-profit welfare structures, covering the majority of the needs of the population	<ul style="list-style-type: none"> <li>&gt; Public support system designed to support work integration</li> <li>&gt; Bottom-up emergence of SEs to address new needs</li> </ul>	Austria, Belgium, France, Germany, Netherlands
Welfare systems that have undergone drastic reforms, weak associative and cooperative tradition	<ul style="list-style-type: none"> <li>&gt; Public policies (start-up grants) specifically tailored to support WISEs</li> <li>&gt; Initiatives with philanthropic background and donors' programmes</li> </ul>	CEE and SEE countries

Source: European Commission (2020)

### C. Barriers experienced by the Community Enterprise Sector

There were several common barriers across the partner countries. These included:

- bureaucracy, especially for smaller and less experienced associations. In Ireland procurement rules impose turnover limits, levels of insurance, and demonstrated experience.

- The specific training for those who manage and direct social enterprises is not mainstreamed and poorly established in some countries.
- Access to information about funding opportunities, projects, and partnership possibilities. Often it is only the bigger or more experienced entities that have the structure, resources, contacts, network and capacity to access such important information.
- Limited state support for social or community enterprises eg in terms of employment subsidies or the lack of public authorities' support measures, stakeholders' participation and strategic partnerships can be considered an obstacle to their development.
- The lack of clear criteria for identifying social enterprises and the differing definitions and legal frameworks for social enterprises across Europe confuse as well as the lack of definition and regulations around community-based enterprise. In Ireland, for example, there is a lack of clarity about the nature and governance of social enterprises and their relationship to charities. Community enterprise is not identified as a specific form of social enterprise with its characteristics and needs. The European Commission's (2020) comparative synthesis report of the study Social Enterprises and their Ecosystems in Europe, provides an overview of the degree of acceptance of the social enterprise concept in Europe.

**Figure 7: Degree of acceptance of the concept of Social Enterprise**

Degree of acceptance	Country
Politically and legally accepted—large self-recognition	Ireland, Italy, United Kingdom
Challenged by social economy/social and solidarity economy	Belgium, France, Greece, Luxembourg, Portugal, Spain
Not commonly used—limited space due to traditional welfare institutions	Austria, Denmark, Finland, Germany, Iceland, Netherlands, Norway, Sweden
Politically and legally accepted but narrow understanding (work integration)—weak self-recognition	Bulgaria, Croatia, Czech Republic, Finland, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Serbia, Sweden
Challenged by other concepts, such as corporate social responsibility, social entrepreneurship and social innovation	Cyprus, Denmark, Estonia, Iceland, Montenegro, Netherlands, Norway, Sweden
Emerging acceptance	Albania, Malta, North Macedonia, Turkey

(Source: European Commission, 2020, p.35)

- Difficulties (especially for smaller associations) in accessing finance. For some social and community enterprises, it may be more difficult to generate capital as potential investors may not be willing to invest as they are unlikely to obtain attractive compensation for their risk.
- The first step towards uncomplicated and straightforward access to financial resources is the full knowledge and understanding of the actual European policies and funding possibilities.

## **D. Policy Considerations**

- The ComEnt project is highly innovative as it seeks to chronicle new and emerging models of community enterprise operating across Europe. Academia and policymakers have not adequately considered this form of social innovation and entrepreneurship as a catalyst for socio-economic regeneration for ‘lagging’ or peripheral areas. This provides opportunities for the refining and refocusing of community development and social enterprise concepts to develop inclusive, sustainable and beneficial services and employment for marginalised groups and/or disadvantaged areas.
- Conversely, the contribution of the cooperative sector in the development of the social enterprise concept and reformed policy framework has remained limited. The recent evolution of the social enterprise concept and practice in some countries such as Romania very much ties in with the new developments of the concept of the social economy. There can be some confusion when developing and promoting new legislation that recognises social enterprises as organisations with distinct characteristics and a well-understood social role within society.
- Indeed, the variety of characteristics of social enterprises was highlighted by the European Commission when trying to define the term “social enterprise”. In the Social Business Initiative (SBI) (European Commission, 2011) the European Commission explicitly stated that they are not aiming at a standard definition as a starting point for integrated regulations:
- In its approach to this varied sector, the Commission does not seek to provide a standard definition which would apply to everyone and lead to a regulatory straitjacket. It offers a description based on principles shared by the majority of Member States while respecting their diversity of political, economic and social choices and the capacity for innovation of social entrepreneurs. (European Commission, 2011, p. 4)
- In some countries, such as Ireland, social enterprise is much more firmly embedded in overall social and economic policy frameworks than was the case heretofore, with the resulting impact on greater access to funding opportunities and support systems. They are recognised for providing a wide range of roles including providing public services on behalf of the state that may not otherwise be always provided.

Stemming from the research conducted in the National Reports many policy recommendations are suggested, including the following:

- Have formal national definitions or criteria for what is a social enterprise or community enterprise within the legal framework.
- Improve accessibility to funding opportunities and access to public funding
- Improving access to information about funding opportunities, projects, and partnership possibilities, especially for smaller, decentralised, less experienced and less structured associations that struggle to find information and facilitation channels.
- Create a strong support system for community-based enterprises, especially smaller, decentralised associations and organisations.
- Carry out a de-bureaucratization of the process and steps for establishing a social enterprise or a community enterprise
- Special allowances for social and community enterprises. In Italy, for example, there are specific rules governing social cooperatives in which social cooperatives fall into a

special category, characterised by "the pursuit of the Community general interest, human promotion and social integration of citizens" through management of social, health and educational services (type A); agricultural, industrial, commercial or services - aimed at the employment for disadvantaged people, carrying out various activities – environment, cultural heritage, university education, tourism, research and furniture of cultural services, services to support social enterprises (type B).

- Continued research could help create a common identity for social and community enterprises and improve the awareness of these sectors.
- Impact measurement is important for social enterprises. The Social Entrepreneurship Monitor Report (SENA, 2020), proposes to support social enterprises and social entrepreneurs in learning and applying impact measurement methods.
- The visibility of social and community enterprises could be increased through awareness campaigns and education in schools and universities. For instance, the European Commission report (2018) identifies the visibility of the social enterprise sector in Austria as a limiting factor for its development.
- The Social Entrepreneurship Monitor Report (SENA, 2020, p.93) recommends stronger support for social entrepreneurship as part of regional development strategies.

In the European Commission website section about Social Economy and Inclusive Entrepreneurship (2022), it is stated that Europe supports social enterprises through a series of funds that are part of different European programmes and initiatives. Below are some relevant initiatives carried out by the European Commission:

- *EU Programme for Employment and Social Innovation (EaSI)*: it provides social enterprises access to investments of up to EUR 500,000 through both private and public investors at a national and regional level.
- *Fund for Strategic Investments (EFSI) Equity Instrument*: this fund supports social enterprises through funds linked to incubators/accelerators and co-investments with Social Business Angels.
- *Calls for projects*: a call for proposals was launched in 2017 aimed at encouraging social enterprises to make investments. These funds represent further support to the equity investments; indeed, they can be used to partially cover the transaction costs of intermediaries.
- *Co-funded projects*: from 2013 until today, the EU funded more than 40 projects focusing on boosting the development of the demand-supply side of social entrepreneurship markets in Europe.
- *The European Social Fund Plus (ESF+)*: this initiative from the European Commission provides both direct and indirect funding for projects. The direct funding is awarded directly from the European Commission to the social enterprises, while the indirect funding depends on the Member States and regions who decide how they wish to implement the European Social Fund funding (they can choose to have a single national program or a set of regional programmes or both). Under this programme, the European Commission can also award prizes.
- Workers and volunteers in community enterprises must be supported and empowered in the development and improvement of their competencies, knowledge, capacities and skills so that they can offer a better service. This can be done by offering workshops and training courses, for instance, entrepreneurship-related training, or by promoting meetings coordinated by public entities, giving space to the ideas of these communities so that they can be transformed into projects. These meetings could also be funded by relevant public sector entities at various levels; private funding entities, such as banks or big companies, could also be involved.

## Part 4: Capacity Building Requirements

As part of the ComEnt project, a training programme for those who wish to establish a community enterprise or for those who already work in community enterprises was developed. There are several phases to establishing a community enterprise and these are reflected in the training. To conclude, this research provides an overview of the capacity-building needs of social enterprises. According to the interviewees, potential founders of social enterprises should have both soft and hard skills. Soft skills like communication, critical thinking and open-mindedness would be very helpful in the management of social enterprises. At the same time, some hard skills are needed too. Among them, the study highlighted: the foundations of social media and its mechanisms, financial planning and scouting for EU funds.

The main phases and the training requirements and delivery methods associated with them are:

### **Set up Phase:**

At this stage, the participants are usually clear about what the service/product that they want to provide is but are less clear on the structures that are most suitable for the organisation as well as the general legal requirements for setting up a Community Enterprise. Clarification about the delivery of the service/product is also required, which can include costing, marketing etc.

Training requirements are:

*Community Enterprise:* The characteristics and principles of a community enterprise.

*Legal structures for organisations,* including governance requirements.

*Business planning and operations:* turning the idea to reality, the who, what, where, when and how of the business.

*Vision, Mission and Goals:* Establishing the vision mission and goals

*Human Resource Planning:* Working with volunteers and/ or staff.

*Delivery:* At this stage, the enterprise training could be delivered in a blended format so that participants could benefit from each other's experiences as well as participate online for the more technical elements of the programme so that they might save on travel. Visits to similar enterprises and engagement with other social enterprises would be invaluable at this stage.

### **Early Operation:**

This phase is when the reality of running the operation becomes clearer. There is a requirement for practical solutions: Location, website, delivery, customer care etc. and support as the particular challenges emerge for the enterprise.

Training requirements are:

*Technology for business:* website, databases, computer services etc.

*Strategic planning:* Moving from start-up to sustainability

*Financial management and governance systems 2:* At phase 1 the participants will have been introduced to the concepts but additional issues arise as the enterprise is created.

*Delivery:* This phase is best supported through a mentoring/coaching method. There may be inputs on a phased basis but the support required is the provision of timely guidance and advice for the participants



### **Mature Phase:**

At this stage of the process, the enterprise has been established and is managing its various processes and customers. The challenges faced at this stage relate to ensuring the long-term viability of the enterprise and ensuring that the inheritance is ensured.

Training requirements:

*Revisit the Strategic plan and direction:* The strategic plan will only remain valid for 3-4 years and when the enterprise reaches this stage then a revisit and recalibration is required. The process will also be different because there are likely to be more stakeholders involved in the process.

*Legal and Governance:* Ensuring the legal and governance of the organisation is fit for the long-term purpose of the organisation.

*Inheritance planning:* the challenge of replacing the ‘founders’ of the organisation and ensuring that there is no loss of organisational knowledge in this process.

The delivery of this phase of training is outside the remit of this project but is an essential element in ensuring the long-term viability of the organisation.

The proposed training should improve combined competencies in the fields of business and social issues. In some European countries, such as Italy, there is a social and community facilitator that is becoming increasingly central and utilised. It is a professional expert in decision-making process support activities, organisational context analysis and participatory planning in the activities of a territory and its community. Facilitators work, therefore, in all those contexts involving heterogeneous actors involved in common needs, which includes community enterprises. Among their main tasks is to design and implement intervention practices aimed at the most critically exposed community realities, dwelling specifically on socio-relational needs (such as conflict management), to enable the implementation of participatory community interventions. And with the intent to cooperate with the group, to accomplish a common endeavour.

According to the U.S.-based IAF (International Association of Facilitators), the work of the community facilitator can be considered a synthesis of three professions. First, the facilitator is like an architect: he or she gathers information about the group, its needs and its context, designs an intervention aimed at satisfying its expected results, and plans how to implement this same intervention; second, he or she is like a pilot, directing the activities and dynamics of the group during the implementation of the community project. Thus, the division of tasks among the different members and the management of conflicts during the most critical phases fall under this perspective. Finally, the facilitator is a guide: he or she is the figure who accompanies the members, say, of a community association or enterprise, during moments of disagreement, doubt and discouragement.

In general, the social economy is well covered in education across the partner countries with several universities including social economy in their coursework or with specialised university courses focused on the social economy. It is also an area of increasing interest among researchers and is available in Master’s Programmes and at PhD level. Vandro et al. (2022) identify how universities could play a key role in offering programs that develop important skills in management, leadership, impact measurement, business model development and sales in the context of social entrepreneurship and also provide burnout prevention skills. In addition,

Universities could play a key role by offering start-up support to directly apply learned knowledge and skills in the creation of social enterprises (Vandor et al., 2015).

In many of the partner countries, there are also trainings for NGOs. There are, however, many areas that need further research and training that are common to a number of the partner countries, many of which arise from the case study analysis, expert interviews and literature review.

- Creating a clear and long-term vision for the social economy and social enterprises;
- Need for employees to learn how to balance economic efficiency and social thinking in the workplace.
- Effectiveness of applied policies and the legal framework for the promotion of social enterprises;
- The roles of civil society, its initiatives to stimulate the social economy and local economies and the creation of social capital in the country;
- Seeking more active use of funding opportunities from European structural and investment funds and other EU programmes to launch new social initiatives; having the knowledge and understanding of what kind of funds are available for a social enterprise represents a crucial element for the start-up and development of a social enterprise.
- Financial planning including how to invest the capital of the social enterprise is essential for arranging a stable flow of resources.
- Equity and reduction of administrative burdens: including incentive tools suitable and accessible to a range of social enterprises; as well as building efficient, fast and financially affordable administrative procedures.
- Creating mechanisms for the inclusion of social enterprises in the planning and evaluation of social entrepreneurship policy at the national level; creating conditions for the development of social entrepreneurship at the local level, according to the specifics and needs of the respective territory by involving the municipalities in this process (through local and regional strategies).
- Solidarity and partnership: creating conditions for interaction, consultation, open dialogue and responsibility sharing among all stakeholders.
- Effectiveness and efficiency: implementation of programs and measures after analysis of needs, coherence and adequacy of goals; relevance of the invested resource to the obtained result - a clear assessment of the financial and social result.
- Soft skills: effective communication, systems thinking, empathy critical thinking and open-mindedness would constitute a solid base for learning about the dynamics of cooperation and the establishment of solid partnerships.
- Knowledge of social media and its mechanisms is an extremely important tool to reach out to the community.
- Need for community animation, group facilitation, participatory methods, community mediation and storytelling techniques.

## **Part 5: Conclusion**

In conclusion, the ComEnt project has found that the Community Enterprise sector has developed at different levels across the partner countries. The roots of community enterprise are similar in each country driven by the ideal of community support and collective action. The political experiences of each country have been a significant influence on the extent to which the sector has developed in the last 20 years. This has impacted the extent to which support has been provided for the sector in financial and policy terms for the sector and has in turn influenced the growth of the sector in each country.

What is clear from the study is that the community/social enterprises that have been included, have, and are influencing change in their areas and for the communities that they serve. They have the support of the communities within which they work and have provided employment and or services which are required in that area. The potential of the sector to harness local goodwill is significant and has influenced the lives of the people with whom it engages for the better.

The results of this study could be an encouragement for all the stakeholders involved in the development of social enterprises (from the social entrepreneurs to the governance) to foster an ecosystem that limits the barriers to the development of social enterprises and builds the capacities of social entrepreneurs considering their learning needs. This would create better chances for social enterprises to succeed, grow and share their model. The European Commission report (2018) concludes that the ecosystem consists of national and local policymakers, organisations that promote and recognize social enterprise activities, research and education, and exchange platforms and financial intermediaries.

The ComEnt project aimed to promote the application of a community-led local development (CLLD) approach to the creation of community and social enterprises active in the fields of work integration (training and integration of people with disabilities and the unemployed) or provision of key social services (health, wellbeing and medical care, health and childcare services, services for elderly people, or aid for disadvantaged people). Such enterprises can play an important role in enabling sustainable local development of disadvantaged communities. The case studies have demonstrated that show that community enterprises have the potential to foster neo-endogenous development (Olmedo & O'Shaughnessy, 2022) in marginalised community settings.

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