

THEORY OF GOVERNANCE AND SOCIAL ENTERPRISE

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Abstract:

The article, subordinated to the governance and public sector reform domain, approaches governance theory, a theory that is specific to a society in a profound transformation. The transformation represents a result of globalization and the thematic of social enterprise a mean of appearance within the global arena for social actors as representatives of the new economic governance.

Starting from the New Public Management reforms, the article analysis the state and public action changes within the contemporary society and in the same time, realizes a clear distinction between governing and governance and identifies a third way within the economic governance –heterarchy or network management, which refers to horizontal self-organizations between the interdependent actors.

The study also illustrates the fact that the development of global political economy is in strong connection with democratization. Thus, the democracy must be affirmed at both global and local levels, and the role of non-state actors must increase, democratization representing a consonance in economic liberalization, state institutional change and development of a powerful public space.

The result of the current analysis materializes in the identification of the social enterprise typology, the reference models and comparative experiences of social enterprise.

As a conclusion, the study formulates a complex definition of social enterprise concept, which comprises the social and economic criteria, the social aim of the ideal-type of social enterprise.

***The research methodology** is represented by complex methods as follows: the first and the second parts are based on literature and theories analysis, the third part is based on questionnaire application, statistical data collection and comparative empirical studies.*

The sample the comparative studies is represented by European countries as follows: the references models - United Kingdom, France and Italy and the empirical studies – Italy, Romania and Croatia.

Key words: New Public Management; governance; democratization; social enterprise; reference models; experiences

JEL classification: H42, H83, L33

INTRODUCTION

The current study is structured in three parts:

1. New Public Management and governance
2. Democratization and civil society
3. Social enterprise – an actor of the public space

The first part refers to the contemporary society dilemma between preserving a state republican theory and the trend to consider the state as a superpower for coordinating the public policies as a whole. The comparison between the modern bureaucracy principles and New Public Management reveals a new development paradigm, named also „the 3 Es: Economy, Efficiency and Efficacy” (Rhodes, 1997:93) with specific features: the introduction of the private sector management into the public sector, active citizenship, professional management, explicit standards and performance measures, results-based management and value versus money.

The state restructuring, Europeanization and globalization processes are in strong correlation with the governance concept.

The concept occurs in the same time with the diagnosis of the governments' incapacity to respond to problems and to adapt to the new ways of social, economic and political organization.

Taking into consideration the fact that the traditional governance makes use of power as a tool and it is based on command and control networks, the literature refers to governance networks as "models established by social relations between interdependence actors formed around the politics and/ or political programs" (Kickert, Klijn, Koppenjan, 1999).

The governance concept is synonym to the network management concept.

Among the market and state approaches, among the market anarchy and the state coordination, the researchers propose a third way, heterarchy - the horizontal self-organization between the interdependent actors. The networks' creation, negotiation and partnership constitute the components of a modern economic strategy. The state still maintains its important role is establishing the coordination regulations within the plurality of organizational forms.

The globalization itself can be defined as "interdependent networks situated at worldwide distances" (Nye, 2001).

In the perspective of European Union, the governance concept has two significations: firstly, it represents a political model on three levels – the region, state and E.U. and the negotiation networks between them; secondly, the European governance refers to the orientation and coordination of the playing rules, whether they apply for networks, markets or hierarchies (Kjaer, 2004).

The second part of the paper analysis the democratization concept in connection with the development of global political economy, with the economic liberalization and the state's institutional change and the development of a powerful civil society.

The main idea to be highlighted is that the state's power is dissolving under the globalization pressure, and the importance of the non-state actors for international policy is extending.

The third part analyses the thematic of social enterprise, as a new actor within the governance's public space. This concept is framed within the trend of adopting new business methods for the market economy. The paper refer to social enterprise's position at the cross roads between public, private and nonprofit sectors, starting from the "blurred boundaries between public and private sectors" (Stoker, 1998: 17), area within a private company can be contracted by state for the provision of public service or within the state can regulate governance safe conditions for the civil society's organizations (Bouckaert, Pollitt, 2011: 3) and from the idea that social enterprise represents a product of the tension between attempts to reform the public sector through the introduction of private sector management rhetoric (Ridley-Duff, Bull, 2011: 39) and arriving to the idea of public-private partnership and co-production with the civil society by new arrangements of governance (Calabro, 2011:1).

1. NEW PUBLIC MANAGEMENT AND GOVERNANCE

For contemporary society, a dilemma is between maintaining a republican theory of state, a public thing which is more than the amount of the groups of institutions and agents that form it, although it is formed of different games, in conformity to the essence of public policies and the current trend to see in a state a superposition without coordination of the public politics conceived as a whole, so many games subject to the paradox of unwanted consequences and, mainly, as actions without author, since they are made based on actions with multiple scopes (Allison, 1972). The state wouldn't build collective preference by adjusting the sectoral segment to the global one but it would be actually lacked of any responsible will since, subject to some global constraints on which it could not have any influence, it would reduce to a mix of incremental adjustments where everybody would control and no one would be responsible (Leca, 2006).

Let's remember the traditional model of public sector, promoted by Max Weber, by determining the principles of modern bureaucracy when public interests and private interests are completely separated. The bureaucracy characteristic to modern occidental states, also called **the chain of parliamentarian government** (Olsen, 1978), is a "neutral tool that applies the laws

adopted by parliament and the political decisions taken by government” (Kjaer, 2004). In this pattern, political authority is held by the people’s suzerainty and the power is exercised by the representatives elected. The principle of plurality connects the people to its representatives. The Parliament (legislative group) defines the joint interest of nation and supervises the enforcement of its resolutions by government. The executive power is the highest administrative authority, the executive elaborating the legislative projects submitting it to Parliament debates for adoption. In conformity to the presentation of Olsen, the relation between govern (executive) and the administrative apparatus is of hierarchical authority and rules of competence. The politics and administration are two distinct fields: the politicians determine the political objectives and the administration must encounter the means to reach such objectives. The fundamental principles of the relation between the administration and people are the human rights, the principle of the rule of law and the monopole of state over the means of coercion. It may be stated that the traditional pattern of bureaucracy has been elaborated more as an ideal model.

In time, public bureaucracy has faced an increasing number of problems and it has no longer proper to social reality. The reality has proved that the hypothesis based on which the hierarchy involves a direct control and the public officer is liable only to the hierarchical superior, is no longer valid; also, in many countries, the organized groups of interests enjoyed an increasing direct access to public administration and gave birth to corporatism, “a system of representation of interests with components organized based on a limited number of functionally different categories, obligatory, non-competitive, hierarchically ordered and differentiated, acknowledged or authorized by state and which were deliberately provided a monopole of representation in their categories, in exchange of accepting certain influences in electing the leaders and articulation of demands and support” (Schmitter, 1974:94).

The corporatism has broken the chain of parliamentary government; in the corporatist structures, the responsibility was somehow privatized since it has been directed towards the organizations of specific interests (Day, Klein, 1987).

Upon the internationalization of economy, the resources could be obtained by local or regional authorities from other source than from national governments which led to another breaking of the chain of traditional government.

The economists have criticized the bureaucracy as neutral element for encountering the best means of implementation of political objectives and showed that the bureaucrats have their own interests which would reduce the efficiency, expressed by services provided to population.

Pursuant to the criticism to bureaucratic traditional pattern, there have been a range of reforms in the occidental democracies in the 80’s and 90’s.

The reform of public sector, known as the New Public Management, was introduced for the first time by Thatcher government in Great Britain and in the United States, during the mandate of Ronald Reagan, then in Australia and New Zealand.

The introduction of the private sector management in the public sector meant: active participation, performing a professional management, explicit standards and measures of performance, management depending on results and value against money and was called “the three E: Economy, Efficiency and Efficacy (Rhodes, 1997: 93).

NMP is interested in increasing the managerial competences by implementing some new management techniques from the private sector and tends thus to focus on the managerial aspect, in the detriment of political aspect.

The market ideas included by NMP influenced the structure of administration, the staff and organization management and the selection of instruments of public politics. In a structured manner, the reforms had as objective the breaking of governmental monopolies in certain domains and the creation of autonomous or semi-autonomous agencies in the public sector (Pollit, Talbot, 2003) and replacing them with internal markets of goods and services, distributed in the past by hierarchical devices or by involvement to large extent of private sector in the distribution of services.

The new Public Management must be approached from the perspective of state transformations and public action in the contemporary society. In general, the state approach may be related to the following perspectives:

1. The state as a specific assembly of organizations and institutionalized procedures, supported to be valued (Hutington, 1968:394) and by the deciding staff;
2. State as a concentration of forces (Tilly, 1990);
3. State as a valorized speech gathering Max Weber (related to legitimacy) and Michel Foucault (related to governing);
4. State as system of social domination (Jessop, 1990), object of a dispute between structuralists and instrumentalists;
5. State as game of coordination of conducts in uncertain situations, involving the presence of a third party that chairs the dyadic changes and conflicts, the Hobbes perspective expressed in the terms of rational election (Barzel, 2002).

According to Edward J. Harpham and Theodore J. Lowi, the best method to study the **polis** is to study the politics, the public politics being the state in action, under the aspect supported, repetitive and determining of action (Leca, 2006).

The reform of public sector or the administrative reform presents few defining elements for the New Public Management, such as:

- Deliberate change of public bureaucracies
- It is synonym with innovation
- The anticipated results of reform process consist in improving the efficiency of public services
- The utility of reform is explained by the need to deal with incertitude and fast changes from the organizational environment (Turner and Hulme, 1997: 106).

The concepts of **government** and **governance** have changed the paradigm of the communities of development. Kooiman defines **government** as being “those activities of the social, political and administrative actors which may be regarded as deliberate efforts to guide, to direct, to control or manage” fields or aspects of societies, whereas **governance** as “model which derives from the activities of ruling of social, political and administrative actors” (Kooiman, 2003). Traditionally, the state (under central leading) deals with the leading of society and aggregation of different interests in order to define the general interest. The processes of restructuring the state, of Europeanization and globalization are closely related to the notion of **governance**. The concept appears simultaneously with diagnosing an incapacity of governments to answer to issues submitted to it and to adjust to the new forms of social, economic and political organization. Jean Leca defines **government** as a complex phenomenon: “To govern means to take decisions, to settle conflicts, to generate public goods, to coordinate private conducts, to rule markets, to organize elections, to extract resources, to influence expenses” (Leca in Favre, Hayward, Schemeil, 2003).

Governance may be regarded as a process of coordination of actors, of social groups and institutions with a view to reach some defined objectives and collectively discussed. The concept refers to the assembly of institutions, networks, directives, regulations, norms, political and social applications as well as to that of public and private actors that contribute to the stability of a society and of a political regime, to its direction, to the capacity of directing and to that of rendering services and to providing its legitimacy (Le Gales, 2006). In other words, **governance** defines “all those interactive arrangements when public opinion as well as private actors participate with a view to solve the issues of society and with a view to create opportunities on the level of society, getting involved in institutions where such governance activities are carried out and with a view to stimulate the normative debates related to the principles on which relay all governance activities (Kooiman, 2003).

If traditional governing uses power as a tool and relies on the command and control networks, the networks of governance are “the stable models of social relations between independent actors, formed around politics and/or political programs” (Kickert, Klijn, Koppenjan, 1999). The governance has a wider sense than governing since it involves **directing and rules of**

the game, focusing on institutions and institutional changes. Therefore, governance refers to “that frames where the citizens and dignitaries are acting, where the politics are implemented and which model identities and institutions of society” (March, Olsen, 1955:6).

The concept of governance is related to that of public action and, consequently, to that of public management. The governance issues are limited to the coordination and efficacy of collective action for amendment of market weaknesses.

Governance may be understood as well from the perspective of political economy as “stabilized articulation of regulations” (Le Gales, 2006). The concept of regulation is defined, in this case, based on three dimensions: module of coordination of different activities or relations between actors; assignment of resources related to the activities or actors; structuring conflicts (prevention, settlement, sanction). One may talk about regulation when emphasizing the rather stabilized relations between actors and social groups that allow the sharing of resources and sanctions in conformity to explicit or implicit norms and rules. Five ideal types of regulation have been identified: market (competition), large company (hierarchy), state (coercion), community (solidarity), association of employers (negotiation).

The combinations between these five ideal types of regulation form manners of governance of sectors, territories and society. The approach by governance focuses on the contingent dimension and on the local levels and acknowledges the diversity of institutional solutions related to the issue of collective action, social and political order or economy settlement.

As defined by Kooiman (Kooiman, 2003), the governance negotiated is a mechanism that allows the actors to take decisions mutually satisfying and compelling and to solve the conflicts by negotiation and cooperation. One focuses the horizontal forms of interaction between actors, on inter-dependencies, conformity and rules of action and exchange, on autonomy of sectors and of networks related to the state, on temporal dimension, on processes of coordination of political and social actors and, sometimes, on the constraints of decision.

Rhodes identifies three kinds of guiding mechanisms (Rhodes, 1996): the hierarchies that are using the power as instrument and rely on networks of command and control; those believing in market solutions consider that govern must have a minimal role in this category, there are voices that state that markets must be replaced by networks with a view to render services: “The game, the collective actions, the mutual adjustment and the creation of networks are the new skills of public manager” (Rhodes, 1999:666). The concept of governance is synonym with network management.

The network management may take different forms: game management and network structuring (Kickert al., 1999, Klihn, et al., 1991).

Game management means influencing the interaction between actors in the processes within the network and the structuring of network means the change of network characteristics. The networks in the supply of services do not actually mean less governmental leading but represent a new alternative to governmental actors (Kjaer, 2004).

If the new public management supports and focuses on the distinction between politics and administration which characterizes the hierarchical pattern, in the network management, the govern is the sole dominating actor who may impose will unilaterally (Kickert, Koppenjan, 1999).

Passing to post-industrial society involves configuration of another type of governance, based more on networks and horizontal dialogue between individuals on both sides of public-private tandem. The researchers of governance reject the net delimitation between the market approaches and those of state and propose even a third way (Jessop, 2002:224-230) between the anarchy of market and that of coordination by state namely **heterarchy** which refers to horizontal self-organizations between independent actors. Creation of networks, negotiation and partnership represent the components of a modern economic strategy (Kjaer, 2004). The economic governance refers to setting forth rules that determine the economic actors to collaborate more effectively as well as to implementation of economic politics. A plurality of state and non-state actors is more and more involved in the economic governance. The state maintains further on a significant role.

In the developed states, the role of state concerns the ruling of increasing complexity of organizational structures that pass from industrial national economies to post-industrial globalised

economies. In the developing countries, the role of state concerns the involvement of society actors and the development of their capacity to elaborate and implement effective economic politics.

Privatization involves the sale of enterprises from public sector in private property, with a view to increase the efficiency, to reduce the costs for consumers and to reduce the expenses. A version of privatization is the subcontracting system when the state remains the service's customer but the actual service is rendered by a private agency, the state being the customer and the private sector the supplier.

Agencification refers to semi-independent agencies, (theoretically) separated from the political pressures, autonomous from central structure but having the management liberty. The agencies have operational status, their own objectives and performance targets. The executive is liable towards the minister who, on its turn, is liable in front of the parliament (Rhodes, 1996:96).

In the NMP center stays the competition, as instrument of increasing efficiency. The competition is performed by privatization or by creating quasi-markets in the public sector (i.e. vouchers for health).

Decentralization type deconcentration or devolution assigns the functions and competences to the lower levels, the central government having a coordinating role. In case of deconcentration, the authority to elaborate the politics stays on central level, the implementation of politics being decentralized; in case of decentralization type devolution, the authority is fully decentralized, the local administration not being liable opposite to the central level but to the local population (Tuner and Hulme, 1997:154).

It may be stated that NMP is a process of evolution, the most radical form of decentralization (Kjaer, 2004). The local administrations acquired authority and resources, being liable for the decisions taken opposite to the local communities (Nsibambi, 1948).

Another innovative idea is that based on which the public officers may be held liable by their clients and by the users of the services supplied.

The implicit conclusion is that NMP states that the realities of governing are other than those of traditional, ideal model and suggest the need to restore the public sector.

Upon the exchange of the report between public and private and with the occurrence of a new model of interaction, there are however new approaches of public/private partnership and new perceptions related to sharing responsibilities.

In administration, one may talk about a movement of the local administration towards communitarian governance (Benyon, Edward), which involves organizations both in public sector and in private sector (Rhodes, 1999).

Rhodes assimilates to the concept of governance that of management of network. The network management could have several forms. Kickert and Klijn identify two forms: game management and network structuring (Kickert, Klijn, 1990, 1991).

The concept of governance in EU has two significations: first: it is a model of politics which has three levels: region, state and EU and the negotiation networks between them; second: European governance refers to the orientation and coordination of game rules regardless if applied for networks, markets and hierarchies (Kjaer, 2004). Governance is more extended than government but it does not appear without governs.

2. DEMOCRATISATION AND CIVIL SOCIETY

The democratisation project is a complex process of transformation of society which includes the state reform, the institutional reform and the development of global political economy. It also includes a democratisation process overhand of society, by forming and training civil society in the spirit of democratic values.

The democratic functions of civil society, in conformity to liberal perspective, would be:

- Limitation of the state power and supervision of governments by population
- Providing an arena for the participation of citizens in voluntary associations, increasing their knowledge and democratic abilities

- Providing a space for the development of democratic values such as tolerance, moderation and availability towards compromise;
- Creating channels, external to political parties for the articulation, aggregation and representation of interests
- Generating opportunities of participation to the local levels of government
- Restricting the sectoral interests and reducing the political conflict
- Recruiting new political leaders
- Partial supervision of elections meant to prevent and combat frauds and supervise the legal reforms in the new democracies
- Dissemination of information and, if necessary, contradicting the official information
- Providing resources for the economic reform
- Reducing the charge and demand addressed to the state (Diamond, 1994)

Diamond defines civil society – “field of organised social life which is voluntary, has self-generating power, supports (to a great extent) itself, is autonomous opposite to state and submits to a legal order or a range of common rules. It generally differs from society by involving the citizens who activate in the public environment to express their interests, passions and ideas, to exchange information, to reach common scopes, to formulate petitions to the state and to make liable the officials. The civil society is an intermediary entity situated between the private sphere and state. (....)

The actors of civil society need the protection provided by an institutionalized legal order, to be secured the autonomy and freedom of action. Therefore, civil society does not only restrict the power of state but legitimates its authority when it relies on law (Diamond, 1994:5-6).

The liberal perspective concerns civil society essentially with a help of state. We may say that civil society is the arena between the state and the individual, the arena of individual and communitarian agents. There are researchers who state that democracy is as stronger as the network of social interactions is denser (Putnam, 1993).

The idea is that democracy is localised on the level of civil society and not in the state and it is consolidated by globalisation and trans-nationalisation of politics. The state falls under the pressure of globalisation and the importance of non-state actors for national and international politics is extended (Strange, 1995:56).

Democratisation is related to the development of global political economy, with the occurrence of global governmental institutions and creation of global communication network. On national level, democratisation is in accordance with the economic liberalisation and institutional change of state and development of a strong civil society. A strong public space may contribute to the consolidation of democratic governance.

The concept of good governance introduced by World Bank is closely related to the concept of democratisation and signifies responsibility, transparency, receptivity, a strong civil society and a correct governing (World Bank, 1994). For Hyden, governance is “conscious management of the regime structures with a view to consolidate the legitimacy of public space” (Hyden, 1992).

The governance space has four characteristics:

1. Authority – related to legitimate power
2. Reciprocity – is a form of social interaction that generates new forms of consensus related to the basic rules of politics
3. Personal trust between different groups and public authorities
4. Responsibility as form of receptivity of public authorities towards the citizens and manner how the citizens may make liable the public authorities (Hyden, 1999).

The concept of governance includes trust and reciprocity, outlining, in the conception of Hyden, the importance of social capital and of the institutions of civil society in legitimating of public space.

3. SOCIAL ENTERPRISE – AN ACTOR OF THE PUBLIC SPACE

Theoretical debates on social enterprise and public sector reform

Several debates on the public sector reform occurred on political, administrative, academic and business arenas, with the aim of identifying successful models in developing the public sector.

These debates led to the formulation and application of some emergent models in the public sector reform, from the traditional model of public administration (Weber, 1992), the New Public Management model (Pollitt, Bouckaert, 2000, 2004, 2011) and the Neo-Weberian state (Dreschler, Kattei, 2008; Lynn, 2008), to the New Public Governance (Pierre, Peters, Kaufmann, 2009; Osborne, 2010 in Bouckaert, Pollitt, 2011: 22).

When referring to social enterprise literature, the authors consider the opinion of Leadbeater (1997), which places the concept of social entrepreneurship among the three society's sectors, namely public, private and nonprofit sectors, by addressing the following proposals: importing business methods within the public sector; social purpose – centered business; entrepreneurial approaches within the nonprofit sector (Nicholls, 2006: 12).

One of the most important literature findings considers the integration of social enterprise domain within the models of New Public Management and New Public Governance (the Neo-Weberian model was not considered due to the absence of a public-private partnership, Pollitt, Bouckaert, 2011).

Through the spectrum of the New Public Management, literature argues that the social enterprise is a product of the tension between the attempts to reform the public sector through the introduction of the private sector management rhetoric and radical responses to those attempts by local politicians and community entrepreneurs with socialist sympathies (Ridley-Duff; Bull; 2011).

On the other side, Italian literature proposes the consolidation of public governance paradigm through the development of social enterprises incubators (Carrera, Meneguzzo; Messina, 2006).

By considering these two perspectives and models, the current research adopts the second perspective of consolidating the paradigm of public governance through social enterprise.

This position is argued by the position of social enterprise at the crossroad between public, private and nonprofit sectors (Ridley-Duff, Bull, 2011) (in this paper the nonprofit sector refers to all nongovernmental/nonprofit organizations), position that goes in line with current theoretical debates of New Public Governance, one of the governance versions (Osborne, 2010 in Pollitt, Bouckaert, 2011) (literature mentions the future governance version – Digital Governance Era, Dunleavy, 2006 in Pollitt, Bouckaert, 2011).

Reference models of social enterprise in Europe

The European Commission underlines in Europe 2020 Strategy one of the three priorities of European governance for smart, sustainable and inclusive economy: inclusive growth – a high employment economy delivering economic, social and territorial cohesion (European Commission, 2010).

For achieving the mentioned-objective, the Strategy integrates the social economy and its basic institutions – social enterprises, as a medium and long term solution for good governance in crisis and post-crisis times (Matei, Sandu, 2012).

The elaboration of action plans in social enterprises domain at European level has its roots in national experiences and traditions, by recognizing the fact that British, Italian and French models are references models in the region (European Commission, 2013: 34-36).

The British model

The British model of social enterprise represents a reference model at both European and international level.

This status is explained by the expansion (but also of experience - Social Enterprise UK, 2011, *Fight back Britain. A Report on the State of Social Enterprise survey 2011*, Social Enterprise UK) of social enterprises in UK, the majority of social entrepreneurs choose the “third way” in achieving a social or environmental aim (Holbrook in Bounds, 2013) and not in prioritizing the financial profit.

The social enterprise has a clear mission at national level, mentioned in reports and networks: “social enterprises do not exist to create shareholder value: they exist to create social or environmental value. They create that value through trading activities and generating wealth in their communities and like any other business, they seek to make a profit. The differences come in why they trade, how they work and what they do with that profit – for social enterprises, social impact is what success looks like.” (Social Enterprise UK, 2011: 21).

British government declared its support in developing social enterprises by creating Social Enterprise Unit within the Department of Trade and Industry in 2001.

In 2011, Department of Business, Innovation and Skills elaborated a guide for legal forms of social enterprises, which highlights the following categories: Category 1 – Unincorporated forms and Category 2 – Incorporated forms (Department of Business, Innovation and Skills, 2011:2).

Besides these legal forms of social enterprises, literature identifies philosophical structures, as a self-perception modality within the organization: social firm, development trust, community enterprise, cooperative, credit union (Price, 2009: 16).

The particularity of the British model is that the social enterprise benefits of the maximum trust and support of the government in all intervention domains (Department of Business, Innovation and Skills, 2002:24):

- 1) Public service delivery and reform – the capacity of providing improved public services, by combining enterprise elements, social purpose and customer focus, local innovation, impact, variety and high quality of services.
- 2) Social and financial inclusion – through the employment and training possibilities for marginalized persons.

The Italian model

The Italian model of social enterprises is recognized by the social cooperative movement and it is considered a reference model across Europe and at global level, by the legal approval of social cooperatives in 1991 by adopting the Law 318/1991 on social cooperatives (Spear, Bidet, 2003:11).

The law on social cooperatives (cooperativa sociale) defines this type of organization by its mission of “following the general interests of community by promoting social and humanity integration through a) health and educational services management (social cooperative A and B types) and b) accomplish agricultural, industrial, commercial or services activities with the aim of work integration of disadvantaged people (social cooperative B type)” (Law 381/1991 on social cooperatives art. 1(1)).

From an institutional perspective, the Italian cooperatives movement has a strong influence upon the development trends in the third sector in Europe. Roger Spear considers the fact that the existence of Italian social cooperatives represents the source of inspiration in creating EMES European Research Network, but also in the general discussion in the third sector (Spear, 2008:58).

The experience of social cooperatives in Italy determined the public organizations’ position in adopting a new vision on the third sector, the legal regulation of social enterprises (imprese sociale). In 2005 in Italy was adopted the Law 118/2005 on social enterprises discipline, which defines the social enterprise as the private nonprofit organization with the main activity based on economical production or exchange of goods and services of social utility, for achieving the general interest (Law 118/2005 on social enterprises, art. 1(1)).

From an institutional perspective, Ministry of Labor and Social Policies is managing the complementarities between corporate social responsibility and the third sector organizations, the active citizenship and civil society.

Regarding the main activity domains of social enterprises in Italy, literature mentions health and medical assistance, and as emergent domains environment, trade, information and communications technology and tourism (Carrera, Ferrari, Meneguzzo, 2008:14-15).

The French model

The theoretical approach in the French third sector is the social economy approach, with origins in the state (Defourny, 2004:3).

The social economy represents a modality of undergoing activities by legal private persons democratically governed by all stakeholders in accomplishing the enterprise's mission and in applying management principles for maintaining or developing the enterprise's activity (...) (Legislative project on social economy, 2013, art. 1 (I)).

OECD mentioned in 1999 the social enterprise phenomenon in France in the context of European debates, which was identifying two main categories: work integration social enterprises and social focused enterprises (services provision) (OCDE, 1999:25).

The legislative project on social and solidarity economy in 2013 mentions the organizations that can produce and provide goods and services: cooperatives, mutual, foundations and associations and commercial societies for social utility (Legislative project on social economy, 2013, art. 1 (II)).

Bernard Eme and Laurent Gardin (2003) published a study on national profiles of work integration social enterprises in France, to highlight the diversity of the organizational forms that a association can take in practice: adaptation centre to active life (centre d'adaptation à la vie active), integration enterprise (entreprises d'insertion), intermediary association (l'association intermédiaire), neighborhood association (regie de quartier), temporary **work** integration enterprise (entreprise de travail temporaire), employers group for integration and qualification (groupement d'employeurs pour l'insertion et la qualification), long-term integration enterprise (Eme, Gardin, 2003).

Besides these type of associations, there are identified also the foundations (fondations), regulated by Law 87-571 for developing patronage, cooperatives (coopératives), regulated by Law on organizing the credit cooperatives 1917, which lead in 1947 to the regulation of cooperation by the Law 47-1775, and mutual (mutuelles) (Mutual 462/06.05.2010-art 1, Art. L111-1).

Bernard Eme and Laurent Gardin (2003) identify also the relation of these organizations with the public policies institutional framework, thus: departments for social and sanitary action, Department for integration through economic activity, Department of work, employment and professional training, Department for Social Action, etc.

Comparative experiences of social enterprise

The comparative study regarding the organization and the functioning of the social enterprise is realized upon 15 organizations (Table 1) from Italy, Romania, and Croatia, taking into consideration the following aspects: the year of the foundation and the legal status, the type of services and the fields of activity, the dimension of the human resources and that of financial resources, the target groups, the partnerships and the extension of the projects.

From the perspective of the organization and the functioning of the analyzed organizations, there will be used as independent variables the year of the foundation, the legal status and the country of origin of the organization, and the dependent variables will include the type of services and the fields of activity, the dimensions of financial and human resources, the target groups and the types of partnerships.

Thereby, it is suggested the highlighting of the common and diverse approaches of the typology of services and fields of activity, the financial and the human resources dimensions, the target groups and the types of partnerships depending of the year of the foundation (tradition versus pioneering), legal status (traditional status versus recently adopted status), country of origin (Italy versus Romania and Croatia, reference models versus developing models).

No.	Name of the organization	Identification Code
	Bottega Solidale Cooperative, Rome, Italy	IT1
	Don Carlo Gnocchi Onlus Foundation, Milan, Italy	IT2
	LUNARIA Association, Rome, Italy	IT3
	Varieta Cooperative, Rome, Italy	IT4
	Arte e Salute Association, Bologna, Italy	IT5
	Tonal Association, Sibiu, Romania	RO1
	Bio Hrana Cooperative, Pantelimon, Romania	RO2
	Association for Therapeutic Intervention in Autism (AITA), Bucharest, Romania	RO3
	Filantropia Severin Association, Drobeta Turnu Severin, Romania	RO4
	CAR Pensionari Elena Cuza, Bârlad, România	RO5
	Mivaart Cooperative, Osijek, Croatia	HR1
	Humana Nova Cooperative, Čakovec, Croatia	HR2
	RODA Association, Zagreb, Croatia	HR3
	LIKA Cooperative, Gracac, Croatia	HR4
	SRL MODRA nit, Osijek, Croatia	HR5

Table 1. The analyzed organizations (Sandu, 2013)

The year of foundation and the legal status

The main aspects related to the year of the foundation and the legal status specific to the analyzed organizations are: 1) all the organizations in Italy have been founded before 2000, and all the organizations from Romania and Croatia have been created after 2000 (excepting one case) 2) the legal statuses predominant are the associations and the cooperatives (40% each), and 3) 66.7% of the organizations (the majority being associations, and especially in Italy) adopt the non-profit approach and 53.3% approach the social economy (the majority social cooperatives, and in particular in Romania and Croatia).

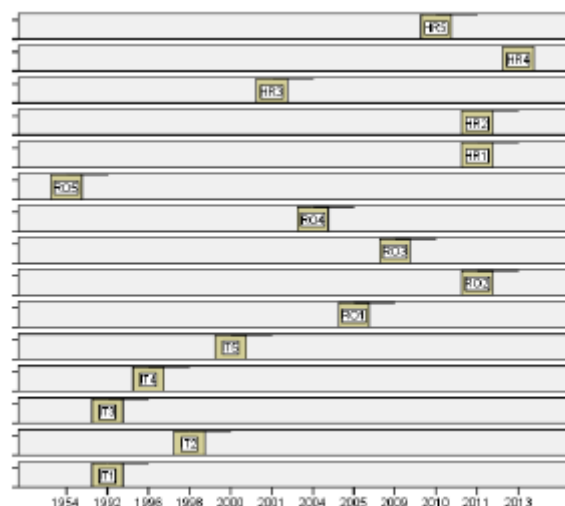


Figure 1. The dynamic of the analyzed organizations
(Sandu, 2013)

Types of services and fields of activity

The main three categories of services, more precisely personal services, labor integration and professional training, and local development, can be found at the level of the analyzed organizations by the following percentages: personal services – 53.3%, labor integration and professional training – 60% and local development – 20%.

There is however a difference of approximately 13% allocated to services considered distinct from those three big categories, namely IT3 offers services of research, information and advocacy, and HR5 offers marketing services to other organizations. If in three out of five (3/4) cases from Italy and four out of five (4/5) cases from Romania the personal services and those of labor integration and professional training are found in equal percentages, in Croatia the emphasis is put on services of labor integration and professional training, and local development.

Considering the perspective of the legal status, the associations and the cooperatives from Italy and Romania are the main providers of personal services, and labor integration and professional training, and for the category of the local development there are identified the cooperatives in Croatia.

Regarding the typology of fields of activity - education, culture, environment, social services, sports, there is prevalence of social services (73.3% of all cases).

Along with this are representative the fields of education (33.3%) and culture (26.7%).

The dimension of human resources

The main employer-organizations are the associations (5/6) and the cooperatives (5/6) in 73,3% of the cases, with a number of employees from 1-20. On the same segment it is found also the legal form of limited liability companies.

For the following categories of 61-80 is identified the IT5 organization and 81-100 identifies Ro5.

The organizations with more than 100 employees are IT4 and IT2. A particular case is that of the IT2 organization that holds a number of 5,400 employees.

The dimension of human resources is best represented in the organizations from Italy, and from the viewpoint of the three categories of services, the most frequent segment of the number of employees is 1-20.

The dimension of financing sources

From the analysis of the organizations in Italy, Romania and Croatia, it appears the following situation: incomes from economic activities are conducted by 60% of the organizations (9/15), donations and sponsorships are present in 73.3% of the organizations (11/15), incomes obtained from projects are achieved in 73.3% of the organizations (11/15), and contributions are representative of 53.3% of the organizations (8/15).

A proportion of 13.3% representing funding sources other than those mentioned, being the case of IT2 and IT4. In these cases one of the most important sources of finance is represented by the financing from the local budgets.

Target groups

The main target groups of the organizations from the states analyzed are persons with disabilities (physical or mental) (80%, 12/15 cases), institutions or non-governmental organizations (60%, 9/15 cases), the elderly (46.75, 7/15 cases), children and disadvantaged children (40%, 6/15 cases), the unemployed and the sick (each 26.7%, 4/15 cases), women and mothers (20%, 3/15 cases).

A percentage of 13.3% (2/15 cases) is assigned to the category of immigrants / foreigners for the IT1 and IT3 organizations.

Partnerships and the expansion of partnerships

In terms of establishing partnerships, it can be seen that organizations work 100% with other non-governmental organizations. The partnership with the public sector accounts for 80% (12/15 cases) and with the private sector only half of them mentioned cooperation projects (46.7%, 7/15 cases).

The international dimension of the projects implemented by the organizations analyzed is not very well represented, only 3 of the 15 organizations mentioned the expansion of projects at an international level, these three are organizations in Italy (IT2, IT3, IT5). It is generally preferable the implementation of projects at a local and regional level (100% of cases).

Towards a common definition of social enterprise concept

Starting from the premise that social enterprise is different from the public, private and nonprofit organizations (Royce, 2007: 11), the process of defining the concept of social enterprise within the literature takes into consideration the identification of various definitions of the concept, the confrontation of the identified definitions by common and particular elements and shaping a common definition, based upon the analysis results.

The literature analyzes seven reference definitions, namely EMES European Research Network (1996), OECD (1999), Department of Trade and Industry UK (2002), John Pearce (2009), John Everett (2011), Janelle Kerlin (2010), Rory Ridley-Duff and Mike Bull (2011), with the aim of shaping a definition upon the common and particular elements, definition that can be compared with the reference definitions given by EMES European Research Network and by the European Union (Annex 1).

The definitions subjects of the analysis are identified in the timeframe of 1996-2011. They include various concepts, but the commune basis is represented by two heterogeneous criteria, namely the economic and social criteria.

On one hand, the economic criteria is characterized by various concepts within the private sector, such as the production of goods and services, economic risk, financial sustainability, holds of assets and wealth, market based methods.

On the other hand, the social criteria is illustrated by concepts of public and nonprofit (or the third) sectors, such as devolving public services, community's benefit/interest, social inclusion/exclusion, work integration, social entrepreneurship.

The aim/objective of organization/activity it was identified as a general or a community social/aim/objective/interest.

Enclosing the definitions in New Public Management or New Public Governance highlighted the presence of specific elements of business mechanism or of network (participative nature, involvement of stakeholders, democratic governance, etc.).

Positioning each definition in the cross-sectorial model typology is achieved on the considerations of aspirations towards the boundaries public-private, public-nonprofit, private-nonprofit and public-private-nonprofit.

The analysis underlines the presence of the private actor in all identified definitions and the fact that presence of public and nonprofit sectors is variable.

A definition based on the commune and particular elements (economic and social) is represented by 2) "social enterprise represents a type of business or private activity with social purpose (such as combating social exclusion or unemployment), based on producing and providing public goods and services and it is sustainable by reinvesting the surpluses in this activity; it is characterized by a high level of social responsibility and a certain participation level of stakeholders."

CONCLUSIONS

The theoretical approaches of social enterprise's domain illustrates on one hand the theories in the development of the public sector, and, on the other hand, the social enterprise's position on the public goods and services market by referring to the three sectors of economy – public, private and nonprofit sectors. The specific position within the public goods and services market creates some debates in assigning to social enterprise three types of approaches, namely the nonprofit sector approach, the social economy approach, and the third sector approach.

EU creates the favorable conditions for developing social enterprises at national level, by regulating the European legislative, institutional, financial framework and by elaborating specific programs.

Also, EU refers to three reference models of social enterprise – British, Italian and French.

The references models are represented by various particular legal form, such as community interest company (UK), social cooperative (Italy) and integration enterprise (France).

The commune aspects of the reference models are reflected in the national state support programs in developing social enterprises at national level.

The particular aspects are reflected in the complementarities between Corporate social responsibility and social enterprises in Italy, the specificity of work integration in France, the third sector approach in UK and Italy versus the social economy approach in France.

Then utility and importance of reference models is reflected in the analysis of developing models in some European states, under legislative, institutional, organizational, financial aspects.

The organizations from Italy are organizations with tradition, both because they are the oldest established (between 1992-2000) and due to the experience they have in the field (association, foundation, social cooperative) and the close relationship with the public sector.

In Romania and Croatia there are observed "new" trends, but visible (social economy approach is generally characteristic of the two countries). Organizations are established in the period 2004-2013 (except Ro5, created in 1954), but they have demonstrated that they possess the ability and the necessary resources to develop models of social economy.

The social enterprise is characterized by an organizational and functional dynamism, under various legal forms, from nonprofit organizations to enterprises, covering public goods and services domains.

Analyzing social enterprise domain within the public goods and services market is represented by a continuous path from theoretical approach to empirical research.

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Annex 1**Definition 1**

EMES European Research Network (L'émergence d'entreprise sociale), 1996 reflects the economical criteria (a continuous activity of producing and selling goods and services, a high degree of autonomy, a significant level of economic risk, a minimum amount of paid work) and the social criteria (an explicit aim to benefit the community, an initiative launched by a group of citizens, decision-making power not based on capital ownership, a participatory nature, which involves the various parties affected by the activity, limited profit distribution). (UNPD, 2008, *Social Enterprise: A New Model for Poverty Reduction and Employment Generation*, UNPD Regional Centre for Europe and the CIS, Bratislava, Slovakia, p. 31-32; Defourny, J., 2002, *Social Enterprise in an Enlarged Europe: Concept and Realities*, EMES European Research Network, Belgium, pp. 9-11)

Definition 2

OECD, 1999, Social enterprises - The positioning of social enterprises makes them an effective instrument for combating social exclusion, a vehicle for social cohesion and a place of socialization. In addition to their social purpose, they emphasize the production of goods and services and the participation in the life of the enterprise by all its stakeholders- volunteers, employees, managers, and users, representatives of public and private bodies- which it's by no mean an easy task (OCDE, 1999, *Social Enterprises*, OECD Publications, Paris, France, p. 9)

Definition 3

Department of Trade and Industry UK, 2002, (the current name is Department of Business, Innovation and Skills) - Social enterprises are business with primarily social objectives who's surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize the profit for shareholders and owners (Price, M., 2009, *Social Enterprise. What it is and why it matters*, Revised 2nd Edition, FFLAN Ltd, Marea Britanie, p. 1).

Definition 4

John Pearce, 2009, Social enterprise in Anytown – defines the concept by six fundamental characteristics: 1) having a social purpose or purposes; 2) achieving the social purposes by, at least in part, engaging in trade in the marketplace; 3) not distributing profits to individuals; 4) holding assets and wealth in trust for community benefit; 5) democratically involving members of its constituency in the governance of the organization; 6) being independent organizations accountable to a defined constituency and to the wider community (Pearce, J., 2009, *Social Enterprise in Anytown*, Claouste Gulbenkian Foundation, UK Branch, London, p. 31-32).

Definition 5

John Everett, 2009, Developing and Supporting Social Enterprises in the Dublin Region. The Basis for a Comprehensive Strategy - Social enterprise is “a financially sustainable organization in the third sector that creates and/or distributes needed goods and services in order to benefit a stated community of geography or interest, either through the goods and services themselves or through the financial surpluses achieved. They engage in activities of a commercial nature in order to produce social and community gain.” (Everett, J., 2009, *Developing and Supporting Social Enterprises in the Dublin Region. The Basis for a Comprehensive Strategy*, Smith Everett & Associates, Ltd p. 3).

Definition 6

Janelle A. Kerlin, 2010, A comparative analysis of the global emergence of the social enterprise - broadly defined as the use of nongovernmental, market-based approaches to address

social issues, social enterprise often provides a “business” source of revenue for many types of socially oriented organizations and activities. (Kerlin, A.J., 2010, *A Comparative Analysis of the Global Emergence of Social Enterprise*, International Society for Third Sector Research and the Johns Hopkins University 2010, SUA, Voluntas 21, pp. 162-179, p. 164).

Definition 7

Rory Ridley-Duff, Mike Bull, 2011, Understanding Social Enterprise. Theory and Practice, offers a dual vision upon the concept (Ridley-Duff, R., Bull, M., 2011, *Understanding Social Enterprise. Theory and Practice*, SAGE Publications Ltd, London, UK, p. 57):

- cross-sectors models have emerged to conceptualize social enterprises as capacity building organizations that assist the economic regeneration, and which enable the state to devolve the delivery of public services

- the social enterprise is discussed from the perspective that it is an activity rather than an organization; it is conceptualized as a product of social entrepreneurship.