

1. Introduction: (0.5 pages)

- *Country profile*

Portugal is a country situated in the southwestern Europe on the Iberian Peninsula. The Atlantic archipelagos of Azores and Madeira are part of Portugal. Portuguese Institute of Statistics (INE) estimates that, according the 2011 Census, the population is 10. 561.641 millions (of which 52% are female and 48% are male). In 1986, Portugal joined the European Economic Community (EEC) that later became European Union (EU). In the following years Portugal's economy progressed considerably as result of EEC/EU structural and cohesion funds and Portuguese's companies easier access to foreign markets. The Global competitiveness Report of 2005, published by the World Economic Forum, placed Portugal competitiveness in the 22nd position, but the 2008-2009 edition placed Portugal in the 43rd position out of 134 countries and territories. Research about quality of life by the *Economist Intelligence Unit's Quality of Survey* placed Portugal as the country with the 19th best quality of life in the world for 2005, despite of this Portugal remains the country with the lowest per capita GDP in Western Europe. From 2002 to 2007, the unemployment rate increase by 65%. By earlier December 2009, unemployment had reached 10.2% -a 23-year record high. Influenced by events worldwide, by December 2009, unemployment had surpassed the 10% mark nationwide, by 2010, it was about 11% and in 2011 it was above 12%.

2. Concept: (0.5-1 pages)

The main objective of this section is to describe the existing definitions of the social enterprises and determine how they are perceived in different countries.

- *What is the conceptualization of social enterprise in your country? What is terminological landscape of social enterprise/ entrepreneurship?*
- *What are the defining characteristics of social enterprise? (ex. Social aims, enterprise orientation, social ownership, organizational type, etc)*

Economies may be considered to have three sectors: (1) the business private sector, which is privately owned and profit motivated; (2) the public sector, which is owned by the Sate and (3) the social economy, that embraces a wide range of community, voluntary and no-for-profit activities. Social Economy refers to a third sector in economies between the private sector and business or, the public sector and government. It includes organizations such as cooperatives, non-governmental organizations and charities. The third sector is broken down into three sub-sectors: the community sector (organizations active on a local or community level, small, modestly funded, largely dependent on voluntary); the voluntary sector (formal organizations – with a constitution -, independent of government, self-governing, not-for-profit, operate with volunteer involvement); the social enterprise (primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by need to maximize profits). SE usually develops solutions to issues (whether they are socially, economically or environmentally

based) and to satisfy the needs of members and users which have been ignored or not fulfilled by the private or public sectors. By using solutions to achieve not-for-profit aims, it is generally believed that the social economy has a distinct and valuable role to play in helping create a sustainable society.

According to the literature, a SE organization can be distinguished by the observation of 3 criteria: ethical, did not aim for profits, have an intermediate function. In Portugal, without these 3rd sector organizations, the social needs would be much larger than they are now. Being a southern Europe country, Portugal needs more of these organizations than it is usual for northern countries. Possibly this may be due to different ways of addressing needs, which may result from Catholic Church countries have a much greater tradition of centralizing the answers to problems (most Portuguese SE organizations are born in this social catholic tradition). Also, we still have a dominant culture that considers the SE services as a charity service. Another issue is that SE is relatively recent in Portugal and its beginning to emerge business/services, which meet the programs and subsidies created for development of SE in Portugal (and Europe). A one factor weighing in creating SE' organization is also creating jobs for people who have great difficulty in integrating the labor market differently. The literature indicates that about 60% of people working in SE' organizations in Portugal are employed and only 40% are voluntary. In Portugal, it will be desirable and with effective effects if entrepreneurship enhances the social enterprise. Being a not-profit sector, based in democratic values that seek to enhance the social, economic, and environmental conditions of communities and in their disadvantaged members, social entrepreneurship are also characterized by the desire to help, improve and transform social, environmental, educational and economic conditions. Social entrepreneurs are recognized by a highly effective of entrepreneurs and ambition together with a lack of acceptance of the status quo. Those characteristics would be very important to be enhanced by Portuguese' social enterprises once they use to be managed not by specialists but for people who have the wish to resolve a particular social situation, but without a real enterprise strategy.

3. Legal Frameworks: (3-4 pages)

The main objective of this section is to describe the existing legal platform existing in the country

- *To review country legal platform for social enterprises*
- *Other relevant policies, strategies and communications documents (gov. policy, public sector policies)*
- *Identify current support and encouragement for social enterprise in offender settings, structural barriers, engagement, commitment and any other issues relating to policy*
- *What is the social enterprise policy function, if the policy exists in the country? If there is no policy, how the social enterprise is incorporated in government agenda?*

In Portugal, with the beginning of democracy (1974), social policies were reformed. Also, it was created the National Health Service (Serviço Nacional de Saúde) and the government implemented (at 14 August 1984) The National Service of Insurance (Sistema Integrado de Segurança Social). At 1976, the Portuguese

Constitution recognized the cooperative system, side by side with the private and public sectors. At 1989, the cooperative achieved a social focus and at 1997 also the mutual enterprises had been legal recognized. Since 1974, the State recognized the very relevant role of IPSS at the field of social enterprises but, legally, the IPSS status was fixed only at 1979. After 1990, the cooperation between State and institutions, in social field, are negotiated directly with the respective ministries and the financial supports are fixed. This policy characterize strongly the behavior of social enterprise in Portugal, once supported directly for the State, the Portuguese social enterprises are successful in terms of reaching the target groups and beneficiaries because are created directly to the specific target groups and situations. At the same time, social enterprises don't fell the necessity of an appropriated use dissemination instruments in order to exploitation results.

The Portuguese SE is legally present as: mutual, cooperatives, foundations, Particular Institutions for Social Solidarity (IPSS), charities, other non-profit association. The legal framework of SE sector is inadequate, including pioneers companies of social economy, particular firms for social insertion. There are missing legal figures more appropriate.

The concept of SE is still relatively absent from the mainstream policy and scientific debate in Portugal. In the last few years, this debate has revolved almost around SE, namely, around the Social Employment Market (Mercado Social de Emprego), which aims at the work integration of disadvantaged persons. Most third sector organizations, to which SE belongs, have been traditionally oriented to the supply of social service, namely to children, elderly people and people with disabilities. This work out from the Portuguese system of social security¹ which is based on a model in which responsibilities are shared between the State – through public bodies, including local authorities – and the non-governmental and non-profit sector. According to the principle of complementarity, it recognizes the articulation among the various forms of social protection – public, social, cooperative, mutual and private non-profit organizations – for developing or complementing state initiatives for social security purposes and for social action². Recently, the SE have been growing and diversifying penetrating new areas and developing new forms of response, including the field of work-integration. An important factor was, in 1998, the launch within the framework of the Social Employment Market (1996), namely, a specific scheme of Integration Companies (Empresas de Inserção). They may be promoted by different types of SE organisations: Misericórdias (charitable organizations closely related to the Catholic Church), mutual benefit, associations, private institutions of social solidarity (IPSS) and cooperatives, mainly from the social solidarity branch. They are practically the only form of organization in Portugal combining social and economic purposes. The Social Employment Market was launched by the Government in 1996, as being part of a set of measures aiming an active intervention

¹ Cf. *Lei de Bases da Segurança Social*, Law nº 32/2002, of 20 December.

² The activity of "private institutions of social solidarity", for example, is regulated, fiscally controlled and financially supported by the state, through co-operation agreements.

towards the promotion of employment among socially disadvantaged or vulnerable groups (disabled people, long-term unemployed, drug addicts, young looking for a first job). This measure was included in a strategy for the eradication of poverty and social exclusion. The first steps have been made in 1983 when it was created the Sheltered Employment (Emprego Protegido)³ which, later, became part of the Social Employment Market. The Sheltered Employment aims to promote the exercise of a paid activity and a professional valorization, as much as possible, with their transfer to the labour market. Work under this measure could be done in specific Centres (The Sheltered Employment Centers – Centros de Emprego Protegido or CEPs) or in a normal work environment (the so called Enclaves – small or large groups of people, developing their professional activity in special conditions but in a normal work environment). CEPs were independent units of production (industrial, artisanal, agricultural, commercial, services selling) specially created or adapted to serve target groups. CEPs were organized according the normal entrepreneurial model but with adaptations due to the nature of the employees. Only 25% of the total number of jobs can be occupied by workers not covered by CEPs aims. Sheltered employment aims a social and economic integration of disabled people, after a probation period the worker could be accepted under a permanent fulltime labour contract. Also it was launch a program on-the-job training in a probation regime foreseen for up 9 months, this training was accredited by the Institute of Employment and professional Training (IEFP). The technical and financial support to the creation of sheltered employment is providing by the Ministry of Social Security and Labour, through agreements and protocols with the IEFP. At the national level, 23 enclaves and 16 CEPs were created between 1998 and 2001. 17 enclaves were created in 1998, 3 in 1999, none in 2000 and 3 in 2001; 16 CEPs were founded in 1998 (1 of which disappeared in 1999), 1 in 2000 and none in 2001. Still at the national level, the number of employees rose from 707 persons in 1998 to 723 in 1999; it decreased to 677 in 2000 and 646 in 2001 (enclaves and CEPs altogether)⁴. According to the data provided by FENACERCI associates, these promote 2 enclaves and 6 CEPs; the number of employed persons is 21 in the enclaves and 121 in the CEPs

4.Social Enterprise Characteristics: (3-5 pages)

The main objective of this section is to describe on how social enterprises deliver the objectives of their own activities

- *Social enterprises in number*

What is the statistic of social enterprises registration process in the country?

What is the registration statistics of social enterprises in the country?

Describe the social enterprises that are already active in the area of employment of people with disadvantages and long-term unemployed and their interest in registering

What are the types of companies acting as a social enterprise (limited, companies, associations, etc)

³ Decreto-Lei n.º 40/83, of 25 January; Decreto-Lei n.º 194/85, of 24 June; Decreto Regulamentar n.º 37/85, of 24 June; Decreto-Lei n.º 247/89 of 5 August; Decreto-Lei n.º 8/98, of 15 January.

⁴ The available data, produced by the Commission for the Social Employment Market, do not give separate figures for enclaves and CEPs in terms of employees.

- *Effectiveness and contributing to priorities*
What is the economic importance and effects of social enterprises?
What are the main external factors affecting the outputs and results of the social enterprises?
- *Effectiveness in reaching the target groups and dissemination results*
How successful are the social enterprises in reaching the target groups and beneficiaries?
To what extent are the social enterprises results adequately disseminated and exploited?
Is appropriate use made of instruments and resources available for dissemination and exploitation of social enterprises?
What actions are taken by individual projects to disseminate and exploit their results and good practices?
Are stakeholders on national level aware of good practices and results of the social enterprises?

The Social Economy is permanently looking for a balance between economic growth and social cohesion and therefore organises the activities of its enterprises according the principles of precedence of the person, voluntary and open membership, democratic control by the members, conjunction of interests between user members and general interest, defence and implementation of solidarity and responsibility, management autonomy and independence vis-à-vis the authorities, and reinvestment of the benefits either for the development of their own activities or the interest of the community, providing a flexible and sustainable tool that can help communities to achieve their own objectives (stimulating job creation and skills development, enhancing community capacity for social supports, supporting economic growth and neighbourhood revitalization, protecting the environment or mobilizing disadvantaged groups).

By using solutions to achieve not-for-profit aims, Social Economy has a distinct and valuable role to play in helping create a strong, sustainable, prosperous and inclusive society. Also social economy organisations can play important role delivering key governmental policy objectives by helping to drive up productivity and competitiveness, contributing to socially inclusive wealth creation, enabling individuals and communities to work towards regenerating their local neighbourhoods, showing new ways to deliver public services and helping to develop an inclusive society and active citizenship. Nevertheless, defining the limits of the SE sector is made especially difficult by the ‘moving sands’ of the political and economic context. Consequently organisations may be ‘part in, part out’, ‘in this year, out the next’ or moving within the social economy’s various sub-sectors. There is no single right or wrong definition of the social economy.

SE develops an important role once contributes to efficient competition in the markets, offers the potential for job creation and new forms of entrepreneurship and employment, is largely founded on membership-based activities, meets new needs, favours citizen participation and voluntary work, enhances solidarity and cohesion. The Social Economy contributes to a range of community goals and has the potential to create collective wealth through the production of goods and services, being this way, fully in line with the priorities and objectives of the European Union strategies as they were set up in the Lisbon Summit.

The Portuguese's SE are presented as: mutual, cooperatives, foundations, Particular Institutions for Social Solidarity (IPSS), charities, other non-profit association. Social Enterprise in Portugal represents 4.5% of the GDP and 250.000 full-time workforces. In a total of 4090 Social Enterprises there is none registered as an association, 350 foundations, 400 charities, 80 mutuality associations, 3260 cooperatives. According with Silva Lopes⁵ in Portugal there were, in 1998, 2878 cooperatives (namely, Agricola 908, artifact 43, commerce 52, consume 212, credit 164, culture 237, training school 110, home built 493, the fisheries sector 22, working production 101, services 393, social solidarity 60, Unions and federations 83). In 2002 the numbers grew, namely, for a total of 3121 (namely Agricola 924, artifact 51, commerce 62, consume 203, credit 146, culture 263, training school 135, home built 565, the fisheries sector 26, working production 101, services 447, social solidarity 107, Unions and federations 91). In 2005 the number still keeps growing for a total of 3260 (namely, Agricola 903, artifact 60, commerce 59, consume 189, credit 120, culture 299, training school 144, home built 580, the fisheries sector 25, working production 101, services 511, social solidarity 173, Unions and federations 96). According the same study and about mutual's there are 80 associations, mostly of small dimensions and mostly of local level. The study underlines that several of these associations, even being registered, don't work anymore. The more important association is Montepio (financial sector) with 80% to 90% of the total of actives in the sector. It is estimated that there will be 700.000 beneficiaries of Mutualism, being 410.000 linked to Montepio. In Portugal, the mutualism is not present in the health sector.

Moreover, the literature has indicated that about 60% of people working in organizations of SE in Portugal are employed and only 40% are voluntary. Portuguese's SE acts (as similar in other countries) in the community sector (organizations active on a local or community level, usually small, modestly funded and largely dependent on voluntary, rather than paid, effort; in the voluntary sector (includes the organizations that are formal, namely having a constitution, independents of government and self-governing, not-for-profit and operate with a meaningful degree of volunteer involvement; the social enterprise (organizations which are business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners). The social economy spans economic activity in the community, voluntary and social enterprise sectors, including employment, financial transactions, and the occupation of property, pensions, trading. The social economy develops because of a need to find new and innovative solutions to issues (either they are socially, economically or environmentally based) and to satisfy the needs of members and users which have been ignored or inadequately fulfilled by the private or public sectors. Being so, Portuguese's SE achieves a high level of effectiveness in reaching the target groups and beneficiaries. This high level of effectiveness inhibits the conscience of the need either of dissemination or

⁵ Lopes, Silva, *Reflexões sobre a economia Social*, SEDES – Associação para o Desenvolvimento económico e Social, 2008

exploitation results and procedures once the SE are created to support the needs of a particular target group and achieve it. It seems possible to conclude that, in Portugal, the need of dissemination and exploitation of results and good practices are a present issue.

What to Integration Companies is related, and according with the EMES European Research Network (Perista and Nogueira, 2002, 2004, 2006⁶) and also information recently released by the Social Employment Market Commission (Rebelo and Ventura 2006⁷) it was possible to have an analyze of the evolution of Integration Companies from launch of the measure (1998) until 2005. Between 1998 and 1999, the number of Integration Companies increased by more than four times rising from 67 to 284. This number continued to increase until 2001, when it reached a peak of 611. In 2005, 521 Integration Companies were in operation in Portugal. The evolution in the number of beneficiaries paralleled the rise in the number of organizations the former increased steadily between 1998 and 2002 (from 555 to 4,693 beneficiaries); in 2005, Integration Companies served 4,265 people. In June 2006, the number decreased to 3,268⁸. Women represent 75% of the all the beneficiaries of Integration Companies. This may be related to the main sectors of activity, which are traditionally highly feminized ones (most Integration Companies are active in the fields of homecare support, gardening, laundry and restoration). As to age distribution⁹, beneficiaries between 25 and 44 years old constitute the largest group (30.5%). A significant 11.5% are over 49, which seems to indicate that Integration Companies are also covering older workers, who experience specific difficulties in terms of integration into labour market. The population covered by Integration Companies show a low level of education (42.3% at most 4 years of schooling, 32.3%, at most 6 years and 6.7% do not even have any schooling degree).

The Misericórdias decided to address a study to this issue; this comes out because the period (seven years) of funding of the first Integration Companies was coming to an end. The study pretended to evaluate the outcomes and drawbacks of this measure. The report concluded¹⁰ that Integration Companies would be able to survive after the end of subsidized stage, but several reforms were point out, namely, a better definition of the fiscal and legal framework of Integration Companies, the opening of the possibility to create Integration Companies with a minimum of three workers (the minimum of five workers currently

⁶ Perista, H. & Nogueira, S. (2002) "National Profiles of Work Integration Social Enterprises in Portugal", *Working Papers Series*, 02/09, Liege: EMES European Research Network,
Perista, H. & Nogueira, S. (2004) "Work Integration Social Enterprises in Portugal", *Working Paper Series*, 04/06, Liege: EMES European Research Network.
Perista, H. & Nogueira, S. (2006) "Work Integration Social Enterprises in Portugal. A Tool for Work Integration?", in Nyssens, M. (ed) *Social Enterprise - At the crossroads of market, public policies and civil society*, London and New York: Routledge.

⁷ Rebelo, M. J. & Ventura, S. (2006) *Mercado Social de Emprego: 10 Anos a Promover a Inclusão*. MTSS / Comissão do Mercado Social de Emprego.

⁸ There is no information available on the number of integration companies in June 2006.

⁹ Source: IEFEP, Departamento de Planeamento Estratégico, in Rebelo and Ventura, 2006.

¹⁰ Santos, J. C. (2006) *Empresas de Inserção - Valor, Competitividade e Impacto nos Beneficiários*, União das Misericórdias Portuguesas.

imposed by law was considered excessive), and a longer training period for the workers in integration process. The report also pointed out that some of the disadvantaged workers did not in fact have real possibilities or a normal integration in the labour market, and underlined that most part of the services provided by Integration Companies, namely proximity services, required regular State support in order to be financially sustainable, in particular because potential clients have weak possibilities to pay a price covering the real costs of the services.

CEPs and Enclaves are juridically and economically autonomous but they are subject to the tutelage of the Ministry of Social security and Labour, namely in evaluation of the working conditions, fiscalisation and control of the initiatives as well as of the supports they receive and in the respect of the defined rules. Most Enclaves and CEPs have a high degree of financial autonomy, depending on state subsidies in an average about 30%, being the selling of products and services the main source of resources. Sheltered employment has a continuous activity producing goods and/or selling services. The main impact in the local community is the satisfaction of needs of local consumers (private people, schools, enterprises, etc).

The main external factors affecting the outputs and results of the social enterprises are related with Technical/professional skills and also to socio/legal/institutional questions as absence of supportive services in the market targeted to the social economy enterprises needs, like in the following areas: Management and work organisation consulting, financing, juridical, marketing, discovering new markets; tailor made training; structured offer addressing the specific profiles of the social economy, in particular at leaders, intermediate leaders and technical staff levels; contacts and partnership with key-actors; relevant information on programmes and incentives for specific publics.

5. Efficiency (1-2 pages)

- *Is the clarity and stability of the overall legal/formal framework of social enterprises (at both the national of social enterprises level)? Are there any areas where requirements for management control and monitoring are not clear/sufficient?*
- *How effective is the cooperation between the different management bodies (the commission – government, national authorities – social enterprises)?*

In Portugal continues to have a dominant culture that considers the SE services as charity services. Such should not be independent of the fact that most Portuguese SE organizations be born in the social tradition of the Catholic Church. The problems are most related with the lack of support for initiatives related to research so statistics about activity are difficult to be accessed; this must come out from the fact that SE organizations aren't very open to the outside world. Nevertheless, it can be stated that there is poor internal structure of the organizations. The organizational model is usually centralized, hierarchical and low participated. The communication system is frequently limited to the transmission of guidelines. The problems in Portuguese SE organizations had been systematized as Internal (either general either related

with human resources or related with outputs) and external (related with technical/professional or socio/legal/institutional). Among internal problems, Portuguese SE are confronted with an old social economy mentality, namely not having to be efficient or to compete in market, the retrograde ideologies as the one of charity service, missing of a strategic vision and lacking an integration strategy for the new collaborators and volunteers (being voluntary work very few developed), low level of competitiveness, high mortality level in absence of public subsidies, tendency to localism, close horizons and simultaneously excessive dependence on external environment. Also is noted a high level of missing articulation, inclusively among entities acting in the same territory, missing a bigger opening to community and the adoption of a more local, integrated and participate development approach, sparse dimension linked with a weak associative spirit, suffering from strong dispersion and dependence on charismatic leadership, mostly through the connection with party's politics. Related with human resources, Portuguese SE' have not a high level of efficiency mostly because of communication difficulties between managers (generally amateurs, volunteers) and technicians (permanent, reward), it is notorious leadership gaps due to excessive personal protagonism, obstacles to innovation, low level of qualification of the workers and almost total absence of technical staff. SE Portuguese workers have salaries a few higher than the minimal for less qualified workers and not in concurrence with the private sector, they miss qualified human resources in management and other strategic areas, also they miss information, they haven't programmers' or plans for continuing improvement of quality, so they are working in a platform of excessive auto didacticism and missing informal and inter peers spaces for sharing experiences and reflection on practices. In few words, it is notorious a considerable deficit on the professionalization of leaders, managers and collaborators, in general. This became very expressive in important areas as contemporaneous social problems, strategic planning, project's conception, human resources management, access to incentives, supports and financing, organizational, financing and strategic management, marketing, quality. These handicaps has an important consequence once SE are not prepare to looking for new markets, administrative support, informatics, project methodology, relational competences, communication and intercultural relations (being this a very important issue for Portuguese society). SE are not prepare to negotiation and mediation, for team working and networking, for adaptation to changing and innovation. Portuguese SE are concentrated into restrict and traditional services or products, missing diversification on offer and products, missing a "grouped offer" based on networks of organizations with complementary services/products. Also an important external factor is the need to identify new markets/products of collective interest, as new ways for working with inclusion. Is very clear the need of enlargement to sector as: environment, patrimony, animation, adult education/training, social mediation, proximity services, self-employment initiatives and microenterprises. The SE Portuguese could be identified by the absence of commercial strategy, divulgation of products/services, creation of commercialization channels.

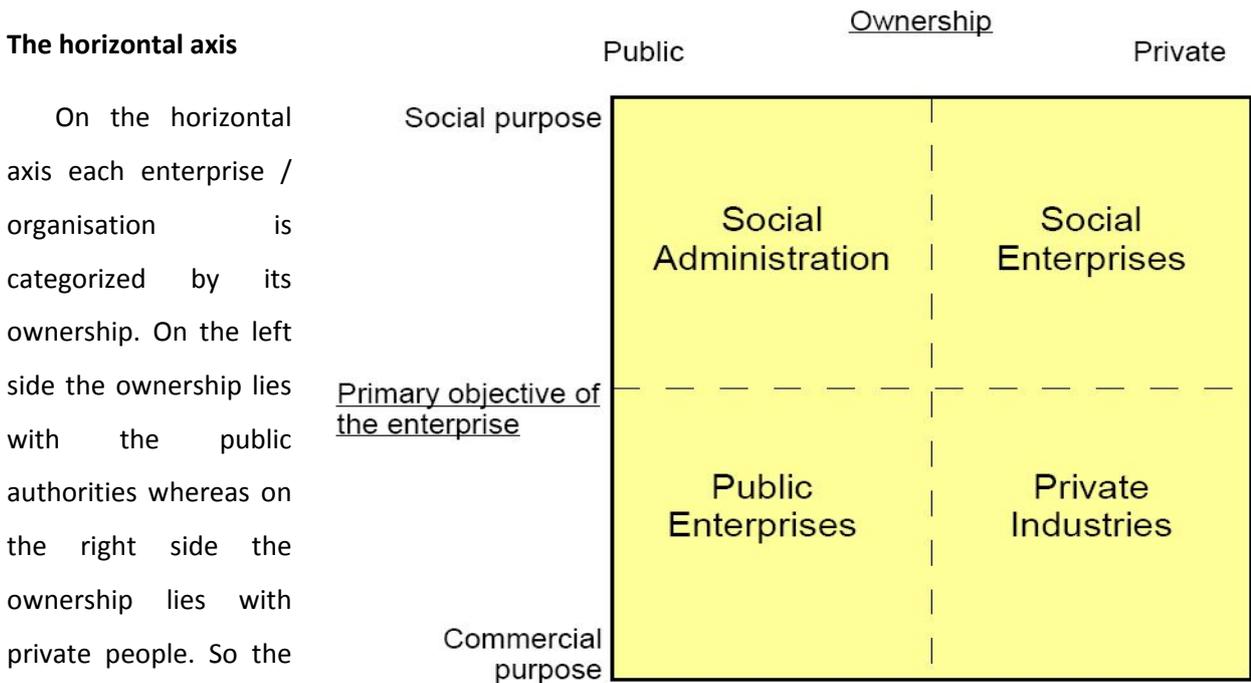
In terms of socio/legal/institutional external factors affecting the outputs of the social enterprises, in Portugal, is important to underline factors as: contradictory rapport with public administration: permanent solicitation, with rising expectations and requirements but inspection as the unique way of articulation, rigidity and centralism (normally no support for “atypical” initiatives, often better adjusted to the public and local environment), not valuing social work, need for new professional profiles as social manager, negative effect from privatization’s tendency – withdraw “solvent” publics from social enterprises, lasting the “ill-favoured” that at same time are accused as “subsidies dependence”, strong prejudices in Portuguese society against risky groups, feeble commitment of the civil society, Inadequacy of the legal framing for the social economy, Inexistence of entities and specific financing tools for social economy (as the Ethics Bank in Italy)

6. Conclusions and recommendations (1-2 pages)

- *What extent the social enterprises remain relevant to policy objectives and the needs of the target groups?*
- *To what extent are the social enterprises effective in achieving its goals?*
- *What are the main difficulties?*
- *What are the recommendations?*

It should be noted that these organisations do not feel much need for social marketing because they are based to respond to needs in the community and usually cannot respond to all. On the other hand, if you know how regularly and implement the social marketing may be a good "door" to obtain financial benefits and not become so dependent on subsidies from the state. The managers of organizations of ES often expect to obtain recognition for their social work. In some places there are problems in keeping the managers because they do not feel this recognition in the community. The training is scarcely used and when performed is organized by someone external. The preferred format is in small seminar groups and preferably in one to one training, focusing actual needs and identifying useful strategies to cope with them. Presenting the training in an innovative way, mixing different channels and appealing to the self-based learning of the manager/director, according to this/her time available, and always focusing their real and actual needs and expectations. Programs with strong components of individual consultancy and training along with some workshop / seminars seeking global areas of the management are desirable. Train SE business coaches so that they can be able to assess to specific needs and know the main barriers to change before the training is delivered. We first have to unlock the way of thinking so that managers can effectively change management skills. As many of the workers involved in social economy organizations, sounds not only poorly paid but have few qualifications (academic and professional) is desirable to allow the establishment of bridges with the new opportunities centers, where possible and desirable. One way to a

better future and a more effective implementation of SE could be consider it as micro-enterprises, namely according the model of participatory decision-making (1 person, 1 vote and no votes in accordance with the shares owned). It means to have Social Enterprise Compass that locates enterprises and organizations in the field between the business sector and the public sector. The social enterprise compass is easily characterized as following:



the ownership of the enterprise. Is it private¹¹? Or is it public¹²?

The vertical axis

On the vertical axis, each enterprise / organisation is categorized by the primary objective of the enterprise. The dimensions range between social purpose on the top and commercial purpose at the bottom of the axis. In this axis an organisation reaches the top, i.e. the social purpose is the primary objective of the enterprise, if you fulfil the following criteria:

Criteria	
A Ethical concept	Core and ideal definition for enterprises / organisations of the social economy Only these enterprises / organisations belong to the social economy

¹¹ The term “private industry” contains all economic activity that deals with the capital of one or many private owners with a view to making profits. The capital owners bear the risk.

¹² The term “public authorities” contains all economic activity where the public authorities possess the capital on either European, federal, regional or local level. That includes all nationalised and public industries.

	whose ideal is a clearly defined ethical concept
B Mission	key identification The primary objective of the enterprise is the improvement of the life situation and the chances of disadvantaged people as well as social cohesion and support.
C Social economic creation of value and appropriation of earnings	Qualitative key identification The profits and the resources are verifiably reinvested for the benefit of disadvantaged people.

If the criteria A, B and C are totally fulfilled, an organisation can locate itself on top of the vertical axis.

There is one last criteria which is not definitional but a describing feature:

D Intermediary function	Social economical enterprises / organisations have an intermediary function between public and private.
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If none of the criteria above is fulfilled or the primary object of the enterprise is the commercial purpose then an enterprise/organisation is located on the bottom of the vertical axis.

If the criteria above are only partly fulfilled the enterprise is located between the top and the bottom of the vertical axis according to its self-definition, between **social and commercial purpose**.