

The Economic and Entrepreneurial Dimensions



In this lecture we are going to explore the economic and entrepreneurial dimensions of the participatory social entrepreneurship approach.

Economic and Entrepreneurial Dimensions

- a continuous activity producing goods and/or selling services
- a significant level of economic risk
- a minimum amount of paid work

Defourny & Nyssens, 2012



The Participatory Governance approach can be considered to contain three criteria that reflect the economic and entrepreneurial dimensions of social enterprises.

These are:

- a continuous activity producing goods and/or selling services;
- a significant level of economic risk; and
- a minimum amount of paid work.

Defourny & Nyssens, 2010

Let's look at each of these in turn.

Continuous Trading Activity

- Purpose:
 - direct involvement in the production of goods or the provision of services to people on a continuous basis

Defourny, 2001



Firstly continuous trading activity.

According to the participatory governance approach, the reason or one of the reasons for the social enterprises existence is its direct involvement in the production of goods or the provision of services to people on a continuous basis.

This differentiates social enterprises for traditional non-profit organisations who often have advocacy or redistribution of financial flows as their major activity.

Defourny, 2001

Significant Level of Economic Risk

- The founders of the social enterprise assume the risk of the initiative, and
- The financial viability of the social enterprise depends on the efforts of the members and workers to secure adequate resources

Defourny, 2001



The second criteria, is that unlike public institutions,

- The founders of the social enterprise assume the risk of the initiative, and
- the financial viability of the social enterprise depends on the efforts of the members and workers to secure adequate resources

Defourny, 2001

Minimum Amount of Paid Work

- Generally combine monetary and in-kind resources, and voluntary and paid workers
- Minimum level of paid workers required

Defourny, 2001



Like most traditional non-profit organisations, social enterprises generally combine monetary and in-kind resources and both voluntary and paid workers. The third economic criteria of the participatory governance social enterprise approach, however, requires social enterprises to have a minimum level of paid workers.

Defourny, 2001

References:

- Defourny, J., 2001. From third sector to social enterprise. In: C. Borzaga and J. Defourny, eds. The emergence of social enterprise. London and New York: Routledge, 1–28.
- Defourny, J., & Nyssens, M. (2012). Conceptions of social enterprise in Europe: A comparative perspective with the United States. In Social enterprises (pp. 71-90). Palgrave Macmillan, London.