Social Enterprise in Belgium: a Diversity of Roots, Models and Fields

In the context of the International Comparative Social Enterprise Models (ICSEM) project

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This working paper is structured as follows. The first introductory section reviews the main historical roots that have led to the emergence of a diversity of models related to social enterprise and the social economy in Belgium. Next, the second section sketches the main features of these models in terms of legal forms, types of social missions addressed, governance dynamics and resources. In the third section, these models are then illustrated in different fields of activity both established and emerging. Finally, the fourth section proposes a transversal analysis of the main trends and challenges facing the development and coexistence of the different models.

1. Social enterprise models: a historical-institutional approach

1.1. The recognition of the social economy

Over the last decade, the debate around the concept of social enterprise has been increasingly visible in the Belgian landscape. Yet the concept of the “social economy” on which the notion of social enterprise relies to a large extent (Defourny 2001) is much older. Since 1990, the social economy has been increasingly recognized, on the basis of a first official “Report on the social economy in Wallonia”. The latter states that “the social economy is made up of economic activities carried out by cooperatives and related enterprises, by mutual societies
and by associations whose ethical stance is represented by the following principles: a purpose of serving members or the community rather than seeking profit, an independent management, a democratic decision-making process, and the primacy of people and labour over capital in the distribution of income” (Conseil Wallon de l'Economie Sociale, 1990).

From an institutional point of view, the recognition and the promotion of the social economy in Belgium are important. All regional governments now have a minister in charge of the social economy (often with other spheres of competencies). However, in many cases the concept tends to be reduced due to the association with specific missions. In Flanders and in Brussels, as a competence of the Ministry of Labour, the social economy has thus often been associated only with the integration of low-skilled workers on the labor market. In Wallonia, as a competence of the ministry of the economy, it has only been considered in its market-oriented version. As a result of this recognition, various tools have been set up in the last ten years to provide social economy organizations with credit facilities, securities and seed capital as well as technical support through dedicated consultancy agencies.

As to the more recent concept of social enterprise, it is still fuzzy in Belgium. On the one hand, it is more and more frequently used to stress the entrepreneurial approach adopted by an increasing number of organizations in the social economy. On the other hand, given the difficulties to discriminate between “entrepreneurial” and “non-entrepreneurial” social economy organizations, a common view has been to use the term “social enterprise” as a synonym for any organization in the social economy. This second, broader view is anchored into the EMES ideal-type of social enterprise that defines the economic and entrepreneurial dimensions in a broad way, emphasizing dynamics of production and risk-taking rather than strict criteria in terms of market-based outcomes as common in other social enterprise approaches (Defourny & Nyssens 2006; 2010). Hence, the social enterprise concept has been seen by some social economy networks and support structures as an opportunity to “rebrand” these organizations in a more appealing way (see Dart 2004b for a discussion of this phenomenon).

1.2. Diverse historical roots

In order to understand the organizational landscape of social enterprise and the social economy in Belgium, it is important to go back in history and capture a set of roots that have
had –and still have– a major influence on this landscape. Two old traditions can be identified as roots of the development of social enterprise– the associative and the cooperative ones – as well as two more recent ones – the new social economy and the social venture dynamics.

The associative tradition

A first historical root that has contributed to feed the practices and conceptualizations of social enterprise is the associative tradition. The associative or non-profit sector in Belgium has been very dynamic historically and has become a major pillar.

Stimulated in the 19th century with the recognition of the freedom of association, it is in the early 20th century that the non-profit form was formally recognized. The law of 27th June 1921 regulates the “association sans but lucratif” (ASBL) in the civil code, stating that it is a private grouping of people that does not aim to provide personal gains to its members. This law was adapted in 2002 but its fundamentals have remained valid until now.

A first reason for the development of the non-profit sector is the very flexible ASBL form in terms of activities and income sources. Indeed, the ASBL form allows for the development of commercial activities, provided that these activities are subordinated to the organization’s social mission. The Belgian non-profit organizations thus face very little constraints in terms of developing market-oriented activities and making profits – the only constraint being to reinvest this profit into the organization rather than to members or employees. This explains why, as will be examined in the field-level analyses, market-oriented activities that in other countries would typically be undertaken by co-operatives (e.g., work integration or fair trade) can be conducted under a non-profit form in Belgium. A second reason which explains the central role of associations is their major role in the development of the welfare state. Indeed, Belgium embodies the Bismarckian/corporatist tradition, according to the Esping-Andersen (1999) typology. In this tradition, non-profit organizations are mainly financed and regulated by public bodies and play an important role in the provision of social services (Salamon et al. 2003).

From 2004, specific statistics on the non-profit sector have been constructed under the supervision of the Belgian National Bank. The number of non-profit organizations exceeds 70.000 and the employment totals 428.000 full-time equivalents. These numbers, however, include voluntary-based structures as well as organizations and fields that are on the boundary with the public sectors, such as non-profit schools that are highly regulated by the State in
their practices. Besides education, other major fields of activity of non-profit organizations are health (hospitals and other institutions), personal services, culture, sports, etc. Even when excluding private non-profit (catholic) schools and hospitals, the non-profit sector still represents 8 per cent of the employment in Belgium and more than 90 per cent of the whole social economy.

As in other countries, there has been a trend for non-profit organizations to become more entrepreneurial. This does not necessarily translate into strong evolutions in terms of resources, as public subsidies remain a very important part of the funding of these organizations. Unlike in other countries, public subsidies have not been dramatically affected by public cuts on the whole, although specific sectors and organizations have suffered cuts recently. However, logics underpinning these subsidies have been evolving over the last decades. It seems that what is challenged is not the level of social expenditures but rather the instruments through which the government has supported associations. In this perspective, public money is increasingly taking the form of contracts and third-party payments instead of grants. Competition and entrepreneurial practices and discourses are, nowadays, part of the everyday life of associations. The entrepreneurial behaviour is also a matter of legitimating one’s activities as worthy of attention including in economic terms (Dart 2004a). One example of this trend is that one of the major employers’ association in the non-profit sector rebranded its name as the union of “social profit organizations” (Unipso). Networks supporting social entrepreneurship, for example Ashoka, have also contributed to reinforcing the entrepreneurial orientation of certain non-profit organizations.

The cooperative tradition

A second tradition that has fed the emergence of social enterprise in Belgium is the cooperative movement. As in many other countries, cooperatives in Belgium emerged around the middle of the 19th century. The cooperative legal form was officially recognized in 1873 but, unlike in other countries, the compliance to the rules and practices as prescribed by the International Cooperative Alliance (ICA) were not embedded in the law. The law only proposed a very basic definition of the cooperative as a company with flexible capital and membership. The possible compliance with the genuine cooperative rules and values was thus considered optional and it was only recognized through a “certification” process led by the National Council for Co-operation (created in 1955). As a result, while the cooperative form has been adopted by a large number of organizations (currently approximately 30,000), only a
few hundreds of them are “real” cooperatives as understood internationally. Only the latter cooperatives will be discussed here, however it should be kept in mind that the ambiguity around the cooperative legal form has not helped to build a strong identity and recognition for cooperatives in Belgium (Defourny et al. 2002).

The bulk of “traditional” cooperatives appeared at the end of the 19th and the beginning of the 20th century in a few key sectors: agriculture, pharmacy, retail shops as well as banking and insurance. The cooperatives organized themselves in networks that were not so much structured on an industry basis (except for agriculture) but rather on an ideological basis corresponding to the major “pillars” in the Belgian society: socialist, christian and, to a lesser extent, liberal. Traditional cooperatives suffered from successive economic crises and from competition with for-profit businesses in most of these fields. As a consequence, a large number of important cooperatives disappeared (typically in the retail sector) or were bought over by large businesses such as in the banking and insurance sector. Cooperatives were more resilient in certain sectors though, typically agriculture and pharmacy in which cooperatives still play an important role (Defourny et al. 2002; Dujardin & Mertens 2008).

In parallel, new cooperatives also appeared in – and existing cooperatives diversified their activities towards – new (sub-)fields of activity focused on ethics and social or environmental innovation and often more clearly oriented towards the general interest. This happened in two waves. First, in the 1970s and 1980s, new cooperatives emerged that focused on social challenges of the time, typically integration of low-skilled workers but also for example ethical finance, in a context of social exclusion and unemployment both in the North and in the South. A second, more recent wave was related to a renewed interest in cooperatives combining a mutual interest dynamic with a general interest orientation to deal with societal issues such as, typically, the challenges of sustainable development, for example in terms of recycling, energy production and energy savings (insulation of buildings, etc.), organic farming, short food supply chains, etc. The new cooperatives in these two waves had a more flexible approach in terms of joining or forming cooperative networks: some of them flourished in the context of “pillarized” networks, others connected to “new social economy” networks, and still others partnered with other initiatives to form field-specific alliances (Huybrechts & Mertens 2014; Mertens et al. 2008). Parallel with explicitly tackling societal challenges, new cooperatives are characterized by novel governance arrangements involving multiple stakeholders and experimenting with new ways of implementing democracy and
participation. In such sense, new cooperatives are a second driver of the development of social enterprise in Belgium.

The “new social economy”

As already mentioned, a variety of social enterprise initiatives find their roots in the “new social economy” trend stemming back from the 1980s. Unlike the previous two traditions focused on a specific organizational form (respectively the non-profit association – ASBL – and the cooperative), the focus here was more on the values and practices common to several types of organizations (mainly associations and cooperatives) and enabling them to orient their economic activity towards the pursuit of a social mission. The principles of the social economy were formalized and diffused in the late 1980s as a reflection of the renewed dynamics of associations and cooperatives in fields with a strong general interest dimension such as integration of low-skilled workers and proximity services. In these fields, numerous initiatives emerged that no longer claimed an affiliation to the non-profit or cooperative spheres in the first place, but rather to a new movement associated with the (new) social economy. These social enterprises were federated and promoted by newly created structures such as Vosec in Flanders and SAW-B in Wallonia and Brussels.

The new social economy actors and networks were also instrumental in advocating for and experimenting with public policies in their areas of action. Several schemes related to integrating different types of low-skilled workers or favoring “proximity services” to specific groups (e.g. the elderly) or to the whole population (“service vouchers” – see below) are the result of social enterprises and their supporters. Another major achievement was the introduction of the “social purpose company” legal framework in 1996, which acknowledges this diversity of social enterprise models. Indeed, this framework is not, strictly speaking, a new legal form; in fact, all types of business corporations can adopt the “social purpose company” label, provided they “are not dedicated to the enrichment of their members”, and their statutes comply with a series of conditions. However, this legal status (revised in 2007) was adopted by only a few hundreds of organizations (Dujardin & Mertens 2008); this may be accounted for by the fact that it brings with it a considerable number of requirements, in addition to those associated with the traditional company legal form (Cannella 2003; Nyssens

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1 Among other requirements, SFS statutes must stipulate that "the members seek little or no return on investment". The articles must define a "profit allocation policy in accordance with the enterprise's internal and external purposes". The social purpose company's articles must also provide for procedures allowing each employee to participate in the governance of the enterprise (as a shareholder or/and through a participation in the management of the enterprise).
A very large part of social enterprises has thus developed without using the "social purpose company" legal framework but rather by adopting a non-profit ("ASBL"), co-operative (without a formal “social purpose”), mutual and, to a lesser extent, for-profit business form.

**New dynamics of “social venture”**

More recently, a more market-oriented trend has developed that echoes international trends and translates into the notions of social entrepreneurship and social entrepreneurs. These notions have been introduced by international networks and organizations such as Ashoka and Schwab. Specific Belgian support structures such as Oksigen Lab and Poseco have also been created to promote the concept of social venture and social entrepreneurship in the public debate, and more particularly among various actors such as universities and business schools, think tanks, foundations, leaders from the business and social sectors, and the media.

The emergence of these new concepts, widely diffused through appealing communication strategies, has been welcomed rather negatively by established social economy networks. Much criticism was expressed towards the new wave of social entrepreneurship supporters, accused of (amongst others): massive communication efforts at the expense of depth and critical sense; exclusive focus on market-based discourses, tools and resources; denigration of public authorities as pivotal actors to address societal issues; focus on individual entrepreneurs instead of collective action anchored in civil society; and too broad definitions lacking clear boundaries and more particularly organizational guarantees for the primacy of the social mission. Several social economy networks and support structures thus perceived these new concepts and their supporters as a threat to the understanding of and support to the social economy as a differentiated alternative from the mainstream for-profit business realm.

On the other hand, social venture networks criticized social economy networks for being too restrictive in their definitions (in terms of legal form and governance), too dependent on subsidies and other types of public support, too focused in their social aims (such as the integration of low-skilled workers), too rigid in their ability to generate innovative solutions to contemporary social needs, and too reluctant to legitimize and enter into dialogue with the new approaches. Beyond the mutual suspicion, however, exchanges and collaborations have increased recently and several social economy pioneers agree that these new actors can offer an opportunity to give more visibility to the sector and to introduce and connect different actors across traditional sector borders.
2. Overview of the main social enterprise models in Belgium

The traditions reviewed in the previous section have led to three main models of social enterprise in Belgium. These models are ideal types that are implemented in different ways, as will appear in the reviews of the fields of activity. The figure below illustrates the four traditions presented above and their influence in the emergence of the three models.

Figure 1: From traditions to social enterprise models

As will be presented next, the models differ in terms of legal forms (non-profits, cooperatives, businesses), governance models (members different from users, members as users, entrepreneurial, with different levels of democracy) and combinations of general, mutual and private (entrepreneurial) interest. The three ideal-types are presented in turn, before examining their implementation in different fields of activity.

Model 1: Entrepreneurial non-profits

As mentioned before, many social enterprises have adopted the non-profit legal form (ASBL) that allows to develop commercial activities, provided that these activities are subordinated to the organization’s social mission. The general interest is clearly predominant with regard to the mutual interest, as the main goal is to support specific categories of people who are often different from the founders of the organization. The resources of most non-profit organizations remain predominantly based on public subsidies sometimes evolving towards public contracts or third-party payments. However, for some of them, the drive to consider
raising higher incomes from the market is increasing as well as the adoption of entrepreneurial tools and behaviours. Some non-profit social enterprises rely on volunteers besides salaried workers. The governance structures are most often composed of member volunteers and possibly other stakeholders: donors, experts, citizens, representatives of other associations or public bodies, but most often not the beneficiaries of the organization’s services. The decision-making in the general assembly is democratic (one member, one vote).

Model 2: Social cooperatives

The second social enterprise model is made of cooperatives that, parallel with their mutual interest orientation (towards the members), have also integrated a strong general interest orientation. It can be existing cooperatives that follow this evolution or, more often, new cooperatives that have emerged in the context of the new social economy. The members are also direct beneficiaries of the organization (as consumers, producers and/or workers) and are central actors in the governance structures, sometimes together with other stakeholders. Therefore, the “beneficiary category”, in terms of Gui’s typology (1991), controls the organization, as in the case of common-resource organizations such as those studied by Ostrom (1990).

The decision-making is democratic (one member, one vote or at least with a limitation of the voting power). The resources are mainly related to the sale of products or services on the market but may also include public subsidies or donations motivated by the general interest dimension.

Model 3: Social ventures

Finally, under the impulse of recent networks and support structures such as Poseco, Ashoka and Oksigen Lab, a small but growing number of entrepreneurial ventures emerge that share with the previous models a focus on a social mission, however differ from the other models in various ways. First, the resources are mainly based on market incomes – this is a strong claim of supporting structures that require at least 50% of market incomes for the organizations to qualify as social enterprises. The governance is not a central theme and is often led by the entrepreneur(s) together with a Board composed of experts (not users or workers for example). The goals combine general interest (the social mission) and private interest (the generation of revenues for the founders and/or investors). The centrality of the social mission is thus not a statutory requirement but it is typically secured through an external certification
(e.g. in the case of fair trade or ethical finance) or the participation in a network in which some level of mutual control takes place. While it is difficult to assess the statistical significance of social businesses in Belgium given their recent emergence and the absence of clear discriminating criteria, it is gaining ground and illustrates the emergence of hybrid forms of social enterprise on the boundary of the established understanding of the social economy. However, this model in terms of number of organization is, compared to the other two models, much less developed at this stage.

The following table provides an overview of the three ideal types, their main features and their supporting structures.

**Table 1: Overview of the three ideal-type social enterprise models in Belgium**

<table>
<thead>
<tr>
<th>Ideal type</th>
<th>Model 1 – Entrepreneurial Non-profits</th>
<th>Model 2 – Social Cooperatives</th>
<th>Model 3 – Social Ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main legal form</td>
<td>Non-profit</td>
<td>Cooperative</td>
<td>Business</td>
</tr>
<tr>
<td>Main goal</td>
<td>General interest</td>
<td>Mutual and general interest</td>
<td>Private (profit) and general interest: (blended value)</td>
</tr>
<tr>
<td>Main resources</td>
<td>Public subsidies with growing public and private contracts</td>
<td>Mixed incomes</td>
<td>Market incomes</td>
</tr>
<tr>
<td>Governance</td>
<td>Members (≠ beneficiaries) Democratic</td>
<td>Members as beneficiaries Democratic</td>
<td>Entrepreneur Democracy not central</td>
</tr>
<tr>
<td>Main networks and support structures</td>
<td>Unipso, SAW-B, Ashoka, Syneco</td>
<td>Febecoop, Cera, SAW-B</td>
<td>Poseco, Oksigen Lab, Ashoka</td>
</tr>
</tbody>
</table>
3. Social enterprise models: illustrations in different fields of activity

This section seeks to illustrate how the three models presented above find concrete expressions in several fields of the social economy: integration of low-skilled workers, personal services, social finance, fair trade, renewable energy and short food supply chains. The list is obviously not exhaustive. However, it encompasses the most significant and recent dynamics in the area and it seems reasonable to argue that a large majority of the social enterprise realities in Belgium are covered in the following field-based analyses.

3.1. Work integration social enterprises

The field of Work Integration Social Enterprises (WISEs) constitutes a major sphere of social enterprise in Belgium—and in Europe—that is considered as emblematic of the dynamics observed in social enterprises (Nyssens 2006). The emergence of the work integration initiatives dates from the 1960s when the first sheltered workshops were set up to provide work for disabled people (Grégoire 2003). A decade later, facing the limits of the traditional social policies and the increase of public deficits, actors from the civil society went into action to launch work integration initiatives to tackle exclusion from the labour market like the long-term unemployed, persons lacking qualifications or those with social problems. In the late 1980s, public authorities developed active labor policies, which aimed to integrate the unemployed people in the labor market through professional training programs, job subsidy programs, etc. (Defourny & Nyssens 2010). A second generation of WISEs thus developed within this setting and were recognized by the public authorities through various legal frameworks and accreditation schemes. With the emergence of these schemes and the increase in the number of WISEs, the field progressively structured itself through co-construction processes (Lemaître & Nyssens 2012). Indeed, WISEs took part in the definition and development of public policies, namely through the representative federations and networks involved in political lobbying and dialogue.

The competence on which work integration depends being regional, different accreditation schemes have been implemented in the three Regions of the country. It seems that before the setting-up of the legal frameworks, the sector was more abundant in the Walloon and Brussels-Capital Regions than in the Flanders Region, which implies that the legal frameworks in Wallonia and Brussels tried to embrace as much as possible the pre-existing initiatives while the legal frameworks in Flanders developed almost from scratch (Coen
Since the beginning of the 1990s, the Flemish government has indeed promoted different types of WISEs as important tools for social integration through employment. In the three Regions, the recognition of WISEs has led to an increase of the number of such initiatives that adopted the specific accreditations, which contributed to the integration of those WISEs within public policies (Lemaître et al. 2005).

More recently, the development of the “service voucher system” in Belgium strongly influenced the evolution of the Work Integration field, and particularly the increase in the number of the specific Work Integration Enterprises (Entreprise d’Insertion) in the Walloon and Brussels Regions. The quasi-market of service-vouchers in Belgium, implemented by public authorities in 2001, is mainly designed to foster the development of regular jobs for low qualified people in the housework field where services were mostly provided on the black market. Any person willing to get housework services can buy vouchers and benefit from tax reductions. The user chooses an accredited provider, which sends a worker to the client’s house. Workers are therefore hired by the providers and not directly by the households, which are clients of the providers (Defourny, Henry, Nassaut & Nyssens, 2010). The combination between the WISE model and the service voucher system has been widely applied in the Walloon and Brussels Regions, which contributed to the development of the work integration field. Today, house work represents the core business of 80% of Belgian WISEs (Defourny et al. 2010).

Various accreditation schemes coexist in the Belgian work integration landscape, according to the Region in which the WISE is established (because work integration initiatives depend on regional competences) and according to the type of work integration and the target groups they are working with. These accreditation schemes are summarized in the following table, with their specific names in the three regions, and next presented in more details for each region.

Table 2: WISE accreditation schemes in Belgium

<table>
<thead>
<tr>
<th>Description</th>
<th>Walloon Region</th>
<th>Brussels-Capital Region</th>
<th>Flanders Region</th>
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<tbody>
<tr>
<td>Work integration of disabled people</td>
<td>Entreprises de Travail Adapté (ETA)</td>
<td>Entreprises de Travail Adapté (ETA)</td>
<td>Beschutte Werkplaatsen (BW)</td>
</tr>
<tr>
<td>On-the-job training of the target public for a limited period</td>
<td>Entreprises de formation par le travail (EFT)</td>
<td>Ateliers de formation par le travail (AFT)</td>
<td>Werkervarings-ondernemingen (WEE)</td>
</tr>
<tr>
<td>Work integration of people</td>
<td>Entreprises</td>
<td>Entreprises</td>
<td>Invoegbedrijven (IB)</td>
</tr>
<tr>
<td>in difficulty through employment</td>
<td>d’insertion (EI)</td>
<td>d’insertion (EI)</td>
<td>Lokale diensteneconomie (LDE)</td>
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</tr>
<tr>
<td>Work integration of people in difficulty on the labour market and development of proximity services</td>
<td>Initiative de développement de l’emploi dans les services de proximité à finalité sociale (IDESS)</td>
<td>Initiative locale de développement de l’emploi (ILDE)</td>
<td></td>
</tr>
</tbody>
</table>

Despite the differences between the different models and accreditation schemes, WISEs fit most closely with the entrepreneurial non-profits model. Indeed, even though several WISEs have adopted the cooperative form (with a social purpose), the general interest dimension has the primacy, and the members are most often not the workers who are targeted by the social mission but rather a diversity of stakeholders concerned by the pursuit of that mission (Campi et al. 2012; Huybrechts et al. 2014). Regarding the type of income, some of them mainly rely on public subsidies like EFT, others rely much more on income coming from the market (enterprises d’insertion). In some cases, they are closer to social ventures as for example Invoegbedrijven in Flanders that can adopt a pure commercial legal form.

### 3.2. Personal services

Historically, in Europe, the sector of personal services has been raised in the domestic sphere. The “outsourcing” of these services has generally been initiated by associative dynamics. The state, acting as “guardians” of the beneficiaries, has gradually recognized these services (home care, childcare…) provided by non-profit organizations through regulation and financing (Gardin & Nyssens 2010).

In the field of home care, home care service associations (HCSOs), have a prominent place as services provider alongside local public providers. HCSOs are non-profit organizations that offer a range of care services primarily for vulnerable families, elderly or isolated people, the disabled and the sick and those coping with financial difficulties or who have suffered a loss of autonomy. Home care is the central figure of those services, i.e. help in personal care, educational aspects, administrative tasks, cleaning etc. Access to the service is subject to the achievement of a social investigation in the user's home by a social worker. The hourly rate is set by law, according to the users’ income, in order to ensure universal access to these services. HCSOs are regulated by regional authorities through a “tutelary” system (Henry et al. 2009). Developed over the years, first at national and then at regional level, the system
supports the provision of personal care services by allocating public funding to providers who comply with a set of standards and requirements, mainly regarding inputs. In other words, to perform this type of activity with vulnerable users, these structures must all be accredited by the regional authorities (in Wallonia, Brussels and Flanders) and comply with a regional regulatory framework on the quality of service and employment. Indeed, care workers must hold a specific certificate; intensity of workers’ supervision is fixed by the law; and an assessment of the user’s needs is required. This regulated activity is limited by a quota far below the demand, so there is, de facto, no competition between the providers.

The Belgian sector of personal services has been highly affected by the creation of the quasi-market of service voucher. This quasi-market system is designed to foster the creation of regular salaried jobs for low qualified persons doing housework (mainly cleaning). As already mentioned, the provision of those services is open to all kinds of organizations: a variety of for-profit and not-for-profit providers – public sector, third sector – compete on the market. Care for vulnerable people is still under the tutelary regulation and the monopoly of HCSOs. Hence, the service voucher system was not designed as a substitute for existing social policy programs in the field of home care, under which only HCSOs and public organizations are accredited and financed by regional authorities to provide personal care to dependent users. However, it has been observed that some elderly and vulnerable peoples use also the vouchers system to receive home care. Hence, besides public and for-profit organizations, two types of social enterprises compete on this quasi-market (Nassaut et al. 2008). HCSOs, while not prior wishing to register to the service voucher system for the provision of services to their target audiences, have nevertheless entered this quasi-market. They have entered the voucher system on the basis of their expertise in domiciliary care, but also in order to monitor the opening of their sector to quasi-market regulation. Specifically, they fear that other organizations operating within the ‘service voucher’ framework – though only authorized to deliver housework – actually offer home care services without being accredited for that purpose (and thus without offering any quality guarantee for the service and protection of the worker) (Defourny et al. 2008). The service-vouchers system being an employment policy in the field of home care, WISEs (see previous section) have also entered this quasi-market and therefore the sector of personal services. Their motivations were, on the one hand, the low-qualification level needed to perform housework and, in other hand the access to more financial resources.
HCSOs and WISEs involved in proximity services can both be related to the entrepreneurial non-profits model, even the WISEs that have adopted the cooperative form (see previous section), with a central general interest orientation (through both the services offered and the employment conditions), high level of public subsidies (but using the channel of quasi-markets), and governance structures mainly made of non-beneficiary members.

3.3. Organic food and short supply chains

Organic food and more particularly short food supply chain (SFSC) initiatives embrace a broad range of realities, from «Community Supported Agriculture» to other initiatives whose main activity consists in distributing local farming productions such as local cooperatives, farmer markets, groceries, delivery of pre-defined “baskets” and so on. More recently, similar practices can also be observed on the part of large retailers. Each of these organizations differ as to its resources mix balances, economic risk sharing, producers’ origins criteria, producers-consumers relationships, and the favored distribution circuits.

All the initiatives converge in terms of their willingness to relocate food trade and overcome some of the limitations of the current globalized food industry. However, the implementation of this goal heavily varies among organizations. For example, while some farmer markets or farmers’ direct-selling initiatives result from the awareness of the sanitary and ecological concerns, not all of them display such a normatively-informed sensitivity. Rather, they can be seen as mere lucrative niches. The same can be observed within cooperatives: although some coops clearly aim to respond to social goals - creating jobs for disabled people and/or people excluded from the job market, some tend to behave more opportunistically and, rather, surf on the «green wave» to create economic value.

Regarding governance arrangements, diversity can also be witnessed regarding the centrality of democratic principles. Most informal SFSCs (e.g. GAC, AMAP, GASAP) heavily rely on democratic functioning involving the beneficiaries of the activity. Small formal SFSCs such as farmers’ direct-selling initiatives, farmers markets, groceries and cooperatives. rely either on democratic or domestic principles, whereas larger formal SFSCs tend to centralize power in the hands of managers and/or shareholders. On the other hand, some large retailers seem to genuinely collaborate with small producers in order for both parties to run a profitable business and meet new ecological and economic standards.
In terms of resources, the more democratic/socio-political or ecologically sensitive SFSCs show a higher dependence on voluntary work and/or build stronger relationships with citizens and/or producers at the expense of the market interactions with *mere* consumers. Such structures also tend to be more concerned not only by their socio-political and ecological impact but also by the working conditions of their members. In such systems, the food distribution service is not so much seen as an end in itself but rather as a means to create social bonds between members or citizens. On the contrary, the more profit/shareholder-oriented SFSCs show a higher dependence on market resources and build stronger relationships with consumers at the expense of the relationships with producers and citizens (not just consumers). Such structures also tend to be more concerned by their economic survival/growth and the professionalization of their practices.

To summarize, as an emerging field, SFSCs are characterized by a broad diversity of models, some of which bear resemblances with the social enterprise models of social cooperatives and social ventures, whilst others are less because they are either very informal or on the contrary formalized as large businesses. As in other fields such as fair trade and social finance, a crucial issue for social enterprises is to build sustainable organizations whilst differentiating themselves from for-profit businesses in the eyes of consumers and other stakeholders.

### 3.4. Social finance

Social finance can be defined as financial institutions or practices that do not primarily aim for profit maximization but rather look for other benefits such as social, ecological or ethical outcomes. It involves a wide spectrum of initiatives ranging from large institutions such as social or alternative banks to small informal initiatives such as savings groups, and includes microfinance as well as collaborative finance and social crowdfunding. Only the models that are closest to the social enterprise ideal type will be considered here, i.e. neither the more informal initiatives nor the banks that, although retaining the cooperative form, have evolved towards the traditional banking model.

Unlike these historical cooperative banks, social banks and microfinance institutions are two types of alternative financial institutions that are closer to the social enterprise model and have emerged in the context of the “new social economy”. Social banks represent a new wave of cooperative banks, which are closer to cooperative values than traditional cooperative banks and which have a general interest dimension. Triodos is one emblematic example and
focuses on investments with clear societal added value. NewB is a more recent example and is still in the creation phase. It is carried by several Belgian associations and unions that have decided to create a major alternative bank with a strong general interest orientation (Bayot 2012). Despite the success of its launch, with 50,000 members who have contributed more than three million euros in capital, there is still a long way to go in terms of overcoming regulatory barriers and raising up to 60 million euros (Bayot 2011).

Microfinance refers to the provision of financial services to marginal people who do not have access to traditional banking services (Périlleux et al. 2012). Six main organizations provide microfinance services in Belgium, among which four are cooperatives. The Belgian legislation is rather favorable to microfinance. While non-banking institutions are not allowed to open savings accounts, they can, however, borrow money and provide loans.

Finally, among the more recent social finance initiatives, we can mention collaborative and local community-based social finance that take place when citizens directly finance entrepreneurs’ social projects without any intermediaries. However, most of them are very small and informal or under a non-profit association form without necessarily having paid workers. Consequently, although they have strong social mission and democratic governance, they are a bit far from the EMES social enterprise ideal type.

To conclude, we can say that social enterprises active in social finance are still quite marginal in Belgium. Social cooperatives represent the dominant institutional model, but entrepreneurial non-profit and social ventures also exist. Although they are small, these organizations represent a valid alternative to traditional finance and are becoming an important source of funds for social entrepreneurs.

3.5. Fair trade

Inherent in fair trade is the use of trade to achieve the social mission of supporting small-scale producers in the South. And, beyond such support, fair trade also aims to educate citizens and lobby governments and corporations to make international trading rules and practices fairer. Social enterprises engaging with fair trade (importing, transforming or retailing fairly traded goods) combine these economic, social and political dimensions to varying extents and through diverse organizational models and practices (Becchetti & Huybrechts 2008; Huybrechts 2012).

Pioneer fair trade social enterprises were relatively uniform in terms of organizational
structures and practices, including: non-profit legal forms, massive use of volunteers, retailing through worldshops and sympathetic networks (such as church groups), low turnovers and reliance on other funding sources such as gifts and public subsidies. The configuration of the fair trade landscape dramatically evolved throughout the 1990s with the development of product-based labelling, the increasing corporate participation, and the growth of both sales and public awareness. While some pioneer social enterprises remained relatively stable throughout this evolution, others adapted by changing their initial organizational structures and practices to reinforce their commercial profile and competitive position. In parallel, many new entrepreneurs and companies with a “100% fair trade focus” emerged in the 2000s.

In Belgium, fair trade relies on a high recognition rate in the population (86% in 2013). Despite an increasing proportion of the market being in the hands of mainstream businesses and the economic situation following the recent financial crisis, social enterprises are developing their activities under the umbrella of the Belgian Fair Trade Federation.

Based on the combination of their legal form, governance model, leaders’ profiles, goals, activities and resources, three main organizational categories can be distinguished (Huybrechts 2012) that seem to fit more or less with the three ideal types: volunteer-based non-profit social enterprises, multi-stakeholder cooperatives and social venture. While some organizations can be located on the boundary between two categories, most of them can clearly be associated with the organizations from the same category – and differentiated from the others – on several key dimensions.

First, most “Volunteer-based non-profit social enterprises” are pioneers of fair trade mainly created between the mid-1970s and the early 1990s. The volunteers form the majority of the governance structures with only limited representation of other stakeholders. These organizations rely partly on subsidies and donations, even if most of the revenues are generated through sales. Their main activities and goals are on the one hand supporting producers in the South through training and capacity-building, and on the other hand engaging in education and advocacy in the North. The trading activity is thus clearly a means to an end and is managed either totally within the structure or partly outsourced.

Second, “multi-stakeholder cooperatives” combine several aims and include diverse stakeholders in their governance structures, including a sister or a mother structure that holds part of the shares. Other stakeholders include consumers, volunteers, employees, public investors and partner social enterprises and NGOs. With the first category, they share a collective dynamic and strong connections with NGOs and activists within the broader social
movements surrounding fair trade; and with the second one, they share a strong commercial dynamic as well as mainly market-based resources. However, these market resources are reinvested in producer support, education and advocacy through the sister or mother organization to which the profits are partly allocated.

Third, “fair trade social ventures” are much more recent in the field and were created by one or few persons who developed their activity often after a personal experience with producers in the South. The key feature of these organizations is that they are managed and governed by this or these entrepreneurs, who play a central role in the social and commercial activities (education and advocacy being significantly less important in these structures). In particular, personal relationships are held by the entrepreneur(s) with a small number of producer partners (directly in the case of import and indirectly in the case of retail). The vast majority of resources is generated from sales. Governance is not developed beyond the legal requirements, but entrepreneurs tend to favour “extra-organizational governance” processes such as participation in a network in order to increase their legitimacy.

Among these three social enterprise categories, volunteer-based non-profits appear as the most fragile and declining category. The existing organizations have consolidated their model through securing volunteers and subsidies, however their influence now lies more in their mobilization capacity than in their economic weight. Newly created fair trade social enterprises tend to emerge as entrepreneurial ventures led by one or a few leaders. Most of them now remain small and rather fragile, but growth could strengthen their position. Finally, multi-stakeholder cooperatives seem to be the most stable form balancing multiple goals and stakeholders into a coherent social enterprise model, at least as long as they remain connected with their sister or mother organization and hence with the social and political goals of the broader fair trade movement. In a competitive environment with mainstream businesses gradually taking up the lion share of fair trade sales, social enterprises increasingly need to differentiate themselves by targeting innovative niches and by putting forward not only what they do (fair trade) but also what they are (social enterprises), emphasizing the consistency between their organizational model and the values and goals of fair trade.

3.6. Renewable energy

The emergence of renewable energy cooperatives (REC) in recent years has been stimulated by an increasing interest in renewable energy from the public and the implementation of policies, at the European and national levels, seeking to raise the share of energy consumption
produced from renewable resources. In line with the European 20-20-20 energy targets, the objective of Belgium is to produce 13% of its final energy consumption from renewable energy (RE) in 2020. However, the Belgian institutional context is not particularly conducive to social enterprise and cooperative initiatives. In Flanders, wind power has been developed in a top-down way based on a few large companies and little bottom-up emergence. In Wallonia, the energy generation and supply markets are also dominated by two or three large companies. However, new regulation adopted by the Walloon government makes compulsory for wind farm developers to open the capital of any new project up to 24.99% for citizen participation and to 24.99% for municipalities’ participation. In order to promote the renewable energy cooperative model in Belgium, a national federation, REScoop.be, has been created and gathers various REC. In 2014, this federation has been split into two regional sections, one for Flanders and one for Wallonia.

Renewable energy cooperatives are organizations that enable consumers themselves to co-own and invest in renewable energy generation units, such as wind turbines, photovoltaics, hydropower or biomass installations (Bauwens 2013). Their most common legal form is the cooperative company with limited liability (in which case members are only personally liable to the extent of their contribution). Most of them are companies with a social purpose and/or have been approved by the National Council for Cooperation.

Renewable energy cooperatives, while they may share with traditional cooperatives a principle of service to their members when they supply them with electricity, can be located close to the social enterprise ideal type through their strong orientation toward the general interest, expressed within two main types of activities (Huybrechts & Mertens 2014). On the one hand, the production and supply of green energy, since green energy generates positive externalities, e.g. under the form of reduced greenhouse gas emissions or reduction of resource import dependence. On the other hand, activities undertaken to encourage energy savings and rational energy use, since no one can be excluded from the benefits avoided greenhouse gas emissions due to energy savings.

These cooperatives represent 4.6% of Walloon wind power installed capacity (Apere 2014). In Flanders, Ecopower and BeauVent, the two largest Flemish cooperatives, represent 3.8% of total wind power installed capacity in Flanders. This gives a total of 23 REC and 11 local citizen organizations for the entire territory. Most initiatives are volunteer-based, with the notable exceptions of Ecopower and BeauVent which hire respectively 22 and 5.37 full-time equivalent workers.
The recent institutional changes toward more citizen and municipality participation in new wind projects described above are favorable for the creation of REC in the future. However, there are also various threats that may hinder the development of REC: reduction of public subsidies, public opposition to onshore wind power, and abuse of the cooperative model by private actors not sharing the cooperative values. A major challenge for REC is thus to gain legitimacy by asserting their distinctive social enterprise features compared to other actors.

4. Challenges and opportunities for social enterprises in Belgium

The analysis of social enterprises in Belgium has shown a rich diversity of models related to variety of sectors in which social enterprises but also to the diversity of models within some of these sectors. In most fields, however, such diversity is not (yet) recognized formally and emerging initiatives have a rather unconstrained choice regarding which model to adopt. Despite sector-based and contextual factors, the three models identified at the beginning of this paper can be observed throughout the different sectors. The following table summarizes the main models identified in each sector.

Table 3: Presence of the models in different fields of activity

<table>
<thead>
<tr>
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<th>Entrepreneurial Non-profits</th>
<th>Social Cooperatives</th>
<th>Social Ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work integration</td>
<td>X</td>
<td></td>
<td>(X)</td>
</tr>
<tr>
<td>Personal services</td>
<td>X</td>
<td></td>
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<tr>
<td>Organic food &amp; SFSCs</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Social finance</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Fair trade</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Renewable energy</td>
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</tbody>
</table>

In spite of this rich diversity, social enterprises often tend to be reduced to only a few models corresponding to one particular societal challenge. This is typically the case in Flanders and in Brussels, where public authorities tend to refer to social enterprises only in the context of work integration. Indeed, as many initiatives aiming to reintegrate disadvantaged people into society and the labour market have long been referred to as “social”, many stakeholders
including public authorities tend to see social enterprises as reduced to work integration, neglecting other initiatives and sectors. Secondly, there is a tendency, particularly in Wallonia, to put the emphasis only on highly market-oriented social enterprises that generate incomes through selling products or services in competitive markets. While this is an important and probably growing trend in the social economy, it is not the only one, if we keep in mind the EMES social enterprise ideal-type. Thus, social enterprises that develop an economic activity and take risks but that are also supported through public subsidies (increasingly with a logic of public contract), private contributions and volunteering may be neglected by this market-oriented perspective.

Finally, the diversity of social enterprise models, albeit rich and fascinating, makes it difficult to communicate about social enterprises as a distinctive and consistent model in the broader organizational typologies. Most social enterprises, moreover, borrow elements from different organizational models and can thus be seen as hybrid organizations between the government, the market and the civil society. When social enterprises emerge or evolve closer to one of these spheres, there is a risk of institutional isomorphism, which can in turn induce mission drift (Battilana & Lee 2014; DiMaggio & Powell 1983). For instance, mutual societies are clearly on the bridge linking the public and the social economy sector. In fair trade or in social finance, several ventures are on the border between the social economy and the for-profit business model. This may lead to identity and legitimacy deficits for the organizations themselves but also for the structures that promote them. Adopting a model of which the boundaries and specific features are not clearly recognized by different stakeholders may indeed be problematic when seeking public recognition, funding and other types of support. This challenge is also evident when teaching social enterprise in universities, let alone in secondary schools.

But beyond these traps on the road towards the recognition and promotion of social enterprises, what is most striking is the growing interest for it, not only on the political scene but also for a growing audience, as a matter whose understanding has to be deepened: for instance, most Belgian universities now have courses and/or research programs explicitly devoted to these realities, however they are called (most often social enterprises, social entrepreneurship or the social economy). This renewed interest is likely to both foster the creation of new social enterprises and to stimulate new entrepreneurial dynamics in the social economy, both phenomena reinforcing each other and deserving increased public visibility and academic scrutiny.
References


