

Skills in Social Economy

Trainees' Handbook



edited by

Karolos Iosif Kavoulakos Aristotle University of Thessaloniki

Skills in Social Economy Trainnees' Handbook

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Trainees' Handbook

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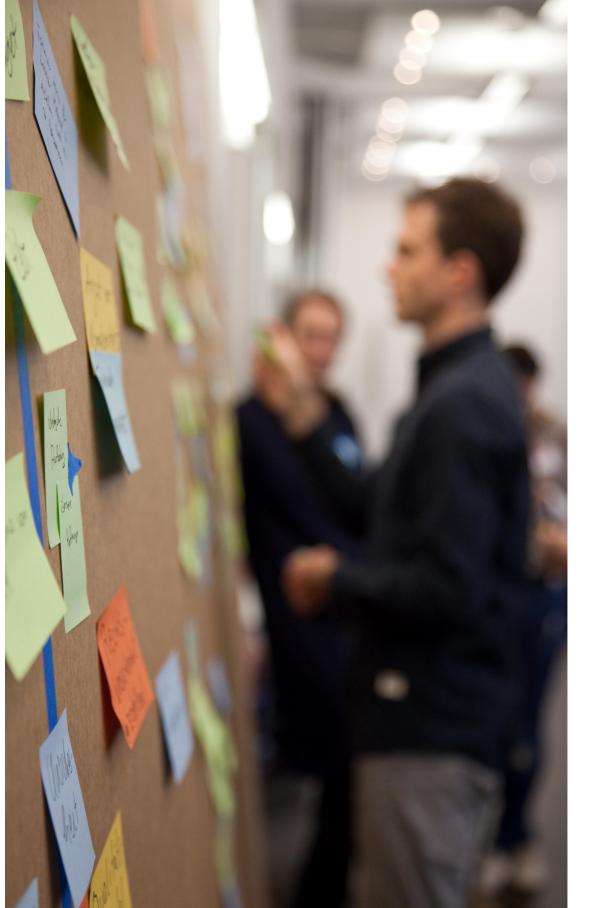
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Preface

This is a Trainees' Handbook that serves as the main educational material for the participants in the 40-hour seminar on Skills in Social Economy. It is also paired with an Educator Manual, designed to assist the Educators of the seminar. Both are supported by an e-learning platform, where the set of Manual and Handbook on Skills in Social Economy is available for download, as well as two additional sets, focusing on Resilient Sectors and the Sharing Economy respectively. The e-learning platform is available at: https://elearning.youthshare-project.org.

All the above is a product of the collective effort of the partners in the YOUTHShare project: A Place for Youth in Mediterranean EEA: Resilient and Sharing Economies for NEETs (Project No: 2017-1-345). This project is funded by the Active Youth call by the EEA and Norway Grants, and it aims to reduce youth unemployment in coastal and island regions of the Mediterranean EEA by advancing young NEETs skills in trans-locally resilient agri-food production and the pertinent circular economies. By boosting the potential of those sectors, through social entrepreneurship and sharing economy platforms, it aims to reduce economic disparities in the target area.

YOUTHShare partners who collaborated in the preparation of this trilogy of Manuals and Handbooks in resilient sectors, in social economy and in sharing economy are: the University of the Aegean (GR), the Catholic University of Murcia (ESP), the Neapolis University Pafos (CY), the Centre for the Advancement of Research and Development in Educational Technology (CY) and the Network for Employment and Social Care (GR). All three Manuals share a common structure. This structure was determined in a series of meetings and discussions between the aforementioned partners, while the content of each Manual was based on the findings of a respective Transnational Report, produced at an initial phase of the YOUTHShare project, which was then re-adjusted and further enhanced by the responsible editor(s) of each Manual.

We hope that this collaborative work will help other colleagues and educational institutions around the globe to provide training in relation to basic concepts, methods and tools in the Social Economy. Special thanks to all partners of the YOUTHShare project and, most of all, to all authors who contributed to this collective volume. We gratefully acknowledge the financial support of the EEA and Norway Grants.

The Editor

EEA and Norway Grants

The production of the present Trainees' Handbook would have been impossible without the generous support of the EEA and Norway Grants Fund for Youth Employment.

The project "A Place for Youth in Mediterranean EEA: Social and Sharing Economy for NEETs" (YOUTHShare) in the framework of which that Handbook has been developed, is funded by Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Employment.

The EEA and Norway Grants represent the contribution of Iceland, Liechtenstein and Norway towards a green, competitive and inclusive Europe. By focusing on the most disadvantaged parts of Europe, where the Gross National Income (GNI) per inhabitant is less than 90% of the European Union average, the EEA and Norway Grants aimt to reduce economic and social disparities while strengthening the bilateral relations between the donor and Central, Southern European and Baltic countries.

Since 1994, more than €6 billion have been donated by EEA and Norway Grants in fields ranging from Research, Innovation, Education, Environment, Climate Change, Low Carbon Economy, Good Governance, Fundamental Rights, Justice, Home Affairs, Civil Society, Culture, Social Inclusion, Poverty Reduction and Youth Employment.

The Fund for Youth Employment, launched by EEA and Norway Grants in 2017 and supported with €60 million, currently funds, alongside YOUTHShare, 26 projects, implemented by 200 institutions from 26 European countries. Target of the projects and the Fund itself is to promote sustainable and quality youth employment in Europe; A much needed intervention given that in 2018 approximately 15 million young people, aged 20-34, were Neither in Employment, nor in Education and Training (NEET) in the EU-28 in 2018. The highest rates across Europe are endemic in the focus countries of the YOUTHShare project with more than a quarter of young people out of the labour market in some cases. The Fund, through the 26 large-scale projects aims, through innovation and transnational cooperation, to help directly 25000 young people to find jobs or create new ones and many millions indirectly by shifting policy paradigm.

Training is a central field of intervention for the Fund for Youth Employment. New skills acquisition is expected to support the integration of young NEETs in the labour market. The YOUTHSHare project through the present Trainees' Handbook shares that specific vision and embarks on the mission of the EEA and Norway Grants Fund for Youth Employment.

A quick overview of the Manual

We welcome you to the 40-hour seminar on Skills in Social Economy with this handbook, which we hope will be a true companion throughout the seminar as well as afterwards, whenever you feel the need to revisit the information included.

Social economy is a contemporary, innovative and very promising way of entrepreneurship. More than 12% of humanity is part of at least one of the 3 million co-operatives in the world. The largest 300 co-operatives and mutuals report a total turnover of 2,034.98 billion USD. Co-operatives contribute to sustainable economic growth and stable, quality employment, employing 280 million people across the globe, in other words, 10% of the world's employed population. As memberowned, member-run and member-serving businesses, co-operatives empower people to collectively realise their economic aspirations, while strengthening their social and human capital and developing their communities. These people succeeded because they also had the tools and the skills to develop a business idea into a concrete business plan within the social economy. It is exactly those skills and tools that we will try to develop through this seminar.

In order to make this handbook as user friendly as possible, it is organised in 10 Sessions. Each session is focused on a certain topic and will be developed in a 3-hour class.

- □ The first three introductory sessions aim to familiarise you with the fundamentals of the social solidarity economy (SSE), the international co-operative principles and values, the nature of co-operative labor and the SSE legislative and regulatory framework.
- □ The next four sessions aim to develop skills that are essential to the establishment and operation of an SSE entity. We will try together to enhance your skills in choosing the legal form and economic sector of a social enterprise, navigating establishment procedures and strategic planning, and setting up the founding group, before finally focusing on management and governance systems.s.
- In the last three sessions you will acquire skills and experience in economic and social aspects of the SSE. You will receive hands-on experience of the financing needs, the sources of funding, social business planning, measuring social impact and explore the role of social franchising in the sustainability and expansion of an SSE entity.

For each of the above sessions, we have included a selection of readings that cover the most important theoretical and practical aspects of the session. In case you do not know or if you feel ambiguous about certain terms used in those texts, you may look them up in the Glossary section, which is found at the end of the handbook. Also, in each session you may find all the slides of the

pertinent presentation. In that way you can keep notes during the seminar, or revisit the content whenever you feel like it. Last but not least, each session ends with a multiple choice test, where you can test your new skills!

Don't forget to visit our e-learning platform, in which you can download this Trainees' Handbook, or use it online. There, you may also find additional educational material and assessment tools.



Coverpage of the 16th issue of the STIR magazine, dedicated to Solidarity Economics, co-produced with the team at the Solidarity Economic Association (© STIR to ACTION Magazine).

Fundamentals of Social Solidarity Economy (SSE)

SESSION 1

Introducing Social (Solidarity) Economy (SSE)

By Karolos-Iosif Kavoulakos & Kostas Nikolaou

KEYWORDS: Social solidarity economy, Social economy, Solidarity economy, Third sector, Diverse economies, Democratic governance of economic entities

READING MATERIAL

TOPIC 1: Diverse economies

⇒ A diverse economy: rethinking economy and economic representation

Suggested for Beginners & Experienced Users (click here to access it)

The text explores the diverse economy approach. It discusses the contribution of the diverse economy iceberg to the deconstruction of the dominant representation of economy. It discusses also how the diverse economy table could help the emergence of our non-capitalist economic identity, that is a precondition to develop alternative forms of economic activities.

⇒ What are Economies?

Suggested for Beginners & Experienced Users (click here to access it)

This short text begins with an alternative definition of the economy and contrasts it with the mainstream views. The text ends with a quick view on the diverse economies iceberg highlighting the plurality of economic forms that sustain livelihoods with a range of activities that rarely enter into mainstream thinking about economies.

⇒ Diverse Economies Framework

Suggested for Beginners & Experienced Users (click here to access it)

This short text presents part of the diverse economy table, highlighting the diverse forms of transactions, labour and enterprises.

TOPIC 2: Defining the Social Solidarity Economy (SSE). Some successful cases

⇒ Social Solidarity Economy and related concepts

Suggested for Beginners & Experienced Users (click here to access it)

This article provides a definition of Social Solidarity Economy and related concepts like social economy, solidarity economy, third sector, popular economy etc. All these concepts are related to their historical and geographical origins.

⇒ Global Vision for a Social Solidarity Economy

Suggested for Beginners & Experienced Users (click here to access it)

This paper begins with an examination of the SSE as a pathway to transformative and systemic change. Then, it re-affirms the values of the SSE; explores the diversity of actors, sectors and practices constituting the SSE; strategies used by SSE movements; and finally how it is related to key concepts.

⇒ EU Social Economy

Suggested for Beginners & Experienced Users (click here to access it)

Pages 23-28 present the definition of Social Economy by the European Parliament.

⇒ Mondragon Corporation

Suggested for Beginners & Experienced Users (click here to access it)

Mondragon is the biggest co-operative group in the world. The text gives information about the history, culture and business sectors of this corporation. Mondragon is an example of what large scale co-operatives can achieve.

TOPIC 3: Presentation of the seminar program

⇒ The seminar program

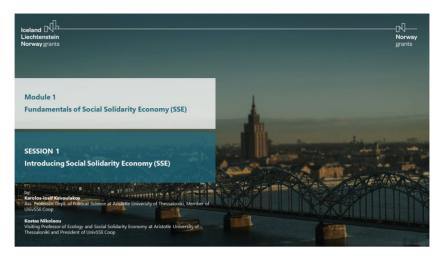
Suggested for Beginners & Experienced Users

A table of the seminar program is distributed to all participants in a hard copy and electronically. The table contains the three modules and the ten sessions of the seminar, including the session authors and their professions.

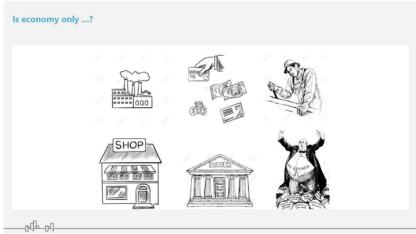
OTHER USEFUL SOURCES

- Mondragon Corporation (<u>click here to access it</u>)
- □ RIPESS (click here to access it)
- □ What is social economy (<u>click here to access it</u>)
- Social Consumer Co-operative BiosCoop (click here to access it)

NOTES	



SLIDE 2



SLIDE 3



What is economy? (Continued)

Economies involve all human activities that produce, distribute, exchange and consume goods and services. Economic activities bring people into relation with each other and with their environment to forge ways of living. There are many different ways in which people arrange livelihoods and economic systems of interaction and interdependence.



SLIDE 4

_dL_d

Diverse economies table

Labor	Enterprise	Transactions	Property	Finance
Wage Low-wage workers in a clothing factory in Costa Rica Salaried sales manager in a clothing retailer in Hong Kong	across Southeast Asia • Small clothing retailer in London that employs ten staff	Market Retail outlets in shopping malls, airports, and main streets across the United States International mail-order and online sales by prêt-à-porter labels based in the United States	Private Trademarked labels and designs of fashion houses in Paris	Mainstream Market Bank finance for expansion of Canadian retail chain into the United States
Alternative Paid Self-employed fashion designer in New Zealand Home-based piece worker in Honduras	Alternative Capitalist Organic cotton company that uses no herbicides or pesticides STFC not-for- profit company in which the embroiderers are	Alternative Market Thrift shops run by charities Online sales by individuals Mitumbs (second-hand clothing) markets in Tanzania	Alternative Private • Clothing shared between siblings in a household	Alternative Market • Microfinance loan to a woman in Bangladesh to buy a sewing machine
Unpaid Householder sewing clothes for self and family members Friends helping each other sort out their clothing wardrobes	shareholders Noncapitalist • Cooperative of machinists in Argentina	Nonmarket Parents giving baby clothes for best friend's new baby) Panily donating an international charity working in an earthquake- affected area	Open Access Sheena's online blog that described how different fashion looks have been put together	Nonmarket • Loan from family members to help start a small fashion business

SLIDE 5

Diverse economies iceberg

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SLIDE 6



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Recognising diverse economies in my community

Activity

Reflect on the following

- What did you do yesterday (from waking to sleeping)?
- · What kind of work was involved in each activity?
- Was this activity performed with someone and/or for another person?
- Which activities contributed to material or social well-being, individual or collective well-being?
- How many of these activities involved paid work in a market-oriented business?

SLIDE 8

Recognising diverse economies in my community

8	Activity
---	----------

Use this table

Activity	Kind of work	The role of others	Kind of well-being	involved paid work in a market- oriented business YES: O, NO:X
.n				

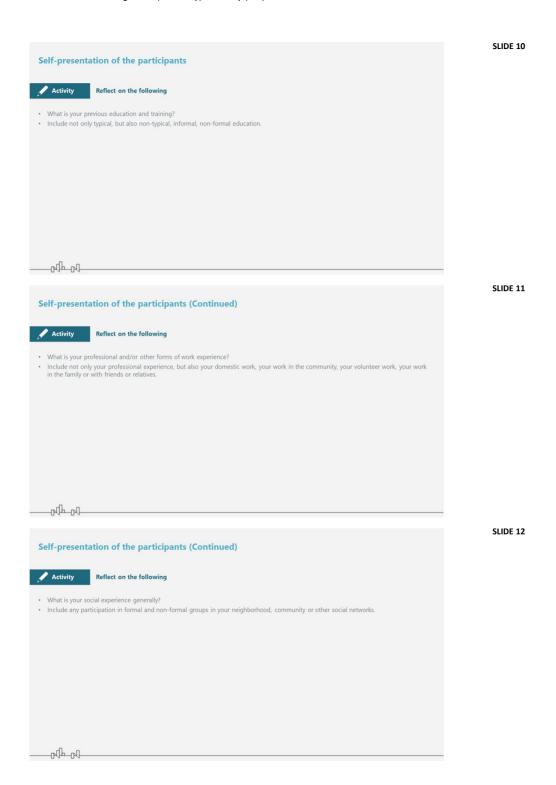
SLIDE 9

Diverse economies

Diverse economies are an alternative understanding of the economy that includes all activities that bring societies wealth (production, reproduction, domestic work, non-profit or voluntary organisations etc). The main idea is that economies are based on a broad spectrum of economic activities that go far beyond the idea that economy consists solely of private or state owned companies, salaried work and the mainstream market.



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Defining the Social Solidarity Economy (SSE): Related concepts I

The social economy includes all economic activities undertaken by enterprises, mainly co-operatives, associations and mutual societies, which adhere to the following principles: providing members or the community a service rather than generating profit, independent management, democratic decision-making, and priority given to persons and work over capital in the distribution of income (Adam 2016).

Third sectorone

"Third sector" is a term is usually used interchangeably with social economy or solidarity economy. It refers to the part of the economy that is between or beyond the state sector and the private sector. It includes voluntary and community organisations, charities, co-operatives, social enterprises and mutual.

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SLIDE 14

Defining the Social Solidarity Economy (SSE): Related concepts II

The **solidarity economy** includes all economic activities that aim at economic democratisation on the basis of citizen participation and which involve a dual partner that

- a) economic because they attempt to create economic relations based on reciprocity while making use of resources from the market and welfare state redistribution: and
- b) political because they attempt to create autonomous public spaces and open up discussion on both means and ends (Adam 2016).

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SLIDE 15

Defining the Social Solidarity Economy (SSE)

Social (and) Solidarity Economy

"Social (and) Solidarity Economy" is used in order to denote the synthesis between two conceptual frameworks; the social economy and the solidarity economy. The term social and solidarity economy intends to denote an identified need for social economy practices to return to their principles, somewhat eroded over the years. Therefore, we could identify a historical difference between the two frameworks. The social economy seems more assimilated in the dominant framework, whereas the solidarity economy is considered more radical in perspective.

Defining the Social Solidarity Economy (SSE): Distribution of Surplus

- · Only work is paid. Not the capital.
- There is no individual appropriation of the surplus of an economic entity.
- Part of the surplus is distributed to the workers of the economic entity.
- Another part of the surplus returns to the society.

Defining the Social Solidarity Economy (SSE): Democratic governance

Democratic governance is one of the distinctive features of social economy enterprises. Every member has one vote. All important decisions are made by all participants, mainly in assemblies.





Successful large scale case: Mondragon Corporation

- The Mondragon Corporation was founded in 1956 in Mondragon, Basque Country, Spain.
- Today it is a global alternative enterprise that is active in industry, finance, retail, education and research.
- Mondragon has 103 co-operatives, 15 technology centres.
- About 75,000 employees, total sales of 12 billion euros.
- 14 million euros are directed to social actions.
- The main goal is to increase employment through the creation of new co-operatives, as a part of a plan for social transformation.
- This goal has had a positive impact on the local economy.
- In times of crisis, existing jobs have been largely retained due to the group's policy of retraining and relocating workers between co-operatives.







SLIDE 17

SLIDE 18

Successful small scale case: Non-profit Consumer Co-operative BIOS (Thessaloniki)

- Founded 2011, open since 2013.
- More than 400 members. Always open to new members.
- Every member pais a150 euro co-operative share.
- 8-9 members provide paid work everyday.
- · Many members offer voluntary unpaid work.
- All important decisions are made in the general assembly.
- · Every week there is an open board meeting.
- · Motto: "To get food in our hands".
- The goal of Bios Co-op is not to make profits for its members but to **cover** the basic nutritional **needs** of its clients and members during these challenging times we are facing.
- Prices are the same for members and non-members, and any surplus at the end of each fiscal year will be returned to members and the local community.





SLIDE 20

Advantages of the Social Solidarity Economy (SSE)



Reflect on the following

- Do you feel better when there is a competition between workers or when there is co-operation between them?
- Do you feel better when one becomes rich from the work of others or when all workers can ensure the well-being of both themselves and society?
- Do you feel better when decisions are taken by one and the others obey or when people co-decide and co-create?



SLIDE 21

Presentation Topic 3: the seminar program

Module 1. Fundamentals of Social Solidarity Economy (SSE)

Session 1. Introducing Social Solidarity Economy (SSE)

- Seminar Presentation
- Introduction to Social Solidarity Economy (SSE)

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SLIDE 22 Presentation of the seminar program Module 1. Fundamentals of Social Solidarity Economy (SSE) Session 2. Working with Co-operative Principles · International Co-operative Principles and Values The Co-operative Labour Authors Aspa Papafilippou PhD in Co-operatives Sociology, Vice President of Education of UnivSSE Coop Kostas Nikolaou Visiting Professor of Ecology and Social Solidarity Economy at Aristotle University of Thessaloniki and President of UnivSSE Coop MLM SLIDE 23 Presentation of the seminar program (Continued) Module 1. Fundamentals of Social Solidarity Economy (SSE) Session 3. SSE Legislation and Rules SSE Legislative and Regulatory Framework Ifigeneia Douvitsa Adjunct Lecturer Hellenic Open University, Greece UnivSSE Coop member MA SLIDE 24 Presentation of the seminar program (Continued) Module 2. Establishment and Operation of an SSE Entity

Authors:

Session 4. Choosing Legal and Economic Field Choosing an Economic Sector and Activity

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Hellenic Open University, Greece

· Choosing the Legal Form

UnivSSE Coop member



Presentation of the seminar program (Continued)

Module 2. Establishment and Operation of an SSE Entity

Session 5. Establishment and Planning

- Establishment Procedures
- Strategic Planning

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Presentation of the seminar program (Continued)

Module 2. Establishment and Operation of an SSE Entity

Session 6. The Founding Group

· Strategic Planning

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SLIDE 27

Presentation of the seminar program (Continued)

Module 2. Establishment and Operation of an SSE Entity

Session 7. SSE Management and Governance

- Social Feasibility and SSE Comparative Advantages
- SSE Management
- SSE Governance

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SLIDE 28 Presentation of the seminar program (Continued) Module 3. Economic and Social Aspects Session 8. SSE Funding · Financing Needs Sources of Funding Author: Yiorgos Alexopoulos Senior Researcher, Agricultural University of Athens, Greece UnivSSE Coop member MA SLIDE 29 Presentation of the seminar program (Continued) Module 3. Economic and Social Aspects Session 9. Social Business Plan and Social Impact · Social Business Planning Social Impact Athanasios K. Devetzidis, M.Sc , M.A. UnivSSE Coop member M-M SLIDE 30 Presentation of the seminar program (Continued) Module 3. Economic and Social Aspects Session 10. Social Franchising Expanding and replicating a successful social enterprise Venetia Barbopoulou MA - Member of People's University of Social Solidarity Economy

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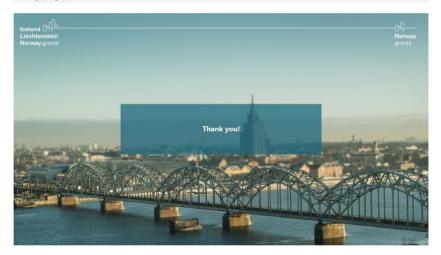
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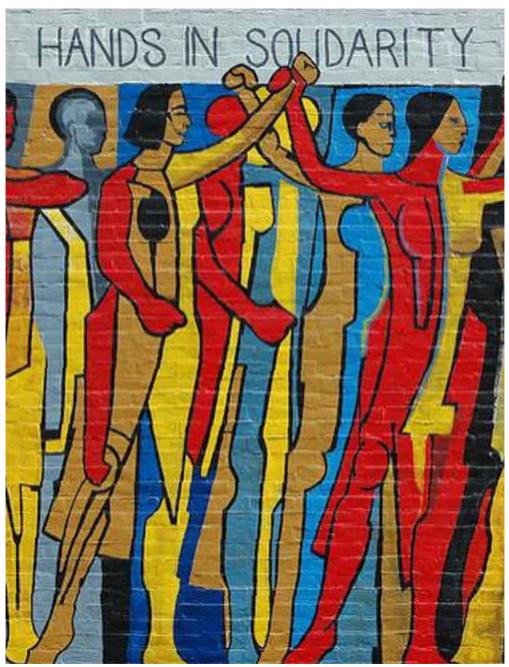
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SLIDE 32



NOTES		



Solidarity is an awareness of shared interests, objectives, standards, and sympathies creating a psychological sense of unity of groups or classes (Wikipedia). Did you know that Solidarity is also one of six principles of the Charter of Fundamental Rights of the European Union? (© Terence Faircloth. This is a part of the mural 'Hands in Solidarity, Hands of Freedom' painted on the side of the United Electrical Workers trade union building in Chicago by the artist Dan Manrique Arias in 1997).

Multiple choice test

Question 1: What is included in the economy?

- a. Only profits, private companies, employees, bosses.
- b. Only co-operatives, democratic governance, equal distribution of surplus.
- c. Both the above and much more.
- d. None of the above.

Question 2: What activities are part of the economy?

- a. All human activities that produce, distribute, exchange and consume goods and services.
- b. All human activities that produce, distribute, exchange and consume goods and services in capitalist markets.
- All human activities that produce goods and services in order to be sold on the markets.
- d. None of the above.

Question 3: How is it possible to make economic transactions?

- a. Only by using money.
- b. Only in barter systems.
- c. Only by giving gifts.
- d. All of them and many more.

Question 4: Which is the only type of enterprise?

- a. There are many types of enterprise.
- b. Private companies.
- c. State companies.
- d. Family companies.

Question 5: Is employment by a private company the only way to make a living?

- a. Yes.
- b. No, there are many possibilities.
- c. No, you could create your own business.
- d. No, you could find a job in a state company.

Question 6: Name one of the basic features of SSE entities.

- a. High profitability.
- b. Technological innovation.
- c. Democratic governance.
- d. None of the above.

Question 7: Is it possible to create a large scale co-operative?

- a. No. It is impossible.
- b. Yes. It is possible.
- c. It is possible, but hasn't been done yet.
- d. There is no need for large scale co-operatives.

Question 8: Which of the following terms are close to "Social Solidarity Economy"?

- a. Third sector.
- b. Social economy.
- c. Solidarity economy.
- d. All of them.

Question 9: To which form of economy could social values like humanism, democracy, solidarity, equality, and justice be attributed?

- a. Capitalist Economy.
- b. State Economy.
- c. Social Solidarity Economy.
- d. None of them.

Question 10: Are small scale co-operatives based only on volunteer work?

- a. Yes.
- b. No.
- c. It depends.
- d. I don't know.



OPEN MEMBERSHIP

DEMOCRATIC CONTROL

ECONOMIC PARTICIPATION

AUTONOMY

TRAINING

CO-OPERATION

CONCERN FOR THE COMMUNITY



Training is just one of the seven co-operative principles by which co-operatives put their values into practice © Tungilik, processed by I. Pissourios)

Fundamentals of Social Solidarity Economy (SSE)

SESSION 2

Working with Co-operative Principles

By Aspa Papafilippou & Kostas Nikolaou

KEYWORDS: Co-operative Identity, Co-operative Values, Co-operative Principles, Co-operative Labour

READING MATERIAL

TOPICS 1-8: What a co-operative is, the co-operative values and the seven co-operative principles

⇒ Guidance Notes to the Co-operative Principles

Suggested for Beginners & Experienced Users (click here to access it)

The International Co-operative Alliance (ICA) is the global steward of the Statement on the Co-operative Identity, Values and Principles of the co-operative movement. In 1995, the ICA adopted the revised Statement on the Co-operative Identity which contains the definition of a co-operative, the values of co-operatives, and the seven co-operative principles The Co-operative Principles included in the Statement have been forged in the furnace of over 150 years of practical experience of what constitutes the foundational principles necessary for the successful operation of a sustainable co-operative enterprise. The seven Co-operative Principles are the internationally agreed foundational principles that, when applied to the day-to-day governance and management of co-operative enterprises, enables them achieve the objective of meeting their members' needs and aspirations.

⇒ Blueprint for a Co-operative Decade

Suggested for Beginners & Experienced Users (click here to access it)

The starting point for the strategy for a global co-operative future is the powerful claim which co-operatives make to the outside world: that they have a way of doing business which is both better, and brings a more effective balance to the global economy than the dominance of one single model as now. These are the five interlinked and overlapping themes of the Blueprint strategy: identity, participation, sustainability, capital, legal framework.

TOPIC 9: The co-operative labour

⇒ Social and legal aspects of the co-operative labour

Suggested for Beginners & Experienced Users (click here to access it)

The nature of labour in a co-operative is one of the key features of its social identity. As a co-operative has a dual nature, economic and social, co-operative labour is not just an economic feature but also a social one. An important basis for understanding the nature of labour in a co-operative is the relevant standards and the principles of the International Co-operative Alliance (ICA) and the International Labour Organisation (ILO). According to them, for a cooperative member who works in a co-operative, this is neither a salaried job nor a self-employment. There can be neither bosses nor salaried workers, so there can be no "bosses-salaried" relationship in a co-operative. The legislation of each country defining the form of social security usually creates confusion about the labour nature in a co-operative. The type of insurance coverage (imposed by state law) of the co-operative working members is independent of the co-operative labour nature and does not determine it. Capital implies wage labour, wage labour presupposes capital. Co-operatives abolish wage labour. They hire capital rather than labour. This is a fundamental characteristic. Employment is based on the purchase of a co-operative membership share, not the sale of workers' labour power.

⇒ Co-operatives and Employment

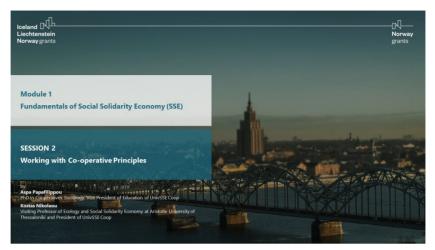
Suggested for Beginners & Experienced Users (click here to access it)

This report presents a more in-depth analysis of the three basic forms of cooperative work and examines specific cases, such as freelancers' co-operatives where members mutualise an employee status, labour co-operatives that do work intermediation, or multi-stakeholder co-operatives where worker members co-habit with other types of members in exerting democratic control over the enterprise.

OTHER USEFUL SOURCES

- International Co-operative Alliance (ICA) (click here to access it)
- □ International Labour Organization (ILO) (<u>click here to access it</u>)
- □ CICOPA (click here to access it)

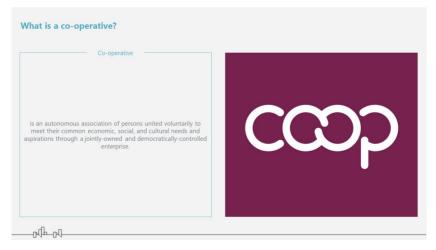
NOTES			



SLIDE 2



SLIDE 3



The co-operative values

Co-operatives are based on the values of:

- self-help
- · self-responsibility
- democracy
- equality
- equity and
- · solidarity.

In the tradition of their founders, co-operative members believe in the ethical values of:

- honesty
- openness
- · social responsibility and
- caring for others.



_0/h_0/

Voluntary and open membership (1st co-operative principle)

- Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- Voluntary and open membership without discrimination to persons willing to accept the responsibilities of membership is a core principle and has been from the beginning of the cooperative movement in the first half of the 19th century.
- It reaffirms the importance of people choosing voluntarily to participate in and make a commitment to their co-operative.
 People cannot be made to be co-operators.
- It is a voluntary act to join and to be involved with others to achieve shared economic, social and cultural needs and aspirations.
- This first Principle is an expression of the right to freedom of association.



MLM

Democratic member control (2nd co-operative principle)

- Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions.
- Men and women serving as elected representatives are accountable to the membership.
- In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.
- Democracy is a simple concept: the governance or control of an organisation by its members through majority decisionmaking.
- In co-operatives, 'democracy' includes considerations of rights and the responsibilities, which attend such rights. But it also means fostering the spirit of democracy within co-operatives, a never ending difficult, but socially valuable and essential task.



SLIDE 4

SLIDE 5

SLIDE 6

Member economic participation (3rd co-operative principle)

- Co-operatives exist to meet the needs of people, not primarily to generate a speculative return on capital invested in them.
- The primary motive for people forming a co-operative is to be self-reliant. This 3rd principle describes how members invest in their co-operative, raise or generate capital and allocate surpluses.
- Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative.
- Members usually receive limited compensation, if any, on capital subscribed as a condition of membership.
- Members allocate surpluses for any of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefitting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Source: https://guides.co/g/guidance-notes-to-the-co-operative-principles/79714



SLIDE 8

Clarifying the concepts of co-operative free-entry, democratic control and co-operative share

Activity

MLM

Form pairs

On the **top of the paper** you will be given, write concepts that are related to or synonymous with:

- · co-operative free will
- open participation
- · democratic control
- financial participation /co-operative share



SLIDE 9

Clarifying the concepts of co-operative free-entry, democratic control and co-operative share (Continued)

Activity

Form pairs

At the bottom of the page, write concepts that are opposed to:

- co-operative free will
- open participation
- democratic control
- · co-operative share





Clarifying the concepts of co-operative free-entry, democratic control and co-operative share (Continued)



Form pairs

- Pick one person from your team to select the most representative words from the synonyms and antonyms.
- · Present your choices to the other teams.
- Now discuss and make the final choices that will represent the whole class.



_W_W

Clarifying the concepts of co-operative free-entry, democratic control and co-operative share (Continued)

Activity

Form pairs

The final selection of choices that represents the whole class is transferred to a final paper of the whole class.



Mron

Autonomy and independence (4th co-operative principle)

- Co-operatives are autonomous, self-help organisations controlled by their members.
- If they enter into agreements with other organisations, including governments, or raise capital from external sources they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
- The integrity of a co-operative as an autonomous and independent organisation rests on the co-operative values of self-help, self-responsibility and democracy.
- The 4th principle primarily focuses on the relationship of cooperatives with national governments and international governmental organisations, although it also has implications for the relationship between co-operatives and other commercial entities, such as a commercial lender providing capital to a co-operative and suppliers and others in a dominant position in the value chain.



_M_M

SLIDE 10

SLIDE 11

Education, training and Information (5th co-operative principle)

- Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative
- They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operation.
- Co-operative education needs to be equally as bold, innovative and imaginative today, embracing the opportunities provided by new technologies, strengthening links with universities to encourage research, and using education to disseminate research findings to inform policy makers, members, and the wider public.
- Successful co-operative education needs to be adaptable and never forget its core purpose, namely to develop a deeper understanding of the nature and benefits of co-operation today and tomorrow.
- The co-operative movement is not a rules-based movement, but a values and principles-based movement.





SLIDE 14

Co-operation among co-operatives (6th co-operative principle)

- Co-operatives serve their members most effectively and strengthen the co-operative movement **by working together** through local, national, regional, and international structures.
- This 6th principle is a practical expression of the cooperative value of solidarity.
- It is a principle that differentiates co-operatives from other forms of business enterprise, some of which may share the values of co-operatives without commitment to co-operative values and principles.
- Commitment to co-operation among co-operatives is the hallmark of co-operative business enterprise.
 - Because it is the clearest expression of our common desire to create a better more sustainable and equitable economic future for all humanity.





SLIDE 15

Concern for community (7th co-operative principle)

- Co-operatives work for the sustainable development of their communities through policies approved by their members.
- The 7th principle combines two elements of the Co-operative values in the Alliance's Statement on the Co-operative Identity: those of 'self-help and self-responsibility' and "the ethical values of honesty, openness, social responsibility and caring for other."
- This combination of these two elements arises because cooperatives emerge from and are rooted in the communities in which they conduct their business operations.
- Their success is based on their ability to support those communities to develop in a sustainable way.



Source: Statement On The Co-operative Identity



Building a (house) co-operative, its essence (autonomy, education, collaboration, community interest)



Building a house

- dependence
-
- self-interest
- unanimity
- lack of education
- disagreement
- speculation
- common good
 targeting individual profit
- financial dependency
- team Spirit
- open entry
- free will





SLIDE 17

SLIDE 16

Building a (house) co-operative, its essence (autonomy, education, collaboration, community interest) (Continued)

Activity

Form two groups

- Group 1: Choose the words that are useful and necessary to build a house.
- Group 2: Choose the words that do not belong and need to be left outside the house.



M-M

Building a (house) co-operative, its essence (autonomy, education, collaboration, community interest) (Continued)



Form two groups

- · Reveal which words each team has chosen.
- Explain why you have chosen the specific words and discuss any differences.



M-01

The co-operative labour

- The nature of labour in a co-operative is one of the key features of its social identity.
- As a co-operative has a dual nature, economic and social, cooperative labour is not just an economic feature but also a social one.
- An important basis for understanding the nature of labour in a co-operative is the relevant standards and the principles of the International Co-operative Alliance (ICA) and the International Labour Organisation (ICD).
- According to them, for a co-operative member who works in a co-operative, this is neither a salaried job nor a selfemployment
- There can be neither bosses nor salaried workers, so there can be no "bosses-salaried" relationship in a co-operative.
- The legislation of each country defining the form of social security usually creates confusion about the labour nature in a conperative.
- The type of insurance coverage (imposed by state law) of the co-operative working members is independent of the co-operative labour nature and does not determine it.
- Capital implies wage labour, wage labour presupposes capital.
- Co-operatives abolish wage labour.
- They hire capital rather than labour. This is a fundamental characteristic.
- Employment is based on the purchase of a co-operative membership share, not the sale of workers' labour power.

Source: SOCIAL AND LEGAL ASPECTS OF THE CO-OPERATIVE LABOR



SLIDE 20

What are the key differences between the different types of labour: co-operative labour, salaried and self-employment?

Activity

What are the key differences between the different types of labour

- · Co-operative labour.
- · Wage labour.
- · Self-employment.



_M_M

SLIDE 21

What are the key differences between the different types of labour: co-operative labour, salaried and self-employment? (Continued)

Activity

Discuss your opinions

- · What is the exact nature of each type?
- Do you have any personal experience of these?



-Mh-M





NOTES			

Multiple choice test

Question 1: Which of the following is most similar to a co-operative?

- a. Company
- b. Pharmacy
- c. Medical Center
- d. Environmental Protection Association

Question 2: In which case is a business controlled by its members?

- a. In a co-operative business
- b. In a bank
- c. In a multinational corporation
- d. In any of them

Question 3: Which of the following requires financial participation from its members?

- a. Parents' Association
- b. Workers' Association
- c. Co-operative
- d. All the above

Question 4: Which organisation is autonomous, self-helping and controlled by their members?

- a. Limited company (Ltd)
- b. Public Limited Company (PLC)
- c. Co-operative
- d. All the above

Question 5: At what level of education is co-operative education usually included?

- a. Primary
- b. Secondary
- c. Tertiary
- d. None of the above

Question 6: Which of the following organisations include collaboration?

- a. Co-operative Union
- b. Cultural Club
- c. Doctors Without Borders
- d. All the above

Question 7: Which of the following organisations work mainly for the sustainable development of their communities?

- a. Limited Company (Ltd)
- b. Public Limited Company (PLC)
- c. Co-operative
- d. None of the above

Question 8: For a co-operative member who works in a co-operative, this is:

- a. A salaried job
- b. A self-employment
- c. Another type: co-operative labour
- d. None of the above

Question 9: In a co-operative:

- a. There can be neither bosses nor salaried workers
- b. There can be bosses
- c. There can be salaried workers
- d. All the above

Question 10: Co-operative employment is based on:

- a. The sale of workers' labour power
- b. The purchase of a co-operative membership share
- c. The bank financing
- d. None of the above





Cooperatives Europe is the voice of cooperative enterprises in Europe.

On behalf of its 84 member organisations from 33 European countries across all business sectors it promotes the cooperative business model in Europe.

Learn more for the Cooperatives Europe at: https://coopseurope.coop/

Cooperatives Europe" is the voice of co-operative enterprises in Europe. On behalf of its 84 member organisations from 33 European countries -earn more about "Cooperatives Europe" at: https://coopseurope.coop/(© Coopseurope) across all business sectors it promotes the co-operative business model in Europe.

Fundamentals of Social Solidarity Economy (SSE)

SESSION 3

SSE Legislation and rules

By Ifigeneia Douvitsa

KEYWORDS: Co-Construction, Co-Operative Legislation, Co-Operatives, European Co-Operative Society, Law, National Constitutions, Public Policy, SSE Actors, SSE Enterprises, SSE Legislation

READING MATERIAL

TOPIC 1: Public policy and law: defining the concepts

⇒ Understanding and applying basic public policy concept

Suggested for Beginners (click here to access it)

Public policy is defined as a decision made by the government to either act, or not act in order to solve an issue. In reality, public policies usually do not tackle a single issue, but an array of clusters of entangled and long-term problems. When developing a public policy the following key phases (also referred to as the public policy cycle) take place: 1. The emergence of a problem, 2. Placing this problem on the government's agenda in order to find a solution. 3. The formulation of various alternatives to resolve the problem. 4. The adoption of a policy. 5. The implementation and evaluation of the policy. Although public policies are made by elected officials acting in concert with advisors from the higher levels of the administration, the policy cycle links a variety of actors (e.g. Public Servants, Political Parties, Media and Interest Groups). In order to implement the goals of public policies, there are a variety of policy instruments to be used (e.g. laws, taxation, subsidies).

TOPIC 2: The public policies and laws on SSE

⇒ Promoting Social and Solidarity Economy Through Public Policy

Suggested for Beginners & Experienced Users (click here to access it)

Public policies of SSE present a great variety. They can cover multiple scales (local, national, international) and be comprehensive, prescribing for the whole SSE or be specific, targeting for instance only some SSE groups. Although their role in SSE development is acknowledged, they are considered to be a double-edge knife. On one hand they can create an enabling environment supporting the SSE development, such as by enacting laws that acknowledge the SSE and its actors, by developing programs that facilitate access to credit, by providing subsidies, technical assistance and prescribing tax exemptions. On the other hand, such public policies may also encourage the development of clientelism, the SSE actors state dependency and may become short-lived each time a new leader or party takes power.

⇒ Legal and political recognition of social solidarity economy (SEE). An overview on SSE public policies and guidelines.

Suggested for Beginners & Experienced Users (click here to access it)

There is a growing number of countries that recognise the SSE sector in their national legislation. In many cases, such development was a result of public policy co-construction. In other words, the policy-making process was not a result of a top-down approach, but, instead, the SSE actors participated in the process. Furthermore, there are different types of legal and political recognition of the SSE, which are- among others: the inclusion of provisions on SSE in the national constitution, the enactment of framework laws (or general laws) on SSE, which define the sector of SSE, its principles and values and also include supportive measures for their development, as well as specific laws on particular SSE actors.

TOPIC 3: The case of co-operative law

⇒ Guidelines for cooperative legislation

Suggested for Advanced Users (click here to access it)

Co-operative legislation stipulates- among other things- the requirements and process for the co-operative's establishment, the minimum content of its bylaws, its administrative organs, its profit distribution and taxation, its dissolution, as well as the formation of co-operative unions and federations. Apart from the national co-operative laws that prescribe for co-operatives' activities within national borders, there is also the EU(Council Regulation (EC)

No 1435/2003 of 22 July 2003 on the Statute for a European Co-operative Society (SCE)which enables individuals and legal persons from at least two different member states of the European EconomicArea (EEA i.e. the EU, Iceland, Liechtenstein and Norway)to set up a European co-operative society in order to undertake cross-border activities.

⇒ Study on the implementation of the Regulation 1435/2003 on the Statute for the European Cooperative Society (SCE)

Suggested for Beginners & Experienced Users (click here to access it)

The study offers a valuable source of information on the existing co-operative legislation of 30 European countries. In its concluding remarks it is noted that the majority of the European countries have co-operative- specific provisions in their legislation. In most cases there is a general co-operative law, the provisions of which are applicable in principle to all types of co-operatives. In other cases a general law co-exists with specific laws applicable to particular co-operative types. The laws in some countries are described as strict, whereas in others the legislator provides some space to the co-operators to specify their governance and operation in their statutes.

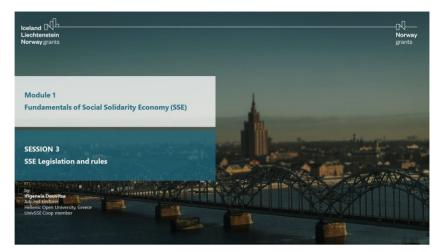
⇒ Blueprint for a Co-operative Decade (Chapter 4- Legal Framework)

Suggested for Beginners & Experienced Users (click here to access it)

The International Co-operative Alliance is the apex organisation that represents co-operatives worldwide. One of the strategic pillars for a co-operative decade has been an enabling legal framework that safeguards their co-operative identity. The chapter of this study informs the reader on the role of co-operative law in the co-operatives' development, as it is perceived by the international co-operative movement.

OTHER USEFUL SOURCES

- socioeco.org /public policy (click here to access it)
- Coop News/ legal (<u>click here to access it</u>)
- □ ILO /Coop Unit (click here to access it)



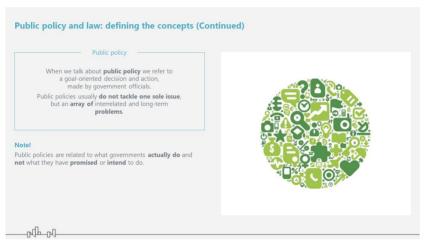
SLIDE 2

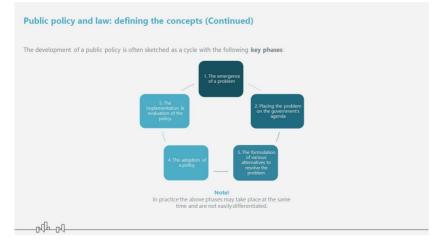






SLIDE 4





Public policy and law: defining the concepts (Continued)

Public policies are made by:

- Elected officials.
- With the support of advisors from the higher levels of the administration

Nevertheless, various actors may be involved in a public policy cycle such as:

- · Public Servants.
- Political Parties.
- Media.
- Interest Groups.



SLIDE 8

Public policy and law: defining the concepts (Continued)

- There is a variety of public policy tools that are used by governments.
- · The purpose of such policy tools is to:
 - · Influence the way people behave
 - · Realize social, political or economic conditions.
 - · Provide services to the public





SLIDE 9

Public policy and law: defining the concepts (Continued)

The main types of such tools are:

- 1. Doing nothing: in this case the government decides not to act
- Information-based: in this case the government aims to influence people's behavior through knowledge transfer, communication and moral persuasion. For example organizing a public campiagn to raise awareness on HIV.
- Expenditure-based: in this case the government provides grants, contributions, vouchers to achieve the aimed result. E.g. education voucher for the long-term unemployed.
- Regulation: in this case the government aspires to achieve the desired outcome by
 enacting rules that command or prohibit a particular behavior. In practice, regulation is
 one of the most used public policy tools by governments.
- 5. Law:
 - a) is a prominent **tool** to implement public policy goals,
 - sets a model of behavior for its recipients (e.g. citizens, enterprises, local authorities etc).
- Acting directly: in this case the government acts as a service provider to achieve the aimed outcome. E.g. The case of public universities, public hospitals and clinics or municipal recycling.





Mapping the public policies of European countries



Reflect on the following

- 1. Visit the interactive map on public SSE policies.
- 2. Examine the typology of public policies that are demonstrated in the map.
- Which public policies on SSE seem more useful for someone starting their own SSE enterprise and why?





Public policies on SSE

A renewed interest in SSE has been noted, especially since the 2008 crisis, when the "business as usual model" was under question for its contribution to the sustainable development.

As a result, state officials with the encouragement or even pressure of international organizations expressed an interest in SSE and in many cases this led to the enactment of public policies on SSE, which have multiplied over the years.

The public policies on SSE are usually:

- · Local, national or European.
- Comprehensive (for the whole SSE sector) or specific (only for particular SSE actors).

Public policies regarding SSE may include - among other things:

- Higher governmental bodies for supporting the SSE (e.g. SSE secretariats).
- · Funding schemes.
- Subsidies.
- Technical assistance to SSE actors.
- New laws or reforms of already existing ones.



Public policies on SSE (Continued)

National SSE legislation

National SSE legislation is a broadly used tool to implement SSE public policies.

An enabling legislation for SSE has the potential to play an important role for the its development, since it can:

- Mandate institutional reforms,
- Level the playing field for SSE organizations,
- Mobilize resources for SSE development.

The national SSE legislation may be found:

- In the constitutional level, when in the national constitution there are provisions on the whole SSE sector or on particular SSE actors (e.g. Bulgaria, Portugal, Italy, Spain, Greece).
- 2. In an ordinary law level:
 - As a framework law (or a general law) on SSE (e.g. Spain Greece, Portugal, France), which defines:
 - the SSE sector
 - · its principles and values
 - supportive measures for the sector's development
 - As a Specific law on particular SSE actors (e.g. Malta).



SLIDE 10

SLIDE 11

Public policies on SSE (Continued)

National SSE legislation:

Overall, SSE laws may enable the development of SSE organizations, but they needs to be accompanied by enablers in order to achieve such goal.

These enablers may be:

- · Financial resources
- Training.
- Spaces for dialogue between SSE and state officials.

If such enablers are not implemented, then SSE shall remain a fragile economy sector and its potential unfulfilled.



SLIDE 14

Public policies on SSE (Continued)

Difficulties in the effective implementation of public policies on SSF-

- Changes in the political sphere (e.g. the newly elected government is indifferent towards SSE) which results in shortlived public policies.
- Public policies focusing and promoting only one SSE type (e.g. social enterprises) to the detriment of the rest.
- Lack of financial resources due to austerity.
- When public policies on SSE are not co-constructed, meaning in the process SSE actors are not involved and therefore their needs are not met.
- When SSE public policies are usually the responsibility of a specific ministry or state department and therefore they are not a product of a wide coordination between ministries. In this case, the SSE is perceived from a narrow perspective, as a tool to promote the specific ministry's agenda (e.g. create vacancies for the long-term unemployed) and as a result its pluralistic dynamic is not fulfilled.





SLIDE 15

Public policies on SSE (Continued)

Overall, public SSE policies can be a double - edged knife!

Their impact may be:

- Positive: they can create an enabling environment for the SSE.
- Negative: they may encourage the development of clientelism and state dependency.





The national legislation of co-operatives



Reflect on the following

- 1. Visit Publications Office of the EU.
- Look up pages 89-112 and locate your country's legislation on co-operatives.
- What are the main traits of the national co-operative legislation of your country?
- 4. Can you think of any other tools to access information on cooperative legislation?





The case of co-operatives

One of the most important international texts on cooperatives is the Recommendation 193/2002 of the International Labour organization which encourages governments:

- To provide a supportive policy and legal framework consistent with the nature and function of co-operatives and guided by the co-operative values and principles.
- or adopt measures to promote the potential of cooperatives, irrespective of their level of development, for a range of purposes including the creation of income-generating activities and employment, the development of human resource capacities and knowledge of co-operation, the development of business potential, the increase of savings and investment, and the improvement of social and economic well-being.
- To promote co-operatives as one of the pillars of national and international economic and social development.
- To facilitate access of co-operatives to support services, investment finance and credit.





The case of co-operatives (Continued)

The **majority** of countries have **enacted laws** for co-operatives (e.g. Italy, France, Germany, Greece).

These laws stipulate the way co-operatives function and operative:

- internally (between the co-operative and its members).
- externally (in the market).

National co-operative laws are:

- · General: stipulating rules applicable for all cooperative types.
- **Specific:** stipulating rules applicable for specific cooperative types (e.g. law on agricultural cooperatives).

National co-operative laws usually regulate - among other things:

- The minimum number of members in order to be established (usually the minimum number of members in European cooperative laws is 3 – e.g. Italy, UK, Germany, Portugal).
- The co-operative's administrative organs (usually these are the general assembly, the board of directors and in some cases the supervisory council, elected by the general assembly).
- The one member- one vote principle (with exceptions in some cases.
- How the profits are distributed (usually there are limitations and conditions to profit distribution - e.g. France, Portugal, Italy, Spanish laws of Valencia, Galicia, Madrid and Extremadura).
- The formation of unions of co-operatives with an economic purpose and federations with sociopolitical goals, which enable co-operatives to work together and better promote their interests. Such provisions are found in many European countries (e.g. France, Spain, Portugal).



SLIDE 16

SLIDE 17

The case of co-operatives (Continued)

Regulation 1435/2003 on the Statute for the European Cooperative Society:

Individuals and legal persons based in at least two different member states of the European Economic Area (EEA, i.e. the EU, Iceland, Liechtenstein and Norway)can set up a European co-operative society that will undertake cross-border activities.



SLIDE 20

The case of co-operatives (Continued)

The international co-operative movement, represented by the International Co-operative Alliance considers co-operative legislation as a **strategic pillar** for cooperatives' development, since it may underpin and protect their co-operative identity and safeguard their co-operative principles into the local context.



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SLIDE 21

Conclusion

In this session we have examined the following concepts:

- What is public policy and law.
- The specificities of such concepts when regulating the Social and Solidarity Economy.
- The case of national co-operative legislation.
- ${\color{black} \bullet}$ The impact that such policies may have on the SSE development.
- The difficulties of such policies to be properly implemented.



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NOTES	

Multiple choice test

Question 1: Public policy is:

- a. What government officials decide to do or not to do.
- b. What government officials promise to do.
- c. What government officials intend to do.
- d. What political parties announce that they will do, when they are in government.

Question 2: Public policies are made by:

- a. The media.
- b. The NGOs.
- c. The SSE actors.
- d. The government officials.

Question 3: Law...

- a. is a synonym for public policy.
- b. is a public policy tool.
- c. is irrelevant to the concept of public policy.
- d. includes all public policy measures.

Question 4: Public policies of SSE can be applied at:

- a. The local level.
- b. The national level.
- c. The international level.
- d. The local, national, and international level.

Question 5: Co-construction of public policy on Social Solidarity Economy means that:

- a. During the policy making process government officials were involved.
- b. During the policy making process SSE actors were involved.
- c. During the policy making process members of parliament were involved.
- d. During the policy making process government officials along with the SSE actors were involved.

Question 6: A framework law on SSE defines:

- a. The SSE actors.
- b. The SSE values and principles.
- c. Supportive measures for the SSE.
- d. All of the above.

Question 7: Why have public SSE policies been described as a double-edged knife?

- a. Because they may have a positive impact on SSE development.
- b. Because they may have a negative impact on SSE development.
- c. Both of the above.
- d. None of the above.

Question 8: Most European countries:

- a. Include co-operative-specific provisions in their national constitution.
- b. Have passed general laws on co-operatives.
- c. Have not enacted any law on co-operatives.
- d. None of the above.

Question 9: National co-operative laws usually prescribe:

- a. The minimum number of founding members.
- b. The way profits shall be distributed.
- c. The conditions under which they may dissolve.
- d. All of the above.

Question 10: Which of the following examples below is a European co-operative society?

- a. A co-operative which undertakes activities in Italy.
- b. A co-operative with members in Spain and Malta.
- c. A co-operative that sells its produce in France, Germany and Bulgaria and has as its members 20 co-operatives from Greece.
- d. A co-operative with members from one member state of the EU.





The word cloud generated by the texts of Session 4 (© Jason Davies).

Establishment and Operation of an SSE Entity

SESSION 4

Choosing Legal and Economic Field

By Vasilis Bellis & Ifigeneia Douvitsa

KEYWORDS: Legal form, Legal person, Social enterprise, Legal framework, Economic activity, Economic sector, Governance, Profit, Liability

READING MATERIAL

TOPIC 1: Factors to consider when choosing a legal form for your business

⇒ 9 Factors Governing the Selection of a Suitable Form of Ownership Business Organization

Suggested for Beginners (click here to access it)

Choosing the right legal form for your business is a process of weighing the advantages and disadvantages of all available legal forms prescribed by national legislation. Although this deliberation usually takes place during the initial phase of forming the business, the choice plays a significant role throughout its lifespan. This article goes on to offer list of some of the most crucial factors when choosing a legal form, which includes: a) the nature of business activity, b) the scale of operation, c) the capital/investment needs, d) the degree of risk and liability, e) the flexibility of inner governance, f) the profit distribution, g) the cost, procedure and governance regulation.

⇒ Legal Forms of Business Ownership: Factors to Consider

Suggested for Beginners & Experienced Users (click here to access it)

There is no ideal legal form for businesses, since all come with advantages and

disadvantages, which we need to take carefully into account. That is why it is important to answer the following questions before making any hasty decisions:

- □ What are you willing to do to set up and operate your business?
- How much control do you want?
- Do you want to share profits with others?
- □ Do you want to avoid special taxes on your business?
- □ Do you have all the skills needed to run the business?
- What are your financing needs?
- □ How much liability exposure are you willing to accept?

TOPIC 2: Choosing a legal form for your social enterprise

 \Rightarrow A map of social enterprises and their eco-systems in Europe: Synthesis Report

Suggested for Beginners & Experienced Users (click here to access it)

The available legal forms for a social enterprise vary between the European countries. Nevertheless, the study examines 29 national legislations and classifies the legal forms that can be used for social enterprises into four broad categories: a) the non-profit structures (e.g. associations, foundations), b) the co-operatives, c) the social enterprise legal forms, d) the share companies. From the above categories it is concluded that the legal form of the association, the co-operative and the share company are the three most commonly used in the countries under study.

⇒ Social Enterprises and their eco-systems: developments in Europe

Suggested for Beginners & Experienced Users (click here to access it)

Social enterprises do not have to adopt a specific legal form. In some countries (e.g. Belgium, France) social enterprises use the legal form of an association, due to the fact that the applicable laws allow for flexibility regarding their entrepreneurial activities. However, in countries, where associations face limitations in undertaking commercial activities (e.g. Sweden), social enterprises were created under the co-operative legal form.

TOPIC 3: Choosing an economic and social sector

⇒ Social economy and social entrepreneurship Social Europe guide | Volume 4

Suggested for Beginners (click here to access it)

Social enterprises come in very different shades and colours depending on the development of the welfare system, civil society, the social finance market and

dedicated public policies in each country. As a result, there are significant differences across countries in terms of the social sector and business sector areas social enterprises are active in.

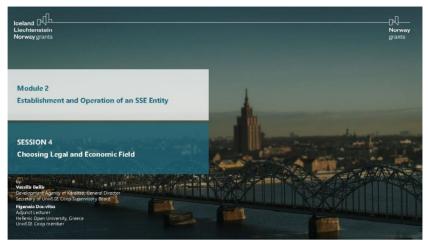
⇒ A map of social enterprises and their eco-systems in Europe: Synthesis Report

Suggested for Beginners & Experienced Users (click here to access it)

The major distinction of social enterprises is that they undertake a social mission and seek to achieve a social impact through their activities or the people that they employ. Given this starting point, the social enterprises' activities based upon mission, fit in the following social sectors:

- □ Social and economic integration of the disadvantaged and excluded;
- Social services of general interest (such as long-term care for the elderly and for people with disabilities; education and childcare; employment and training services; social housing; health care and medical services.);
- □ Other social and community services e.g. counselling, youth outreach, micro finance, temporary housing for homeless etc.;
- Public services e.g. maintenance of public spaces, transport services, refuse collection, rehabilitation of ex-offenders etc.;
- □ Land-based industries and the environment e.g. reducing emissions and waste, recycling, renewable energy etc.;
- Cultural, tourism, sport and recreational activities;
- Practicing solidarity with developing countries (such as promoting fair trade)

NOTES			



SLIDE 2





Factors to consider when choosing a legal form for your business (Continued)

Choosing the right legal form for your business:

means weighing **the advantages** (e.g. tax exemptions, financial aid) and **disadvantages** (e.g. strict state supervision) of legal forms prescribed by national legislation.



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Factors to consider when choosing a legal form for your business (Continued)

Choosing the right legal form for your business is a question that arises:

- · at the initial stage, when we start a business,
- at a later stage for meeting the needs of growth and expansion.
 As a result, deciding on the most appropriate legal form is significant during the whole lifespan of our business.





Factors to consider when choosing a legal form for your business (Continued)

When choosing a legal form, some crucial factors to consider are:

The nature of your business activity:

This factor may dictate the form of business ownership. For example usually the business takes the form of a sole-proprietorship in small trading businesses, professions, and personal service trades.

The scale of operation:

- For small scale business activities, sole proprietorship is usually the preferred option.
- For medium scale business activities neither too small nor too large - partnership might be best suited.
- For large scale business activities, the company form is usually a good fit.

The capital/investment needs:

- Capital is a major factor when deciding on the legal form of an enterprise.
- In some cases, for instance, national laws may require an initial capital for a particular business type (e.g. share companies) to be established.
- In addition, capital is also closely related to the type of business and scale of operations. E.g. capital-intensive sectors, such as iron and steel plants may be better organised as joint stock companies. These companies are usually able to attract investors and capital for their needs.
- Enterprises requiring small investment (like retail business stores, personal service enterprises, etc.) can be best organised as sole proprietorships.
- One other thing to consider is also the future capital requirements that are indispensable to modernise and expand a business and whether such issues are facilitated by the chosen legal form.



SLIDE 4

SLIDE 5

Factors to consider when choosing a legal form for your business (Continued)

When choosing a legal form, some crucial factors to consider are:

- Degree of control and management. In the case of a sole proprietorship, ownership, management, and control of the enterprise are concentrated in the hands of the same person, the entrepreneur; whereas in a partnership, management and control of the business is giorntly shared by partners.
- The degree of risk and liability: The amount of risk that the
 interested parties are willing to take is also relevant when
 choosing a legal form. For instance, when the interested parties
 wish to establish a small sized business; then the form of a sole
 proprietor that is personally liable for all the debts of the
 business to the extent of his/her entire property may be
 considered a fitting choice.
- The flexibility of inner governance: The inner governance is relevant to the authority and the responsibility that someone has on the enterprise and is also a key factor when choosing a legal form. Entrepreneurs usually look for a form that provides them with a degree of flexibility of administration.
- The profit distribution: An entrepreneur wishing to receive all
 the profits of a business will naturally lean towards the form of a
 sole proprietorship and to the form of a company, if he/she
 wishes the profits to be distributed among shareholders in
 proportion to their shareholding. On the contrary, if pursuing a
 social goal is more important than profits, then it would be
 advisable to consider other forms of business, e.g. social
 enterprises.
- The cost, procedure and governance regulation: Each legal form is subject to a different set of rules regarding the procedure for their establishment. Usually a sole proprietorship is considered easier and cheaper to get started, whereas the company legal form is viewed as a more complicated scheme.



SLIDE 8

Factors to consider when choosing a legal form for your business (Continued)

When choosing a legal form, some crucial questions to answer are:

- · What are you willing to do to set up and operate your business?
- · How much control do you want?
- · Do you want to share profits with others?
- . Do you want to avoid special taxes on your business?
- · Do you have all the skills needed to run the business?
- What are your financing needs?
- · How much liability exposure are you willing to accept?





SLIDE 9

Mapping the legal forms of social enterprises in European countries

Activity

Reflect on the following

- Go to table 4.3 (page 43-44) and table 4.4 (page 45-46) of the following study "A map of social enterprises and their ecosystems in Europe"
- 2. Which are **the most commonly used** legal forms by social enterprises in your country based on table 4.3?
- 3. What are their main traits based on table 4.4?





Choosing a legal form for your social enterprise

- Social enterprises are established by various legal forms in each European country.
- The above depends on the existing legal framework, on the economic, social and political conditions of the country, as well as on the development of civil society actors.
- Despite the existing pluralism, four broad categories of legal forms have been noted to be used by social enterprises in Europe:
 - Non-profit structures (e.g. associations, foundations)
 - Co-operatives
 - Social enterprise legal forms
 - Share companies





Four broad categories of legal forms

1. Non-profit structures

- These structures usually take the form of associations, foundations or institutions - which may be democratic or controlled by managers. They do not distribute profit and trade in furtherance of a social purpose.
- In practice, the legal form of the association was found to be among the three most commonly used legal forms compared to the legal form of a foundation.

2. Co-operative:

- The members of a co-operative own and control the enterprise on a democratic basis. Profits from trading activities may also be distributed to members. Co-operatives may pursue a social purpose stipulated in their bylaws or by virtue of the nature of the co-operative.
- In practice, co-operatives are among the three most commonly used legal forms for social enterprises (except for countries where there have been legal adaptations of the cooperative legal form to accommodate the special traits of a social enterprise.

3. Social enterprise legal forms

- These are usually the result of an adaptation of an existing legal form.
- The adaptations which make the legal form suitable for use by a social enterprise are set out in law.

4. Share Companies

- Shareholders generally own and control their enterprise on the basis of their shareholdings.
- Share companies may pursue a social purpose by trading in the market and may have other governance features to subordinate profit to purpose.
- In practice, the 'share company' legal form is one of the three most commonly used legal forms for social enterprises.

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Choosing a legal form for your social enterprise

Based on the above remarks, the three **most commonly used** legal forms by social enterprises are:

- a) The association
- b) The co-operative
- c) The share company



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SLIDE 10

SLIDE 11

Three examples of social enterprise legal forms

- 1. CIC (Community Interest Company) UK
- This new form of enterprise has attracted significant interest. according to the Regulator of Community Interest Companies (2011/2012 Annual Report), 6 000 CICs are operating in a number of sectors, including the arts, education, environment, health, industry and transport.
- · CICs vary from village shops to large companies
- · People that set up CICs come from all spheres of society and backgrounds, ranging from professionals looking to maintain a social provision to community groups taking over local assets.



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SLIDE 14

Three examples of social enterprise legal forms (Continued)

- 2. SCIC (Société coopérative d'intérêt collectif) France
- Another example of a social enterprise legal form is the Cooperative Company of Collective Interest (SCIC).
- The SCIC is a new type of cooperative company and has the following traits:
 - it allows all types of actors to associate with the same project (paid and voluntary workers, users, public bodies, companies, associations, private individuals);
 it must have at least three different types of stakeholders;

 - it produces all types of goods and services that meet the collective needs of a territory with the best possible mobilisation of its economic and social resources.



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SLIDE 15

Three examples of social enterprise legal forms (Continued)

- 3. Social cooperative Italy
- The social cooperative is a well known example of a social enterprise legal form, which influenced other national legislations.
- Its aim and its multistakeholder governance differentiates it from a standard co-operative.
- According to law 381/91 social cooperatives' objective is the general benefit of the community and the social integration of dizens (type A social cooperatives provide health, social or educational services; type B social cooperatives integrate disadvantaged people into the labour market).



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Choosing the social activities (social mission) and the industrial (economic) field of a social enterprise



Reflect on the following



"Social economy and social entrepreneurship Social Europe guide" Go to Box 11 (page 37),

Which are the 5 most common social sectors where the social enterprises develop their activities?



A map of social enterprises and their eco-systems in Europe: Synthesis Report

Go to the Box 4.1 (page 34)

- . What are the 3 main industrial sectors for social enterprises in each country of Box 4.1? Are there significant differences? What may be the reasons of these differences?
- What are the 3 dimensions of a social enterprise?
- Go to fig 2.1. (page 10).
- · What are the 3 dimensions of a social enterprise?



SLIDE 17

SLIDE 16

Choosing an economic and social sector

Factors influencing the choice of social sector:

- 1. The level of the welfare system of the country
- 2. The development of civil society
- 3. The social finance market
- 4. The dedicated public policies in each country
- 5. The social mission set by the social enterprise

Factors influencing the choice of industrial (economic) sector:

- 1. The situation in the market and the economy of the country
- 2. The experience and skills of the social enterprise's members.

Social enterprises develop activities in the following social

- 1. Social and economic integration of the disadvantaged and excluded (such as work integration and sheltered employment)
- Social services of general interest (such as long term care for the elderly and for people with disabilities; education and child care; employment and training services; social housing; health care and medical services.)
- 3. Other social and community services (e.g. counselling, youth outreach, micro finance, temporary housing for homeless etc.)
- Public services (e.g. maintenance of public spaces, transport services, refuse collection, rehabilitation of ex-offenders etc.)
- 5. Land-based industries and the environment (e.g. reducing missions and waste, recycling, renewable energy etc.)
- 6. Cultural, tourism, sport and recreational activities.
- Practicing solidarity with developing countries (such as promoting fair trade).



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SLIDE 18

Choosing an economic and social sector (Continued)

Social enterprises develop activities in the following industrial sectors

- 1. Business activities
- 2. Education
- 3. Community social services
- 4 Wholesale and retail trade
- 5. Health and social work
- 6. Personal service activities
- 7. Financial intermediation
- 8. Construction
- 9. Agriculture, Hunting, Forestry, Fishing





In this session we examined: • the factors to be considered when setting up a business, • the legal forms that social enterprises use in Europe, • the social and industrial (economic) sectors in which social enterprises undertake activities.



NOTES		



Residents of Marine Corps Air Station Iwakuni, Japan, watch chestnut factory workers size and sort "Ganne-guri" during a chestnut picking trip in Ganne Miwa-cho, Iwakuni City, Oct. 22, 2015. The Japan Agricultural Cooperatives' Yamaguchi East (JA Yamaguchi East) in Iwakuni City hosted the trip for station residents and locals to experience the chestnut picking process from beginning to end (© MCAS Iwakuni).

Multiple choice test

Question 1: The legal form of your business:

- a. Is important before setting it up.
- b. Is important during its start- up phase.
- c. Plays a significant role throughout the business' life span.
- d. Is not of high importance.

Question 2: Which of the following factors need to be considered when choosing a legal form?

- a. The capital/investment needs
- b. The limited or unlimited liability
- c. The profit distribution
- d. All of the above

Question 3: Which of the following questions need to be answered before choosing a legal form?

- a. Do you want to share profits with others?
- b. Do you want to avoid special taxes on your business?
- c. Do you have all the skills needed to run the business?
- d. All of the above

Question 4: Social enterprises are classified into the following categories:

- a. Non-profit structures, and foundations.
- b. Non-profit structures, co-operatives, and share companies.
- Non-profit structures, co-operatives, social enterprise legal forms, and share companies.
- d. None of the above.

Question 5: Which of the following legal forms are among the most commonly used by social enterprises in European countries:

- a. co-operatives
- b. associations
- c. share companies
- d. All of the above

Question 6: The common trait among the different laws on social enterprises is:

- a. The limited range of activities that they can undertake.
- b. Their tax treatment.
- c. The broad range of activities that they can undertake.
- d. None of the above.

Question 7: Social enterprises are set up :

- a. Using pre-existing legal forms.
- b. Using social enterprise legal forms.
- c. Both of the above
- d. None of the above

Question 8: Are there differences in the social or industrial sector of activities chosen by Social Enterprises from country to country?

- a. No, social enterprises develop the same activities all over the world
- b. Yes, different sectors are more popular in different countries.
- c. Within the EU, the choice of sector does not vary greatly.
- d. None of the above.

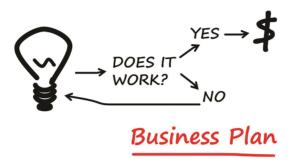
Question 9: Which are the factors influencing a social enterprise's choice of social sector?

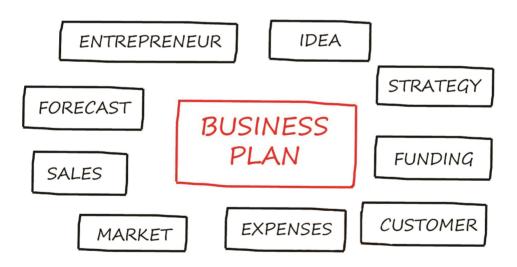
- a. The development of the welfare system of the country.
- b. The level of the civil society.
- c. The social finance market.
- d. All the above.

Question 10: Which aspect of a social enterprise is related to its choice of industrial sector?

- a. The social dimension.
- b. The entrepreneurial dimension.
- c. The governance dimension.
- d. All of the above.







A business plan is a written document that describes your business and, more specifically, what you plan to do and how you plan to do it. Business plans are strategic by their nature and are the first step towards success (© Needpix and Needpix).

Establishment and Operation of an SSE Entity

SESSION 5

Establishment Procedures and Strategic Planning

By Lazaros Angelou

KEYWORDS: Business establishment procedures, National Points of Single Contact, Registration Procedures, Social Business Strategy Planning, Logic Model, Social Enterprise Balanced Scorecard

READING MATERIAL

TOPIC 1: Establishment Procedures

⇒ Starting a business in EU

Suggested for Beginners (click here to access it)

To start a new company or expand your business in another EU country(In this case, the 28 EU member states + Iceland, Norway, Liechtenstein and Switzerland) you need to know the rules that apply and the relevant national contact point to set up a company in that specific country.

To find the right place to start-up in different EU countries you have to choose the country you are interested in from the list which is opened when you click on the arrow shown.

⇒ Points of Single Contact

Suggested for Beginners & Experienced Users (click here to access it)

Points of Single Contact (PSCs) are e-government portals that allow service providers to get the information they need and complete administrative procedures online. They are managed by the 'EUGO network' of national

coordinators.

If you want to

- explore business opportunities or expand your services to another EU country
- set up a new business abroad
- find out about the rules and formalities that apply
- complete the administrative procedures online

then the Points of Single Contact are for you.

TOPIC 2: Social Business Strategic Planning

⇒ What Is Strategy? (Part 1 of 2)

Suggested for Beginners & Experienced Users (click here to access it)

In simplest terms, strategy is a chosen path to a destination. Another way to think about strategy comes from Forbes.com contributor Ann Latham, who writes, "Strategy is a framework for making decisions about how you will play the game of business.". Strategy doesn't answer all the questions required for implementation—that's planning—but it clearly establishes the game you are playing and how you expect to win.

⇒ Mintzberg's 5 P's for Strategy

Suggested for Beginners & Experienced Users (click here to access it)

With the understanding that strategy needs to change regularly in business, it is a good idea to turn to a model such as Mintzberg's 5 P's of Strategy for assistance. This model, as the name would indicate, includes five different approaches to strategy (each beginning with the letter 'p', which makes them easier to remember). In the content below, we are going to take a quick look at each of the 5 P's.

TOPIC 3: Phases of Strategic Planning

⇒ How to Do a SWOT Analysis for Your Small Business (with Examples)

Suggested for Beginners & Experienced Users (click here to access it)

Conducting a SWOT analysis is a powerful way to evaluate your company or project, whether you're two people or 500 people. In this article, you'll learn what a SWOT analysis is, see some SWOT analysis examples, and learn tips and strategies for conducting a comprehensive SWOT analysis of your own. You'll also see how you can use the data a SWOT exercise yields to improve your internal processes and workflows. The article also includes a section on PEST analysis.

⇒ Project/programme planning - Guidance manual

Suggested for Advanced Users (click here to access it)

The aim of this guidance manual is to introduce the user to project/programme planning in a Red Cross Red Crescent environment. It describes the different stages of the planning phase of the "project/programme cycle" within the context of Results-Based Management (RBM). It also gives an overview of the various components of RBM and explains how to integrate and apply this approach in practice. In addition, the manual summarises briefly the other key phases of the cycle (assessment, implementation and monitoring, evaluation) and provides references to the key Federation manuals on these phases.

TOPIC 4: The Logic Model

⇒ The Logic Model and its Components

Suggested for Beginners & Experienced Users (click here to access it)

A Logic Model is a description of the consecutive steps to be taken by the social business in order to accomplish it's vision and mission. It helps to assess whether a project is running as planned and if a measure is effective at each project phase. To understand the logic model, it's important to be familiar with the individual components, and know how they're related.

⇒ Developing a Logic Model

Suggested for Beginners & Experienced Users (click here to access it)

Developing a logic model can take place in two directions:

- □ From the impacts (results) to the inputs (resources used) and
- □ From the inputs (resources used) to the impacts (results).

You can use both, though this depends on the project phase you are currently in:

- □ To plan your project, take the first path, moving from impacts to the resources used (working backward approach).
- □ For the subsequent plausibility check, change direction and go from the inputs to the impact (working forward approach).

TOPIC 5: The Social Enterprise Balanced Scorecard (SE BSC)

⇒ Balanced Scorecard

Suggested for Beginners & Experienced Users (click here to access it)

The SE BSC enables organisations to clarify their vision and strategy, and translate them into action. At the same time it provides feedback regarding

both the internal business processes and external outcomes in order to continuously improve strategic performance and results. The value of the SE BSC is that it transforms a strategy into a continuous process owned by every employee, not just top managers, and enables organisations to communicate high-level goals down through all levels such that employees not only know what to do, but also why they are doing it.

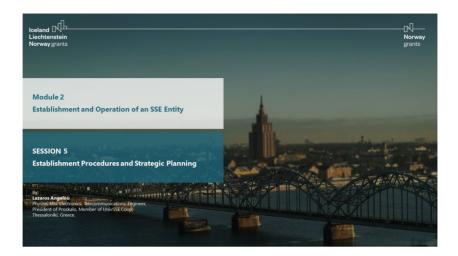
OTHER USEFUL SOURCES

- Developing a Strategic Plan for a Social Venture (click here to access it)
- Strategy for Social Enterprises (<u>click here to access it</u>)
- □ Strategy Safari: A Guided Tour Through The Wilds of Strategic Management (click here to access it)

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Always start with an innovative idea. But if you want this idea to become a profitable business, then you should immediately start studying the competition, designing your business plan, building your team, setting your goals and envisaging your marketing strategy (© Pixabay).



SLIDE 2

Establishment procedures

Establishment procedures

Establishment procedures are the legal steps that have to be followed by an SSE enterprise in order to register with the competent authorities and get the licences and permits required to start its activities.

Procedural Steps

The exact procedural steps may vary between EU member states. However, the general outline is given in the 49 steps provided in EU, SEC 2007 0129, <u>ANNEX 2: LIST OF PROCEDURAL STEPS</u>

Procedural Cycle

The time needed to for a new startup to be established and fully operational.

Time

Measure of time for start-up procedures include all steps necessary from the social entrepreneur's submission of the official application to start the registration procedure until the company is in possession of all the legal permits, certifications and documentation to be fully operational.

Cost

The cost of setting up a company includes all the fees and costs associated with the establishment procedures plus certificates from third parties that are required for the registration process.

Source: EU, SEC 2007 0129, ANNEX 2: LIST OF PROCEDURAL STEPS



SLIDE 3

Establishment procedures (Continued)

Licenses you might need

- **Industry licences:** conformity of the products or services with legislation and/or regulatory standards.
- Licences related to products/services: compliance with environmental, health and safety regulations.
- Licences related to premises: compliance with the requirements for storage of raw materials, intermediate goods or finished products.
- Licences related to employees: requirements involving prior authorisation by a licencing authority.

· Cross-border licences

Depending on which sector you intend to enter, there may be sector-specific licenses required.

Licencing Complexity Costs

Licencing complexity takes into account two types of costs.

- Direct costs: taxes, duties, fees paid to public sector and number of person-days required in order to apply for licences and prepare relevant company documentation (i.e. internal company effort).
- Indirect costs: fees paid for support from third parties (e.g. consultancies, lawyers) and time out-of-market in calendar days

Actions taken by the EU to reduce licensing complexity costs:

- "One-stop-shops"
- National Points of Single Contact.
- · Online government portals.
- Centralised trade registers.
- Relaxation of licencing or certification requirements.

(See the EU Small Business Act - SBA - and the May 2011 commitment)



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SLIDE 4 **Establishment Procedures in EU countries** ✓ Activity Reflect on the following 1. Go to the list of Procedural Steps. 2. Copy three **pre-registration** and three **registration** procedural steps. 3. Three time consuming pre-registration procedural steps. 4. Discuss your answers! MLM SLIDE 5 **Establishment Procedures in EU countries (Continued)** ✓ Activity Reflect on the following 1. Select the appropriate legal structure for your business. 2. Go to Internal Market, Industry, Entrepreneurship and SMEs 3. Find the Single Point of Contact for your country. 4. Follow the procedural steps described at the relevant pages and copy the titles of three pre-registration and three registration procedures. MLM SLIDE 6 Strategic Planning Strategic Planning Strategy Formulation **Strategic Planning** describes what an organisation is going to do, in order to achieve the fulfilment of its vision and mission. Steps: Stating the Vision and Mission of your organisation. Selecting the market of entry, your position in it and the customer segment(s) targeted. Defining how you will create value for your customers, the community and maybe the environment: Impact Activities To translate strategic goals into results, the required actions need to be planned, along with their costs (budget), how they will be funded (resource mobilisation plan), who will carry out the work, when, where, how. Outputs Outcomes Resources (material, financial, human) required to achieve the above

Strategic Planning Formulation Reflect on the following Find the sites of: Oxfam WWF Creative Commons Copy their vision and mission statements.

SLIDE 8

Phases of Strategic Planning

Phase 1: Initial Assessment

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Identifying the key factors influencing the situation, including problems and their causes, as well as the needs, interests, capacities and constraints of the different stakeholders.

For the initial assessment we will be using the SWOT Analysis.

External Environment

The activities of any organisation take place within an external environment. Therefore the external factors affecting the potential success of your enterprise must also be taken into consideration.

For external factors particularly, there are two more analyses that can be used: the **PEST analysis** and Porter's **Five Forces model**. **Internal Analysis**

Besides the external factors, it is very important to analyse the internal factors pertaining to your organisation.

The internal and external aspects may be analysed separately, or combined in the same SWOT analysis.



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SLIDE 9

Phases of Strategic Planning (Continued)

Phase 2: Planning

Defining intended results (objectives), the inputs and activities needed to accomplish them, the indicators to measure their achievement, and the key assumptions that can affect the achievement of the intended results (objectives).

- · Developing the Plan
- Stating your Vision and Mission (intended Impact)
- Goals: Specify long-term outcomes
- Strategies: Describe how you will achieve the goals (activities, resources, partnerships, customer relations, distribution channels)
- Objectives (outputs, short-term outcomes): Identify specific, measurable results produced while implementing strategies.

Developing the Plan: Goals and Objectives must be S.M.A.R.T.



Source: https://www.ifrc.org/Global/Publications/monitoring/PPP-Guidance-Manual English.pdf

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Phases of Strategic Planning (Continued)

Phase 3: Implementation

- · Take action to achieve the intended results (objectives).
- · Collect and analyse information/data.
- Establish procedures to monitor progress.

Tasks assigned to those responsible for specific actions

Time schedules for the implementation of the action plans

Budgeting the plan
Once the action plan has been completed (with time-frames and specific tasks), create a budget, detailing the allocation of funds to each task.





Phases of Strategic Planning (Continued)

Phase 4: Monitoring & Evaluation

Monitoring and evaluation

Continuous assessment of the plan, its formulation, implementation and results, aiming at the determination of the fulfilment of objectives, as well as its efficiency, effectiveness, and impact.

The assessment has to provide information that enables the utilisation of lessons learned into the decision-making process of all stakeholders concerned. This is essential for the next phase.



Phases of Strategic Planning (Continued)

Phase 5: Corrective Actions

Continuous improvement

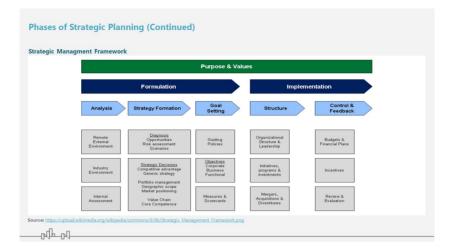
Continuous and gradual improvements to processes aiming at improving customer and stakeholders satisfaction, thus achieving intended outcomes and strategic goals.



Men

SLIDE 10

SLIDE 11



SLIDE 14

The Phases of Strategic Planning: SWOT Analysis

Activity Reflect on the following

- · Write down the basic ingredients of SWOT Analysis.
- · What does each one mean?
- · What is its relation to the internal and external environment?
- Where does SWOT Analysis lead?



SLIDE 15

The Logic Model

- A Logic Model is a description of the consecutive steps to be taken by the social business in order to accomplish it's vision and mission.
- It is a simplification of the strategic plan on a single page, a representation of the basic elements of your idea so that it can be easily understood by the people inside and outside of your organization.
- It can serve as a roadmap that you have to follow in order to achieve your long term societal and/or environmental goals.

The logic model can help you:

- be effective,
- · clarify your purpose,
- get to results.

- A logic model of a social business has five critical elements:
- Inputs are the resources you need to carry out your work. Most common inputs are payed workers, volunteers, machinery, infrastructure, money.
- Activities describe the different parts of your social business and how they are going to work together. What tasks they are going to execute.
- Outputs are measures, expressed in units, of the volume of work that you execute. They make your work countable. They are the first level of results of your work.
- Outcomes are the changes that occur to your stakeholders lives as a result of your work. They are the second level of results of your work
- Impact is the third level of results of your work, that is the long term consequence of your intervention, achieving your goal, your mission, It can be used as an evidence that you produce social and may be environmental value for the community.

Source: The logic model and its component



The Logic Model (Continued) Using the logic model you can track how value is created by your work. How resources and work generate volumes of outputs that change the lives of individuals and communities and how it all leads PURPOSE or MISSION of your program, effort, or initiative to social and/or environmental impact In summary, a Logic Model explain three things: · What you do. · How you do it Raw materia used by the program Why what you do matters. CONSTRAINTS or BARRIES to Information on inputs and activities is essential as a **management tool**, to determine if your strategy plan is cost effective and efficient, and to inform decisions about whether, and how, to take corrective actions. • Economy (are inputs being purchased at the right price?) • **Efficiency** (what is the relationship between investment in inputs and the outputs that are produced?) CONTEXT or CONDITIONS of your work Effectiveness (are outputs leading to the expected outcomes?) ing a Logic Model or Theory of Change MLM

SLIDE 17

SLIDE 16

The Social Enterprise Balanced Scorecard

A useful performance measurement tool is Kaplan and Norton's **balanced scorecard**, which was born in the corporate sector, and has been modified to fit in the social sector.

- · Financial metrics are easily and accurately measurable.
- Measures of social impact tend to get less precise.

The adaptation of the balanced scorecard is necessary to overcome that asymmetry.

- In the social impact category, social businesses develop a set of objectives based on the logic model previously constructed.
- Social business balanced scorecards give top priority to the people aspects (e.g. clients, members, staff, stakeholders and community indicators) rather than financial aspects prioritised by private businesses.
- There may also be **environmental impact** metrics related to possible environmental goals of social businesses.

Source: Sustainable innovations in enterprises



| Continued | Cont

Social Enterprise Balanced Scorecard model

SLIDE 18

The Social Business Logic Model



- · Write down what a Social Business Logic Model is.
- · What are its critical elements?
- · What is its use as a management tool?

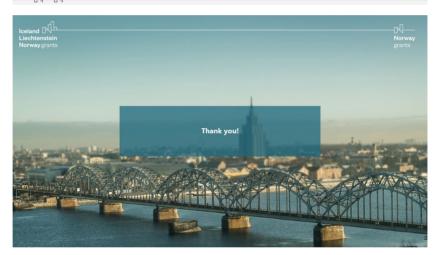


The Social Enterprise Balanced Scorecard

Activity Reflect on the following

- · Visit The Open University
- Find the three changes that were introduced to amend the original Kaplan and Norton Balanced scorecard to a social enterprise model.
- Where do social enterprises begin from?
- Why do social enterprises demand more complex management systems?
- How is this best demonstrated?

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NOTES			

NOTES	

Multiple choice test

Question 1: Which of the following is a pre-registration procedural step?

- a. Registration of domicile for business
- b. Open bank account and deposit capital
- c. Create financial plan to show viability
- d. All of the above

Question 2: Which of the following is the most time consuming procedural step?

- a. Hold statutory meetings
- b. Submit registration dossier to "one-stop-shop"
- c. Register with Commercial Court/Trade Register

Question 3: What does a strategic plan describe?

- a. The day-to-day activities
- b. The medium term outcomes
- c. What an organisation is going to do to achieve the fulfilment of its vision and mission

Question 4: Which of the following are the steps of Strategy Formulation?

- a. Stating the vision and mission of your organisation
- b. Selecting the market of entry, your position in it and the customer segment(s) targeted
- c. Defining how you will create value for your customers ang maybe the environment
- d. All of the above

Question 5: Which of the following is a basic ingredient of a well formulated strategic plan?

- a. A clear and inspiring vision
- b. A well defined mission
- c. Clearly stated intended results and actions to achieve vision and mission
- d. All of the above

Question 6: Developing the Strategic Plan, goals and objectives must be:

- a. Specific
- b. Measurable
- c. Achievable
- d. Relevant
- e. Timed
- f. All of the above

Question 7: What does the Implementation phase of a Strategic Plan include?

- a. Actions to achieve the intended results (objectives)
- b. Tasks assigned to those responsible for specific actions
- c. Time schedules for the implementation of the action plans
- d. Collect and analyse information/data
- e. Establish procedures to monitor progress
- f. Create a budget to allocate funds to each task
- g. All of the above

Question 8: What is the aim of monitoring and evaluation?

- a. The resources needed to implement the plan.
- b. The determination of the fulfilment of objectives.
- c. The objectives set by the plan.
- d. All of the above.

Question 9: Which are the critical elements of a Social Business Logic Model?

- a. Inputs
- b. Activities
- c. Outputs
- d. Outcomes
- e. Impact
- f. All of the above

Question 10: Which of the following are amendments of Kaplan and Norton's balanced scorecard to a Social Enterprise?

- a. An additional layer in which social goals are articulated above the financial perspective
- b. A broadened financial perspective to focus on sustainability
- c. A widened customer perspective to capture a larger number of stakeholder groups.
- d. All of the above

TEAM SUCCESS



Teamwork is one of the most important factors for success. The team is developing and operating as it implements its action plans to achieve its goals that will bring it ever closer to success. In this framework, team members will be invited to play complementary roles in order to harmoniously share and successfully accomplish tasks and of course take on the responsibilities that come with each role (© Pixabay, processed by I. Pissourios).

Establishment and Operation of an SSE Entity

SESSION 6

The Founding Group

By Andreas Oikonomou

KEYWORDS: Team and group, Vision and mission, Aim and objectives, Communication, Member roles of a group, Cooperation and co-creation, Sharing, Solidarity, Collectivity

READING MATERIAL

TOPIC 1: The Group and its characteristics

The benefits to communities are not only material - there are deep bonds made in terms of friendship and the formation of communities; a sense of renewal and community pride emerges.

Dr. Greg MacLeod

⇒ A Method of Transforming the World with Dr. Greg MacLeod

Suggested for Beginners & Experienced Users (click here to access it)

"A method of transforming the world," is Greg MacLeod's simple yet powerful explanation of his vision of the Social Economy. By embedding the values of democracy, co-operation and responsibility into a local entrepreneurial framework Greg believes that communities can be catalysts in transforming our world from a "race-to-the-bottom" into "a world where everyone has a job and lives a full and abundant life on all levels - materially, culturally and spiritually."

⇒ Advantages and Disadvantages of Small Groups

Suggested for Beginners (click here to access it)

Successful teams have 1) clear and inspiring shared goals, 2) a results-driven structure, 3) competent team members, 4) a collaborative climate, 5) high

standards for performance, 6) external support and recognition, and 7) ethical and accountable leadership. Increasingly, small groups and teams are engaging in more virtual interaction. Advantages of small groups include shared decision making, shared resources, synergy, and exposure to diversity.

TOPIC 2: Roles of group members

⇒ Roles of group members

Suggested for Beginners (click here to access it)

Task roles and their related behaviours contribute directly to the group's completion of a task or achievement of its goal or purpose. Task-related roles typically serve leadership, informational, or procedural functions. In this section we will discuss the following roles and behaviours: task leader, expediter, information provider, information seeker, gatekeeper, and recorder.

TOPIC 3: Phases of a group evolution and its functions

⇒ Group Development

Suggested for Beginners (click here to access it)

Group development goes through five stages: forming, storming, norming, performing, and adjourning. During the formation phase, group members engage in socially polite exchanges to reduce uncertainty and familiarise themselves with new members. During the storming phase, conflicts arise as group members begin to perform their various roles, listen to their ideas, and negotiate where they fit into the group structure. During the norming phase, the group's practices and expectations stabilise, leading to greater productivity and cohesion within the group. During the performing phase, group members work relatively smoothly to complete a task or achieve their goal, ideally using the synergy that comes from the various members of the experience group that guides the decision-making process. During the adjourning phase, a group disintegrates because its purpose has been achieved, because its membership has diminished, or the group has lost support or is due to some other internal or external cause.

⇒ Group Functions

Suggested for Beginners (click here to access it)

People join groups because they function to help them meet instrumental, interpersonal, and identity needs. Groups meet instrumental needs, as they allow us to pool resources and provide access to information to better help us survive and succeed. Groups meet interpersonal needs, as they provide a sense

of belonging (inclusion), an opportunity to participate in decision making and influence others (control), and emotional support. Groups meet identity needs, as they offer us a chance to affiliate ourselves with others whom we perceive to be like us or whom we admire and would like to be associated with.

OTHER USEFUL SOURCES

- A Primer on Communication Studies (click here to access it)
- Improving skills (click here to access it)

NOTES



SLIDE 2





From the individual to the group (Continued)

Activity Working together: the benefits

- 1. Clear and inspiring shared goals.
- 2. A results-driven structure.
- 3. Competent team members.
- 4. A collaborative climate.
- 5. High standards for performance.
- 6. External support and recognition.
- 7. Ethical and accountable leadership.





The Group and its characteristics

The group is a collection of three or more individuals who interact about some common problem or interdependent goal and can exert mutual influence over one another.



Chracteristics:

- Structure (type)
- Size
- Interaction (mutual influence)
- · Common Goals (goal orientation)
- Synergy Roles
- · Interdependence
- · Shared Norms
- · Collective identity
- Cohesiveness

SLIDE 6

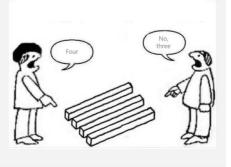
SLIDE 4

SLIDE 5

The Group and its characteristics (Continued)

Example

- · Common Goals (goal orientation);
- · Interaction (mutual influence).;
- Synergy;
- Interdependence and
- · Cohesiveness.





The Group and its characteristics (Continued)

Why is team building important



SLIDE 8

What are the characteristics of a group?

Activity Reflect on the following

- 1. Which groups do each of you belong to?
- 2. Try to classify the groups (by purpose, duration, composition, reasons for existence etc.).
- 3. What do these groups have in common?
- 4. Let discuss the characteristics of a group.



SLIDE 9

What are the characteristics of a group? (Continued)

Activity

Types of Groups are:

- 1. Formal Group
- 2. Informal Group
- 3. Managed Group 4. Process Group
- 5. Semi-Formal Group
- 6. Goal Group
- 7. Learning Group
- 8. Problem-Solving Group
- 9. Friendship Group
- 10. Interest Group
- 11. Task Oriented Group





Roles of group members

Role of a member of a group: the part or function played or adopted by the member, influenced by his or her expectation of what is appropriate.

Role categories:

1) Task Roles
2) Social-Emotional Roles
3) Procedural Roles
4) Individual Roles

SLIDE 10

SLIDE 11

Roles of group members (Continued)

Task Roles

1. The Task Leader

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- 2. The Information Gatherer
- 3. The Opinion Gatherer
- 4. The Devil's Advocate
- 5. The Energiser

1. The Task Leader



SLIDE 12

Roles of group members (Continued)

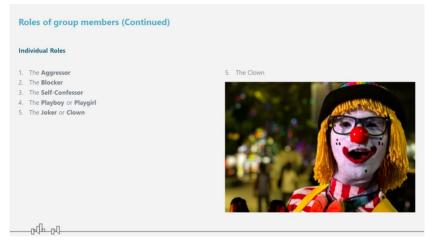
Social-Emotional Roles

- 1. The Social-Emotional Leader
- 2. The Encourager
- 3. The Followers
- 4. The Tension Releaser
- 5. The Compromiser



Roles of group members (Continued) Procedural Roles 1. The Facilitator 2. The Gatekeeper 3. The Recorder Procedural Roles 3. The Recorder

SLIDE 14





MLM

SLIDE 16 White Tower (Continued) Activity Form groups Present to the class how your group functioned! · How did the members work? · What role did each play? · Where there any disputes etc.? MLM SLIDE 17 Phases of a group's evolution and its functions Phases of group evolution Forming Storming Norming Performing Terminating MLM SLIDE 18 Phases of a group's evolution and its functions (Continued) Phases of group evolution During the forming stage, group members begin to reduce During the storming stage of group development, conflict emerges During the forming stage, group members begin to reduce uncertainty associated with new relationships and/or new tasks through initial interactions that lay the foundation for later group dynamics. Groups return to the forming stage as group members come and go over the lifespan of a group. Although there may not be as much uncertainty when one or two new people join a group as there is when a group first forms, groups spend some time in the forming stage every time group membership changes. Daming the storming stage or ignoup development, cominct entering as people begin to perform their various roles, have their ideas heard, and negotiate where they fit in the group's structure. The uncertainty present in the forming stage begins to give way as people begin to occupy specific roles and the purpose, rules, and norms of a group become clearer. During the norming stage of group development, the practices and expectations of the group are solidified, which leads to more stability, productivity, and cohesion within the group. Group norms are behaviours that become routine but are not explicitly taught or stated. In short, group norms help set the tone for what group members ought to do and how they ought to behave (Ellis & Fisher, 1994).

Phases of a group's evolution and its functions (Continued)

Phases of group evolution

Performing

During the performing stage of group development, group members work relatively smoothly toward the completion of a task or achievement of a purpose. Although interactions in the performing stage are task focused, the relational aspects of group interaction provide an underlying support for the group members. Socialisation outside of official group time can serve as a needed relief from the group's task.

Terminating

The terminating or adjourning stage of group development occurs when a group dissolves because it has completed its purpose or goal, membership is declining and support for the group no longer exists, or it is dissolved because of some other internal or external cause. Some groups may live on indefinitely and not experience the adjourning stage. Other groups may experience so much conflict in the storning stage that they skip norming and performing and dissolve before they can complete their task.



SLIDE 20

Phases of a group's evolution and its functions (Continued)

Group Functions

- 1. Assignment of Roles.
- 2. Group Norms and Conformity.
- 3. Group Cohesiveness.
- 4. Group Decision-Making (action plans)
- 5. Informal Group Communication (deliberation)
- 6. Informal Leadership.

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SLIDE 21

Are you a group?

Activity

Reflect on the following

- · Are all of you a group?
- If so, what are its features and what phase are you in?
- What preceded it?
- Discuss how your group has developed.



Are you a group? (Continued)

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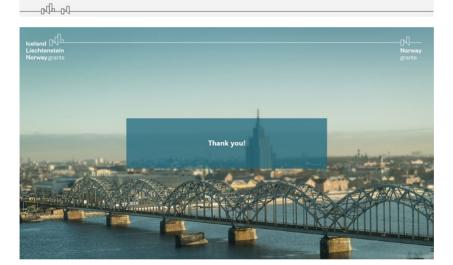
Activity

A first spontaneous evaluation of the session

Write a word or phrase to describe your experience of this session.



SLIDE 22



Multiple choice test

Question 1: Which is the relation between group and team?

- a. All teams are groups.
- b. All groups are teams.
- c. All groups with at least 5 members are teams.
- d. Most teams are groups.

Question 2: The statement "Every member of an effective group must be able to convey ideas effectively, both orally and written" refers to which aspect of group member relations?

- a. Cohesion.
- b. Communication.
- c. Co-creation.
- d. Interaction.

Question 3: What is "Interaction between members"?

- a. A stage in the evolution of the group.
- b. A function of the group.
- c. A role within the group.
- d. A characteristic of the group.

Question 4: The situation in which members of a group are willing to comply with its rules and values in order to achieve its goals is called:

- a. Conformity.
- b. Norming.
- c. Stability.
- d. Normality.

Question 5: The statement "Team development is the conscious actions aimed at identifying and removing obstacles" refers to:

- a. Cohesion.
- b. Communication.
- c. Co-creation.
- d. Interaction.

Question 6: Task-oriented groups are formed:

- a. To promote a cause.
- b. To solve a problem.
- c. To generate ideas or information.
- d. All the above

Question 7: Three Characteristics of a group are:

- a. Interdependence, Interaction, and Cohesiveness.
- b. Synergy, Common Goals, and Common Values.
- c. Shared Norms, Evaluation, and Cohesiveness.
- d. Synergy, Co-creation, and Common Goals.

Question 8: Three different types of groups are

- a. Athletic Groups, Primary Groups, and Personal Growth Groups.
- b. Problem-Solving Groups, Industry Groups, Learning Groups.
- c. Social Groups, Primary Groups, and Secondary Groups.
- d. Learning Groups, Problem-Solving Groups, and Personal Growth Groups.

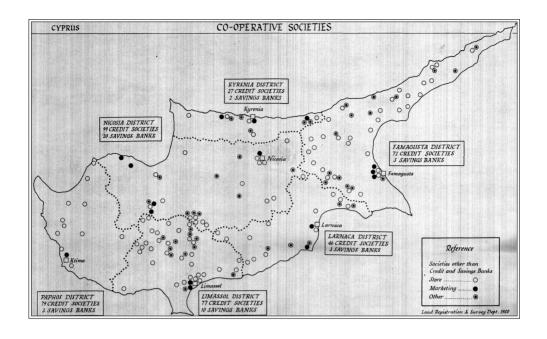
Question 9: Group functions include:

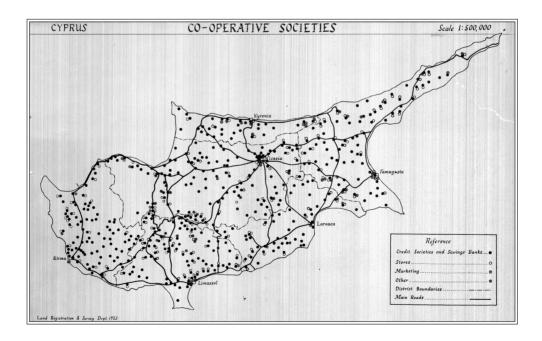
- a. Group Decision-Making (action plans).
- b. Informal Group Communication (deliberation).
- c. Informal Leadership.
- d. All the above.

Question 10: Which of the following are possible group member roles?

- a. Task leader, expediter, and information provider.
- b. Expediter, information seeker, and gatekeeper.
- c. Recorder, task leader, and expediter.
- d. All the above.







Co-operatives and Social Solidarity Economy are not new concepts in Cyprus. These two maps reveal the geography of co-operative societies in 1950 and 1953 respectively (© Department of Lands and Surveys).

Establishment and Operation of an SSE Entity

SESSION 7

SSE Management and Governance

By Kostas Nikolaou

KEYWORDS: SSE social feasibility, SSE advantages, Co-operative governance, Co-operative management

READING MATERIAL

TOPIC 1: Social Feasibility and SSE Comparative Advantages

⇒ The benefits of co\(\text{2}\) operatives

Suggested for Beginners & Experienced Users (click here to access it)

Co-operatives offer a solution. They give people control of the businesses they are closest to - whether they shop at them, work at them, or supply them. And they give people control over things that matter to them, in process boosting productivity, harnessing innovation and giving them a stake. That is the co-operative advantage.

⇒ The Advantages of a Cooperative Business

Suggested for Beginners & Experienced Users (click here to access it)

A co-operative business, also known as a co-op, is a type of organisation that is both owned and controlled by its members, who also happen to use the services and products of the co-operative. These businesses are different from other types of companies, because they are formed and operate for the benefit of their members. In that sense, they are nonprofits.

⇒ Advantages and Disadvantages of Co-operative Societies

Suggested for Beginners & Experienced Users (click here to access it)

Advantages of Co-operative Societies: 1) Voluntary organisation, 2) Ease of formation, 3) Democracy, 4) Equitable distribution of surplus, 5) Limited liability, 6) Stable existence, 7) Each for all and all for each, 8) Greater identity of interests, 9) Government support, 10) Elimination of middlemen, 11) Low taxes, 12) Rural credit, 13) Role in agricultural progress, 14) Own sources of finance, 15) Encourages thrift, 16) Fair price and good quality, 17) Social benefit. Disadvantages of co-operative societies: 1) Limited funds, 2) Over reliance on government funds, 3) Imposed by government, 4) Benefit to rural rich, 5) Inadequate rural credit, 6) Lack of managerial skills, 7) Government regulation, 8) Misuse of funds, 9) Inefficiencies leading to losses, 10) Lack of secrecy, 11) Conflicts among members, 12) Limited scope, 13) Lack of accountability, 14) Lack of motivation, 15) Low public confidence.

⇒ A Co-operative Feasibility Study Guide

Suggested for Beginners & Experienced Users (click here to access it)

This guide provides information about co-operative development feasibility studies. It defines the feasibility study and discusses their necessity and limitations. First steps in feasibility study development are described and key actions, including important components of a comprehensive study, are detailed. Also offered are criteria for selecting and working with consultants, information for developing assumptions, and study assessment factors.

TOPIC 2: SSE Governance

⇒ Co-operative Governance Fit to Build Resilience in the Face of Complexity

Suggested for Beginners & Experienced Users (click here to access it)

Governance is a key component of the co-operative difference. The co-operative values and principles call for an open, voluntary, and democratic process of decision-making, and co-operative governance is an essential tool in applying those values and principles. In an increasingly regulated, complex, and interdependent global economy, where market pressures are high, a current reference on the basic tenets of co-operative governance is required. This exercise aims to help establish the tenets of co-operative governance and tease out its delimitations. As co-operatives innovate in their sectors of activity and in their typologies, the Alliance gathers leading thought from around the world and across sectors to reflect on the balance between rigidity and flexibility we must achieve in our governance strategies and practices in order to continue building a better world.

⇒ An overview of democratic governance

Suggested for Beginners & Experienced Users (click here to access it)

This report is meant to offer guidelines for the design of governance systems that help a co-op avoid the twin traps so many democratic firms fall into: either so much structure and bureaucratic procedure that members cannot actually use the power they formally have, or so little structure that there is no available means to make a difference. We seek, instead, structures that empower people.

TOPIC 3: SSE Management

⇒ Co-operative management

Suggested for Beginners & Experienced Users (click here to access it)

The co-operative method of management is modeled after participatory democracy: depending on their size, co-operative members not only vote for their board members or representatives but directly participate in the management and decision-making process of the organisation.

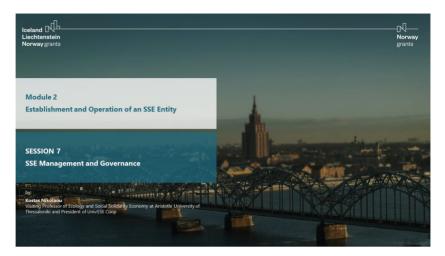
⇒ Democratic Governance: The Design of Governance Systems for Worker Cooperatives

Suggested for Beginners & Experienced Users (click here to access it)

This paper discusses the means by which small worker co-operatives and other employee owned organisations govern themselves. It examines mechanisms that foster widespread communication among the co-op members about matters of organisation policy; that provide member-owners with meaningful influence in setting policy; and that protect the personal rights of members. Together, these mechanisms form what we call the governance system of the organisation. The governance system is one of three key components needed in a democratic organisation. The other two are the legal structure of the firm (i.e., the articles of incorporation and the by-laws) and its management system (i.e., the means by which the work of the organisation is structured, managed and coordinated).

OTHER USEFUL SOURCES

- International Co-operative Alliance (ICA) (<u>click here to access it</u>)
- The ICA Group (click here to access it)
- Co-operatives UK (click here to access it)



SLIDE 2





Social Feasibility and SSE Comparative Advantages (Continued)

Co-operative business

A **co-operative business**, also known as a **co-op**, is a type of organisation that is both owned and controlled by its members, who also happen to use the services and products of the co-operative.

These businesses are different from other types of companies, because they are formed and operate for the benefit of their members. In that sense, they are nonprofits.

The benefits of co-operatives

Giving people ownership of the businesses that they are closest to - whether as employees, as customers or as suppliers - has a triple effect

- Sharing ownership gives people a stake, creating **greater** engagement, interest and concern for the long term interests
 of the business.
- Sharing ownership boosts productivity by making employees and suppliers more likely to work harder to support the business. Studies consistently show that the commitment ownership brings boosts productivity because people are invested, emotionally and financially, in the business.
- Sharing ownership harnesses innovation, by giving those who
 understand the business best a reason to contribute to its
 development. When these people are also the owners there is
 an incentive, and a reward, for contributions.



Social Feasibility and SSE Comparative Advantages (Continued)

Advantages of co-operatives:

- 1. Voluntary organisation.
- 2. Ease of formation.
- 3. Democracy.
- 4. Equitable distribution of surplus.
- 5. Limited liability.
- 6. Stable existence.
- 7. Each for all and all for each.
- 8. Greater identity of interests.
- Government support.
 Elimination of middlemen.
- 11. Low taxes.
- 12. Own sources of finance.
- 13. Encourages thrift.
- 14. Fair price and good quality.
- 15. Social benefit.



MLM

Social Feasibility and SSE Comparative Advantages (Continued)

Disadvantages of co-operatives:

- 1. Limited funds.
- 2. Over reliance on government funds.
- 3. Imposed by government.
- 4. Lack of managerial skills.
- 5. Government regulation.
- 6. Misuse of funds.
- 7. Inefficiencies leading to losses.
- 8. Lack of secrecy.
- 9. Conflicts among members.
- Conflicts amonLimited scope.
- 11. Lack of accountability.
- 12. Lack of motivation.
- 13. Low public confidence.





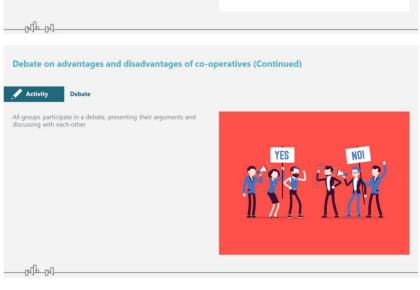
SLIDE 5

SLIDE 6

Debate on advantages and disadvantages of co-operatives * Activity Form 6 groups * 3 groups for the advantages of co-operatives. * 3 groups for the disadvantages of co-operatives.

SLIDE 8





SSE Governance

A properly functioning governance system clearly articulates the roles of:

- · the members
- the Board of Directors (and the Supervisory Board)
- · the management.

If the governance system is to function well, the responsibilities of these groups must be clear, and the groups must have real decision-making power.



SSE Governance (Continued)

The **members** are responsible for all corporate matters and significant policy matters.

Additionally, the by-laws can specify issues that should be addressed by the membership as a whole.



The **Board of Directors** is responsible for all policy and governance matters not handled by the membership. Specifically, they select key managers, approve the budget, and set the strategic direction



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SSE Governance (Continued)

The **Supervisory Board** is elected by the members and its duties are defined by the co-operative's statute. Generally, it reports to the general assembly on the auditing of financial statements, the management and board of directors' activities.





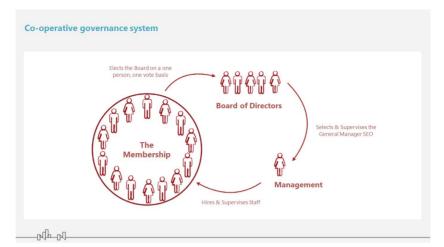


SLIDE 10

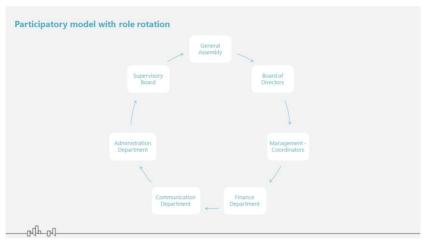
SLIDE 11

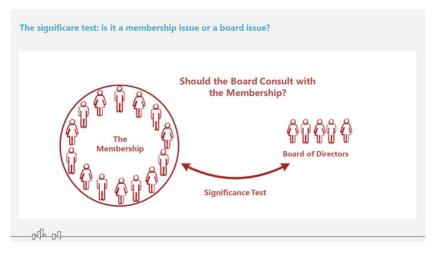
SLIDE 12

109



SLIDE 14





What are the key differences in democratic governance between the different types of cooperatives?

Activity

Form groups

Form groups of five to answer the question: What are the key differences in democratic governance between different types of co-operatives?

Different types:

- A small co-operative of 5-10 members.
- A workers co-operative of 50 members.
- A social consumer co-operative of 300 members.



_011-01

What are the key differences in democratic governance between the different types of cooperatives? (Continued)

Activity

Present and Discuss

Present the differences you have found. Discuss them!



Discuss with your groups:

Has our knowledge and understanding of the issue changed?



M-M

SSE Management

The co-operative method of business management is modelled after participatory democracy: depending on their size, co-operative members not only vote for their board members or representatives but directly participate in the management and decision-making process of the business.



Source: https://participedia.net/method/493

SLIDE 16

SLIDE 18

SSE Management (Continued)

Management is responsible for carrying out the regular business of the firm

There are many different styles of management, although there are significant benefits in terms of productivity and performance if they employ **democratic management practices**.

Management has considerable say in how the work of the co-op is carried out, and often will generate or review policy proposals for the board and membership, but they do not have the authority as managers to set policy.



SLIDE 20

SSE Management (Continued)

MLM

In general, any issue that has extensive impact on the co-operative is a policy matter and should not be delegated to operating managers.

An item passes this "extensiveness test" and is considered policy if:

- It affects a large number of co-op members, or
- It commits a substantial portion of the financial (or other) resources of the co-op, or
- It affects co-op operations, personnel, or resources over a long period of time.



_0/h_0/

SLIDE 21

What are the key roles and responsibilities of the bodies (general assembly, board of directors) and management in cooperatives?

Activity

Form three groups representing

- · The general assembly.
- The board of directors.
- The management.



_M_M





Multiple choice test

Question 1: An advantage of a co-operative business is that:

- a. It is both owned and controlled by its members
- b. It is owned by its members and controlled by the government
- c. It is owned by the government and controlled by its members
- d. None of the above

Question 2: An advantage of a co-operative business is that:

- a. It has high surplus
- b. It has no surplus
- c. It has equitable distribution of surplus
- d. None of the above

Question 3: An advantage of a co-operative business is that:

- a. It is a government organisation
- b. It is a private organisation
- c. It is a voluntary organisation
- d. All the above

Question 4: An advantage of a co-operative business is that it ensures:

- a. Democracy
- b. Fair price and good quality
- c. Elimination of middlemen
- d. All the above

Question 5: The co-operative members are responsible for:

- a. Finance matters exclusively
- b. All corporate matters
- c. Banking matters exclusively
- d. None of the above

Question 6: The co-operative members are responsible for:

- a. The regular business of the firm exclusively
- b. All significant policy matters
- c. Communication matters exclusively
- d. None of the above

Question 7: Co-operative management is responsible for carrying out:

- a. Finance matters exclusively
- b. Banking matters exclusively
- c. Communication matters exclusively
- d. The regular business of the firm

Question 8: Co-operative management is responsible for carrying out:

- a. All significant policy matters
- b. All corporate matters
- c. All policy and governance matters not handled by the membership
- d. None of the above

Question 9: Co-operative management generates policy proposals for:

- a. Other co-operative enterprises
- b. Other private enterprises
- c. The Board of Directors and the membership
- d. None of the above

Question 10: The co-operative Board of Directors is responsible for:

- a. The regular business of the firm
- b. Communication matters exclusively
- c. All policy and governance matters not handled by the membership
- d. None of the above





Funding might be the single most important challenge for SSE entities (© SME Loans, processed by I. Pissourios).

Economic and Social Aspects

SESSION 8

SSE Funding

By Yiorgos Alexopoulos

KEYWORDS: Social finance, Co-operative capital, Ethical and co-operative banks, Co-operative funds, Debt financing, Equity investments, Patient capital, Capacity building, Investment readiness

READING MATERIAL

TOPIC 1: Financing Needs of SSE entities

⇒ Improving access to funding

Suggested for Beginners & Experienced Users (click here to access it)

The European Commission expert group on social enterprises (GECES) has worked in recent years to develop a road map for the European Union and its member states that would lead to conducive ecosystems for social economy development. In this subject paper GECES members detail the rationale which lies behind their recommendation to facilitate social economy enterprises' access to finance. The indicated introductory pages focus on the deficiencies and needs the demand for and supply of social finance faces.

⇒ Assess the social enterprise field and social finance market (see: "A recipe book for social finance", chapter 1, pp. 20-55)

Suggested for Beginners & Experienced Users (click here to access it)

This recipe book – practically a guide- is stemming from the experience accumulated by 40 pilot projects financed since 2013 in different EU countries

with the aim of developing social finance instruments. Some of these projects focused on designing investment readiness and capacity-building programmes for social enterprises, and others working on financial instruments for social economy enterprises. The first extract of/reading material from this guide focuses on the assessment of the demand and supply side and indicates the difficulties SSE entities may face in their attempts to access appropriate and timely finance.

TOPIC 2: Sources of Funding [A] -Main financial suppliers for the SSE

⇒ Financial Mechanisms for SSE

Suggested for Beginners (click here to access it)

This ILO report is an attempt to foster a better understanding of the ecosystems (i.e. the complex sets of relations and interactions between SSE organisations, their stakeholders and their surrounding environment) favouring the SSE, and the financial mechanisms that support and consolidate them. Using a combination of literature review, key informant interviews, case studies and quantitative data from eight countries around the world, the project team proceeded to identify and review a wide variety of potential sources of finance for the SSE as well as the different mechanisms through which these resources could be made available to SSE organisations. The indicated pages describe briefly the funding sources recognised to be available for SSE enterprises.

⇒ Assess the social enterprise field and social finance market

Suggested for Beginners & Experienced Users (click here to access it)

Revisiting the practical guide developed by Eva Varga and Malcolm Hayday (see above- Topic 1/text 2) we now focus on the supply side of the social finance market. The text details the characteristics of social finance supply organisations and provides arguments on when and how these should be considered as appropriate funding sources.

TOPIC 3: Sources of Funding [B] - Financial mechanisms and tools

⇒ Financial Mechanisms for SSE

Suggested for Beginners & Experienced Users (click here to access it)

The recent report of the ILO (see above) offers some useful insights on the financial mechanisms and tools through which SSE entities may cover their needs. It gives a detailed description of different mechanisms and tools and classifies them according to their source (internal vs external) and risk associated with their use. Finally, it connects available financial mechanisms

with the development phases of a SSE entity.

⇒ Build an investment strategy

Suggested for Beginners & Experienced Users (click here to access it)

Building again on the experiences of the pilot projects developed to finance social economy enterprises, this last reference of the European commission practical guide emphasises the role of social investors and relevant tools available.

⇒ Survey of Cooperative Capital

Suggested for Beginners & Experienced Users (click here to access it)

This ICA report undertakes a survey of capital in co-operatives around the world. It addresses capital in the broad sense of the range of debt and equity instruments used to finance the assets and operations of co-operatives. While specific observations are provided on regulatory capital issues, the main focus of this report is capital more broadly. Access to capital is vital to the success of any business, but the co-operative ownership model introduces unique considerations. The principles of co-operation, particularly democratic member control and member economic participation, influence the choice of capital structure.

⇒ Capital building in industrial and service cooperatives (see: "The Capital Conundrum for Co-operatives", ch. 1, pp. 22-31)

Suggested for Beginners & Experienced Users (click here to access it)

"Capital is the most important factor in fulfilling members' economic needs": This is (one of) the starting argument(s) of this ICA report, which analyses the role and objectives related to its sources and use. The selected chapter introduces a few considerations on co-operative capital based on the experience of industrial and service co-operatives. However, a discussion on co-operative capital would not be complete if it did not also include considerations on capital generated by the co-operative movement itself as a community of co-operatives in close relation with the capital in the individual co-operatives.

⇒ Improving access to funding

Suggested for Beginners & Experienced Users (click here to access it)

The subject paper of the European Commission expert group on social enterprises (GECES) now focuses on the funding sources available at the EU level which aim to support SSE enterprise development. It should be noted that experience and lessons learned through those funding windows has led the EU to promote a more robust and much richer pillar in the forthcoming financial framework focusing on social innovation.

OTHER USEFUL SOURCES

- □ FEBEA European Federation of Ethical and Alternative Banks (click here to access it)
- European Association of Cooperative Banks (click here to access it)
- European Venture Philanthropy Association (click here to access it)
- □ EaSI EU Employment and Social Innovation Programme. Social finance and microfinance (microfinance and social enterprise support & microfinance providers)

NOTES

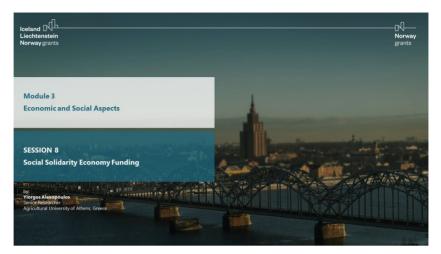


EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS



The European Association of Co-operative Banks (EACB), the European Federation of Ethical and Alternative Banks (FEBEA) and the European Venture Philanthropy Association (EVPA) are three organisations sharing the vision of creating positive societal impact.





SLIDE 2



SLIDE 3

Financing (and non-financing) needs For which type of SE At what stage of development For what By whom In which form

Mul

The demand and supply sides; basic ingredients Assess the SSE field and social finance market Demand: SSE entities MLM

Blockers that prevent SSE enterprises from accessing funding

These vary according to the needs and stage of development of the SSE enterprise:

- Missing entrepreneurial mind-set and skills, lack of networks/resources, inadequate or missing investment readiness support.
- · Lack of identity and reduced visibility.
- Small market size (and fragile...)
- SSE enterprises are perceived by investors as high risk.
- SSE enterprises often need smaller amounts of funding than would be efficient for investors to provide, which leads to high per-deal transaction costs.
- · Grant dependency.
- · Mismatch between funding/financial needs and available funds and instruments.
- Lack of co-ordination between public/private funders.

Source: ec.europa.eu

MLM

"Blockers" categorised according to the needs of the SE (GECES, 2016)

- Capacity building needs are closely linked to funding as management of the SSE enterprise may not know how to find, attract and communicate with funders, and may lack the skills to run its enterprise in a way that is suitable for specific types of funding, or so that it can become financially self-sustainable.
- 2. Financing/funding needs relate to how SSE enterprises at different stages in their evolution require different types of funding, some of which is less easily accessible due to deficiencies in the funding community and a general lack of availability of the appropriate funding.
- 3. Finally, infrastructure needs pertain to structural issues that rinally, inflastructure needs pertain to structural issues that currently prevent SSE enterprises from accessing funding, due to a misalignment between public and private funding priorities, and a lack of appropriate or sufficient mechanisms and structures that encourage more public and private funding of SSE. enterprise.



MLM

SLIDE 5

SLIDE 4

Where are the gaps? (I) (a recipe book for social finance, 2019)

The assessment of what already exists in the market highlights the various gaps and opportunities. The gaps most likely to be highlighted fall into the following categories:

Knowledge gap:
Knowledge and skill gaps are major barriers on the investee side,
when SSE enterprises are unable to build a business model or run
their operations efficiently.

Can appear on the investor side as well, as many social finance suppliers do not understand the social goals & measurement tools of the potential investees and thus set unrealistic expectations.

Solutions/"ways ahead"

These gaps can be filled in many ways, which could lead to possible solutions or involvement in the market:

- 1) buying in the services of paid experts and support organisations
- 2) forming partnerships that bring the missing skills to the table;
- 3) designing and implementing a capacity-building programme.

Financing gap: i.e. the lack of sufficient funding available to meet market needs, the lack of certain types of financing products and favourable conditions

A typical problem encountered by social finance markets is the existence of **the 'death valley'**, i.e. lack of investments for the start-up or consolidating of enterprises.

Regulatory gap: The regulatory gap usually means a missing piece of regulation, which can be either a showstopper or something that could simply slow down the development of the market.

* an additional category could be "gap in demand in public or private markets for the services and/or products of SEs"



SLIDE 8

Main needs/deficiencies according to stage of development (GECES, 2016)

Needs	Pre-start up	Start-up/Pilot stage	Early-stage growth	Later-stage growth
Capacity building (management needs)	Entrepreneurial mind-set and skills	Relevant business skills and networks/resources to access those and the funding community	Assistance professionalize processes and functions	Investment readiness support, business and people skills, support in creating exit scenarios
Funding (deficiencies in funding community)	Understanding of social enterprise. Patient donors, business angels and support networks	Availability of risk capital and first-loss capital . Mismatch between legal form and appropriate financing tools.	Funders dedicated to this stage, longer-term funding (grants, debt, equity) to enable social enterprise to become financially self-sustainable)	Appropriate legal forms an incentives, allowing social donors and impact investors to invest significant capital i social businesses
Infrastructure (structural needs)	Alignment of public policy and private donors'/investors' priorities	Public support of private sector participations - using state/municipality contracts as collateral. Create/Support SE in market access offering their services/products	Role for public sector in providing guarantees, co- investment matching SE and donors or investors	Procurement and hurdles to access to public sector contracts. Lack of dedicated social economy financial institutions.

SLIDE 9

Let's revisit reported challenges – What is the actual problem?

Activity

Question on the underlying challenges

- · Access to finance?
- · Access to market?
- · Or perhaps both...?



Summing up

- As in all other cases, SSE entities require funds to develop and deliver their potential.
- Non-financial support services allow SSE entities to strengthen their business model and reach out to appropriate sources and types of funding.
- Money is needed for different purposes depending on their field of activity, business model and maturity.

It is most commonly used to finance:

- · working capital to cover operational expenses or for asset development (e.g. the purchase of property or equipment) or
- to build reserves or growth capital (growth capital could include the expansion of existing services or investment in infrastructure or new/innovative areas/activities)

In essence, capital is required to provide better services to members and to grow and develop in modern economies.

SSE entities explore various sources in order to maintain and strengthen their position in the economy and society in general.

Matching the available forms and amounts of finance with the desired purpose is a challenge in most markets because the risk and return expectations (both social and financial) of investors and investees often do not align.



SLIDE 11

Short description of main financial suppliers for the SSE

Because of their nature and objectives, SSE organisations can, at least in theory, have access to a variety of sources of finance. These include:

- · Individuals (as members/owners of SSE entities or external funders)
- Organisations that belong to the SSE (including organisations that are specialised in financial services for SSE)
- · Public sector agencies and programmes, as well as regional/local authorities
- · Philanthropic organisations
- Organisations and financial intermediaries that provide financial services for all enterprises
- Members/owners, other stakeholders: Capital supplied by the members or owners of the company in a variety of ways (shares including co-operative shares, membership fees, donations, loans, etc.).
- Private citizens: Capital supplied by private citizens, mostly in the form of donations or small investments. Recently, new technologies such
 as online crowd-funding platforms have facilitated the pooling of small amount investments and increased the potential for this source of
 capital.
- Foundations and Philanthropic organisations: Traditionally these entities invest their assets in equity and bond markets and use
 dividends and the payment of interest for social missions.



SLIDE 12

Short description of main financial suppliers for the SSE (Continued)

Financial Intermediaries

These include:

- a) Ethical / co-operative banks, and solidarity finance intermediaries lending only to enterprises or organisations that fit their mission.
- b) Co-operative development funds and dedicated instruments developed by and within SSE to provide financial solutions to the field.
- c) Banks that have, among their various activities, specific product lines for SSE organisations.
- d) Banks which treat SSE organisations as traditional customers.

Public sector / Regional and Local Authorities

Funding streams may come in various types and sources:

- a) Programmes providing finance in the form of grants, loans and guarantees.
- b) Subsidies and incentives (to SSE organisations and to potential funders).
- c) Public-private partnerships (e.g. for lease or transfer of public buildings or other assets).
- d) Dedicated initiatives and schemes to support local needs and local development (e.g. to support SSE entities developing affordable housing, building community facilities, and launching or expanding programmes that contribute to the well-being of the community).

Source: (International Labour Office – ILO (2019) Financial Mechanisms for Innovative Social and Solidarity Economy Ecosystems



Map funding sources dedicated to financing SSE entities



Reflect on the following

Search on the internet to identify financial intermediaries financing SSE entities.



SLIDE 14

Financial mechanisms and tools

Financial mechanisms can be defined as the ways in which financial resources are made available by a supplier to the organisations that need them. They can take the form of:

Grants and donations

- Grants are awards, usually financial, which (usually) do not have to be paid back.
- A donation is a gift for humanitarian aid, or to benefit a cause, which are commonly in the form of cash, but they can also take the form of real estate, motor vehicles, and/or other assets or services.

Equity capital

- Equity capital is funds paid into a business by members (and investors) in exchange for common shares (in SSE enterprises preference shares may also be in issue).
- Once invested, these funds are at risk, since investors will not be repaid in the event of a corporate liquidation until the claims of all other creditors have first been settled. It represents the core funding of a business, to which debt funding may be added.

Repayable finance (debt capital / loans)

- This includes secured and unsecured loans, mortgages, working capital, bonds. Microfinance (i.e. loans up to 25,000 euros usually issued with preferential terms) is another available option in this category.
- With debt financing investors also pay funds into a business, but expect to be repaid along with interest at a future date.

Mixed tools and semi-repayable finance

- These can take many forms (and names) such as quasi-equity, mezzanine capital, and/or hybrid capital. Usually a combination of equity and debt investments into an organisation.
- Finally an interesting and useful tool often used to facilitate
 access to finance are guarantees. They may be structured to take
 an agreed percentage of the financial risk in the project or used
 to unlock an advance payment. If the loan is not repaid or work
 not done as contracted, the guarantee can be called and is
 immediately payable.



SLIDE 15

Classification of funding sources - Internal and external sources

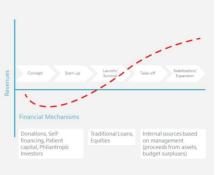
Capital raising can take place through two categories of funding sources: internal sources and external sources.

- Internal sources consist of capital derived from participation in the enterprise's risk capital (ordinary and/or optional shares); additional
 contributions from its social base (lending or donations by members); from the surplus and/or retained earnings that derive from its
 operations.
- External sources can take forms, such as equity investments and debt instruments. Mixed tools can be developed combining the characteristics of these two basic types.



Expected use of financial instruments in different stages of a SSE enterprise (ILO, 2019)

- In early stages, when the enterprise has fewer resources, financial mechanisms that do not expect returns (such as grants, donations, and self-financing) are preferable.
- As revenue flows increase and the enterprise becomes more stable it can access traditional debt and equity instruments.
- Over time, with the accumulation of assets (which in SSE organisations is often facilitated by profit distribution constraints) and positive cash flows, internal sources which are not available in the early stages of life are also activated.





Tips on capital management and good funding practices

Access to capital is vital to the success of any business. In SSE entities, though, the principles of co-operation, particularly democratic member control and member economic participation, influence the choice of capital structure.

Efficient capital management ensures that:

- Funds are borrowed when they are most useful.
- · The coop has sufficient liquidity to meet obligations (and repayment of loans) falling due.
- · Risk is controlled.
- Financial self-reliance is maintained. Sources of funds for the repayment of loans should be identified and quantified.
- Business goals and members'/social objectives are achieved.



Achieving SSE entities' self-reliance

Co-operative capital formation is essential for survival in a competitive world.

Thus:

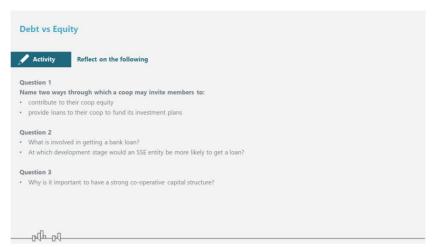
- Co-operatives should work to mobilise capital from their members in a variety of ways - members should be motivated to be active in their dual role as investors & users.
- Financial self-sufficiency, based on co-operative capital (members' contributions & indivisible reserves) is the basis for successful initiatives.
- Co-operatives with a strong equity base are able to borrow easily from commercial sources.

Moreover, increased members' financial participation:

- · enforces greater accountability
- encourages their participation in decision-making
- strengthens co-operative financial self-reliance & operational autonomy

SLIDE 16

SLIDE 17





NOTES			

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Multiple choice test

Question 1: SSE entities may have diverse funding needs according to their:

- a. Field of activity.
- b. Stage of development.
- c. Purpose of finance.
- d. All of the above.

Question 2: Which argument is not related to SSE entities' difficulties in accessing finance?

- a. SSE enterprises are perceived by investors as high risk.
- b. SSE enterprises funding needs lead to high per-deal transaction costs.
- c. There is a mismatch between funding needs & available funds and instruments.
- d. SSE entities, as not-for-profit entities are not in the position to repay finance.

Question 3: Capacity building refers only to services directed at...

- a. SSE entities in order to increase their potential to access finance.
- b. Funders of SSE entities to improve their understanding of SSE goals and business models.
- c. Both SSE entities and potential funders of SSE entities.
- d. None of the above the term is not related to SSE entities nor their funders.

Question 4: Loans may be provided to SSE enterprises by:

- a. Acknowledged financial intermediaries.
- b. Its members.
- c. The state.
- d. All of the above.

Question 5: Due to their social and environmental objectives as well as their not-for-profit character, SSE entities should not expect to obtain funding from:

- a. Public funding sources and from local authorities.
- b. Mainstream/conventional funding sources.
- c. Dedicated ethical and co-operative banks.
- d. The SSE can obtain funding from any source.

Question 6: Efficient capital management in a cooperative means that:

- a. Members' needs are met
- b. Self-reliance is maintained
- c. Risks are calculated and inform decisions
- d. All of the above

Question 7: The difference between a grant and equity investment is that:

- a. A grant covers small amounts.
- b. Equity investment does not need to be repaid to investors.
- c. A grant (usually) should be repaid.
- d. None both need to be repaid.

Question 8: SSE entities may accept equity investments by:

- a. Its members.
- b. External investors, provided that they can use its services.
- c. External investors even if they cannot/are not willing to use its services.
- d. All the above, if the statutory principles and self-reliance are preserved.

Question 9: Which of the following statements is not related to increased financial participation by members:

- a. It is a prerequisite for better dividends paid to members.
- b. It is a prerequisite for the co-operative's operational autonomy.
- Members feel that they should follow their coop operations more closely (be more accountable).
- d. The co-operative is more self-reliant.

Question 10: Efficient capital management in a cooperative ensures that:

- a. External investors will get increased dividends
- b. Social and/or environmental objectives are irrelevant
- c. Business goals and members'/social objectives are achieved
- d. The State can treat and tax cooperatives as any other enterprise





The two main differences between a social enterprise and a conventional enterprise of the free market are mission and scope. While in mainstream businesses the basic target is profit maximisation, in social solidarity economy the focus lies on improving the living conditions of the local community (© pxfuel).

SESSION 9

Social Business Plan and Social Impact

By Athanasios K. Devetzidis

KEYWORDS: Social Entrepreneurship, Social Mission, Funding, Risk Management, Scaling Impact, Social Impact Measurement, Social Accounting, Stakeholder(s), Social Responsibility Assessment

READING MATERIAL

TOPIC 1: Readiness Assessment

⇒ Module 5. Are you suited to social enterprise? In ILO (2011). Introduction to Social Enterprise - Learner's Guide

Suggested for Beginners (click here to access it)

The acquisition of a certain level of career readiness is a basic precondition for individuals either to join or to establish a social enterprise The learning guide mentioned above, provides an introduction to social value delivery and self-assessment. In specific, it will help participants to create a common understanding of various social economy and social entrepreneurship topics as well as to identify whether this career choice is suitable for them or not. Participants may self-assess their attitude towards basic notions of social entrepreneurship, by answering how they see themselves in relation to collective ownership, democratic decision-making processes and whether they place more value on people and work rather than money. (Please check p.15).

TOPIC 2: Construction of a social business plan

⇒ Methodology of writing a social enterprise business plan (Trans-national Employment Paths)

Suggested for Beginners & Mid-Experienced Users (click here to access it)

The "Methodology of writing a social enterprise business plan" is a product that provides the link between the entrepreneur's strategy and his/her required actions such as:

- clarify why they are a social enterprise
- develop a better understanding of their enterprise
- ensure that they understand and are up-to-date with their market.

(See in detail p. 17-41)

TOPIC 3: Social Investment

- ⇒ Create a vision, define your goal and value added (see: "A recipe book for Social Finance", ch. 2, pp. 31-37)
- ⇒ Suggested for Mid-Experienced Users (click here to access it)

The social investment market is much less mature than the mainstream investment market, and the data is actuarially insignificant. The key is to develop a vision and understand what is going to work best. There is no one-size-fits-all approach. (See in detail p.31-37).

TOPIC 4: Modern ways to measure Social Impact

⇒ Sustainable Development Impact Indicators for Social and Solidarity Economy: State of the Art

Suggested for Beginners & Experienced Users (click here to access it)

Social Impact is a factor of success for a social enterprise. This reading attempts to review methodologies, metrics and indicators implemented in the Social Solidarity Economy today, even if impact measures are not standardised. The incentive comes from social enterprises themselves wishing to assess their effectiveness as well as investors requiring these assessments.

⇒ Policy Brief on Scaling the Impact of Social Enterprises - Policies for social entrepreneurship

Suggested for Beginners & Experienced Users (click here to access it)

Social Impact of a social solidarity economy scheme, organisation, enterprise or partnership is not intended to be a self-report case only, but includes and refers

to all stakeholders. As social enterprises generate value that benefits local communities and society at large, scaling their social impact is in the interest of today's decision makers at all levels. Public policies should therefore acknowledge social enterprises' capacity to generate value for the community and support their scaling efforts as a key objective. The suggested reading above depicts impact scaling through four dimensions; Expansion, Replication, Partnerships and Knowledge Sharing.

TOPIC 5: A european tool to measure Social Impact

⇒ GECES Sub-group on Impact Measurement: Proposed Approaches to Social Impact Measurement in the European Commission legislation and practice relating to: EuSEFs and the EaSI

Suggested for Mid-Experienced Users (click here to access it)

This methodology combines four essential elements for a meaningful measurement: Process, Framework, Indicator and Characteristics. The process of measurement, comprising five steps, is presented below (see in detail p. 35 - Figure 6, p. 41, p. 50 and p. 59). The suggested approach highlights seven prerequisites for Reporting (see in detail p. 46 and p. 57 - Reporting Standards). The field is on the making and requires regular review given the diversity of social solidarity economy schemes and functions (see in detail p. 43 - The scope of SEs requiring measurement).

TOPIC 6: Working with Social Impact: Examples of excellence

⇒ Measuring the Impact of a Social Enterprise – Case Study CONCORDIA Bakery, Romania

Suggested for Beginners & Experienced Users (click here to access it)

The purpose of the study was to develop and assess Concordia Bakery's program and activities, which has a bold social objective: the socio professional integration of young people coming from disadvantaged backgrounds. Development of the Bakery would create a long-term social impact on the young people who, after graduating from the Bakery class and obtaining their qualification diploma, were hired for a temporary period in the enterprise, as for clients safety and quality of goods comes first.

⇒ The Social Impact of Banca Etica - 15 years of finance serving the good common good, Abstract

Suggested for Beginners & Experienced Users (click here to access it)

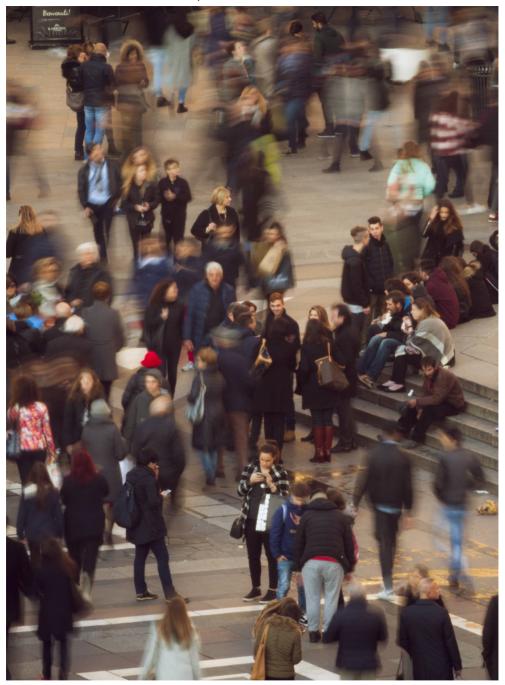
The field of funding and micro-finance of social solidarity economy

organisations can be autonomous from state or EU priorities. Ethical Banks can provide modern tools and solutions, and in the following lines there is an example of excellence in that field. Measuring social impact means measuring the change generated in beneficiary organisations and families through finance and collaboration with Banca Etica.

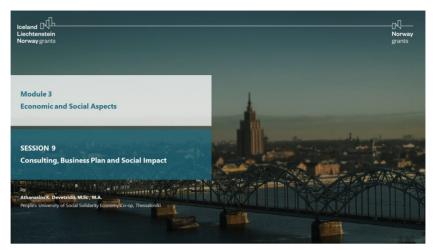
OTHER USEFUL SOURCES

- GRI (Global Reporting Initiative) (<u>click here to access it</u>)
- The United Nations Inter-Agency Task Force on Social and Solidarity Economy (TFSSE) (click here to access it)
- □ European Research Institute on Cooperative and Social Enterprises (EURICSE) (click here to access it)
- □ OECD/EU (2017), Boosting Social Enterprise Development: Good Practice Compendium, OECD Publishing, Paris (click here to access it)
- □ Forth Sector (click here to access it)
- European Network of Cities and Regions for the Social Economy REVES (<u>click</u> <u>here to access it</u>)
- European Federation of Ethical and Alternative Banks (<u>click here to access it</u>)
- □ European Confederation of industrial and service cooperatives (<u>click here to access it</u>)
- □ Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE) (click here to access it)
- International Ass. of Mutual Benefit Societies (AIM) (click here to access it)
- □ Social Good Guides (click here to access it)
- European Network of Social Integr. Enterprises (ENSIE) (click here to access it)
- Social Entrepreneurs Ireland (SEI) (click here to access it)
- EMES research network (click here to access it)

SESSION 9: Social Business Plan and Social Impact



In the paper 'Thirty years of social accounting, reporting and auditing: what (if anything) have we learnt?' Rob Gray highlights that "one of the more obvious things is that social issues, and thus accounting for them, are profoundly complex" (©S. Boscaino).



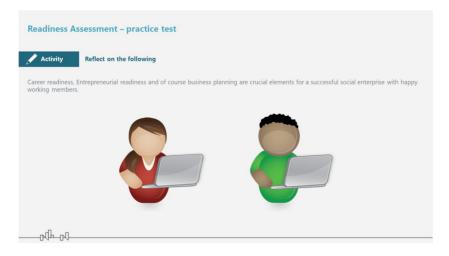
SLIDE 2











SLIDE 4

Construction of a Social Business Plan

According to Pearce (2003) the Social Business Plan should reflect the major characteristics of a social enterprise.

- Value system.
- Financial management.
- Human resource management.
- Legal issues.
- Marketing.



SLIDE 8

Construction of a Social Business Plan (Continued)

The team should take into account the following (a)

- Enterprising qualities to run a social enterprise (the leader, the team).
- Potential Business Idea Some Questions seek Answers from you!
 - Are you looking to sell a product or service to a customer?
 - Have you identified who that customer is?
 - Do you know what the market rate is for the product or service?
 - Have you considered how you will convince the customer to buy from you rather than from your competitors?
- Knowledge about a social enterprise Risk attitude.

Before writing the team should take into account the following (b)

- · Rethinking the business idea External analysis of your market.
- Balance of income.
- · Testing your business idea.
- Pricing the product or service.
- Promoting your business
- Writing a business plan.



SLIDE 9

Construction of a Social Business Plan (Continued)

Contents of a social business plan (A):

- Executive Summary.
- Business Name.
- Key staff.
- Product or service.
- Market Analysis.
- Social Purpose.

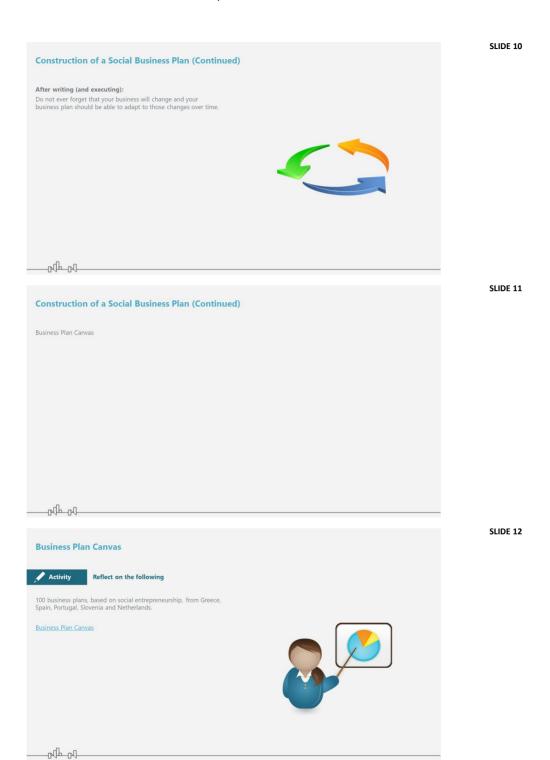
Contents of a social business plan (B):

- Business Environment.
- Industry Analysis.
- · Critical Business Factors
- Business Development Strategy.
- Turnover and sustainability.
- Marketing and sales.

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Contents of a social business plan (C):

- Marketing and sales.
- Premises.
- Suppliers.Production operation.
- Equipment and vehicles.
- Finance.





SLIDE 14



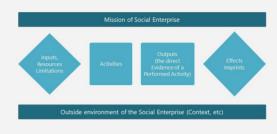


SLIDE 16 What is Social Impact? What do you believe social impact is? M-M SLIDE 17 **Introduction Activity to theme 2** What do you believe social impact is? A cloud with related terms. Mul SLIDE 18 **Modern ways to measure Social Impact** Why is it important to measure Social Impact? Internal factors Self-evaluation (scope – goal delivery). · Sustainability (lessons learnt and expansion). Awareness (general public, practitioners, peers). Attractiveness (academics, researchers, peers). · Visibility (institutions). Public Funding. Private Investment. Know your topic - know your people International Organisations (UNRISD). European Union (CIRIEC, GECES, EURICSE). · International Cooperative Alliance (ICA).

Modern ways to measure Social Impact (Continued)

Theoretical background

Theory of Change. "An explanation of how a group of stakeholders expects to reach a commonly understood long-term goal". Logic Model. "A picture of how an organisation does its work. Links outcomes with programme activities and principles". Reporting and auditing streams; ie SARA



SLIDE 20

Modern ways to measure Social Impact (Continued)

Key Initiatives & good practices (tools) I

A very well-known instrument within in the SARA (Social Accounting, Reporting and Auditing) approach is the SROI (Social Return On Investment) model.

SROI measures the changes that can be attributed to a specific intervention and then ascribe a monetary value. It has 6 stages:

1. Scope estimation.

MLM

- 2. Outcomes mapping.
- 3. Evidence and Value Outcomes.
- 4. Impact estimation.
- 5. SROI Calculation.
- 6. Reporting, using and embedding.

Criticism:

- 1. Monetary values based on subjective estimates.
- 2. Social benefits should not be given monetary values.



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SLIDE 21

Modern ways to measure Social Impact (Continued)

Key Initiatives & good practices (tools) II

Utilité sociale: Certification. A resolutely constructivist stance. Stakeholders determine what has social value. Designed to identify what added value the Social Solidarity Economy contributes to its community (qualitative methods of assessment, no specific set of indicators) – The five dimensions of utilite sociale (France).



Modern ways to measure Social Impact (Continued)

Key Initiatives & good practices (tools) III

Societal Balance Sheet. CJDES bilan sociétal (Spain). An evaluation tool that leads to the Mercado Social label, which provides access to an online SSE market platform. This evaluation tool is completed by the social enterprise itself with additional questionnaires filled out by workers, customers and volunteers. It includes 50 indicators in the following sections.

- . Cinamana
- Democracy
- Environmental Sustainability
- · Social commitment
- · Labour conditions

See also



SLIDE 23

Dimensions that define social impact - the working space of a social enterprise



Reflect on the following

- Social inclusion of vulnerable groups (Youth Not in Education, Employment or Training- NEETs, Youth at risk, the disabled, ex-prisoners, immigrants etc.)
- Environmental protection and tackling climate change (environmental education, recycling, energy efficiency etc).
- Sustainable agriculture and food safety (new means of agriculture).
- Social services (Active aging, health care, general education and cultural activities, community management).



SLIDE 24

Modern ways to measure Social Impact

Scaling Impact Strategies - I

One tactic for a social enterprise to expand is to do "more of the same" by reaching out to a larger number of beneficiaries or improving quality.

Another tactic is to move to a new location.

Finally they can select to expand into an entire new field by adding an activity (diversification).

Scaling Impact Strategies - II

Social Franchising will be discussed in greater detail in Session 10. In general, it refers to the occasion when a social enterprise is successful in creating social impact, so a replication of its methods and models is possible in other geographical contexts.

Scaling Impact Strategies - III

Partnerships

A social enterprise is not a "one entity show" (in other words, a one woman or man show), but it is a part of the wider ecosystem of the Social Solidarity Economy.

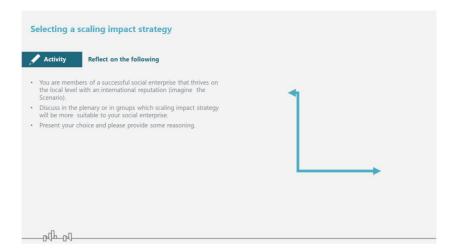
In this context a social enterprise can benefit from (public or private) partner's infrastructure, serve as a distribution channel or contractor for public authorities, social services, etc.

Scaling Impact Strategies – IV

Science, as well society as a whole, is better served when knowledge is shared.

Benefits come from interaction with other social or conventional enterprises. That tactic is also useful in the case of social franchising.





SLIDE 26

Rationale There are several benefits (see in detail suggested text of topic 2, p.28) from Social Impact Measurement (SIM). So there is a need for an agreed standard* for SIM, with the following characteristics: Reporting consistency Performance management foundation Stakeholders engagement *see figure about the main concepts in Topic 4 (Inputs, Activity, Output, Outcome > Impact)

SLIDE 27

e measurement: ry attempt for a meaningful measurement please keep in mind four crucial elements:					
	Process	Present how activities achieve change			
	Framework	Provide the most useful outcome for each area of intervention, i.e. Ex-prisoner inclusion			
	Indicator	Well-being scores			
	Characteristic	Credibility			

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SLIDE 28 A European tool to measure Social Impact (Continued) Process of measurement Identify objectives. Parties/Services to be measured Identify stakeholders. Who gives? Who gains? & How? Set Relevant Measurement. Reflect what is being achieved, present to meet stakeholders needs. Measure, Validate and Value. Are achieved outcomes apparent to stakeholder, are they valuable to them? Report, learn and Improve. Results reported regularly and meaningfully to internal and external audiences MLM SLIDE 29 A European tool to measure Social Impact (Continued) Reporting Standards 1. How the process has been applied (proportionality, scrutiny, confidentiality, legality). 2. Explanation of the effects of intervention. 3. Explanation of what activity achieved those outcomes. 4. Identification of third parties and stakeholders 5. Explanation of the selection of indicators. 6. Explanation and quantification of social and financial risk. MLM SLIDE 30 A European tool to measure Social Impact (Continued) Remember 3 dimensions of a social enterprise 1. Social objective of the common good is the reason for the commercial activity. 2. Profits are mainly reinvested. 3. Democratic , Participatory Ownership. Social Impact measurement goes beyond these basic criteria. It develops a new criterion, the extent to which a social enterprise meets societal needs and achieves changes in the lives of those it touches. Measurement Variations Do not forget the diversity in clients, needs, goals, services, societies (see again dimensions on slide 24).

Measure your impact!

✓ Activity

Reflect on the following

You are members of a successful social enterprise that thrives at the local level with international reputation (imagine the scenario) Perform a Social Impact Measurement based on the Common Process, please take into account Reporting Standards.





SLIDE 32

Working with Social Impact: Examples of excellence

The Concordia Bakery (Romania)

Concordia was established in 2010, producing bread and pastry based on traditional recipes, with a social objective: the socio - professional integration of young people coming from disadvantaged backgrounds.

Outcomes for employees-beneficiaries:

- to be capable to apply the flow of production at all stages,
- to be able to work independently or with minimal guidance in a free-market bakery, and
- · to be able to plan the execution of daily orders and report the daily production of the bakery.

The social value brought by Concordia Bakery to disadvantaged youth is an important factor for clients, but it is secondary to the quality and safety of the purchased product.



SLIDE 33

Working with Social Impact: Examples of excellence (Continued)

Banca Etica (Italy) - I

Using finance as a tool to connect individual and organisations' savings to finance public projects, generates a positive impact on the community and increases people's quality of life.

A steady increase in confidence from investors and shareholders.

Measuring social impact means measuring the change generated in beneficiary organisations and families through finance and collaboration with Banca Etica.

Banca Etica (Italy) - II

Values-based banks focus on intermediating money to individuals and enterprises that provide value to society in one or more of these key elements.



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NOTES	

Multiple choice test

Question 1: Career readiness is a prerequisite for a successful transition from studies to work.

Yes.

No.

It depends on the studies.

It depends on your grades.

Question 2: A social enterprise can be successful without a social business plan.

Yes

No

In some cases yes.

Only if the stakeholders allow it.

Question 3: The key to the social investment market is...

Developing your vision and understanding what is going to work best for you.

Promising profits to investors.

Gaining access to political parties.

None of the above.

Question 4: Which of the following constitutes a tool for measuring social impact?

Theory of Change.

Logic Model.

Social return on investment (SROI).

None of the above.

Question 5: Which is not a strategy for Impact Scaling?

Introduction in a Stock Exchange Market.

Expansion.

Replication.

Knowledge Sharing.

Question 6: Which of the following is one of the five steps of social impact measurement?

Objectives Identification.

Stakeholders Identification.

Monitoring and Reporting.

All of the above.

Question 7: Does identification of the stakeholders' interest constitute a standard for measurement reporting?

- 1. Yes
- 2. No
- 3. In some cases yes, in some cases no
- 4. It's irrelevant

Question 8: In the case of the Concordia Bakery in Romania, which factor was a priority for clients?

The Social Mission of the social enterprise

Safety and Quality of goods

This is not mentioned.

The safety of the workers.

Question 9: According to Banca Etica; "Measuring social impact means...

Measuring deposits' growth rate

Italian GDP increase.

Measuring the change generated in beneficiary organisations and families.

Prevention of immoral acts in the society.

Question 10: What are the limitations of Social Impact Measurement?

- 1. Context.
- 2. Lack of a specific theory.
- 3. Usage of qualitative and quantitative research methods.
- 4. All the above.





Brand names are used in business, marketing, and advertising for recognition and, importantly, to create and store value as brand equity for the object identified (© RelyAble, processed by I. Pissourios).

Economic and Social Aspects

SESSION 10

Social Franchising

By Venetia Barbopoulou

KEYWORDS: Social franchising, Franchisor, Franchisee, Social franchise agreement, Social franchise fee, Social franchise manual

READING MATERIAL

⇒ The social franchising manual

Suggested for Beginners (click here to access it)

A very basic text on the main features and key elements of social franchising which answers the basic questions of what social franchising is, what the steps to its achievement are, the difference between social and commercial franchising. It also provides Frequently Asked Questions, an enlightening appendix with case studies, and a second one with a useful template of a franchise agreement.

⇒ From Social Enterprise to Social Franchise. An introductory guide to achieve scale through replication

Suggested for Beginners (click here to access it)

An easy to read introductory text on social franchising for an initial understanding of the idea and the procedure. It addresses introductory and very essential subjects such as the social franchising procedure, the main two partners of this procedure and their respective relationships. It also includes diagrams and charts with bullet points to help comprehensive understanding of social franchising.

⇒ Insights into Social Franchising. Lessons from a Social Franchising Accelerator

Suggested for Beginners & Experienced Users (click here to access it)

A very concise and easy to read report on the basics of social franchising for a deeper understanding of how to extend the social impact of a social enterprise. It provides a very thorough yet concise look into various important aspects of social franchising, stressing the most valuable of them. It also contains a lot of very useful and concise diagrams listing processes and phases of the social franchising venture. Good for a detailed, and still easy to grasp visualised manual.

⇒ Social Franchising innovation and the power of old ideas

Suggested for Experienced & Advanced Users (click here to access it)

A detailed and comprehensive manual on social franchising basics. It also gives practical examples of the differences between commercial and social sector franchises through relevant case studies. It contains quite a lot of text so readers should be prepared to allocate a lot of time and attention. Still it is worth the effort, since it gives quite a lot of social franchising examples. Additionally, it offers opinions and parts of interviews with people involved in the social franchising business providing their own accounts of the pros and cons, as well as the obstacles and challenges along the way.

⇒ Investing in social franchising

Suggested for Experienced & Advanced Users (click here to access it)

A detailed yet concise, well designed and helpful manual on social franchising. It contains information on every major issue related to social franchising, as well as checklists regarding the social franchise contract and manual. It also addresses specific benefits and difficulties that should be taken into consideration. To offer a better understanding of the issue, 6 case studies are analysed.

OTHER USEFUL SOURCES

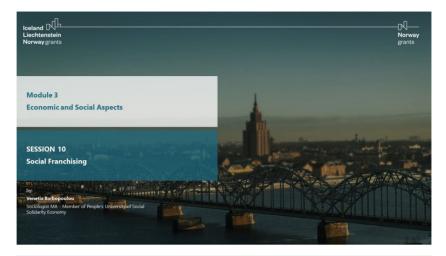
- □ The International Social Franchise Association (click here to access it)
- Spring impact: An organisation helping social enterprises with scaling (<u>click here</u> to access it)

Below there is a list of internet sites of well-known social enterprises that have proceeded with various social franchising practices:

- EMMAUS UK (click here to access it)
- Wellcome Germany (<u>click here to access it</u>)

- □ Aflatoun (click here to access it)
- □ Fruit to Suit (click here to access it)
- □ School for Social Entrepreneurs (click here to access it)
- □ Le Mat (click here to access it)
- □ VisionSpring (click here to access it)
- □ Dialogue in the Dark (click here to access it)

NOTES		



SLIDE 2



SLIDE 3





SLIDE 4



SLIDE 6



Benefits of Social Franchising (Continued)

2. Less funding needed than other ways of replication

Franchisor

Needs only to cover the costs of the procedure.

Form of the co

Avoids costly experiments because it receives

- · Proven business model
- Know-how
- · Established brand name





SLIDE 8

Benefits of Social Franchising (Continued)

3. Better adaptation to the new location and community peculiarities

Franchisee has **better knowledge** of the

New location

· (town, city, area, village).

Specific needs and preferences

of the community living in this location.



_M_M_

SLIDE 9

Benefits of Social Franchising (Continued)

Summary of benefits

- 1. Each partner keeps its autonomy (the new business, is not a department or a branch of the franchisor).
- Less funding needed on the part of the franchisor than other ways of replication. Needs only to cover the costs of the procedure.
 Less funding needed on the part of the franchisee. Avoids costly experimentation by receiving a proven business model, know-how and an established brand name.
- 3. Better adaptation to the particularities of the new location and community.



Open Discussion

Activity

Benefits of Social Franchising

Using what you have learned from the relevant presentation page (p. 5 - 9), as well as your own experience or knowledge, please discuss using the following questions to initiate the activity (20 min).

- 1. Which of the benefits of the previous presentation **do you think is the most important** and why?
- 2. Within the framework of social franchising, how important do you think the **autonomy** of the parties involved is and **why**?
- 3. What is your experience or knowledge, if any, about franchising processes and outcomes either in the social or the commercial sector?

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Basic Steps for Success

SLIDE 11

SLIDE 10

A series of basic steps for success.

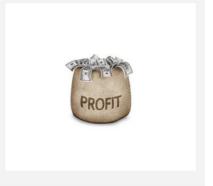


Basic Steps for Success (Continued)

Before starting the procedure...

The franchisor must have

1. Safe finances **(no loans)** and good revenues **(profits)** for a period of 4-5 years.



-M-M

SLIDE 12

Basic Steps for Success (Continued)

Before starting the procedure...

The franchisor must have

- 2. Funds for a **special budget** to finance the project and pay for:
- · extra costs of its employees who will work on the project
- drafting the agreements,
- · franchisee selection procedures.



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SLIDE 14

Basic Steps for Success (Continued)

Before starting the procedure..

The franchisor must have

3. A well-known & trusted brand name, at least locally.



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SLIDE 15

Basic Steps for Success (Continued)

Before starting the procedure...

The franchisor must have

4. Good relationships with the community & people.



SLIDE 16 **Basic Steps for Success (Continued)** Summary of steps before starting the procedure. The franchisor must have: 1. Safe finances & good revenues. 2. Funds or budget to finance the project. 3. A well-known & trusted brand name at least locally. 4. Good relationships with the community & people. Men SLIDE 17 **Basic Steps for Success (Continued)** After starting the procedure... The franchisor must: 1. Prepare a plan for the franchising. MM SLIDE 18 **Basic Steps for Success (Continued)** After starting the procedure... The franchisor must: 2. Write an **operations' manual** (know-how text).



Basic Steps for Success (Continued)

After starting the procedure...

The franchisor must:

3. Compile the **franchise agreement** (legal document).



SLIDE 20

Basic Steps for Success (Continued)

After starting the procedure...

The franchisor must:

oth or

4. Build training procedures in order to train the franchisee.



SLIDE 21

Basic Steps for Success (Continued)

After starting the procedure...

The franchisor must:

5. Develop quality standards and control systems.





SLIDE 23

Basic Steps for Success (Continued)

Franchisee Selection

The franchicer

- 1. Decides the franchisees' prerequisite characteristics.
- 2. Disseminates information about its social mission.
- 3. Screens the candidate franchisees.



-M-M

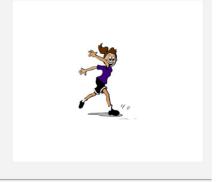
SLIDE 24

Basic Steps for Success (Continued)

Franchisee Selection

The franchisee should

- 1. Be **enthusiastic** and **committed** to the social mission.
- 2. Demonstrate entrepreneurial spirit.





Basic Steps for Success (Continued)

Summary for franchisee selection.

The franchisor:

- 1. Decides the franchisees' prerequisite characteristics.
- 2. Disseminates information about its social mission and all other info on the operation of the social enterprise.
- 3. Screens the candidate franchisees.

The franchisee should:

- · Be enthusiastic and committed to the social mission.
- · Demonstrate entrepreneurial spirit.



SLIDE 26

Assignment



Checklist

As regards the **basic steps** of Social Franchising you will be working with a **Checklist** of things that the franchisor needs to ensure **before proceeding** (40 min).

- Form couples.
- Each couple will be given one printed sheet.
- Read the checklist on the sheet.
- Discuss with your partner about the items-questions on the checklist.
- Decide together which 1 or 2 questions you will choose to focus on.
- Write down what you think of the question/s you have chosen (e.g. Are they important factors in the social franchising procedure, or not? Why do you think so?).
- · After all couples are ready, all should present their opinions to the class.



SLIDE 27

Operational Issues

The **Operational Manual** is prepared by the franchisor.

It includes:

- Introduction on social mission, philosophy, history etc.
- Outline of the business set up.
- List of products and/or services offered.
- Detailed description of everyday activities and the tasks and roles of each job description.
- · Administrative procedures and policies.
- Training activities provided by the franchisor.
- Quality standards and control systems.
- Marketing tools and platforms (if any).
- References.





Operational Issues (Continued)

The **Franchise Agreement** is prepared by the franchisor.

- It includes:
- Names of the parties.
- · Object of the rights granted.
- Time that the agreement is valid and its renewal terms.
- Location of the franchisee enterprise and the allowed territory.
- Obligations of the franchisor.
- · Obligations of the franchisee
- Fees and time due.
- · Permitted usage of the brand name and logos.
- · Matters of ownership and intellectual rights.
- Ways of exit, termination or breach of the agreement.



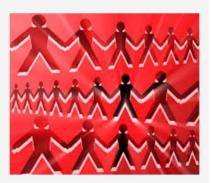


Operational Issues (Continued)

Franchise fee

- · Is agreed between the partners.
- · Varies in amount and ways of payment (initial or ongoing).

It is important to **align the interests of both partners** (franchisor & franchisee) so that they remain **committed** and **driven** to the social mission





Workshop



Case Studies

Now that you have all the basic information and concepts regarding social franchising it is time that **you worked with some case studies** (1 hour).

- Form **groups** (3 groups of 4-6 persons, or 6 groups of 4-5 persons).
- Read the case studies provided.
- Taking into consideration the things you have learned in this session, **discuss in the group** your opinions on the case studies.
- Chose **one member** of each group to **write down and then present** a summary of the group discussion in the classroom.
- Anyone may comment afterwards.



SLIDE 28

SLIDE 29

SLIDE 30

Multiple Choice Test

Question 1: Social franchising is a method for:

- a. Replicating a social enterprise.
- b. Downscaling a social enterprise.
- c. Mimicking the commercial sector.
- d. Gaining access to the commercial sector.

Question 2: The franchisor:

- a. Expects the franchisee to manage the whole process of social franchising.
- b. Initiates and manages the whole process of social franchising.
- c. Operates in many different places around the world.
- d. Pays a fee to the franchisee.

Question 3: Social franchising:

- a. Provides franchisors with new branches.
- b. Is unnecessary for the social economy sector.
- c. Has proven to be very difficult.
- d. Enables good projects to be recreated in another part of a country or of the world.

Question 4: Main characteristics of social franchising are:

- a. Extensive funding of projects.
- b. Minimal support of the franchisee.
- c. Trust and autonomy of the partners.
- d. Absence of quality controls.

Question 5: A basic step before the decision of the franchisor to initiate the process of social franchising is:

- a. Avoiding all expenses.
- b. Finding the proper franchisees.
- c. Compiling the franchise agreement.
- d. Making sure its brand name is well known and trusted locally.

Question 6: Once the social enterprise is ready for replication, the franchisor:

- a. Prepares an operations' manual.
- b. Develops partnerships with stakeholders.
- c. Checks its finances.
- d. Builds a good reputation.

Question 7: The right franchisee:

- a. Will appear in due time.
- b. Should have entrepreneurial spirit.
- c. Should have many funds.
- d. Should aim for the profits.

Question 8: Social franchising fees:

- a. Are always fixed.
- b. Are both initial and ongoing.
- c. Are very low.
- d. Are negotiable between the partners.

Question 9: The franchise agreement:

- a. Is optional.
- b. Is an exercise in trust.
- c. Is a legal document.
- d. Is binding only for the franchisee.

Question 10: The operations' manual:

- a. Refers to important aspects of everyday activities, tasks and roles.
- b. Is compiled by the franchisee after their selection.
- c. Includes only matters of marketing and quality standards.
- d. Is just an introductory text.



GLOSSARY

terms, per session

Session 1: Introducing Social Solidarity Economy (SSE)

Diverse economies: an alternative understanding of the economy, that includes all activities that bring societies wealth (production, reproduction, domestic work, non-profit or voluntary organisations etc). The main idea is that economies are based on a broad spectrum of economic activities, that go far beyond the idea that economy consist solely of private or state owned companies, salaried work and mainstream market.

Social economy: it includes all economic activities undertaken by enterprises, mainly cooperatives, associations and mutual societies, which adhere to the following principles: providing members or the community a service rather than generating profit, independent management, democratic decision-making, and priority given to persons and work over capital in the distribution of income (Adam 2016).

Solidarity economy: it includes all economic activities which aim at economic democratisation on the basis of citizen participation and which involve a dual perspective: a) economic because they attempt to create economic relations based on reciprocity while making use of resources from the market and welfare state redistribution; and b) political because they attempt to create autonomous public spaces and open up discussion on both means and ends (Adam 2016).

Third sector: a term which is often used almost interchangeably with the terms social economy or solidarity economy. It refers to the part of the economy that is between or beyond the state sector and the private sector. It includes voluntary and community organisations, charities, co-operatives, social enterprises and mutuals.

Social (and) Solidarity Economy: used in order to denote the synthesis between two conceptual frameworks: social economy and solidarity economy. The term social and solidarity economy intends to denote an identified need for social economy practices to return to their principles, somewhat eroded over the years. Therefore, we could identify a historical difference between the two frameworks. The social economy seems more assimilated in the dominant framework, whereas the solidarity economy is considered more radical in perspective.

Democratic governance: one of the distinctive features of social economy enterprises. Every member has one vote. All important decisions are made by all participants, mainly in assemblies.

Session 2: Working with Co-operative Principles

Co-operative: An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Co-operative enterprise: A business enterprise operated by a co-operative in accordance with the Co-operative Principles.

Co-operative federation: An organisation of a number of co-operatives that provides support services to or represents member co-operatives.

Primary co-operative: A co-operative that operates a co-operative enterprise for the benefit of its members.

Secondary co-operative: A co-operative the members of which are primary co-operatives.

Tertiary co-operative: A national co-operative, co-operative union or co-operative federation that represents the interests of its member co-operatives nationally and internationally.

International Co-operative Alliance (also called the "Alliance"): The global membership organisation founded by the global co-operative movement.

Co-operative movement: The global family of co-operatives that operate co-operative enterprises in accordance with the Co-operative values and Principles.

Co-operative Principles: The Seven Co-operative Principles set out in the Statement on the Co-operative Identity recognised by the members of the Alliance as the fundamental guiding practical operating principles for the governance and management of a co-operative enterprise.

General assembly: A general meeting of members, or their delegates, of a co-operative, or of the Alliance at which major policy decisions, strategic issues and in some co-operatives, major business decisions are taken and representatives elected to the board that controls a co-operative.

Board: The elected and appointed or co-opted members of the board of directors or other collective body that exercises governance control over a co-operative enterprise and is accountable to a co-operative's members.

Co-operative shares (also called membership shares): The capital provided for the co-operative by its members as a condition of membership, which provides, at least in part, the working capital of the co-operative.

Indivisible reserves: A co-operative's retained earnings, owned collectively by its members, which represent the net assets of the co-operative after the payment of all residual debt that is the common property of the co-operative and does not belong to any generation of members.

Co-operative commonwealth: The combined economic, social and environmental activities and

effects of all co-operative enterprises that create wealth in a sustainable way for the many not the few.

Profit: The total annual positive results of a co-operative's trading.

Surplus: That part of a co-operative's annual trading profit deriving from the economic relationship with its members.

Session 3: SSE Legislation and rules

Public policy: a goal-oriented decision and action, referring to what the government officials actually do and not what they have promised or intend to do.

Law: a system of rules that are produced and implemented by state officials and bodies and regulate citizens' behaviour.

European co-operative society: a co-operative which undertakes cross-border activities and is established by individuals or legal entities based in two or more member states of the European Economic Area.

National constitution: the highest law of the country.

Clientelism: a system of patron - client relations between government on one hand, and citizens, businesses or social actors on the other. Financial or other support is exchanged for political favours.

Policy maker: someone, especially in a government or political party, who drafts policies.

Co-construction: the participation of non-governmental actors in the policy making process. This allows the recipients of the public policy to provide their feedback and express their opinion, affecting the public policy's content.

Top-down approach: the drafting of public policy exclusively by governmental officials, without consulting non-governmental actors.

Session 4: Choosing Legal and Economic Field

Association: a nonprofit organization, which usually receives tax exemptions.

Foundation: a permanent fund established and maintained by contributions for charitable, educational, religious, research, or other benevolent purposes.

Shareholder: a person owning shares to a company

Share company: a company in which capital is divided into shares as a means of raising capital

Sole proprietorship: a business which has no legal form or legal personality independent of the natural person who owns and runs it.

Legal status: is the position acknowledged to a physical or legal person by law and is usually accompanied with privileges, obligations, powers or restrictions, which are specified by law.

Legal form: the way a legal person (an organisation) is organised, its obligations and rights, as well as the rights and obligations of its members, are defined by sets of specific legal provisions, categorised as legal forms.

Liability: having legal responsibility for something. In finances and accounting, a liability usually refers to a debt. When talking about legal forms of businesses, liability refers to the extent to which the owners/members are personally responsible for any debts incurred by the company.

Social enterprise: a business with a social purpose as its primary objective.

Session 5: Establishment Procedures and Strategy Planning

Establishment procedures are those that have to be followed by an SSE business applying to the competent authorities of a country local – regional – national, in order to register and get the licences and permits required to start its activities in compliance with the existing legal and regulatory framework.

National Points of Single Contact (PSCs) are e-government portals that allow service providers to get the information they need and complete administrative procedures online. They are managed by the 'EUGO network' of national coordinators.

Strategic Planning describes what an organisation is going to do, in order to achieve the fulfilment of its vision and mission. The strategic plan is the compass for the organisation. A clear and inspiring vision, a well defined mission, clearly stated intended results and actions to achieve them are basic ingredients of a well formulated strategic plan.

A **Logic Model** explains how a social business will accomplish its mission and vision. It is a description of the consecutive steps to be taken in order to have the intended impact. a simplification of the strategic plan on a single page, a representation of the basic elements of your idea so that it can be easily understood by the people in and outside of your organisation. It is a roadmap that you're going to follow in order to achieve your long term societal and/or environmental goals.

Social Business Balanced Scorecard is a multi-dimensional performance measurement tool, developed by Kaplan and Norton for the corporate sector, that has been modified into a different model to fit in the social sector, being flexible across social businesses in terms of what the dimensions are and what the metrics might be.

Session 6: The Founding Group

Group: a number of people who are together in one place at one time. They are considered a group because they have something in common.

Team: a social group of people organised to work together. It has rules, roles, hierarchy, power, and emotional relationships.

Co-creation: Through a series of steps, people are invited to contribute, develop, evaluate, and refine ideas and concepts.

Sharing: when sharing something with another person, you both have it, use it, or occupy it. If you share an experience with someone, you have the same experience, often because you were with them at the time.

Collective perception: Team members are all aware that they are members of the team. This collective perception obliges them to form behaviours that are acceptable to the group. At the same time, however, the group exhibits an "extra" identity beyond the personalities and characteristics of its members. The team is not just a sum of its members' abilities, but something more (Gestalt).

Communication: The mission, vision, statement of values, and design of the group all work together to form an impression of the group in the eyes of its members (and customers). The core elements of these organisational building blocks should be represented in all levels of communication. Every member of an effective group must be able to convey the ideas effectively, both orally and in writing.

Interaction: Team members influence each other. This interaction causes a situation that exceeds the contribution of each member and generates a multiplier effect for the group. The opinion of other members of the group influences the reactions of each member, as the sense of 'group' exists even when the members are not in the same place.

Cohesion: In trying to stay in the team, members contribute to its development and the achievement of its goals, and participate in its activities. Team development is the conscious actions aimed at identifying and removing obstacles, as well as improving behaviour so that it can lead to excellent performance.

Member Relationships: The interaction of team members improves their personal relationships by developing interdependence, friendship and mutual respect. In teamwork everyone is involved and committed. They listen to each other, correlate information, confirm when they agree and point out disagreements.

Role of a member of a group: the part or function played or adopted by a person in a team, influenced by his or her expectation of what is appropriate.

Session 7: SSE Management and Governance

Social feasibility: To which extent the benefits of a project can and do reach the intended beneficiaries.

Co-operative governance: The manner in which a co-operative is managed and the concrete actions taken in order to achieve its social objectives and financial viability.

Co-operative management: The decision-making element of the co-operative, which entails formulating and executing operating policies, providing good service, maintaining financial soundness, and implementing operating efficiencies to successfully meet its objectives.

Annual Membership Meetings: The annual membership meeting is a yearly meeting to which all the members of the co-op are invited. At the annual meeting, members elect the co-op's board of directors, bylaw revisions can be voted on, and other important matters can be brought before the entire membership. The financial status and overall health of the co-operative is usually reported on. (https://sites.google.com/site/nassaugardens/Home/glossary-of-cooperative-terms)

Bylaws: The bylaws are a written set of provisions and directions that the co-operative corporation follows in governing operations. Usually any changes to the bylaws require a vote by the entire membership at a duly called meeting upon proper notice. Bylaws typically cover topics such as how the board of directors is elected, when membership meetings shall be held, and other issues related to the governance of the co-operative. (https://sites.google.com/site/nassaugardens/Home/glossary-of-cooperative-terms)

Member/Shareholder: An individual who owns a share or membership in a co-operative. Depending on the type of co-operative, members are also referred to as shareholders. (https://sites.google.com/site/nassaugardens/Home/glossary-of-cooperative-terms)

Majority-Based: This is a form of decision making in which only more than half (50%) of the members need to vote for a decision for it to pass.

Consensus: This is a decision making process in which everyone has to agree on something for it to pass a vote and be decided on.

Session 8: SSE Funding

Capital: Refers to all types of wealth owned by an entrepreneur or a venture, including cash and assets. Other forms of capital can include (but are not limited to) property, equipment, human resources and intellectual property. [European Commission (2019)]

Social finance: Social finance may be understood as a broad area wherein various forms of capital are structured in ways that consider and value both financial performance and social value

creation. [European Commission (2019)]

Financial instrument: The method of and tools used in providing finance to an enterprise. Depending on the context, financial instruments can be defined to include only repayable finance or they can be broader and include grants. [European Commission (2019)]

Capacity building: An approach aimed at strengthening organisations to increase their overall performance by developing skills or improving structures and processes. [European Commission (2019)]

Investment readiness: Work that helps enterprises prepare to take on debt, equity or other kinds of investment. For those that do not move on to investment as a result of such work, investment-readiness work may have helped them understand money better and to prepare business and financial models with greater confidence. Investment-readiness support can be provided by support organisations or by investors. [European Commission (2019)]

Self-financing mechanisms [ILO (2019)]:

Social base: Self-financing mechanisms include the act and the practice of using one's own capital to provide funding for an enterprise. It allows the firm to maintain control apart from outside influence and to grow without debt. However, the capacity to expand the business might be constrained by the lack of capital.

Capital by Members - Internal equity: Member's capital is the share account that shows the owner's stake in the business. In other words, this account shows how much of the company assets are owned by the members instead of creditors. Internal equity comes from within the enterprise and is therefore not subject to dilution or possible mission drift. Historic surpluses (money made in previous years and retained in the organisation) can be used to invest in new ideas, market research for a new market, etc. For example, a co-operative could set up a fund into which it pays a 5 % 'withholding' applied to all goods and services bought from members. The fund's money is then used as equity to secure loans. When the loans are repaid, the members can have their retention released or reinvested.

Social loan: The social loan is a form of financing typically for co-operatives based on the contribution from members of repayable capital, usually in the medium and short term with the addition of interest rates.

External equity: In return for an external equity investment, the investor generally expects to receive shares in the enterprise. These shares can carry rights, including the right to vote on company matters. In a company structure, the investor would expect to receive voting rights proportionate to ownership. However, a co-operative usually operates under a democratic structure of one vote per investor, regardless of the size of the investment. Very few social enterprise shares are quoted on exchanges or traded, so private equity investors may look for a

trade sale (i.e. the sale of the enterprise to another business) as their preferred exit route.

Quasi-equity: Set of hybrid financial instruments with the nature of debt, but that assume typical characteristics of equity, such as flexible forms of repayment of capital, payments linked to corporate results and subordinated repayment with respect to traditional debt securities (e.g. bonds). [ILO (2019)]

Patient capital: Patient capital or long-term capital allows the investor to make a financial investment in a business with no expectation of turning a quick profit. Instead, the investor is willing to forgo an immediate return in anticipation of more substantial returns down the road. Although patient capital can be considered a traditional investment instrument, it has gained new life with the rise in environmentally and socially responsible enterprises. It may take the form of equity as well as debt, loan guarantees or other financial instruments, and is characterised by the longer time horizons for return of capital. The source of capital may be philanthropy, investment capital, or some combination of the two. Patient capital is not a grant, it is an investment intended to return its principal plus (often below market-rate) interest. It does not seek to maximise financial returns to investors but rather social impact. [ILO (2019)]

Lending (debt) instruments: Lending or debt instruments provide borrowers with funding in exchange for repayment of this funding (known as 'principal') along with interest, based on predetermined time frames and interest rate terms. The provision of funding might require guarantees. [ILO (2019)]

Crowd-funding [ILO (2019)]:

Equity crowdfunding: Equity crowd-funding is a mechanism that enables broad groups of investors (the "crowd") to fund start-up companies and small businesses in return for equity. Investors give money to a business and receive ownership of a small piece of that business. If the business succeeds, then its value goes up, along with the value of a share in that business; the converse is also true.

Lending crowd funding or peer-to- peer lending: Crowd lending, also known as peer-to-peer lending, is the practice of lending money through online services that directly match lenders with borrowers. This form of non-intermediated lending, generally based on an online platform, can run with lower overheads and provide the service more cheaply than traditional financial institutions. As a result lenders can earn higher returns compared to savings and investment products offered by banks, while borrowers can borrow money at lower interest rates. However, there is the risk of the borrower defaulting on the loans taken out from peer-lending websites.

Donation Crowdfunding: Donation-based crowd-funding is a way of sourcing money for a project by asking a large number of contributors to individually donate a small amount to it. In return, the backers may receive token rewards that increase in prestige as the size of the donation increases.

For the smallest sums, however, the funder may receive nothing at all. It can also be used in an effort to raise funds for charitable causes. Funders do not obtain any ownership or rights to the project.

Valley of death: The 'valley of death' is a phrase that refers to the period of time spanning from when a start-up receives an initial capital contribution to when it begins to generate revenues. During this period, additional financing is often scarce, leaving the enterprise vulnerable to cash flow requirements. The term refers to the high probability that a start-up will die before a steady stream of revenue is established. The longer a start-up burns through its cash, the higher the likelihood that it may not endure [European Commission (2019)].

Working capital: All organisations experience delays between spending and receiving money. These are known as timing differences and the finance required to manage or bridge these differences is known as working capital. [European Commission (2019)]

Session 9: Social Business Plan and Social Impact

Career readiness: Before creating or joining a social enterprise, it is essential to achieve a certain degree of career readiness. According to some career experts this is 'the attainment and demonstration of requisite competencies that broadly prepare college graduates for a successful transition into the workplace. These competencies are: Critical Thinking/Problem Solving: Exercise sound reasoning to analyze issues, make decisions, and overcome problems'. (As defined by NACE Center for Career Development and Talent Acquisition).

Entrepreneur: It is essential to make a distinction between the self-employed as an individual that provides services or goods as a free-lancer for living and the entrepreneur as the individual who turns resources into action (the employer). According to a common definition the entrepreneur is 'someone who exercises initiative by organising a venture to take advantage of an opportunity and, as the decision maker, decides what, how, and how much of a good or service will be produced. An entrepreneur supplies risk capital as a risk taker, and monitors and controls the business activities. The entrepreneur is usually a sole proprietor, a partner, or the one who owns the majority of shares in an incorporated venture'. Moreover, 'According to economist Joseph Alois Schumpeter (1883-1950), entrepreneurs are not necessarily motivated by profit but regard it as a standard for measuring achievement or success. Schumpeter discovered that they greatly value self-reliance, strive for distinction through excellence, are highly optimistic (otherwise nothing would be undertaken), and always favour challenges of medium risk (neither too easy, nor ruinous). (As defined by http://www.businessdictionary.com/definition/entrepreneur.html)

Social Business Plan: A social business plan is a document that describes a social business in detail. It may refer to an existing social business, or a social business idea that has not yet been put into

practice. A social business plan can be used as an internal management guide for the owners or managers of the social business. However, it can also be used externally, to tell other people about the social business and how it operates. In this respect it is an important tool if the social entrepreneur wants to convince other people to get involved in the social business, particularly business partners or potential lenders and investors. (As defined by International Labour Organisation-ILO, 2011, Social Business Plan Competition Handbook).

Social marketing: A set of evidence and experience-based concepts and principles drawn from the field of marketing that provide a systematic approach to influence behaviours that benefit individuals and communities for the greater social good. Like commercial marketing it is a fusion of science, practical 'know how' and reflective practice focused on continuously improving the effectiveness and efficiency of programmes. (European Centre for Disease Prevention and Control. Social marketing guide for public health managers and practitioners. Stockholm: ECDC; 2014).

Evaluation: The formalised way of describing what is done by an organisation, how a goal or statement is turned into reality, in other words presenting the key factors that made an intervention happen. It is a practice that requires specific use of terms such as inputs, activities, outputs, outcomes and impact. A common vocabulary and a recognised pattern for this kind of work has been put in place by Carol H. Weiss since 1995. Today there are several advancements and enrichments to the field helping social enterprises and/or social solidarity schemes and partnerships, to gain knowledge about their accomplishments and challenges. In addition, evaluation procedures help social solidarity economy schemes to be eligible for private investment and/or public funding.

Sample Indicators: A representative piece of a proposed axis for evaluation. Evaluation or any other assessment practice requires a rational synthesis of quantitative and qualitative figures that can produce a credible and comprehensive image of the executed plan of an organisation. In our case, Cooperative Principles as recognised by the International Cooperative Alliance (ICA) can serve as an axis of evaluation. For example, the percentage of assets owned by outside investors can serve as a Sample Indicator which refers to the fourth Co-operative principle of Autonomy and Independence (if we use Cooperative Principles as an Axis of Evaluation).

Social Accounting, Reporting and Auditing - SARA: An umbrella term for evaluation of the results of social enterprises drawing on a history of more than 30 years of theoretical structuring and practical application. It refers to the inclusion of societal considerations in traditional accounting services. Rooted mainly in the accounting profession, it does not constitute a single method, but rather a set of practices and tools; it has expanded through the years and 'generated' tools such as the Expanded Value Added Statement (EVAS), the Social Return on Investment (SROI) and the Global Reporting Initiative (GRI). A SARA approach is constructed by the following three pillars i) Mission, Objectives and Stakeholders clarification, ii) Indicators, identification for mission and objectives and iii) Verification of reported results.

Verification: The process of social control where a controller and a commissioned group (of experts or other stakeholders) examine the scope/mission/statement, social action plan and any other relevant information of a social enterprise, social solidarity economy scheme or partnership. The procedure of verification is of high importance to prove the rationale of a statement, based on efficient, reliable and consistent data. In many cases verification demands both internal and external testimonies and concrete evidence that may be understood by all interested parties.

Social Impact: The imprint or any other direct or indirect influence that a social enterprise exercises as a result of its function or presence in general. The work of a social enterprise can have short-term or long-term effect on community life and it is interconnected with horizontal interventions (for example reduced taxes for a social service) or vertical interventions (implementation of an assigned work by public authorities or a grassroot movement).

Stakeholders: A person or legal entity that is interested in the work, results and outcomes of a social enterprise or the social solidarity economy as a whole. A stakeholder can also be defined as the concerned party from the external environment (outside) of a social enterprise. A stakeholder may have a direct relationship (client) or indirect relationship (municipality) to a social enterprise.

Session 10: Social Franchising

Social replication: The recreation of a social enterprise in a new location.

Social franchising: A specific form of replication of a social enterprise. It involves at least two parts, the franchisor and one or more franchisees.

Franchisor: The initial social enterprise which serves as the prototype and which initiates the franchising process.

Franchisee: The new social enterprise that is created with the same form as the initial one in a new place.

Social franchise agreement: A form of contract between the franchisor and the franchisee that explicitly states the basic rights and obligations of both parties. Franchise agreements may differ significantly from one type of social franchise to the other and can be adapted to suit local characteristics, depending on the particularities of the project.

Social franchise fee: Usually, but not always, there is a sum of money that the franchisee pays to the franchisor, either initially or at a later stage. Usually this amount of money covers the franchisor's expenses for initiating the franchising procedure, in other words the money spent on extra working hours for the preparation of the procedures. The amount can vary from very small to a medium one.

Social franchise manual: A text prepared by the franchisor which contains all know-how in terms

of procedures, services, products, and any other important information that will help the franchisee create a successful replication of the initial social enterprise.

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Vassilis Bellis is the General Manager of the Development Agency of Karditsa. He is actively involved in the development of the modern co-operative movement of the Prefecture of Karditsa. He is a member of the Energy Cooperative of Karditsa (ESEK), as well as of the non profit Organisation "Oikosphera". He has actively participated in the establishment of the Credit Cooperative of Karditsa, which transformed into a Cooperative Bank since 1998. He, also, is a member of the Forum of Social Entrepreneurship and the People's University of Social Solidarity Economy "UnivSSE Coop". During the last years he participated, actively, in the establishment of the first Greek educational platform www.kalomathe.gr in the field of Social and Solidarity Economy.

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For years Prof. Oikonomou worked on political education and training of young people, giving them tools to work with people about citizenship (theories, methods and techniques), making others aware of social problems and engaging them to resolve them.

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This is a Trainees' Handbook that serves as the main educational material for the participants in the 40-hour seminar on Skills in Social Economy. It is also paired with an Educator Manual, designed to assist the Educators of the seminar. Both are supported by an e-learning platform, where the set of Manual and Handbook on Skills in Social Economy is available for download, as well as two additional sets, focusing on Resilient Sectors and Sharing Economy respectively. The e-learning platform is available at: https://elearning.youthshare-project.org

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