

# 11 Social Enterprise in Portugal

## Concepts, Contexts and Models

*Sílvia Ferreira and Joana Almeida*

### Introduction

There is no specific legal form or statute for social enterprises in Portugal. Research on social enterprise is scarce and focused on specific types of organisations and, in the absence of a common definition, the concept is understood in various ways. This chapter provides an overall view of social enterprise in Portugal drawn from the research carried on in the scope of the “TIMES—Institutional Trajectories and Social Enterprise Models in Portugal” project.<sup>1</sup>

The chapter is organised in two parts. In the first part, we explore the concepts and context related to social enterprise in Portugal; through a literature review and policy analysis, we describe how the concept of social enterprise and other relevant concepts, such as social economy and social innovation, are being treated in research and in the political debate, and how this has been translated into various government programmes and measures. In the second major section, based on a literature review and on interviews with key stakeholders, we identify and describe five models of *de facto* social enterprise in Portugal. In line with the framework developed by Defourny and Nyssens (2017), we privilege organisational forms and statutes and institutional trajectories.

### 11.1 Understanding Concepts and Context

In Portugal, the concept of social enterprise (SE) is scarcely used in the rhetoric of public authorities, practitioners and academics. Meanings currently given to the term “social enterprise” are strongly influenced by the European Union’s (EU) policy frameworks, and existing references are to be found, for instance, in the national and some regional operational programmes of EU structural funds, or in the Code of Public Contracts.

Other concepts have become more prominent at the level of research, policy and practice; in particular, the concept of *social economy* has become established as the dominant one, particularly since the adoption of the Framework Law on the Social Economy.<sup>2</sup>

More recent concepts are those of *social entrepreneurship* and *social innovation*. During the crisis that started in 2010, the concept of social entrepreneurship was often associated with the discourse on crisis, emergency and workfare policies; it meant a shift of responsibility to solve social problems onto individuals and non-profit organisations. This concept has lost ground in recent years, whereas the concept of social innovation has become established.

The concept of *solidarity economy* has also gained relevance in the last few years, to a large extent because of the crisis, and it often included in its meanings an explicit criticism of the organisation of the capitalist economy. The emergence of this concept rather results from the mobilisation of scholars and grassroots associations, networks, popular movements and local communities (Hespanha *et al.* 2015).

All these concepts are relevant when analysing the field of social enterprise, as we will show in the next pages.

### 11.1.1 *Social Enterprise in Research*

Research on social enterprise in Portugal has taken place since 2000, mostly in the framework of international research projects, and it has identified different types of organisations as social enterprises. Two projects, both carried out in the framework of the EMES Network, identified respectively “cooperatives for the education and rehabilitation of citizens with disabilities” (*cooperativas de educação e reabilitação de cidadãos com incapacidade*, or CERCI; Perista 2001) and “insertion enterprises” (*empresas de inserção* or EIs; Perista and Nogueira 2002) as social enterprises.

Perista (2001) described CERCI as an example of social enterprise. CERCI emerged within the cooperative movement’s revival, linked to the Democratic Revolution of 25 April 1974; they were initiated by groups of parents of disabled children and professionals, with the support of local municipalities and public administration. They were later included in the branch of social-solidarity cooperatives.

Perista and Nogueira (2002) also studied the case of insertion enterprises (EIs) for the inclusion of disadvantaged people in the labour market, analysing these as a form of work-integration social enterprise (WISE). EIs were created under a government programme called the “Social Employment Market”, which was launched to promote the employment of vulnerable groups. The authors also identified as WISEs “sheltered-employment centres and enclaves” (*centros de emprego protegido ou enclaves*), created in 1983 and later integrated in the Social Employment Market programme.

Another international study defined a social enterprise as a “not-for-profit, privately owned organisation, aiming at some social, solidarity or local-development purpose”. The study distinguished between two

groups: (1) cooperatives with social and developmental aims and (2) non-profits, in particular those with the statute of “private social-solidarity institution” (*instituição particular de solidariedade social*, or IPSS) (Heckl and Pecher 2007: 2). The IPSS status is awarded by the social-welfare administration, which checks the organisation’s activities and its capacity to pursue them.

In 2014, IPSSs and social-solidarity cooperatives were also considered to fit the European Commission’s criteria defining a social enterprise: engagement in economic activity; explicit and primary social aim; organisational autonomy from the state; and defined rules regulating the distribution of profits (European Commission 2014).

A recent international study provided a general definition of social enterprises as “organisations that use market-based activities to alleviate societal needs” (Stephan 2017). Various legal forms—social-economy organisations, commercial enterprises and individual entrepreneurs—were included in the surveyed sample (SEFORIS 2016).

As evidenced by these various studies, the concept of social enterprise is used in research to refer to different types of organisations and traditions. None of the various meanings given to the term, though, was adopted in policy or by practitioners.

### *11.1.2 The Political Debate About Social Enterprise*

The attempt at drawing a Framework Law on the Social Economy came from the centre-right party, in September 2010. The parties on the left and centre-left voted against it. In September 2011, with a new coalition in government of centre-right (PSD) and right (CDS-PP) political parties, the draft was resubmitted to the Parliament and passed, despite the abstention of the centre-left party (PS) and votes against by the left-wing parties (BE and PCP). The Law was then discussed in a specialised parliamentary commission, which carried on a large consultation with the main actors of the social economy, experts and labour-union confederations. The resulting draft was approved unanimously in the Parliament and the Law came into force in 2013.

Among the contested topics was an article concerning “the enactment of a legal framework for social enterprises as entities carrying on a commercial activity with primarily social ends and whose income is essentially allocated to the development of those ends or reinvested in the community” (Draft Law No. 68/XII, article 13, No. 2-c). Actors from the social economy saw in this formulation the opening of the possibility for for-profit businesses to be framed inside the social economy, and a risk for the social economy to lose its core features, due to the expressions “primarily” and “essentially” (Ferreira 2015). The debate was also about whether social enterprises were always social-economy enterprises or whether they constituted a broader set of enterprises, which could

include as well commercial businesses. Most representatives, therefore, considered that the reference to social enterprises should be removed from the Framework Law on the Social Economy—which was done (Ferreira 2015).

Thus, currently, many social-economy stakeholders associate social enterprises with commercial enterprises and practices; this in turn generates resistance to the term, so that others prefer not to use it at all.

### 11.1.3 Other Related Concepts

Other related concepts—such as the non-profit sector, the social economy, social entrepreneurship and social innovation—have become much more popular than that of social enterprise among the research community and practitioners.

Drawing inspiration from the work carried out by the CIRIEC and Eurostat to adapt the UN Satellite Account, the National Statistics Institute (INE) and *Cooperativa António Sérgio para a Economia Social* (CASES) elaborated a Satellite Account of the Social Economy in Portugal (INE and CASES 2013, 2016). In 2019, the revised version of the UN Satellite Account on Nonprofit and Related Institutions and Volunteer Work was adopted to produce the third edition of the Satellite Account (INE and CASES 2019). According to the Satellite Account, in 2016, the Portuguese social economy included 71,885 organisations and accounted for 234,886 paid employees (representing 6.1% of the country's total employment) (INE and CASES 2019).

The concept of social entrepreneurship has been addressed from the point of view of two major schools of thought that can also be found internationally—one focused on the organisational and collective dimensions of social entrepreneurship, and the other focused on the individual dimension of the social entrepreneur. Parente (2014) found that, among social-economy organisations (SEOs), an understanding of social entrepreneurship emphasising sustainability based on market resources and business practices dominated.

The concept of social innovation is usually used in the field of SEOs, and often associates these to their role in local and territorial development (Bernardino and Freitas Santos 2017). This concept has also been used to describe projects with entrepreneurial features carried out by SEOs, public agencies and commercial enterprises (IES/IPAV 2015).

As for the concept of social solidarity, several authors have analysed the Portuguese reality in the light of this concept, pointing out its specificities (Amaro 2009) but also its weak institutional recognition (Hespanha *et al.* 2015) and its relation to the social economy (Namorado 2009).

#### 11.1.4 *Governmental Programmes and Measures*

Two policy streams are currently enabling the development of social enterprises: one related to the social economy and the other linked to social-innovation and social-entrepreneurship initiatives.

The last decade, since 2009, has witnessed a unique political attention for the social economy and the convergence of the different actors in the field. The first step was the setting up of CASES, which resulted from the evolution of a former public institute supporting the cooperative sector. CASES is a cooperative of public interest whose members are social-economy confederations and the government.<sup>3</sup>

In 2010, at the beginning of the crisis, the government created the Support Programme for the Development of the Social Economy (*Programa de Apoio ao Desenvolvimento da Economia Social*, or PADES), whose aim was to enhance the access of SEOs to funding and technical support. The National Council for the Social Economy (*Conselho Nacional para a Economia Social*, or CNES), a consultative body on issues related to the promotion of the social economy, was created in the same year.

The Framework Law on the Social Economy, as mentioned above, came into force in 2013. This law defines SEOs according to their legal form or statute and their compliance with a set of principles: (1) primacy of people and social objectives; (2) free and voluntary participation; (3) democratic control by the members; (4) values of solidarity, non-discrimination, social cohesion, justice, equity, transparency, shared responsibility and subsidiarity; (5) autonomous and independent management; and (6) distribution of surplus according to the ends of the organisation and the general interest.

A revision of the legal regimes of entities covered by the Framework Law (the IPSS statute, the Cooperative Code and the Code of Mutual Associations) ensued from the enactment of the Framework Law. The goal of the revision was to adapt these various legal regimes to the new law; adjustments also resulted in a strengthening of the entrepreneurial/market dimension and the multi-stakeholder governance of these entities, and of the accountability rules they must comply with.

In the ambit of the Social Emergency Programme (a governmental action plan operated between October 2011 and December 2014 to address the effects of the crisis), a set of measures were enacted, including support to non-profits to help them achieve financial equilibrium and professionalisation, and a guaranteed credit line (Social Investe).

CASES has been at the core of governmental strategies to promote the social economy. This includes programmes to support youth cooperative entrepreneurship and a microcredit programme made available to micro-businesses and small cooperatives. These measures are oriented towards the promotion of employment of disadvantaged groups.

Another significant stream of policy measures, involving also philanthropic foundations and consultants, is taking place around the concept of social investment. The landmark is the “Portugal—Social Innovation” (*Portugal—Inovação Social*) initiative—a pilot programme created in 2014 and funded by the European Commission. Its measures include capacity building for social investment, impact partnerships between SEOs and for-profit and public social investors, social-impact bonds, and a social-innovation fund, which supports social-economy and commercial-business investment in social innovation. Within this framework, the emphasis is on high-impact social innovation; the legal form is irrelevant.

Nowadays, official references to social enterprise are to be found in operational programmes of EU structural funds and in the Code of Public Contracts, in the article related to the right to reserve contracts for certain services to certain types of organisations. Social enterprises are defined as

*those [enterprises] that are dedicated to the production of goods and services with a strong component of social entrepreneurship or social innovation, and [which promote] integration within the labour market, through the development of research, innovation and social-development programmes in the areas of the considered services.*

They have the following features (similar to SEOs’ principles): they pursue a public-service mission, related to certain services in the fields of health, social services, education and culture; their profits are reinvested or distributed in a participative manner; and workers are also the organisation’s owners, or the organisation has multi-stakeholder participatory governance (Decree-Law No. 111-B/2017, 31/08, article 250-D).

Despite the contested and varied meanings given to the concept, social enterprises are *de facto* not absent in Portugal. One way to unravel the empirical and discursive diversity is to analyse these organisations in terms of their institutional trajectories and organisational frameworks.

## 11.2 SE Models in Portugal

The dominant conceptual framework through which social enterprises are approached and analysed in Portugal is the social economy. As mentioned above, the legal forms of SEOs include associations (92.9%), mutual associations (0.1%), foundations (0.9%), mercy houses (0.5%), cooperatives (3.3%) and self-management and community organisations (2.3%). Traditionally, these forms were considered as complementary in their roles, with an organisational form connected to their function, but boundaries have become blurred with the evolution of certain types of organisation towards less clear-cut categories.

The social economy is strongly influenced by the features of the Portuguese welfare state (Ferreira 2015). In 2016, SEOs in the field of social services and health care represented 48.9% of paid employment in the social economy, although the largest number of organisations (46.9%) were in culture, communication and recreation. Social services, health and education organisations also accounted for 57.2% of sales and user fees in the social economy (INE and CASES 2019).

The social economy has a solid legal foundation. The National Constitution, approved in 1976, after the Democratic Revolution, included cooperatives in a third sector in terms of ownership of the means of production (beside two other sectors, characterised respectively by private and public ownership of the means of production), and later came to include in this sector the other types of SEOs.

The following identification of different SE models is founded on previous studies and our empirical research. We present five models, four of which can be included in the social economy and one in the market economy. The five models, their characteristics and legal forms are presented in table 11.1.

### 11.2.1 *The Entrepreneurial Non-Profit (ENP) Model*

This model is found in Portugal as in other countries; its emergence is related to trends of welfare-state retrenchment (Defourny and Nyssens 2017) and, in the case of Portugal, also to a structural weakness of the welfare state. We identify this model mostly among social-service non-profits, which implement income-generating strategies through users' payments and the setting-up of commercial activities.<sup>4</sup>

The dominant organisations among social enterprises belonging to this model are the IPSSs, but some IPSSs' key stakeholders prefer not to use the SE label due to its for-profit connotation. Although IPSSs only represent about 9% of the total number of SEOs, they represent 63.4% of the whole employment in the sector (INE and CASES 2013: 41).

The definition of the IPSS status includes social, economic and governance-related dimensions. IPSSs are described as

*collective, not-for-profit persons, constituted exclusively on the initiative of private persons, with the purpose of giving organised expression to the moral duty of justice and solidarity, contributing to the effectiveness of citizens' social rights, and which are not administered by the state or another public body.*

(Decree-Law No. 172-A/2014, 14/11, art. 1, 1)

The legal forms of IPSSs include associations, foundations, mercy houses, mutual associations and Catholic-Church institutes and organisations.

Table 11.1 Resources of IPSSs by field of activity (2010)

IPSSs' activities (based on the classification of SEOs' activities)	No. of organisations	Resources					Total in million €
		Production (%)	Transfers and subsidies (%)	Property income (%)	Other resources (%)		
Development, housing and environment	164	57.0	40.7	0.2	2.1	57.5	
Financial activities	5	60.0	0.1	39.6	0.2	702.7	
Education and research	97	60.6	36.3	1.9	1.2	133.7	
Health and well-being	198	76.9	20.8	0.6	1.6	245.6	
Social action	3,232	63.6	31.8	2.9	1.7	3,164.6	
Culture, sports and recreation	298	71.5	24.4	1.8	2.3	90.6	
Cults and congregations	978	66.1	31.7	0.5	1.7	707.5	
Business and professional associations, labour unions, political organisations	25	54.1	44.3	0.7	0.8	4.8	
Not elsewhere classified	25	47.5	48.3	1.9	2.3	4.5	
Total of IPSSs	5,022	64.1	27.0	7.4	1.5	5,111.4	

Source: Satellite Account of the Social Economy (INE and CASES 2013).



Since its creation, in 1979, the status of IPSS has entitled the organisations that obtain it to a special relation with the welfare state, sometimes called a “public/social partnership”, which has evolved, as the principle of subsidiarity became increasingly important, towards these organisations being in charge of an increasing share of social services provision.

Table 11.2 shows the resource structure of IPSSs by activity area in 2010 (the only year for which these data are available in the Satellite Account series). Subsidies and transfers to IPSSs represent 27% of their total income; this is not sufficient to cover the costs of wages (which represent 31.6% of their total budget) (INE and CASES 2013).

The reliance of IPSSs on users’ payments (which represent the largest share of the “production” category in table 11.2) has been a structural feature linked to the welfare state’s weakness. The government regulates the amounts paid, which depend on users’ income; it also transfers to organisations a fixed amount per user, under “cooperation agreements”. Organisations balance their budgets thanks to the fact that payments by users with the highest income make up for the lower contributions by users with the lowest income. This reliance on the user’s payments is also made possible by the weight that family services (children and elderly services) provision has in comparison to provision of services to specific disadvantaged groups (Ferreira 2015).

The resource structure of IPSSs, which are highly reliant on user fees, is one of the reasons why they were highly affected by the crisis that started in 2010. In the context of the emergency policies that were implemented at the time, there was a reinforcement of the role of these organisations in welfare provision and increased public transfers to fund such provision.

There is a strong rhetoric about the need for IPSSs to become more market-oriented. Two main arguments have been put forward: (1) IPSSs have been judged to be excessively dependent on state subsidies; and (2) the control exercised by the government, under current arrangements, has been deemed excessive, so that market-like contracts between public administration and IPSSs would be preferred.

Stakeholders are concerned that a stronger market orientation will lead to mission drift, and the recent change in the IPSS statute, which facilitates the development of so-called “instrumental commercial activities”, is not consensually seen as a good thing.

### *11.2.2 The Work-Integration Social Enterprise (WISE) Model*

Insertion enterprises (EIs) and sheltered-employment centres and enclaves were analysed as forms of WISE. They have not been a success story so far, but stakeholders consider that nowadays appropriate conditions for their development are in place, provided the definition of the

concept of WISE is clarified and clear public-policy support is implemented. Employment promotion continues to be regarded as a priority in the political agenda and a set of tools, including structural funds and a new public-procurement framework, may constitute an opportunity to revive the interest in WISEs.

Insertion enterprises are enterprises dependent on public policy and mostly managed by non-profit organisations and social cooperatives; they are usually units of production within these organisations, so they are not distinct legal entities. This form of WISE was created by public policy in 1996, under a top-down logic, with a view to promoting the employment of socially vulnerable groups. Legal limits were imposed upon them regarding the areas of activity within which they were allowed to operate; these were areas that were less attractive in terms of market potential. Sheltered-employment centres are adapted units of production, created by public, private or cooperative organisations and aiming to provide access to paid work to people with disability, whereas enclaves are groups of production integrated by people with disability within a regular work environment. No data are available on the current number of WISEs in the country.

Perista and Nogueira (2004) showed that WISEs were able to combine work-integration activities with the production and sale of goods/services and a local-development goal, and they highlighted the hybridity of WISEs' resource mix. According to stakeholders, the work-integration orientation is what defines a WISE, regardless of its legal form. This orientation is about more than merely having a certain percentage of workers pertaining to vulnerable groups; it also implies that the social enterprise is structured in such a way that it empowers vulnerable people through training, skills development, quality work and decent wages.

The programme that had led to the creation of EIs was progressively downsized, and it was finally terminated in 2015. Most EIs did not survive the end of public support. Only a few became independent organisations, while some others became units within non-profit organisations, providing goods and services for internal consumption. In addition to the lack of political willingness to support EIs, stakeholders and researchers identify several factors that contributed to the end of most EIs, such as the lack of preparation and training of managers, workers' low skills; and legal obstacles preventing these enterprises from acting freely in the market or, conversely, from being duly recognised as in need of public support.

### *11.2.3 The Social-Cooperative (SC) Model*

This model has been described internationally as the most typical form of social enterprise in Portugal (Galera and Borzaga 2009).

CERCIs, which belong to this model, started as special-education schools for children with mental handicap or learning difficulties, in a context characterised by the lack of adequate public and non-profit solutions. CERCIs were oriented towards work and social integration and had a participatory type of governance and a mixed membership. The first CERCI was created in 1975. The movement then spread throughout the country and organisations scaled up to provide services covering all the stages of mentally disabled people's life: education, professional training, residencies, occupational activities, sheltered employment, self-employment and home care.

With the revision of the Cooperative Code, in 1996, a new cooperative branch—that of social-solidarity cooperatives (*cooperativas de solidariedade social*)—was created, and CERCIs were included therein. The advantages to which IPSSs are entitled were extended to these cooperatives. Social-solidarity cooperatives aim to fight social exclusion through support to vulnerable groups, disadvantaged families and communities, and people in situations of disease, old age, disability and poverty; they provide education, training and work integration for disadvantaged people.

According to the Satellite Account (INE and CASES 2013), in 2010, of the 2,117 existing cooperatives, 136 were social-solidarity cooperatives, most of which (109) were active in the field of social action and social security. Subsidies and transfers linked to social action and social security were particularly significant in these organisations' resource mix: they represented 66% of cooperatives' financial resources, whereas sales and user fees represented 31.6%. This can be accounted for by the fact that cooperative users' ability to pay is lower than that of IPSSs' users.

Like in the case of IPSSs, some stakeholders claim that social-solidarity cooperatives too are excessively dependent on the state, *qua* organisations developed to provide services that the state funds as a public duty, and that this dependence leads to the loss of cooperatives' original advocacy orientation.

Key stakeholders in this field describe a tendency, among social-solidarity cooperatives, towards developing new income-generating strategies, like selling their specialised services and infrastructure to the community (swimming-pool access, special transport, educative and therapeutic services).

The democratic governance and the entrepreneurial character of cooperatives are brought up by stakeholders to argue that social cooperatives are the best example of social enterprise.

#### *11.2.4 The Solidarity-Economy Enterprise Model*

Organisations within this model are diverse, but they share the same institutional trajectory and the same institutionalised networks and frameworks. Two different origins, in the 1990s–2000s, can be identified;

both streams then converged in the 2010s. One stream derives from local-development initiatives (Moreno 2003), and another from the first use of the solidarity-economy concept in Azores, to describe a shift from a charitable orientation towards employment-promotion initiatives (Amaro 2009). Both streams were enhanced by EU-funded projects for rural and disadvantaged areas and target groups. These initiatives were led by organisations oriented towards local/territorial development, which put in place programmes to fight against the economic, demographic and social decay of these areas by resorting to economic activities and the market. More recently, they were joined by new types of organisations, mostly cooperatives, set up around concerns related to local and sustainable development and environmental protection, articulated with the willingness to carry out economic activity differently.

Most of these initiatives are gathered in the ANIMAR Network (which is oriented towards local development) and in the Portuguese Network for the Solidarity Economy, whose respective memberships partly overlap. As the concept of solidarity economy gained ground in the Portuguese context, these initiatives started to identify with it. Solidarity-economy enterprises demonstrate a concern for well-organised management, and they aim to show that it is possible to be successful in the market with a human-oriented economic stance. They also promote a strong sense of community participation, participatory democracy and local governance, and strive to develop a sustainable relation between people and the planet. Estivill (2009) argues that, due to its characteristics in Portugal, the solidarity economy is strongly linked to local territorial development.

This group of initiatives is also characterised by its diversity in terms of legal forms; it includes both social-economy organisations—the large majority—and commercial businesses. The latter are used as a way to support local and human development. Moreno (2003) identified 300 local-development initiatives, including associations (70%), cooperatives (10%), foundations (6%), mercy houses (6%), public organisations (5%) and commercial organisations (less than 3%).

One important feature of these initiatives is their involvement in the communities where they operate. Their proximity to the needs of the community contributes to their evolution in terms of services provided and legal forms adopted to respond to those local demands. Regarding this proximity, some stakeholders stress that ideas such as “scaling-up” endanger the very essence of this type of social enterprise as they pose challenges in terms of participatory governance.

### *11.2.5 The Social-Business Model*

The social-business model is often associated with the idea that the commercial form may be the most adequate legal form for social

Table 11.2 SE models' dimensions and legal forms

<i>Dimensions</i> <i>Models</i>	<i>Economic dimension</i>	<i>Social dimension</i>	<i>Governance-related dimension</i>	<i>Legal forms</i>
Entrepreneurial non-profit model	<p>Strong reliance on market resources (users' payments) due to structural weaknesses and retrenchment of the welfare state</p> <p>Pressure to develop instrumental commercial activities to reduce their dependence on the state</p>	<p>The IPSS statute means that the organisation helps the state to implement citizenship rights</p>	<p>The governance-related dimension differs widely from one enterprise to the other, due to the plurality of legal forms. Whereas associations are seen as the outcome of society's capacity to self-organise, in a spirit of altruism and equality, foundations and church organisations are sometimes singled out for their lack of democratic governance</p>	<p>Associations, mutual associations, mercy houses, foundations, church organisations under IPSS status</p>
WISE model	<p>Production of services/goods for sale in the market as a tool for social inclusion</p>	<p>Created by public policy (meanwhile terminated) to promote the work and social integration of vulnerable groups</p> <p>Lack of legal and tax incentives and weak state support</p>	<p>Mostly managed by non-profits; low level of workers' participation</p>	<p>Social-insertion enterprises, sheltered-employment centres and enclaves</p> <p>Other legal forms may exist</p>

(Continued)

Table 11.2 (Continued)

<i>Dimensions</i>	<i>Economic dimension</i>	<i>Social dimension</i>	<i>Governance-related dimension</i>	<i>Legal forms</i>
<i>Models</i>				
Social-cooperative model	Low capacity of vulnerable groups to afford services and important state transfers Development of market-income-generating strategies	Oriented towards the public interest Considered as equivalent to IPSS	Strong emphasis on the collective and participatory nature, due to the bottom-up advocacy genesis and to the embeddedness in the cooperative sector	CERCIs Social-solidarity cooperatives
Solidarity-economy enterprise model	Entrepreneurial and economic dimension serving the social purpose	Oriented towards local sustainable development and welfare	Strong participatory governance, facilitated by social-economy legal forms and a strong orientation towards local governance and community participation	Local-development organisations (SEOs) and commercial forms) New cooperatives
Social-business model	Emphasis on financial sustainability, business-entrepreneurship models and market resources	Oriented towards solving social problems No binding instrument to ensure that the social mission is at the core of the organisation, except if written in bylaws	Participatory governance ignored or even seen as a handicap as regards efficiency Preference for transparency	Mix of SEOs and commercial enterprises or evolution from SEOs to commercial forms

enterprise as long as it balances social and market goals. This in turn is linked to the idea that market resources and models offer the best solutions to implement socially innovative and entrepreneurial activities.

The adoption of the European Commission's policies and guidelines on social innovation and social entrepreneurship, including the Social Business Initiative, have been highly influential in the country, and the "Portugal—Social Innovation" pilot programme for the development of a social-investment market is a major reference among social enterprises belonging to this model.

Indeed, several initiatives carried out by consultants, business schools, foundations and support organisations have tried to foster social businesses. For them, social enterprises are organisations launched by social entrepreneurs that aim at high-impact social innovation. In that perspective, the initiative's legal form is not a major concern.

These new actors are concerned with aspects such as the business plan, sustainability, scaling up and social-impact measurement, and they have little concern for governance. Moreover, some stakeholders underline that investors are reluctant to support SEOs, which they associate with an idea of backwardness. SEOs are seen as unable to scale up social innovations, which is considered as a condition for financial sustainability. Moreover, some financial instruments cannot be operationalised under social-economy legal forms, since they require private capital ownership. Social entrepreneurs are described as business-oriented young people who aim at business success while simultaneously contributing to society.

In practice, various projects inside this model have resorted (sometimes simultaneously) to several legal forms in order to take advantage of both public support and philanthropy funding and social finance and markets. In some cases, these initiatives combine a non-profit and a commercial legal form, corresponding to two sides of the same project; in other cases, they emerged as associations or projects inside associations and evolved into limited-liability or joint-stock companies.

Their trajectories reflect the lack of a specific legal framework for this new type of business. These initiatives were set up with a view to solving a social problem, sometimes described as a market gap, like school dropout, youth unemployment and so on. Stakeholders put a strong emphasis on social impact.

Boundaries in this area are blurred, particularly as regards the practices linked to corporate social responsibility (CSR) and the changes taking place in the way in which businesses and funders implement CSR strategies. The label of certified B Corps recognises some of these social businesses, just as it acknowledges some "regular" commercial businesses.

## Conclusion

In this chapter, we provide a description of the landscape of social enterprise and related concepts in Portugal. The concept of social enterprise is not widely used in the country; it is subject to different interpretations and has contested meanings, as there is no specific legal form or status for social enterprise. The official recognition and definition of the (related) concept of social economy has been the subject of major efforts by successive governments, though, and the institutional framework is strengthening.

The diverse types of social enterprise identified in the research are not usually characterised as such and, currently, many actors explicitly avoid the use of the term. However, the need for some kind of legal definition (legal form or statute) is acknowledged by most stakeholders, and we consider that a debate on the social, economic and governance boundaries of social enterprises is lacking.

Through a review of the literature on that topic, policy analysis and key stakeholders interviews, five models of social enterprise can be identified in Portugal (some of which correspond to models put forward at the international level; see Defourny and Nyssens 2017): the entrepreneurial non-profit model; the WISE model, whose emergence and development are essentially linked to a public policy; the social-cooperative model, which was inspired by the cooperative revival of the Democratic Revolution; the solidarity-economy SE model, whose roots are to be found in local, social, economically and environmentally sustainable initiatives; and the more recent, widely EU-driven social-business model.

We detect a double movement in the field of social enterprise: on the one hand, some organisations are becoming more market-oriented, thereby responding to the retrenchment of the welfare state and the emergence of social-investment actors and tools; on the other hand, other organisations are becoming increasingly oriented towards the common good/public interest, in a context characterised by social/political pressure to become more democratic and/or socially responsible. These institutional trajectories, which demonstrate an adaptive capacity to different demands, redefine the boundaries between the state, the market and the society (Defourny and Nyssens 2017).

## Notes

- 1 TIMES (POCI-01-0145-FEDER-030612) is funded by the Foundation for Science and Technology (FCT/MEC) and FEDER, through the Operational Competitiveness and Innovation Programme COMPETE 2020.
- 2 Framework Law on the Social Economy, Law No. 30/2013, May 8.
- 3 The state holds 66.22% of the capital and votes, and the remaining capital and votes are equally distributed among the other members (5.63% each).



- 4 Income-generating strategies implemented by non-profits also existed before the development of the welfare state; mutuals and mercy houses owning social pharmacies and savings banks are examples hereof.

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