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Conceptions of Social Enterprise and Social Entrepreneurship in Europe and in Albania: Convergences and Divergences

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ABSTRACT

Social enterprise and social entrepreneurship concepts are relevant in human resource practice as they help in solving social challenges that come with development. Ideally, a social enterprise is an institution that applies business strategies so as to put into good use the environmental and human welfare rather than focusing on profit increase for shareholders that are not within an organization.This paper tends to explain the contexts of social enterprises and entrepreneurship in Europe and in Albania. Also in the paper are explained the convergence and divergence between Europe and Albania.

KEYWORDS : enterprise, social, resources, human, Europe

Introduction

Social enterprise and social entrepreneurship concepts are relevant in human resource practice as they help in solving social challenges that come with development. Ideally, a social enterprise is an institution that applies business strategies so as to put into good use the environmental and human welfare rather than focusing on profit increase for shareholders that are not within an organization. On the other hand, social entrepreneurship refers to the progressive process of seeking creative solutions to the social problems that exist in the society. In both cases, the principle focus is not on the improvement of the profit levels for an enterprise, but they focus on the achieving the environmental, cultural, and social goals that are mostly associated with non profit generating sectors of the economy (Lyons 27).

In the past, these concepts did not enjoy a wide application in the European countries, but they have gained momentum because of the advantages associated with applying these principles both to human resource management and to the society at large. The concept of social enterprise became operational in Europe in 1990 and spread slowly spread to other southern Europe states such as Italy through the social co-operatives law (Levi-Jakšić & Rakočević 1769). After the inception of this practice, many institutions have engaged in research aimed at expounding on these concepts and have also conducted trainings on how to apply these practices so as to improve social enterprise and social entrepreneurship knowledge. With this background, this essay will delve on the conceptions of Social Enterprise and Social Entrepreneurship in Europe and in Albania with a key focus on the Convergences and Divergences.

The contexts of these two applications

Ideally, the inception of social enterprise and social entrepreneurship drew influence from the existing high rates of unemployment that was persistent in many European countries and the need for formulating integration policies that would overshadow the traditional ones that had given rise to many social challenges in Europe. In essence, social participants and workers saw the need for formulating public policy schemes that would handle the increasing unemployment rates, poorly-qualified people and the exclusion of certain groups of people in the labour market (Borzaga & Defourny 133). Therefore, the introduction of this resulted to the training of the unemployed population because the unemployment crisis had begun to affect public finances, which was not good for these economies (OECD & EC 4). The social economy in Europe mainly consists of the following types of organizations: cooperatives, mutual organizations, associations, and foundations (OECD, 2003). In Western Europe, the trend towards social enterprise emerged somewhat later than in the United States and was focused on the simultaneous development of public interest services and diversification of revenue generation in the third sector.

The European Union has also been a strong actor in promoting research and program support for social enterprise. It views social enterprise as a business model that can simultaneously address issues of economic growth, employment, and quality of life (Thomas, 2004). From 1996-1999 the Research Directorate-General of the European Commission funded the EMES (The Emergence of Social Enterprise in Europe) Project that examined social enterprise in all 15 European Union countries. The Commission also financed the follow-up PERSE (The Socio-Economic Performance of Social Enterprises in the Field of Integration by Work) . Project conducted in 11 European Union countries from 2001-2004. The Enterprise

Directorate General of the European Commission has supported social economy enterprises such as cooperatives and mutuals since 1989 and is currently focusing on their "enterprise aspects." It supports research, helps draft European Union statutes, consults with organizations, and links with public officials in member countries who are working on regulation in this area (European Union, 2004).

The formulation of active labour market policies meant that this was a change from the conventional communist approach especially in Albania where the unemployed received cash benefits. The implication of this was that the concepts of social enterprise and social entrepreneurship sought to replace the passive labour policies in the market because this created more unsatisfied social needs (Eichhorst 18). This was typically the '2nd labour market programme'in which many enterprises sought to integrate the unemployed population by making them involved in productive activity.

The main objective that drives social entrepreneurs is the need to provide solutions to social problems without relying on governments or business enterprises to help the society in changing the way of doing things (Volkmann, Tokarski & Ernst 248). Social enterprises tend to be practical in the approaches that they choose to take in order to provide the solutions required while they also remain ethical in their practice (Gunn & Durkin xiii). They also act as role models for the change that they want to influence to the societies that they exist in while also recruiting the local communities in applying their principles in order for social change to be achievable. In many cases, social entrepreneurship drew influence from a religious background in which religious groups sold goods rather than donate them to those that needed them.

Convergence and divergence between European and Albania

Over the last few years, there has been mutual evolution in the application of the social entrepreneurship aspects meaning that they have mostly attracted convergence. For one, the overall aim is to ensure that there is the creation of social value, which has been achievable in both of these areas meaning that these communities have been the greatest beneficiaries (Nicholls 10). This means that both in Europe and Albania, the making of social impact is a matter of priority and not a consequence that may be achievable. Therefore, the social mission has been the key influencer towards the application of the social entrepreneurship concept both in Europe and Albania through the various legislations passed in order to support the social policies (Ridley-Duff & Bull 57). Portugal, Belgium, Italy, and the UK have been at the forefront of enriching the lives of their community members through social entrepreneurship, which is a key aspect in promoting human and social integration (Fayolle & Matlay 79). Businesses in Albania have also caught up with this concept in which many view

them as market oriented enterprises because of subscribing to the social economy programme that began in the UK.

Another convergence aspect that emerges between the application of social entrepreneurship in Albania and Europe is that there is the involvement of various stakeholders in making this process to be effective in making social impact (SiMPACT Strategy Group 2013). Some of the stakeholders involved include employers, public authorities, volunteers, and donors interested in witnessing the success of this concept, which makes it to a multi-stakeholder type of ownership. The establishment of social enterprises tends to affect human resource management practice because it allows a business enterprise to give back to the community rather than exhausting the labour provided to them in influencing profitability. By providing professional training to the unemployed population, a social enterprise is able to gather skilled people that would be essential in having a competent human resource arm (Ucbasaran & Westhead 19). This automatically influences the profit margins of the social enterprise while ensuring that the community that they operate in and the environment in general benefits from its activities.

In both Albania and Europe, there has been an emerging argument that social entrepreneurship tends to influence certain agendas that may be political or otherwise meaning that the drive may not entirely be on making social impact (Moulaert50). This means that public schemes may develop policies by framing personal agendas that have elicited strong debates because of the motives that they intend to achieve. The natures of the missions that social enterprises seek to achieve have been a matter of contention between the entrepreneurs and the public agencies. Therefore, the concept of social entrepreneurship experiences challenges both in Albania and Europe meaning that it may not entirely be a smooth process.

The point of divergence created in the application of social entrepreneurship both in Albania and in Europe is that in the latter the civil society plays an active role in ensuring that the concept applies effectively in order for the society to feel the impact (Hammack & Heydemann 74). In other European countries, their governments have incorporated this framework and have provided support through legislations making social entrepreneurship practice to be law (Quarter, Mook & Ryan 101). The implication of this is that Albania is not at par yet with other European nations in terms of establishing more social enterprises and is in the process of doing so.

Essentially, Albania applied to join the EU in 2009 and part of their requirement to do so is to abide by the EU policies that also touch on the social business aspects (TASCO 2010). With this, Albania has been at the forefront of conducting seminars aimed at helping the Albanian society of the importance of social entrepreneurship towards facilitating community development processes (Bogason, Kensen & Miller 98). Though not accomplished yet, Albania is in the process of developing a social economy through the creation of understanding for the social enterprises concept. Therefore, the divergence here is that Albania relies on the civil society to play the leading role in developing the social entrepreneurship concept in Albania whilethis concept is acceptable practice in other European states.

Conclusion

The concept of establishing social enterprises has been successful in part because of the various impediments experienced in this journey of involving the society as beneficiaries to this practice. Since its inception, this concept has gained rapid following across nations because it has been able to handle social problems such as unemployment without requiring direct involvement from the government (Diochon 52). Economies have also moved towards being social economies because of the inclusion of the community in enjoying the benefits of this business practice both in Europe and Albania because it has reduced dependency on donations and created a more skilled labour force (Ordóñez De Pablos & Tennyson 106). In line with this, nations should promote the establishment of more social enterprises as this is likely to help in solving more social problems rather than relying on government support to mitigate most of these challenges.

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