

Social Enterprise in Public Governance. The Early Stage for the Romanian Case

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Abstract: *Social enterprise* is considered a viable alternative in satisfying social needs and an essential actor within the process of reforming and developing the public sector. The hybrid type of organization (adopting business methods to satisfy social needs) characterizes the social enterprise as a complex entity at the cross-roads of public, private and non-profit sectors. Therefore, debates on specific paradigms for social enterprises were extremely challenging for scholars. The main paradigms identified within the literature were the New Public Management (the British literature) and the Public Governance (the Italian literature). This paper adopts *the paradigm of public governance*. The main argument is that public governance paradigm reveals the necessity of elaboration and reconsideration of previous public policies, by developing innovative relational models in cooperation with the third sector (Meneguzzo et al., 2006). In this regard, authors address to the problem of insufficient interest of the Romanian local public authorities in involving social enterprise in local governance. The paper aims at a) demonstrating that there is a strong connection between local governance and social enterprise and b) identifying the current stage of interconnecting local governance and social enterprise in Romania. Firstly, there will be elaborated an analysis of literature and specific studies and reports at E.U. level on four important dimensions – policy dialogue, producing and providing public goods and services, finances and social matters. Secondly, there will be elaborated an analysis of the current legislative directions applied to the intervention of social enterprise at local level, related to the four dimensions mentioned-above. Thirdly, the authors should be able to contribute with important discussions on how social enterprise can represent a key-actor in public governance strategies. The **research methodology** consists of both qualitative and quantitative methods, by analyzing the documents, reports and data within the public governance and social economy/enterprises domains.

Keywords: social enterprise, governance, Romania

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1. Public Governance and Social Enterprises (PGSE)

Several debates on the public sector reform occurred on political, administrative, academic and business arenas, aiming of identifying successful models in developing the public sector.

These debates have led to the formulation and application of several emergent models in the public sector reform, from the “*traditional model of public administration* (Weber, 1992), the *New Public Management model* (Pollitt & Bouckaert, 2000, 2004, 2011) and the *Neo-Weberian state* (Dreschler & Kattei, 2008; Lynn, 2008), to the *New Public Governance* (Pierre, Peters & Kaufmann, 2009; Osborne, 2010)” (Bouckaert & Pollitt, 2011, p. 22).

The concept of reform is positioned within the public sector taking into consideration the necessity to replace traditional methods that do not correspond to the current realities with new methods, adapted to different changes, such as legislative, social, economic, cultural changes, at national, European and international level.

“The institutional limits or failures, from both public and private sectors, determined a radical, transformative reaction of citizens and civil society regarding the traditional social organizational forms” this assertion represented a driving force for social entrepreneurship initiatives, in view to intervene in the national economy sectors (Vlăsceanu, 2010, p. 171).

Many governments in Europe are searching for new modalities of involving citizens in providing and governing publicly financed services, due to three main challenges that they confront: “1) population aging, 2) increased deficit of democracy at local, regional, national and European level, 3) a semi-permanent state of austerity in public finances, exacerbated by the global economic crisis” (Pestoff, 2011, p. 1).

The field literature mentions an “experimenting and reforming period through the awareness of social, economic, cultural contributions within the public services, public organizations and state” (Hinna, Meneguzzo, Mussari & Decastri, 2006, p. 2) that achieved the transition from the traditional model of public administration and New Public Management to the governance-based network model and acceptance of New Public Governance as a driving theoretical framework (Osborne, 2006 in Osborne, 2009).

Rod Rhodes (1996) observes a series of weaknesses of New Public Management model by comparing it to a new model, the new governance model, which is defined as Governing without Government (Rhodes, 1996, pp. 652-667).

Scholars consider that New Public Management did not succeed in solving economical and structural approaches that the majority of OECD countries currently confront. Thus, the proposed solution of specialists (within the elaboration of public policies and academic research) is represented by *“participative governance and inter-organizational relations models”* (Torfing & Triantafillou, 2012, p. 21).

The Governance model emerged from the governance concept, aiming at *“transcending the previous tensions and contradictions – public versus private, bureaucracy versus market”* (Bouckaert & Pollitt, 2001, p. 21).

The “governance” concept assumes the transition from *“traditional hierarchical models of organization to the adoption of network type-model and revision of state-civil society relation, to more participative and flexible regulation and implementation”* models (Bellamy & Palumbo, 2010 in Bouckaert & Pollitt, 2011, p. 21).

Adopting network models is not a new issue (the field literature mentions this topic from the ‘90s) (Klijn, 2005; Agranoff, 2007, Milward & Provan, 2000; Castells, 2010; Pemberton, 2000; Osborne, 2009 in Bouckaert & Pollitt, 2011) but the novelty elements are represented by the alternative solution proposed comparing to New Public Management, and its *“characteristics and superiority upon the hierarchical and market-based”* models (Bouckaert & Pollitt, 2001, p. 20).

Governance analysis is based on focusing on formal and informal structures for achieving the adoption and implementation at the decision level (Popescu, 2011).

Thus, “governance” concept becomes a *“mix of both vertical and horizontal instruments that allows the coordination and direction of different actors towards some common aims”* (Cepiku, Meneguzzo & Senese, 2008, p. 102).

This situation becomes possible by including in the governance process *“the regimes, laws, juridical decisions and administrative practices that constrain, prescribe and ensure the services and publicly supported missions”* (Lynn, Heinrich & Hill, 2001 in Cepiku, Meneguzzo & Senese, 2008, p. 102).

The central element of New Public Governance is represented by a “*greater focus on citizens and third sector’s participation in providing public services*” (by contrasting with traditional model of public administration and New Public Management) and on “*co- production performance as agents of public services and citizens mix involved in the provision of public services*” (Pestoff, 2011, p. 1).

The research in the social enterprise domain by adopting the public governance paradigm is expanding in the literature, which mentions the “*necessity of elaboration and reconsideration of previous public policies, by developing innovative relational models in cooperation with the third sector*” (Carrera, Meneguzzo & Messina, 2006, p. 2).

Thus, the public governance dimension and the relation third sector-public administration dimension can build “*the first stage in defining the analysis model of some social enterprises incubators experiences*” (Carrera, Meneguzzo & Messina, 2006, p. 5).

This assumption represents the context in which social enterprise can be an important actor of public sector development, highlighting the institutional dynamic and “*dual relation in which public authorities and social enterprise cannot be separated*” (Carrera, Meneguzzo & Messina, 2006, p. 18).

The intervention of the concept of social entrepreneurship in economy’s sectors is argued by the necessity of identifying alternative methods to the traditional ones that the public and private sectors may use in achieving a certain level of population’s welfare.

New concepts such as social entrepreneurship, social business, social enterprise, public-private partnership arise on the market of public goods and services at both national and international levels. Different models of social enterprises are identified in both Western Europe and Central and South - Eastern Europe.

Leadbeater (1997) places the concept of social entrepreneurship among the three society’s sectors, namely public, private and nonprofit sectors, by addressing the following proposals: “*importing business methods within the public sector, social purpose – centered business, entrepreneurial approaches within the nonprofit sector*” (Nicholls, 2006, p. 12).

2. European Directions on PGSE

2.1. The General Framework

“Major determinations such as the financial and economic crisis with direct effects on people, the reduction of jobs, the increased unemployment, the increased poverty, the generation of imbalances on the labour market, the social exclusion represent arguments in shaping specific strategies and public policies for social economy sector, at both national and European level” (Matei & Sandu, 2012, p. 1).

In this context, the European Commission underlines in Europe 2020 Strategy one of the three priorities of European governance for smart, sustainable and inclusive economy: inclusive growth – a high employment economy delivering economic, social and territorial cohesion (Europa 2020, http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/flagship-initiatives/index_ro.htm).

For achieving the mentioned-objective, the Strategy integrates the social economy and its basic institutions – social enterprises, as a medium and long term solution for good governance in crisis and post-crisis times (Matei & Sandu, 2012, p. 1).

European Union’s approach on social enterprise is the social economy approach. Thus, social economy targets cooperatives, mutual associations, foundations and social enterprises for providing goods and services across Europe and for generating millions of jobs.

European Union recognizes the potential of social enterprise in introducing innovative solutions for social inclusion and cohesion, for creating jobs, for growing and promoting active citizenship, thus contributing to the implementation of Europe 2020 Strategy and to the mission of Single Market Act “a competitive social market economy” (Social enterprises and the Europe 2020 strategy: innovative solutions for a sustainable Europe <http://www.eesc.europa.eu/?i=portal.en.events-and-activities-social-enterprises-europe-2020>).

“In 2011, European Commission regulated the main documents for social market economy and its organizational forms, namely the Single Market Act I (April) and the Social Business Initiative (October)” (Matei & Matei, 2012, p. 4) and in 2012 The Single Market Act II (October).

The Single Market Act I mentioned the fact that the main action for social entrepreneurship development is the elaboration of the European legislative framework, thus facilitating the social investments funds' development, which can be intensified by the national initiatives impact through opening the single market towards these initiatives (European Commission, 2011).

The Single Market Act II associates social entrepreneurship to social cohesion (Key action 2), and the European Commission (2012) draws the attention upon the most problematic issue of social entrepreneurship – the necessity of developing instruments for increasing the credibility and visibility of social enterprises (European Commission, 2011).

Currently, the strategic documents and programs are represented by the Social Business Initiative (2011), EU Program for Social Change and Innovation (2011), EU Program for Employment and Social Innovation (2013), EP and Council Regulation on European Venture capital and social entrepreneurship funds (2013).

The single market context and the social economy approach, the program elaboration, development and implementation for institutional and financial support in social entrepreneurship domain targets the creation of better conditions for social enterprise to achieve its mission of one of the most important actors in implementing the Europe 2020 Strategy.

2.2. The Public Governance Framework

Giving the context of public governance and social enterprise in EU's vision, there should be made some comments upon the social enterprise involvement at local level, through the spectrum of local governance.

Firstly, it is necessary to mention that local governance has become a key issue in the EU development policy debate, as the European Consensus on Development highlights the “*drivers of local development*” – “*governance, decentralization, civil society and local authorities' participation, and the country-led, participatory, decentralized and environmentally sustainable territorial development*” (Binder, Stoquart, Mullen, Buhigas & Schubert, 2008, p. 3).

Secondly, local governance and social enterprise definitions could reflect the interconnections at theoretical level, as follows:

Table 1. Interconnecting the concepts

	Definition	Relevant interconnecting items
Local governance (Binder, Stoquart, Mullen, Buhigas Schubert, 2008, p. 16)	A process of decision making (by local council and relevant stakeholder groups) on matters of local/municipal development and the implementation and management of development plans and the provision of basic services through allocation of available resources in order to achieve agreed development goals and targets.	Decision making, stakeholders groups, provision of basic services, allocation of available resources, matters of local development
<i>Social enterprise</i> (Sandu, 2013, p. 50) ¹	Social enterprise represents a type of business or private activity with social purpose (such as combating social exclusion or unemployment), based on producing and providing public goods and services and it is sustainable by reinvesting the surpluses in this activity; it is characterized by a high level of social responsibility and a certain participation level of stakeholders.	Stakeholders participation, producing and providing public goods and services, reinvesting the surpluses, activities with social purpose

Source: the authors based on the definitions

Table 1 illustrates the fact that there are strong interconnections between the two concepts on four main dimensions, namely: **1) policy dialogue dimension** - decision making process and policy making process (through stakeholders' participation), **2) producing and providing the public goods and services dimension** (mission that comes into the "hands" of both public institutions and social enterprises), **3) financial dimension**- resources allocation and reinvesting the surpluses and **4) social matters/ problems dimension** – as driving forces of the activities.

¹ *Întreprinderea socială- componentă a dezvoltării sectorului public/ Social enterprise - component of public sector development*, National School of Political Studies and Public Administration, Doctoral School in Administrative Sciences, Doctoral Thesis, Bucharest 2013, p. 50 – a definition based on the analysis of seven-references definitions in the literature (EMES European Research Network (1996), OECD (1999), Department of Trade and Industry UK (2002), John Pearce (2009), John Everett (2011), Janelle Kerlin (2010), Rory Ridley-Duff and Mike Bull (2011).

In order to reinforce these four main dimensions in interconnecting local governance and social enterprises, the authors propose relevant references to the COM (2003)615, that stipulates the fact that *“Social policy is a productive factor and contributes to sustainable development. Social dialogue and the involvement the organizations of employers and workers in the design and implementation of social and employment policy and the functioning of the labour market institutions can be a driving force behind successful reforms having an effective impact on the day to day life of citizens”* (European Commission, 2003).

Thus, accordingly to the “Main issues and basic principles” of governance mentioned within COM (2003)615, there will be highlighted the responsibilities of social enterprises, considered in the authors’ vision as pro arguments for social enterprises in public governance, as follows:

1) *Policy dialogue (Pro argument 1)* – involving social enterprises’ representatives in the policy making process is not only a matter of transparency and equity, but it is also a matter of real representation of different social categories’ interest. Face-to-face dialogue in policy matters reflects all the social policy gaps, thus leading to better problem identification and solving.

Example of the necessity of social enterprises’ presence in policy dialogue: The project PASE (Public Procurement and Social Enterprises) in the framework of the INTERREG IV C community initiative in the participant regions – Italy, Spain, Germany, Romania, Poland, France and Belgium. The main aim of the project was “to enforce the effectiveness of the partner's regional public policies in promoting and supporting social entrepreneurship as a lever for local economic development and territorial competitiveness, paying attention to social issues”.¹

During the process of data collection and elaboration of the product “Public Policies and Social Enterprises: a catalogue of good practices”, the questionnaire applied to the targeted national local organizations reveals the facts that:

- Public administrations are not entirely committed to integrate good practices in the social economy area (Italy – 25% Definitely YES and 75% Probably YES, Romania 75% Probably YES, 25% Probably NO, Spain 25% Probably YES, 50% Inconclusive – affirmation, 17% Probably NO)²

¹ (Public Policies and Social Enterprises, http://www.pase-project.eu/cms/index.php?option=com_kunena&Itemid=18, 2014).

² Question 7 “Are Public Administrations committed to integrate Good Practices in the social economy area?” p. 20, <http://www.pase-project.eu/cms/images/stories/products/FinalReportImpactAnalysis.pdf>.

- The necessary resources to develop good practices in public policies in the social economy area are not entirely available (Italy 100% Probably NO, Romania 25% Definitely NO, 25% Probably YES, 25% Inconclusive-affirmation, 25% Definitely NO, Spain 100% Probably YES)¹.

Thus, the social enterprises' presence in policy dialogue is necessary for both local public authorities and social enterprises.

2) *Poverty reduction (Pro argument 2)* – key-directions for social enterprises are identified as effective mobilization, representation and empowerment of the civil society, intervention in producing and providing public goods, job creation etc.

UNDP and EMES European Research Network analyzed the social enterprise phenomenon as “*a new model for poverty reduction and employment generation*”, by examining the concept and the practices in Europe and the Commonwealth of Independent States (UNDP, 2008).

In Europe 2020 Strategy, the social enterprise is seen as an actor in promoting employment based economy, for social and territorial inclusion, for sustaining favourable inclusion growth.²

Example of social enterprise model in poverty reduction at local level: the proposed model of Muhammad Yunus of creating Grammen Bank in Bangladesh. The social business model started as a project aiming at raising the quality life of families and women in the region. The social impact registered upon the population made from Grameen Bank a successful model at an international level: 8 million beneficiaries of bank credits, 97% of those are women, 100.000 homeless involved in specific programs, 50.000 students' benefits of credit programs for studies (Yunus, 2010:9-10).

3) *Human rights and security (Pro argument 3)* – through the spectrum of social problems solving, social enterprise contributes to the local security, by combating poverty and hunger, violence and domestic violence, literacy and low-education level etc.

¹Question 8 “Are Public Administrations committed to integrate Good Practices in the social economy area?” p. 20, <http://www.pase-project.eu/cms/images/stories/products/FinalReportImpactAnalysis.pdf>.

² Social enterprises and the Europe 2020 strategy: innovative solutions for a sustainable Europe, <http://www.eesc.europa.eu/?i=portal.en.events-and-activities-social-enterprises-europe-2020>, 2014.

Different social vulnerable groups represent the social enterprises target groups in the developed activities, such as Roma people, children, elderly, immigrants etc.

Example of social enterprises' intervention in violence reduction: The Guardian Social Enterprise Network in UK published the article "How social enterprise can reduce gang violence?" (Rolling & Pritchard, 2013).

The article reveals the story of Luke Dowdney, founder of social enterprise LUDA in 2007, a fight wear and lifestyle clothing manufacturer. The organization's mission is to combine supporting great boxers from around the world who suffer the impacts of crime and violence with providing incomes for the charity Fight for Peace International (helping young people victims of violence).

The organization's activity is based upon boxing and martial arts training and competition, personal development and education, youth support services, job training and work access, youth leadership.

At local level, the organization is a subject of studies, namely the University of East London conducted an impact study that shows the fact that 85% of the participants in the charity's work declared that they are less likely to become a gang member and 42% stopped their gang affiliations.

4) *Business and budget support (Pro argument 4)* – as the UK's Department of Trade and Industry (the current name is Department for Business, Innovation and Skills) defines social enterprise "business with primarily social objectives who's surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize the profit for shareholders and owners", one can observe two important aspects: a) social enterprises are part of the business sector, but driven by social goals and b) the surpluses come to be reinvested for the benefit of the local community.

Example of economic impact of social enterprise at local level: A research project proposal on economic impact of cooperatives in Trento province, Italy reveals some important statistics at the basis of the research objectives- to cover the lack of statistical data capable of valuing the real economic and financial features of cooperative enterprises in the Trento province and their economic impact at local level (European Research Institute on Cooperative and Social Enterprises, <http://www.euricse.eu/it/node/1784>).

The economic statistical data in Trento province in 2005 illustrate the fact that the cooperative system is emerging, composed by 623 companies and 229 thousands of

members, with a total assets of 2 billion Euros and with a total value of production of 3.248,9 million Euros. And the cooperatives represent only 1% of the total number of active enterprises in the Trento province, they have great generating value ability, incomes and employment reach high levels: 13% of the production and added value and 15% of the employment.

3. The Early Stage of PGSE in Romania

Regarding the legislative framework, legal organizational forms or public governance, it is considered that the phenomenon of social entrepreneurship and social enterprise in Romania is an emerging domain.

Previous experiences on social economy are identified in the traditional handicrafts cooperatives, but also associations and foundations, with great experiences in the Romanian civil society. Using the terms of social entrepreneurship and social enterprise represents the novelty at national level.

This early stage of social entrepreneurship and social enterprise in Romania is seen as a “developing idea in international favourable context of both practices and models consolidated in the area of promoting social enterprises and European Commission’ s interest and support in reforming public policies and financing social enterprises ” (Lambru & Petrescu, 2012, p. 165).

An analysis of the public-private partnership legislation in Romania (Rusu, Petrescu & Vâlcu, 2007 in Lambru & Petrescu, 2012) reveals the most important policy instruments with effects upon social enterprises at local level, namely:

- subsidies – Law 34/1998 regarding awarding some subsidies to the Romanian associations and foundations designed as social assistance units and Law 448/2006 regarding the protection and promotion of disabled people’s rights;
- grants – Law 350/2005 regarding the non-returnable financing regime from public funds allocated to non-profit activities of general interest;
- public –private partnership – Government Ordinance 68/2003 regarding social services, referring to the contracts for services and contracts for partnership, Law 17/2000 regarding social assistance for elderly, Law 251/2001 regarding the local public administration, Law 272/2004 regarding the promotion and protection of children’s rights;

- outsourcing of public services – Government Ordinance 34/2006 on the award of public procurement contracts, contracts on concession of public works and concession of services (criteria – the lowers prices for the highest quality), Government Ordinance regarding the social services (organization at local or county level).

Thus, by adapting to the current trends and evolution in the field and also by accepting that there is a great need of adopting innovative methods in both public and private sector to address social needs, the Romanian Government addressed to the Parliament the draft law on Social Economy. The draft law was approved by the Senate in December the 20th 2013 and currently, it is under discussions within the Deputies Chamber.¹

Accordingly to Article 1 of the draft law on Social Economy, the law aims at regulating the social economy domain, at adopting measures of promoting social economy and competences for the central and local public authorities in the domain (Draft law on Social Economy, Chapter 1, Art. 1).

By analyzing the legislative project, there can be identified the “Main issues and basic principles” of governance mentioned within COM (2003)615 on the social enterprises’ intervention in local communities, as follows:

1) *Policy dialogue (Pro argument 1)*: social enterprises (adapted by the term of “social economy” within the legislative text) aim at involving individuals in the sustainable development of the local communities (art. 4 (2e)), promoting the social economy in the local community interest (art.2 (1), art. 4 (1)), the central and local public authorities support of social economy actions through county and local development strategies and partnerships, etc. (art. 7), but also through important facilities such as infrastructure or financing (art. 22 (1)).

Some relevant data- Figure 1 illustrates the fact that in 2010 only 30.45% of social economy organizations were involved in the information, awareness, advocacy and monitoring public policies and only 33.4% of the social economy organizations formulated a public local/national decision/policy proposal in the last two years (Foundation for the Civil Society Development, 2010).

¹ *Institutul de Economie Socială/Institute of Social Economy*, <http://www.ies.org.ro/info-stiri/vrs/IDstire/1001/t/legea-economiei-sociale-a-intrat-in-lini>.

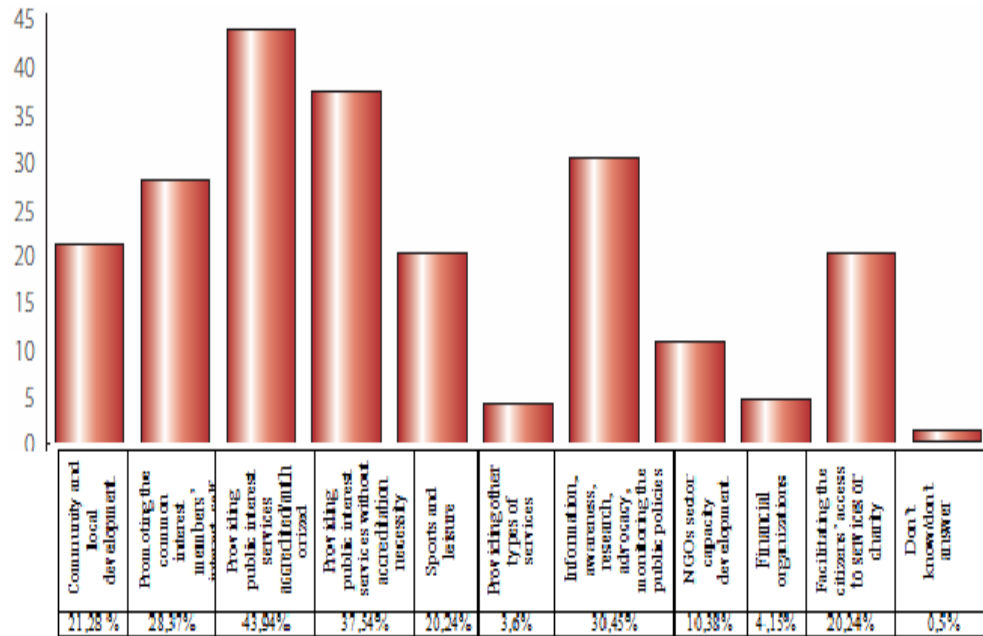


Figure 1. Frequency of types of actions undertaken by social economy organizations

Source: NGOs Leaders Barometer, 2010, Romania 2010 Sector Non-governmental, Foundation for the Civil Society Development, Bucharest, p. 31

2) *Poverty reduction (Pro argument 2)* – priority for individuals and social objectives, solidarity and social responsibility, allocating a profit percentage for the sustainable development and providing general interest services for the community (art. 3)

Some relevant data: Social economy domain in Romania is an important jobs creator, accordingly with the Figure 2, at the end of 2009, a total number of almost 110000 employees within the social economy domain represented 2.2% of the employee population of Romania and the expenses for human resources tend to stabilize a value around 20% from the total expenses of social economy organizations (Foundation for the Civil Society Development, 2010).

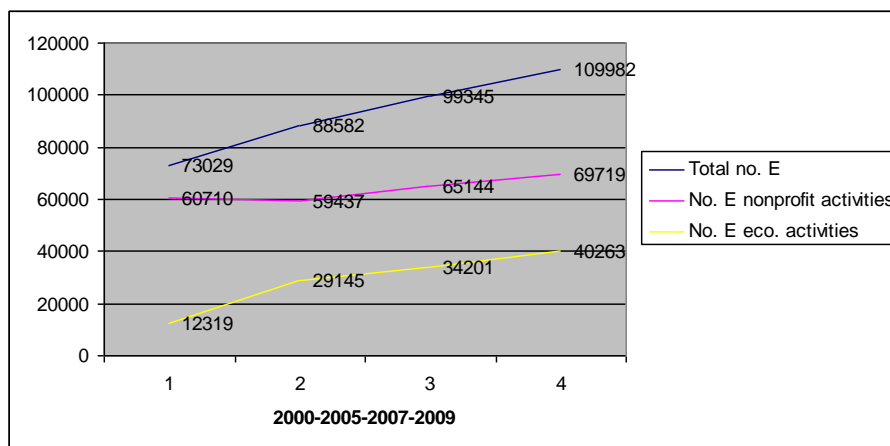


Figure 2. Evolution of jobs number in the social economy

Source: The authors' adaptation by Atlasul Economiei Sociale/Atlas of Social Economy - Romania 2011, Foundation for the Civil Society Development, Research Institute for Quality Life, University of Bucharest, EURICSE, 2011, Bucharest, p. 15 apud National Institute of Statistics, 2011

3) *Human rights and security (Pro argument 3)* – targeting vulnerable groups, by employment and social security (art. 4 (1), art. 5 (2)), “social insertion enterprise” should employ permanently at least 30% vulnerable groups persons (art. 11(a)) and it should adapt its activities to the development county objectives plan (art. 11 (c)).

Some relevant data: A recent study on social services through social entrepreneurship in Bucharest Municipality (Sandu, 2012) shows that some very important situations as mental (1.7%), sensorial (0.5%), physical disabilities (1%), or HIV/AIDS (0.5%), drugs (1,9%), alcohol (0.3%), toxic substances addiction (0.3%), physical (1%) and psychic (0.5%) abuse, discrimination of all types (ethnicity 0.5%, gender 0.2%, sexual orientation 0.5%, religious 0.3%, age 0,2%), unemployment (1.4%) do not get enough attention of the current services provided.

4) *Businesses and budget support (Pro argument 4)* – producing and providing goods and services for the community welfare (art. 4 (2a)).

Some relevant data: The social economy is more and more obvious in the economic activities, due the fact that the organizations confronted with limited financial resources. Thus, the intervention of social economy organizations in the provision of goods and services awarded to social enterprises a significant role in social, education, environmental and voluntary sectors.

Table 2. Financial Indicators 2009

Type of organizational form	No. of active organizations	Total of assets (Euro)	Total of incomes (Euro)	Total surplus (Euro)	Total of paid personnel
Associations and foundations	23.100	1.059.164.424	1.019.177.906	151.888.673	109.982
NGOs with economic activity	2.471	493.716.778	446.015.665	55.560.280	23.551
Credit unions	897	254.374.688	54.498.782	15.947.619	18.999
Craft cooperatives	788	140.916.410	179.470.331	9.000.569	25.553
Consumer cooperatives	894	35.642.456	139.587.463	2.847.551	7.401
Credit cooperatives	65	19.282.950	31.317.522	872.640	1.419
Total	25.744	2.003.097.706	1.870.067.669	227.116.763	163.354

Source: adaptation by Atlasul Economiei Sociale/Atlas of Social Economy - Romania 2011, Foundation for the Civil Society Development, Research Institute for Quality Life, University of Bucharest, EURICSE, 2011, Bucharest, p. 8 apud National Institute of Statistics 2009, Average exchange 2009 1 Euro – 4.2372 lei (<http://cursvalutar.dailybusiness.ro/curs-valutar-mediulunar>)

The draft law on social economy highlights the fact that there are many lacks in the Romanian legislation regarding the social economy and social enterprise.

The main issues and principles discussed above could reinforce the need of legislative support and stability in public and local public governance of social enterprises: a) there is a great need of developing policy dialogue dimension between public authorities and social economy organizations in Romania; b) there is a need of improving the poverty reduction, human rights and security strategies, c) there is a need of sustainability in terms of financial, institutional, networking and innovative approaches.

Some controversial discussions on the draft law on social economy reveal the weaknesses in moving forward to the final adoption and implementation, namely (Secal, 2014):

- a clear definition of the social economy entities: social entrepreneur, social enterprise, social economy,
- regulation of micro financing activity for social economy units and the role of house of mutual aid,
- a clear set of criteria on dividing two categories: social enterprise and social insertion enterprise.

4. Research Limitations and Final Remarks

The research limitations are considered to be the lack of contra arguments in the light of pro arguments on the main issues and principles on governance and social enterprises, at both European and national level. Thus, for the future research on PGSE, the authors will focus on elaborating a complete analysis on both pro and contra arguments for PGSE.

Though social enterprise is not a new phenomenon in the academic field or in the international practice, the novelty elements are represented by the facts that 1) currently, the social enterprise is considered a viable alternative in satisfying social needs and 2) current difficulties raised in the context of the public sector offers to social enterprises the opportunity to become an essential actor in the process of developing the public sector. Even more, social enterprise's utility and necessity is identified also within the private sector (by adapting the organization's mission to meeting the current social needs) and within nonprofit sector (by adopting business methods for the organization's sustainability).

One can observe the occurrence on the public goods and services market of concepts as social entrepreneurship, social business, social enterprise and social entrepreneur, emerging concepts from the nomenclature of public, private and nonprofit sectors. The EU's strategic directions reveal the reinforcement of social enterprise at both national and local level, through the spectrum of legislation, financing, stakeholders, target groups or public policies involvement.

The main issues and principles identified at national level describe an early stage of PGSE in Romania. Even so, there are many social enterprises initiatives supported by the European Union strategies and funds, which may become visible in the future, in both practice and research documents.

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