



Social Enterprises in Spain

(country report)

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Abstract

Historically, the Spanish social enterprise has always been strongly related to the cooperative movement. This is still true in the current context and can be seen as a direct outcome of the relatively stable structural unemployment and dual labour market that characterizes the Spanish economy. Cooperatives of any kind can access public funding schemes for social service provision as long as they are recognized as social initiative cooperatives. Similarly, other typical Spanish social enterprises (such as work integration enterprises or special employment centres) focus on employment provision or employment qualification.

The recent historical context of the Spanish social enterprise is the transition period from the Franco dictatorship to a parliamentary democracy in the 1970s, which gave way to successive political efforts to establish a social welfare system according to European-continental standards. Several characteristics of the Spanish context for social enterprises can be mentioned. Until today, social service provision has mainly been guaranteed through employment (i.e. contribution-based) rather than on the basis of need or citizenship. Social service provision is federalized in Spain, nevertheless, legislation among regions in this area is often fairly similar, while the political and economic situations across Spanish regions are very heterogeneous.

The passing of Law 5/2011 on Social Economy provided a special political impulse to social enterprises in Spain. This law establishes the general principles of the social economy (social objective, democratic decision-making, limited profit distribution, independence from public authorities) and provides a list of organizational types included in the social economy that is open ended (i.e. potentially any legal entity that fulfils the aforementioned principles is included).

1. INTRODUCTION

Recent years have witnessed a growing interest in the notion of social enterprises that has resulted in the emergence of new discourses and conceptualisations by different disciplines in a wide range of contexts (Mair, Robinson and Hockerts 2006; Defourny and Nyssens 2010). The objective of this country report is to provide an overview of social enterprises in Spain by analysing existing data, discourses and conceptual approaches at the national level within the European context and examining key aspects of the legal, historical, political and economic environment that condition how social enterprise initiatives emerge, operate and develop.

The present report builds on findings from different groups of sources. The first consists of previous research reports on Spain delivered to the European Commission, such as the SEFORIS and SELUSI project reports (Nițulescu and Rimac 2014; Huysentruyt et al. 2010), or the mapping study conducted by the Social Business Initiative (Capdevila et al. 2014; Wilkinson et al. 2014). We have also reviewed recent academic social enterprise literature in and on Spain. In addition, we have gathered

relevant statistical data provided by umbrella institutions of social enterprises in Spain (such as the Spanish Social Economy Employers' Confederation) and databases from international organisms (Eurostat, OECD).

As a conceptual framework for this report, three related conceptual dimensions can be distinguished: social entrepreneurship, enterprises and economy. Broadly speaking, the first notion puts emphasis on the *social outcome* of a business in terms of *innovativeness*, the second notion points towards entities that generate *commercial income* for a social purpose (Defourny and Nyssens 2010: 40-42). In Spain, these kinds of activities and actors have historically fallen under the third term we have mentioned: the social economy. This is because in Spain

cooperatives, voluntary bodies, foundations as well as other not-for-profit organizations have taken part in income-generating activities for social rather than commercial purposes for years [and] the concept of 'social economy' prevails [...] in particular since 2011 when the Law 5/2011 on social economy was enacted. (Capdevila et al. 2014: i, 1; also Nițulescu and Rímac 2014: 1).

The Spanish law includes additional requirements that entities need to fulfil in order to be considered part of the social economy, such as democratic management, primacy of social purpose, independence from public authorities and limited profit distribution (see article 4 of Law 5/2011). These criteria widely match academic and policy definitions of social enterprises brought forward in recent years for the whole European context, even if these (naturally) go into further detail (Defourny and Nyssens 2010: 43; Wilkinson et al. 2014: 2). Thus, if not stated differently, in this report we use (and propose to use) the Spanish notion of social economy as similar to the European notion of social enterprise and on the understanding that both include at least the five above-mentioned properties.

2. HISTORY AND DEVELOPMENT OF SOCIAL ENTERPRISES IN SPAIN

Three main types of social enterprises have historically evolved in the Spanish context (Díaz-Foncela and Marcuello 2012): a) work integration social enterprises (*empresas de inserción*), b) special employment centres (*centros especiales de empleo*) and c) social initiative cooperatives (*cooperativa de iniciativa social*). These three types are articulated in the aforementioned Law 5/2011 on the social economy which will be discussed extensively in this document (see 3.3.).

In addition, this law and CEPES (Spanish Social Economy Employers' Confederation) include a range of other institutions in the social economy arena: cooperatives (in general), labour societies, mutualities, fishermen guilds, and associations and foundations (if these adhere to the principles established by the law). Social enterprises in Spain are especially active in employment integration, social services and community care because these are contracted out by the administration (Fisac and Moreno-Romero 2015: 159).

According to the International Centre of Investigation and Information on Public, Social and Cooperative Economy (CIRIEC) in 2014, there were approximately 200,768 social enterprises in Spain, with an employment share of 2-5% (quoted in Nițulescu and Rimac 2014: 3). The Spanish Ministry of Labour and Social Security holds that cooperatives and workforce-owned companies provide direct employment to almost 335,000 people, whilst sheltered employment centres and work integration social enterprises represent a further 75,000 jobs (DGSE 2015). Other sources, such as the data produced by the EU-funded SELUSI research project, based on a sample of 139 social enterprises, hold that approximately 33% of the social enterprises operating in the industrial sectors conducted business activities, 24% provided products and/or services in the education sector, 21% provided community, social and related services, 8% were involved in health and social work, 7% worked in wholesale and retail trade and 7% provided financial intermediation services. Of the social enterprises working in social sectors, 43% belonged to the employment and training sector, 21% to the environment (including organic goods), 14% worked in economic, social and community development, 8% provided social services, 8% other education and 6% research (Huysentruyt et al. 2010: 5-6).

2.1. Areas and fields of activity

In the following sections, we are going to discuss the three prototypical social enterprises in Spain in more detail, looking at their respective fields of activity, their place within the social economy and providing key figures on their characteristics.

Cooperatives of any kind can be classified by the Spanish law as **social initiative cooperatives** if their activity falls within a social domain such as health, education, culture, work integration or social exclusion (see article 106 of Law 27/1999). The Spanish autonomous regions have jurisdiction regarding cooperatives if these operate mainly within the region, thus looking at a specific region can illustrate the areas and fields of activity of social initiative cooperatives in Spain. For instance, Catalonia recently passed a new law on cooperatives (Law 12/2015) where articles 143 and 144 establish that certain cooperatives are social initiatives and are thus eligible for the benefits that other entities within the non-for-profit sector may receive. These social initiative cooperatives should provide work integration and defend people or groups with special needs or who are affected by social exclusion, have limited social rights or social needs that are not met or are insufficiently met by the market. The activities mentioned by the law include services related to care, therapy, health, home-based care or residential services, cultural or recreational services as well as any economic activity. Social initiative cooperatives may include the work of volunteers and may be comprised of people with disabilities and their care providers. In addition, the law establishes certain restrictions on the distribution of benefits, the remuneration of executive board members and working associates.

It has been argued that this relatively new legislation was introduced in response to the need to give cooperatives access to certain public social service funding schemes, but in practice, it has caused problems by blurring the distinction between the social and economic endeavour of cooperatives or the fiscal status of these when compared to traditional not-for-profit organizations such as foundations, associations or NGOs (Argudo 2007: 200). These new elements of legislation promoting social entrepreneurship among the not-for-profit sector, coupled with the Law for the Promotion of Personal Autonomy and Attention to Dependent Persons (39/2006) (discussed in section 3.3.), are signs of the growing introduction of the anglo-saxon concept of “Third Sector” in Spain (Argudo 2007: 200). In 2010 these cooperatives concentrated mainly in Andalusia (nearly 200 of the approximately 500 entities operating in Spain), and half of these cooperatives were created at the initiative of the regional administrations (COCETA 2010: 20-22). Most social initiative cooperatives were active in various fields of social intervention and the majority of them included activities related to home-based care (over half of these organizations), elderly homes and day/night centres (COCETA 2010: 25).

Special employment centres are social enterprises where the staff consists mainly of persons with a disability (Law 13/1982 and royal decree-law 1/2013: articles 43-45). In order to fall under this category, the proportion of employees with a disability (with a degree of disability superior to 33%) must be at least 70% and there is a greater subvention per employee if the company increases this proportion to 90% or more. Data from the Spanish National Institute of Statistics for 2014 show that 4,4% of the Spanish workforce is comprised of persons with recognized disability (INE 2015). 38% of these persons are employed, which constitutes almost exactly half the number of people without disability. Most of the employed people with a recognized disability work full-time and have permanent contracts in the service sector. The latest available figures from the web-database of the Observatory of Disability and Labour Market in Spain show that in 2011 there were 2.215 special employment centres in Spain with a workforce of 64.391 persons in 2013 (ODISMET 2013). Most of these employees have physical or psychological disabilities and work in the industrial (30%) or service sector (60%). The Basque Country is the region with most employees with recognized disability per capita in special employment centres and also with the highest relative numbers of employed persons with recognized disability.

Social integration enterprises give employment mainly to persons at risk of social exclusion, a situation that has to be accredited by the public social services responsible for each type of exclusion (Law 44/2007). These enterprises should provide the necessary orientation and education to allow their employees to integrate into the ordinary (first) labour market (see article 1). This could also be seen as a distinctive feature compared to the special employment centres that seek to generate a stable, long-term employment for their staff. Therefore, a minimum of six to twelve months and a maximum of three years of employment is established by national and

regional laws. These situations of exclusion include, among others, persons receiving integration minimum income or those in need but not eligible for any minimum income, people between 18 and 30 years coming from child protection agencies, people with addiction problems or incarcerated persons (see article 2 of Law 44/2007). These social enterprises need to reinvest 80% or more of their turnover in the improvement or increase of their employment generation capacities and should not carry out any economic activity that is not directly related to their social goals. The percentage of the workforce at risk of exclusion should be not less than 30% during the first three years of the business's activity and at least 50% after this period (see article 5 of Law 44/2007).

The 2014 annual report by the Spanish Federation of Social Integration Enterprise Associations gathered data from 181 social integration enterprises out of a total registered number of 204 for Spain (FAEDEI 2014). The report shows that most social integration enterprises in Spain are active in the service sector (77%) and have given employment to 2750 persons at risk of exclusion. Catalonia and the Basque Country rank at the top of the statistics in terms of numbers of enterprises, total turnover and employment provision. FAEDEI figures suggest that about 40% of the employees integrated into the regular labour market and about 50% continued to be unemployed after finishing their period in the social integration enterprise. The main source of income for these institutions is their own commercial activity (81%); only 17% receive public subsidies as part of their "mixed income" (FAEDEI 2014: 23). Nevertheless, the enterprises in Catalonia and the Basque Country have accumulated 73% of the total amount of public and private spending on social integration enterprises for the whole of Spain (€15.548.861). This correlates with a generally more favourable socio-economic situation in these regions when compared to the rest of Spain in terms of GDP or unemployment. Funding in other demographically important regions, such as Madrid or Andalusia (the latter with particularly high unemployment figures), is not significant (in 2014, subventions amounted to €126.275 for Andalusia and €206.822 for Madrid).

2.2. Relations to other sectors

It has been argued that Spanish social enterprises have a high degree of autonomy from the **State** in spite of the fact that most of them work in collaboration with public bodies (Fisac and Moreno-Romero 2015: 159). Others see a double endorsement of the sector in Spain:

It could be said that the private, non-profit sector in Spain is 'protected' by general government in two ways: the government has fostered its creation; and it is financially dependent on different areas of government. (Monatagut 2011: 133-134).

For instance, in Spain 0.7 per cent of personal income tax is channelled by the government to social welfare programmes executed by the private non-profit sector.

The taxpayer has to choose whether to support the Catholic Church, the private non-profit sector or the general state budget with this contribution. The beneficiaries, the so called “social action third sector” is mainly comprised of associations, foundations and also “increasingly social enterprises” (Rodríguez-Cabrero and Marbán-Gallego 2015: 35, 37).

Hence, the difference between the **third sector** and the social economy in Spain is also difficult to define. The law considers associations, foundations, cooperatives, labour societies, mutual companies, insertion companies, fishermen guilds and sheltered employment centres as part of the social economy. Many social enterprises in Spain have evolved from specific social milieus such as the Catholic Church in the field of poverty and homelessness, mutual aid groups in the case of associations for the integration of persons with disability or the workers’ movements in the case of cooperatives seeking to protect, retain and generate employment. As to the informal sector, welfare provision by the family is important in the Mediterranean model and especially in Spain (Montagut 2011: 119; Defourny and Nyssens 2010: 36). It has been argued that there exists a historical weakness in Spanish civil society due to the (post) dictatorship era that brought about a profound mistrust towards the State and its institutions. As a consequence, there was no strong organized presence of civil society in social service provision until recently and when civil society groups gradually gained ground from the 1980s onwards, “these associations established a client-based relationship with the [...] government.” (Montagut 2011: 127-128). The Spanish Red Cross, Caritas and the ONCE foundation (providing social services and employment for visually disabled people) are among the largest private not-for-profit entities in Spain.

On the question of the relationship between the Spanish social enterprise and the **market**, we have seen that some entities (e.g. social integration enterprises), generate income mainly from commercial activity. Others, such as the third sector organizations previously mentioned depend on public funding. The ONCE foundation, for instance, receives an important part of its income commercial activities in the form of State regulated lottery-games. Figures from a 2013 report by the Spanish NGO Social Action Platform show that third sector organizations in the domain of social services received 55,3% of their income from public funding, mainly the regional and local administration, 25,3% of their income came from commercial activity, selling products and services, mainly user fees, and 19,4% came from private funding mainly from foundations (NGO Social Action Platform 2015: 22-25). In the SELUSI project sample of Spanish social enterprises, more than 60% of those interviewed said that sales and fees for services were their main sources of income (Huysentruyt et al. 2010: 12).

2.3. Country specific social enterprise forms and development paths

It has been argued that in the case of Spain, social enterprises have followed a similar development path to European countries where a model associated with the social economy is predominant (Díaz-Fonca and Marcuello 2012). The effects of social exclusion as a result of unemployment were felt across Europe and particularly in Spain in the 1990s. These years saw the birth of a wide range of social economy initiatives, many of which focused on offering training to enhance employment opportunities such as work integration social enterprises (*empresas de inserción*) and sheltered employment centres (*centros especiales de empleo*) (Díaz-Fonca and Marcuello, 2012). This trend mirrored the rise of work integration enterprises across Europe (Defourny and Nyssens, 2010: 37). Also, the legal form of the social initiative cooperative mentioned previously, gain momentum recently through new legislations passed by some autonomous regions, as the example from Catalonia shows (Law 12/2015).

Others have highlighted the distinctive development in Spain in relation to the cooperative movement as

the basis for the formation of the social economy and that even today, when other types of organization have become part of it, the different types of cooperatives still retain considerable weight in this sector (Barrera 2008: 187).

3. POLITICAL AND ECONOMIC ENVIRONMENT

From a historical perspective, an analysis of the development trends of the social enterprise concept in recent years suggests that

the conceptions of social enterprise and social entrepreneurship are deeply rooted in the social, economic, political and cultural contexts in which these organisations emerge (Defourny and Nyssens 2010: 49).

In this sense, this chapter will look at the specificities of the Spanish welfare state and the political, economic, legal landscape that constitutes the background for social enterprises.

3.1. Political environment

Over recent decades, Spain has become one of the most decentralized European countries, a process that is still on-going and which ultimately reflects the asymmetry and diversity of its 17 autonomous regions (Gallego and Subirats 2011: 97-98). The autonomous regions are responsible for the provision of public health, education and social services, while social security (i.e. unemployment benefits and pension provision) rests with the central government.

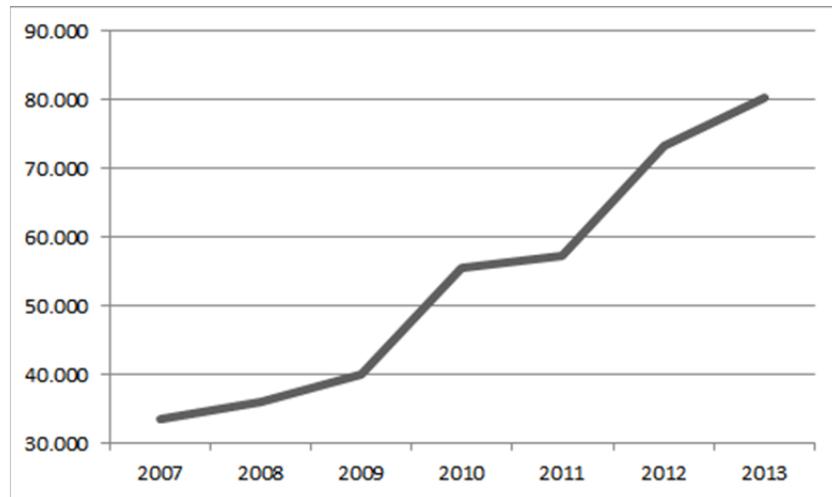
In terms of policies, the Spanish government and regional authorities have introduced a number of grants and other instruments (schemes, tax exemptions and incentives) that support social entrepreneurship initiatives in the country (Nițulescu and Rimac 2014: 16) and an institutional framework has been created in order to support the social economy. At the level of the national central government, a Directorate General for Self-Employment, Social Economy and Corporate Social Responsibility (DGSE) was created in the Ministry of Labour and Social Security. In addition to this central structure, all autonomous communities have similar units functioning at the regional level (such as the Directorate General for Social Economy and Self-Employment in the Junta de Andalucía). In July 2015, the DGSE launched an extensive national programme including 30 concrete policy measures with the objective of promoting the social economy (DGSE 2015). This programme was foreseen by Law 5/2011 on Social Economy, which mentioned the need to design a support programme to promote social economy initiatives, particularly those generating employment among the most vulnerable sectors of the population. The programme is structured around four main axes: a) new financial instruments to support the integration of new members in cooperatives and workforce-owned enterprises; b) revision and updating of the legal framework of entities operating in the sector in order to improve their legal safety; c) support to the internationalisation and innovation of the social economy (technical assistance); d) first ambitious operational programme supporting social inclusion and the social economy (total investment of €1,100M) within the framework of the European Social Fund (DGSE 2015).

The above-mentioned programme for allocating subsidies from income tax is probably the NGOs' main source of funding. However, NGOs also receive public subsidies through other channels. Each local government and each regional government has arrangements with the entities that work in its respective area. In addition, as mentioned previously, the implementation of the Law for the Promotion of Personal Autonomy is a very important channel at the local level (Montagut 2011: 133). However, in the main cities, public tenders have involved considerable amounts of money in order to outsource the management of the services required under the Law for the Promotion of Personal Autonomy.

3.2. Economic environment

Spain is the fifth economy of the EU and has a GDP per capita of €33,169 (OECD 2015). Recent years have witnessed an important recession as a result of the global crisis that caused a dramatic rise in inequality between 2007 and 2011, with a rise in poverty well above the OECD average for the same period (OECD 2015). The 16% decline in employment witnessed during the crisis period was the highest in the OECD region after Greece. Since 2012 youth unemployment (affecting persons under 25) has stood at around 50%, rising to 55% in 2013. The rise in emigration among Spanish citizens witnessed over this period might be seen as a direct consequence of this. Even

if the real numbers are difficult to estimate, especially regarding EU internal migration, figures from the Spanish National Statistical Institute (INE) show a significant increase over recent years (see graph 1).



Graph 1: Evolution of the total number of registered out migrants (shift of habitual residency status is registered) with Spanish nationality from 2007 to 2013 (Source: own preparation based on data from the Spanish National Statistical Institute)

Thus, Spain's structural unemployment has turned the country's aspiration of building a modern western welfare state, fuelled by the Eurozone membership (1999) and the years of accelerated growth (1997-2007), into an unfulfilled prophecy. The protection of persons without financial resources is fragile and recent improvements (such as child benefits or housing allowance for young people) have been cut back or eliminated. Thus, since the financial crisis, dependence on traditional social safety networks, such as family, neighbourhood, friendship or ethnicity has grown and involuntary labour emigration is on the rise (for comparative data on the level of public social spending in Spain see 3.5.).

3.3. Legal framework

The 1990s witnessed the introduction of new legal frameworks across Europe that followed the pioneering experience of the national law regulating Italian social cooperatives introduced in 1991 (Defourny and Nyssens 2010: 36). Spain was the first EU country to introduce a specific Law on Social Economy (Nişulescu and Rimac 2014). The current legal framework defines social economy as the body of economic and business activities conducted by private entities in the interest of the general economic and/or social interest or both. Laws 5/2011 and 31/2015 constitute the two main pillars of the legal framework regulating social enterprises in the country. In addition, there are three institutionalised forms of social enterprise in Spain: social initiative cooperatives under national Law 27/1999 and regional laws, sheltered

employment centres (Law 13/1982) and work integration social enterprises (Law 44/2007) (Capdevila et al. 2014).

According to Laws 5/2011 and 31/2015, the social economy is guided by four main principles: a) the primacy of individuals over capital (reflected in democratic and participatory governance structures); b) the contribution of all the results of the activities to the social goal of the entity; c) the promotion of solidarity with a view to support society's commitment to local development, equality of opportunities, the integration of people at risk of social exclusion, social cohesion, employment generation, work-life balance and sustainability, and d) independence vis-à-vis public authorities. The Law includes the following categories of entities in the social economy: a) cooperatives; b) workforce-owned companies (*sociedades laborales*); c) mutual insurance companies; d) special employment companies; e) work integration social enterprises; f) fishermen guilds; g) associations for people with disabilities and experiencing social exclusion; h) foundations.

Law 39/2006 for the Promotion of Personal Autonomy and Attention to Dependent Persons established a system composed of services and welfare benefits that seek to promote personal autonomy as well as the protection and due care of persons with special needs through accredited public and private services. This Law (also known as *Ley de Dependencia*) can be considered part of a new generation of instruments promoting social entrepreneurship, since the scheme it put in place sought to support the social economy by lending financial support for the provision of a social service that was often being provided in the private sphere (mainly by female family members). This scheme aimed at securing the needs of people with special needs by providing financial aid for carers both at the family and institutional level (through the allocation of subsidised places in day centres and homes) as well as various training opportunities for carers. As a result of the crisis, this scheme has suffered major delays and various budgetary cuts that have left many of those formally illegible outside the scope of the current programme.

Law 31/2015 for the Promotion of Self-employment introduced a number of modifications to the previous Laws 20/2007, 3/2012 and 14/2013 and Decree 1/2015, which all incorporated new measures in support of the different self-employment modalities with a particular focus on the promotion of youth employment. Law 31/2015 brought about five major changes for self-employed workers (*autónomos*): a) full capitalisation of unemployment benefit; b) reduced social security tariff of €50 for the first 6 months (other reductions of 50% and 30% follow); c) possibility of receiving unemployment benefit while starting your business; d) financial support for cooperatives and worker-owned companies for incorporating new members; e) "second chance"- possibility of recovering pending unemployment benefits over the following 5 years if the business fails.

Law 50/2002 on Foundations is grounded in the Spanish Constitution, which refers to the "right to foundations for the general interest, in accordance with the Law" (article

34.1). Law 50/2002 defines a foundation as a not-for-profit organisation that serves the general needs of the public. It may be founded by private individuals or by a competent public administrative authority. It has particular assets (patrimony) to support the services it delivers and can conduct economic activities as long as they are related to the foundation's stated objectives and/or required to uphold its mission. Benefits obtained must be reinvested in the promotion of the foundation's goals as stated in its statute. Foundations benefit from a special regime of fiscal benefits and incentives. As in the case of cooperatives, specific regional laws exist at the level of the autonomous communities and they apply to foundations undertaking the bulk of their activities within a particular autonomous community.

3.4. National welfare system

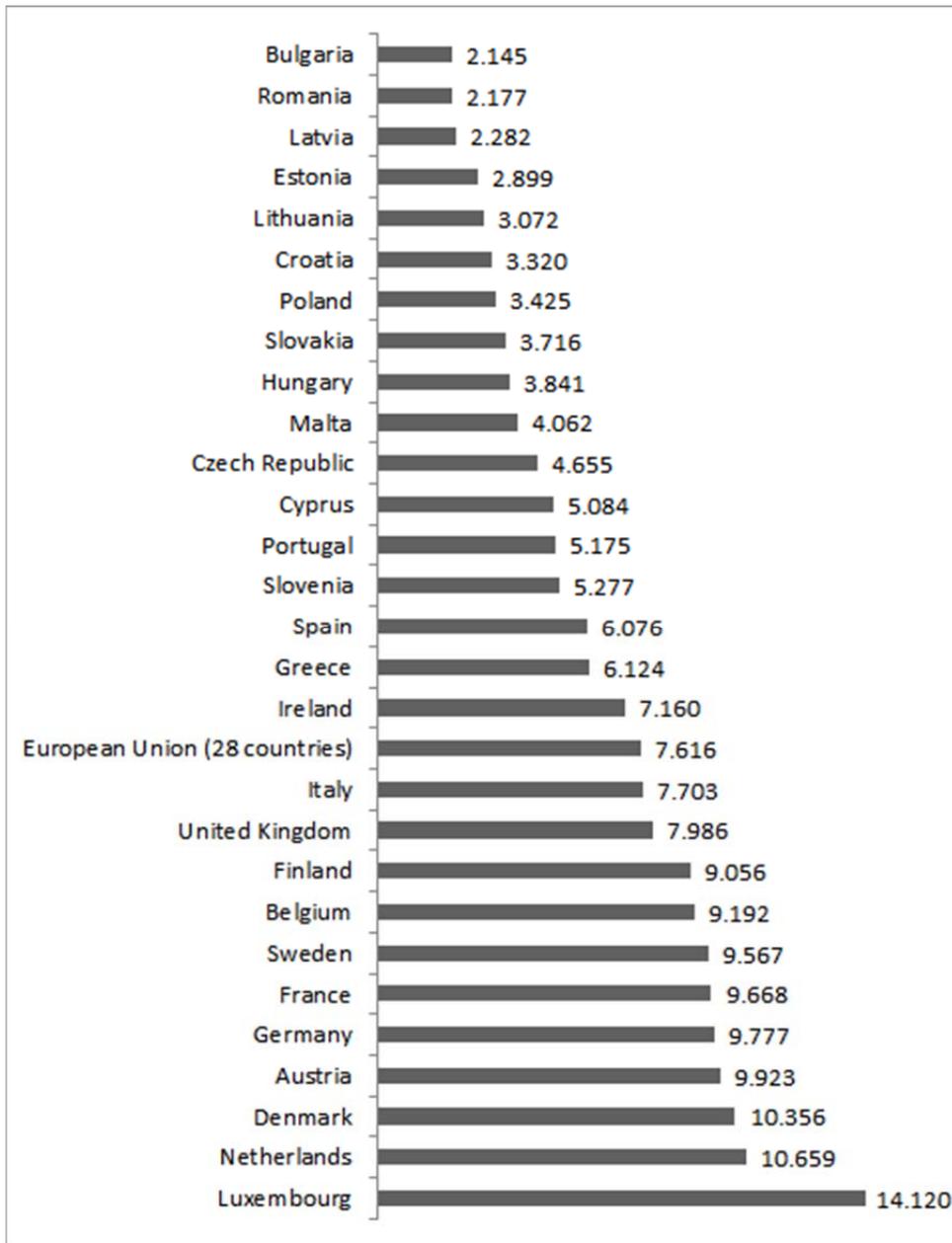
It has been argued that the Spanish welfare system consists of a combination of distinctive welfare models (Rodríguez-Cabrero 2011: 17, 20). There is a) a universalistic, social-democratic, tax-financed system of public health, education and long-term care, b) a redistributive “bismarckian” social security system (pensions and unemployment benefits) in a context of constant, structurally high unemployment and a dual labour market, c) and (consequently) a traditional family-model that is often forced to look after children, non-emancipated young people and dependent elderly persons (Rodríguez-Cabrero 2011: 24, 28). Thus, precarious labour, high poverty rates, low levels of benefits for dependent children, lead to a situation where the “position in the labour market still counts for more than citizenship, need or exclusion” (Rodríguez-Cabrero 2011: 34).

The great shift towards a public system of social welfare is relatively recent in Spain, with a particular expansion since the 1990s. During the Franco dictatorship (1936-1975) the State repressed or criminalized social problems, while the Catholic Church provided care for the poor, and non-confessional mutual aid organisations supported people with disabilities (Monatagut 2011: 121). Chapter three of the new Spanish constitution (B.O.E. 1978) is devoted to the basic social welfare commitments of the State according to the European continental welfare model. From 1975 to 1985, the social security benefits and health coverage were expanded rapidly (Rodríguez-Cabrero 2011: 20). The 1980s have been described as a period of more paternalistic or passive welfare policies that primarily focused on the allocation of cash benefits (Sanz 2001: 22-23). The decentralization of health, education and social services were also a core momentum of the 1980s, whilst social security and unemployment provisions remained with the central state (Rodríguez-Cabrero 2011: 19). From the 1990s onwards, more proactive, educational policies involving civil society institutions have been implemented (Sanz 2001: 30-31). In 1990 the pension and health system was universalized and benefits for dependent children were introduced (Rodríguez-Cabrero 2011: 22).

At present, the Spanish Catholic Church still plays an important role in the provision of social services through a number of religious foundations and institutions that support vulnerable groups with special needs such as elderly people, children at risk or people living with HIV and AIDS. The Spanish Catholic Church also plays a role in the education system through the current model of “*colegios concertados*”, established in the 1980s, whereby private schools receive State funding to subsidise their services and make them more accessible to the general public. Spain has the second lowest percentage of public school students (68%), after Belgium, with 32% of its students attending *colegios concertados* and private schools (OCDE 2014). Approximately 80% of the 5500 *colegios concertados* operating in Spain are religious.

3.5. Public social services system

The level of State social protection expenditure per inhabitant may be a significant indicator for assessing the general development of the Spanish social provision system within the European context. The latest available data from the statistical office of the European Union (EUROSTAT 2016) dating from 2012 shows that Spain lies below the EU-28 median expenditure rate, in the lower middle range of countries (see graph 2). The position of Spain diminishes in relation to other southern European countries that are often used as points of reference, such as Italy or Greece, particularly when taking into account the general price levels of the countries, as we have done in our graph. So for instance, not taking into account the purchasing power would situate Spanish expenditure on social protection at a higher level than Greece’s.



Graph 2: State social protection expenditure per inhabitant in Purchasing Power Standard (PPS; an artificial reference currency unit that eliminates price level differences between countries) during the year 2012 (Source: own preparation based on data from Eurostat's European System of Integrated Social Protection Statistics (ESSPROS)).

The Eurostat classification considers eight main social risks or needs that are addressed by public expenditure through income maintenance and support in cash or in kind. These areas are disability, sickness/health care, old age, survivors (death of family members), family/children, unemployment, housing and social exclusion (a category grouping benefits not classified elsewhere). Table 1 shows the Spanish and the EU expenditure per inhabitant (eliminating price level differences) for the year 2012. The percentages on the right column give a hint of whether the Spanish expenditure in each area is high or low in relation to the average investment of EU-28

member states. The data suggests that the Spanish public social welfare provision is especially underdeveloped in the areas of housing, social exclusion and family or child benefits. The comparatively high unemployment expenditure (doubling the average investment of the EU-28) can be explained by the structurally high unemployment rates in Spain, with an additional important increase after the European financial crisis and the Spanish housing crisis. Nevertheless, these figures also reinforce the argument of the previous section that welfare provision in Spain is mainly connected to employment as opposed to need or citizenship.

	EU-28	Spain	% of EU-28
Housing	152,10	34,80	23
Social exclusion	141,92	49,84	35
Family/children	617,13	323,84	52
Health	2.124,54	1.567,36	74
Old age	2.924,21	2.161,04	74
Disability	536,19	429,19	80
Surviving dependants	416,25	558,31	134
Unemployment	411,93	836,38	203

Table 1: Social protection expenditure per inhabitant by benefit area in Purchasing Power Standard (PPS; an artificial reference currency unit that eliminates price level differences between countries) during the year 2012 (Source: own preparation based on Eurostat's European System of Integrated Social Protection Statistics (ESSPROS))

4. DISCOURSE ON SOCIAL ENTERPRISE

4.1. Existing literature and data

In a recent research paper on the state of the social enterprises in Spain it is argued that a comprehensive and complete empirical mapping and characterization of social enterprises in Spain has not been accomplished to date (Fisac and Moreno-Romero 2015: 173). At the conceptual level, the authors highlight the absence of a legal format that corresponds to the term social enterprise, as well as a lack of common language, coupled with the inclusion of a wide range of third sector and social economy institutions under social enterprises (Fisac and Moreno-Romero 2015: 172).

Nevertheless, a range of efforts has been made over recent years to study the social enterprise in Spain. On the one hand, there has been a series of research projects and institutions dedicated to the analysis of the third sector and the social economy more

broadly. On the other hand, different umbrella institutions and cross-sector associations not only represent different legal entities but also evaluate the sector, for instance by maintaining databases or publishing journals. In the following section we present a couple of examples of voices within the Spanish social enterprise discourse. Among several European Commission-funded research projects concerning social enterprises in Europe conducted in recent years, some have addressed the situation in Spain in particular.

The SELUSI (Social Entrepreneurs as "Lead Users" for Service Innovation) project funded from 2008 to 2012 generated data on Spain. The SELUSI team phone-interviewed 139 social enterprises in Spain in order to analyse their goals, activities, operational models, sources of liquidity, entrepreneurial orientation, total revenue, human capital, longevity and innovativeness of the Spanish social enterprise (Huysentruyt et al. 2010). The SEFORIS project (Social Enterprise as FORce for more Inclusive and Innovative Societies) is running from 2014 to 2017 and has produced a country report on Spain (Nițulescu and Rimac 2014). In addition, a report on the situation of social enterprises in Spain was prepared by the London-based ICF Consulting Services team in 2014 for the European Commission (Capdevila et al. 2014). This report paints a rather pessimistic picture of Spain in relation to social enterprises and entrepreneurship that hinges upon the fact that the authors detect a general lack or weakness of formal definitions, identification schemes, government support, credit access, density of networks and awareness among public institutions, media and academia in Spain (Capdevila et al. 2014).

The University of Valencia hosts the Spanish International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC). It was created in 1986 and is part of the international CIRIEC network. CIRIEC Spain publishes the CIRIEC journal of public, social and cooperative economy, which is supported by the Spanish government. The institution also initiated the Spanish Observatory of the Social Economy aiming to visualize, quantify and evaluate the Spanish social economy. The Luis Vives Foundation (merged with the Foundation Action Against Hunger since 2012) has traditionally been an important actor in the Spanish third sector as the organization commissioned to distribute sector funding in Spain through the European Social Fund (luisvivesces.org). The foundation publishes two journals, the Spanish Journal of the Third Sector (*Revista Española del Tercer Sector*) and the Journal of Corporate Social Responsibility (*Revista de Responsabilidad Social de la Empresa*) and is involved in university training programmes in collaboration with the Spanish National Distance Education University (UNED). In 2015 the foundation offered training for social entrepreneurs and migrants through the European Social Fund scheme.

There are several important umbrella institutions for social enterprises in Spain. These support and publish research, maintain databases and articulate the interests of the sector. The Spanish Social Economy Employers' Confederation (CEPES) was established in 1992. It comprises 28 organisations and maintains a database on their web (cepes.es) that allows for the measurement of their number, size, legal status and

place of Spanish social enterprises. It also measures disaggregated data from a selection of 870 businesses, referred to as the “most relevant”, representing all legal forms and sizes, selected by their members. A problem with the CEPES data base, as noted elsewhere (Fisac and Moreno-Romero 2015), is the indiscriminate inclusion of all kinds of cooperatives in their statistics under a single category, which does not allow for the disaggregation of different types of cooperatives and hence does not provide concrete figures on social initiative cooperatives. CEPES suggests that in 2015 there were 42.929 social enterprises. By far the three biggest groups consisted of cooperatives (47%), followed by worker-owned companies (25%) and associations for people with disabilities (17%).

The Spanish Confederation of Worker Cooperatives represents the federations, unions and associations of worker cooperatives (*cooperativas de trabajo asociado*) within Spain (coceta.coop). The workers’ cooperative modality is important as it includes a high number of entities active in social service provision, health and education. Thus, many of these are social initiative cooperatives. The organization published in 2010 a study on social initiative worker cooperatives that provides some insights into the sector (COCETA 2010). The NGO Social Action Platform is a Spanish non-profit organisation promoting the third sector and is collaborating with the Spanish Ministry of Health and Social Services and sectorial bodies. They have recently published extensive reports on the situation of the third sector in Spain, its evolution and relation to the European context (NGO Social Action Platform 2015).

4.2. Political debate

In Spain, as in other European countries, debates on social enterprises often follow a basic distinction between traditional forms of social enterprises (such as cooperatives and work integration social enterprises) and new contemporary, grass-root social enterprises that are mainly independent from the public sector (Valenzuela and Molina 2013). These have particularly flourished across Spain since the 2007 crisis. It seems especially adequate to look at the on-going discussion on the place, role and properties of social enterprises in Spain from a double angle. Firstly, by analysing the transformations of the role that profit and market-activity play within organizations traditionally providing social services. Whether recognized in the national legal framework as such or not, we may call these *evolving* social enterprises. Secondly, by considering emerging new small-scale entities, involving mainly market-financed providers of social services with a local-global outlook, which operate below and beyond the level of traditional organizations providing social services. We may call these *new* social enterprises or entrepreneurs.

The newly approved support programme launched by the Directorate General for Self-Employment, Social Economy and Corporate Social Responsibility for the period 2015-2016 incorporates a number of advances in an alleged attempt to support the social economy, notably in terms of facilitating access to funding, introducing

incentives for both new members of cooperatives and for permanent contracts, and improving legislation to facilitate social entrepreneurship (DGSE 2015). It is interesting to note that this document also stresses a number of positive features that are attributed to the social economy since it is now described as

a key institutional sector that favours the creation of both stable and quality employment, strengthens entrepreneurial spirit and promotes growth through the creation and consolidation of enterprises, particularly at the local and regional level (DGSE 2015: 13).

This is part of a current trend noted by the authors of the SEFORIS report of “developing policies and proposals to change the legislation in order to facilitate SE and innovation” in which the Spanish government has played an important role (Nițulescu and Rimac 2014: 1-3).

5. CURRENT TRENDS AND PERSPECTIVES

Various issues can be identified in relation to how the social economy and social enterprises could be enhanced and promoted in Spain. In the field of research, it has been suggested that a clear conceptual category should be developed in order to increase the possibility of international comparison and visibility of the Spanish social enterprise. Currently, both the stricter meaning of social enterprises in Spain (basically limited to three legal entities mainly linked to protected employment provision) and the wider definition (basically comparing the social enterprise with the social economy, and thus including potentially every private not-for-profit organization) seem to be unsatisfactory. Introducing clearer, measurable criteria would allow for adequate benchmarking of requirements for inclusion under the social economy concept. This would be especially useful in the field of the cooperatives, foundations and associations. Linked to this problem is the lack of all-encompassing databases, including information gathered by the different administrations (State, region, and municipality) and the umbrella institutions (grouping legal entities). Such an empirical mapping of the social enterprise in Spain would need to address a series of measurement problems. First of all, the problem of how to address different legislative, historical and economic contexts across regions needs clarification. The data suggests that certain legal entities have been promoted more in some regions than in others (see for example the high number of social initiative cooperatives in Andalusia), investment in social enterprises has been diverse (see high amount of funding of social integration enterprises in Catalonia and the Basque Country) while social needs and unemployment are distributed unevenly across regions. Secondly, measuring the real amounts of public subsidies granted to the social services sector and to each of its legal entities is highly complex, since different financing modalities (direct and indirect) coexist (for example the income

tax-financed social service grant schemes, special tax treatments of entities, subsidies for salaries or reductions in contributions for social security of workers). In the field of policy, more could be done to clarify the relationship between the Spanish concept of social economy and the notion of the social enterprise in international debates.

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