

## References

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*Stankevich D.V.*

## **SOCIAL ENTREPRENEURSHIP IN BELGIUM**

*Stankevich D.V.*

Abstract: the article addresses the issues of social entrepreneurship in Belgium. It examines the main organizational forms of social enterprises operating in that country, analyzes statistical data on the number of employees in the industry and the number of enterprises over the period of 2008 to 2017, compares the indicators of socio-economic development of Belgium and the Republic of Belarus. The study was implemented with the financial support of the Belarusian Republican Foundation for Fundamental Research inside research project "Developing social entrepreneurship in the Republic of Belarus" (No. G20M-050).

Keywords: social entrepreneurship, association, cooperative, full-time equivalent (FTE)

World experience in social sector development shows that social entrepreneurship affects the development of society. In turn, "social entrepreneurs act as agents of change in the social sector by accepting the mission of creating and maintaining social value (and not just private value), recognizing and relentlessly using new opportunities to fulfill this mission, participating in the process of continuous innovation, adaptation and learning" [1]. In other words, "social entrepreneurs create social value through innovation and the use of financial resources for the social, economic and public development of the country" [2]. Of interest is the experience of Belgium, one of the most progressive countries in the field of support and development of social entrepreneurship. The prerequisites for the emergence of social entrepreneurship in Belgium are "the historical development of the non-profit sector and cooperative traditions" [3]. The development of social economy and the institution of social enterprises in Belgium is a significant political challenge. The main activity within the framework of its implementation is aimed at creating and developing new organizational and legal forms of activity, opening and supporting enterprises in order to prevent social isolation of citizens of the country. In addition, "the modern economic and social policy of the country is aimed at finding ways to more effectively solve a number of major problems" [4] among which unemployment is a key issue (7.7% in 2017). The Belgian model of

supporting and developing social entrepreneurship is based on close cooperation within public sector – social enterprises dimension.

Social enterprises operate in many sectors of the Belgian economy: education, healthcare, trade, social protection, tourism, banking, agriculture, insurance. Social enterprises, while implementing a certain activity, provide the economy with jobs, including employing citizens who need social support. Despite the broad diversity of activity sectors that involve social enterprises, health care and social security are dominant in terms of paid employment. Enterprises whose activities are related to healthcare (29.1% of jobs), social work without accommodation (23.3%) and medical, social and social activities with accommodation (15.9%) all together account for more than two thirds of jobs in social enterprises. It is important that the distribution of jobs in 2017 was close to the 2009 figures, which indicates stability.



**Figure 1 - Sector-based employment distribution (FTE) in social enterprises in Belgium in 2009 and 2017 [5]**

In 2018, the share of social enterprises in the European Union was 10% of the total number, employing more than 20 million people. In Belgium in 2018, employment in social enterprises was 15.7% of all number of employees [5], i.e. a sixth of the working population of the country is involved in this area. This determines the existence of the national law regulating social entrepreneurship. Belgium has a federal form of administrative-territorial structure, measures of state and political support are most often of a regional nature, but there is a legislative framework at the federal level. The political strategy for supporting social entrepreneurship includes the following areas: adaptation of fiscal policy (reducing VAT rate for social entrepreneurs from 21 to 6%), placement of government orders in the field of social entrepreneurship, subsidization (annual subsidies through anti-poverty programs). For the purpose of social adaptation, government funds fully or partially reimburse training programs for citizens, if integration enterprises prove its relevance, and people receive their jobs as a result. Subsidies are also allocated to cover business contributions and wages of employees in enterprises. The main objective of synthesising integration enterprises and subsidization is that the unemployed from "risk groups", after training and working at such enterprises, can enter the labor market with the necessary profession and skills it requires, as well as the allocation of subsidies and combatting poverty [6].

In terms of economic development, Belgium, being a highly developed post-industrial state, is among the world leaders. However, it demonstrates negative features as well: high unemployment rate – 6% (2018), 5.4% (2019), 5.6% (2020) [7], number of people living under the poverty line – 14.8% (2018), Gini coefficient – 25.9 (2018) [5], the ease of doing business rank – 52 (2018), 45 (2019), 46 (2020) [8]. Belgium belongs to countries with a very high human potential level and ranks 17th (2018) in the world (0.919) [8]. In the Republic of Belarus, these indicators are different. For instance, with the unemployment rate registered by the Ministry of Labor and Social Protection in 2018 being 0.3%, in 2019 – 0.2%, and actual unemployment rate in 2018 being 4.8% and 4.2% in 2019 [9], the share of the country's population living below the national poverty line is 5.6% in 2018 and 5% in 2019 of the total population, the Gini coefficient is 27.5 (2018) [10], the ease of doing business rank – 38 (2018), 37 (2019), 49 in 2020 [8]. The Republic of Belarus also belongs to countries with a very high level of human capital and ranked 50th in the world in 2018 (0.817) and 53rd in 2019. (0,823) [11].

In 2019, significant amendments were made to the law on associations to strengthen the "entrepreneurial activity" of associations. The new version of the law defines an association as "established by an agreement between two or more persons called members. It pursues a disinterested goal in implementing one or more specific activities defined by the Articles of Association" [12]. Associations can develop economic activities, either of industrial or commercial nature, even as a primary activity. Income received from this economic activity should address achieving their social objective. The distinctive features of the company are the distribution of profits, providing benefits to its members, partners or managers, which is prohibited in the association, i.e. the association can operate as a social enterprise. In Belgium, since 2019, only cooperatives can be accredited as social enterprises. Social enterprises are created to provide

"a positive impact on a person, environment or society" [13]. The key activity areas are promoting employment, training and labor integration of low-skilled and unemployed citizens, adaptation of enterprises for employing handicapped people, supporting regional "service economy". Depending on the organizational and legal form, social enterprises in different ways can affect the country's economy, in particular, employment. Figure 2 shows the main legal forms of social enterprises typical for Belgium, and their FTE share.



**Figure 2 - Employment distribution (FTE) in social enterprises between different legal forms in Belgium - 2017 [5]**

The diagram highlights 4 types of social enterprises in Belgium: associations (ASBL, AISBL and de facto associations), foundations (public and private utility), joint ventures, cooperative societies approved by the National Cooperation Council, including those that being companies with social goals (SCRL, SA, SPRL, etc.). 89% of hired jobs are provided by the voluntary sector or associations [5]. Based on to these indicators, it is possible to judge the unidirectional development of social enterprises in the field of providing jobs and full-time equivalents. The success of the Belgian model in developing and disseminating social entrepreneurship is due to the interaction of federal and regional financial and non-financial instruments to support enterprises operating in the social sector. The main support measures comprise the following: reducing social security costs, providing tax benefits and reducing rates, decreasing taxation for private and institutional investors, public procurement, subsidies, provision of consulting services [12]. The number of social enterprises in 2008 was 17682, in 2014 – 18074, in 2017 - 18004. The decrease in the number of enterprises in 2017 was caused by the amalgamation of several enterprises into one. There is also a decrease in the number of private enterprises (excluding social enterprises) by 3.6% from 203485 to 196240 during the period in question [5]. The FTE number at social enterprises increased from 333,123 in 2008, to 371,478 in 2014, and 393,008 in 2017 [5]. Changes are seen in the unemployment rate indicator. For instance, in 2009, the unemployment rate was at 7.9% in 2014 to 8.6% in 2017– 7,2%, 2018 – 6%, 2019 – 5,4%, 2020 – 5,6% [6].

Detailed statistical data on the dynamics in the number of social enterprises and private enterprises (excluding social enterprises) in Belgium over 2008-2017 are shown in Table 1.

**Table 1 - Dynamics in the number of social enterprises (social enterprises) and private enterprises (excluding social enterprises) in Belgium, 2008-2017 [5]**

Type	Quantity, units.										Growth rate, 2008-2017 %
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Social enterprises:	17682	17790	18023	18073	18120	18120	18074	17830	17900	18004	1.8
Brussels	4317	4317	4401	4477	4515	4546	4582	4600	4618	4736	9.7
Flanders	7131	7164	7188	7176	7186	7136	6998	6953	6980	6775	-5.0
Wallonia	6234	6309	6434	6420	6419	6438	6494	6277	6302	6493	4.2
Private businesses, without social enterprises	203485	202616	204284	204820	201806	199653	198734	199147	199301	200936	-1.3

Based on statistics provided, there has been a positive trend in the number of social enterprises throughout the reviewed period, with the exception of 2014 and 2015, where decline in number was caused by the amalgamation of several enterprises. The overall growth rate is 1.8%. In Flanders, the number of social enterprises decreased by 5% compared to 2008, but is up 9.7% and 4.2% in Brussels and Wallonia, respectively. Therefore, the total number of social enterprises for the beginning of 2018 was 18,004.

Table 2 – Jobs dynamics (in EPZ) at social enterprises in private and public sectors of Belgium, 2008 - 2017 [5]

Type	FTE quantity, thousand units.										Growth rate 2008 / 2017
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	%
Social enterprise:	333	343	353	361	367	370	371	377	382	393	18.0
Brussels	61	71	72	74	75	75	76	75	69	69	13.7
Flanders	184	183	189	195	199	200	200	206	225	225	22.7
Wallonia	87.8	89.1	91.1	92.3	93.4	93.9	94.1	95.0	97.5	97.5	11.1
Private businesses	184	178	181	187	184	184	183	189	196	200	8.5
State sector	938	945	947	911	910	909	900	903	904	909	-3.1
Total	3118	3069	3112	3148	3124	3122	3109	3174	3254	3305	6.0

The number of employees in social enterprises over the period 2008-2017 increased by 18% and reached 393,008 FTE, or 12% of the total salary in Belgium. Throughout the period under review, the FTE number for social enterprises has been increasing. The employment evolution in the private sector (excluding social enterprises) is 8.5%. The FTE growth rates for social enterprises during the reviewed period have a positive value, the FTE number in social enterprises increases annually. The growth rates for private companies starting from 2014, have a positive value. Similarly, public sector demonstrates positive growth rates in the number of employees since 2015.

The distribution of employment (in FTE) between social enterprises, private sector (excluding social enterprises) and the Belgian public sector is shown in Figure 3.

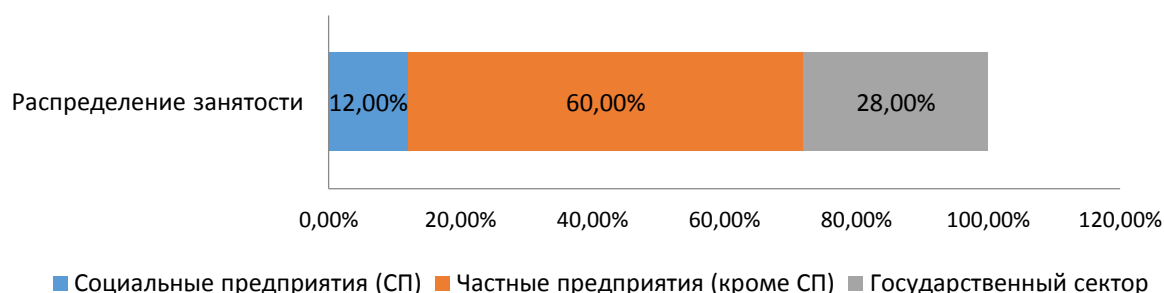


Figure 3 - Distribution of employment (in EPZ) between social enterprises, private sector (excluding social enterprises) and public sector in Belgium [5]

With 393,000 FTEs, social enterprises accounted for 12% of employment in Belgium in 2017. In 2017, social enterprises accounted for 16.4% of paid employment in the private sector. This indicator is much higher in Wallonia (21.0%) compared to the other two regions (16.1%).

For the period from 2008 to 2017:

1. There is an increase in the number of social enterprises for the period 2008-2017 (+1.8%), at the same time the number of private enterprises (excluding social ones) decreased (-1.3%). The number of social enterprises in Belgium at the end of 2017 was 18,004.

2. The number of employees in social enterprises increased by 18% over the period 2008-2017, reaching 393,009 FTEs, or 12% of the total salary in Belgium. Thus, each eighth job belongs to a social enterprise.

3. Non-profit sector provides the majority of jobs, in particular, 89% in 2017, the rest are engaged in cooperative and/or social companies (3%), joint ventures (4%) and foundations (4%).

4. Health and social security sectors dominate in terms of paid employment: they provided more than two thirds (68.3%) of jobs in social enterprises as of 2017 [12].

Belgium's positive experience in social entrepreneurship is based on "the regional aspect of support to social sector, the government of each region independently determines the forms and volumes of support to enterprises depending on the needs" [12]. Specialized enterprises interact with the public sector in order to achieve the best result.

Public authorities are the main players in the Belgian social enterprise sector. Several competencies remain at federal level, however, most of the tasks (providing targeted social assistance, developing support measures, creating infrastructure) related to social enterprises are under regional jurisdiction. In view of the fact that Belgium has a federal form of administrative-territorial structure, legal regulation of social entrepreneurship is implemented at the regional level through adopting laws and decrees inside a specific region. At the federal level, public regulations have been adopted relating to specific legal forms, spheres of activity and types of social tasks, including employment, innovative development, and fulfillment of social obligations.

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