



COUNTRY REPORT ROMANIA



First analysis and profiling of social enterprises in Romania
prepared by the SEFORIS research consortium

September 2016



INTRODUCTION

Between April 2015 and December 2015, the SEFORIS consortium surveyed over 1000 social enterprises in Hungary, Romania, Spain, Portugal, Germany, Sweden, the United Kingdom, Russia and China. This means that thanks to the diligent cooperation of social enterprises and funding from the European Union, we have been able to establish the world's largest and most rigorous panel database on social enterprises. This report presents key findings for Romania. Where possible, we compare the findings to the 2009 SELUSI survey, the predecessor of the SEFORIS project.

What is the SEFORIS Survey? - The SEFORIS database is unique in its scope and depth – in our (admittedly, lengthy) conversations with social entrepreneurs, we discussed in detail various topics, ranging from their innovation habits to their perceptions of the market on which they operate. It is also unique in its methodology – we adopted a special type of snowball sampling method, called respondent-driven sampling, which allowed us to survey a representative sample of social enterprises in each country through tapping into their networks. Finally, our database is unique in its rigour as we took meticulous steps to ensure top data quality. For instance, our interviewers (analysts) were extensively trained and we conducted ongoing checks to ensure that interviewers are consistent in the way they recorded the answers of social entrepreneurs.

Who should read this report? - This report is designed to help social entrepreneurs benchmark their organisation against fellow social enterprises in Romania. We hope the report can help social enterprises to better place their organisation (e.g. determine what makes it distinct; readily spot differences and similarities with their peers). The report will also be useful for support organisations and policy makers, allowing them to obtain an overview of social enterprises in Romania. If this report can be put to any other good uses, we would be most delighted. Of course a rich database like ours contains many more insights and policy implications, which will soon be published on www.seforis.eu.

Please feel free to contact us with any questions or remarks. Below you will find the contact details of Orsi Tarjanyi, SEFORIS Country Manager for Romania and Marieke Huysentruyt, Principal Investigator and President of the Academic Advisory Board of the SEFORIS Project. If you would like to read the other country reports or find out more about the other research initiatives within SEFORIS, please visit our website: www.seforis.eu.

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A Big Thank You from us all:



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SOCIAL ENTERPRISES IN ROMANIA

How to read this report?

At the beginning of each topic section, we briefly recap what we measured and how to interpret the data summarised in the graphs or visuals. In case you are interested in more detail on how we analysed the information, you will find a more detailed description in the 'methods' boxes. We interviewed 109 social enterprises in Romania. However, please note that the total sample size we base this report on varies slightly across the different sections; this is due to some missing data, some questions not being applicable to all social enterprises, and some questions having multiple answers.

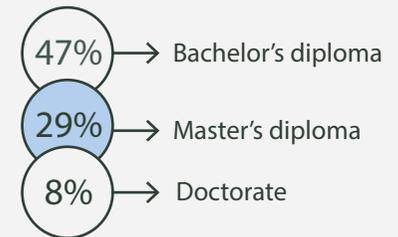
CEO PORTRAIT - ROMANIA



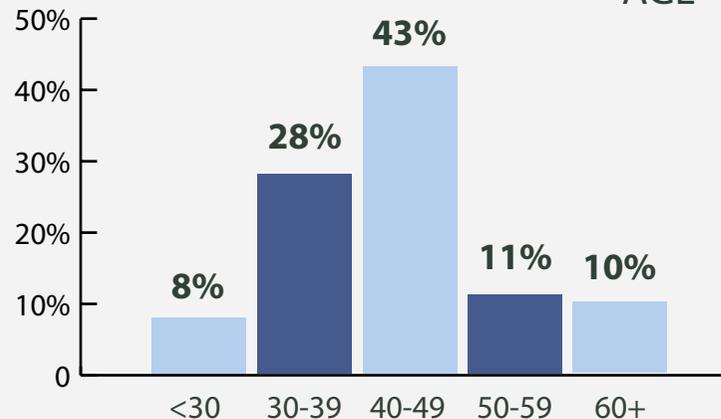
EDUCATION AREA (Top 3)



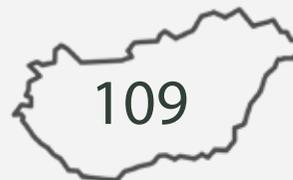
EDUCATION DEGREE (Top 3)



AGE



average age



109 social enterprises

GENDER



note: 1 CEO did not disclose its gender

1. ORGANISATIONAL GOALS: MISSION AND VISION

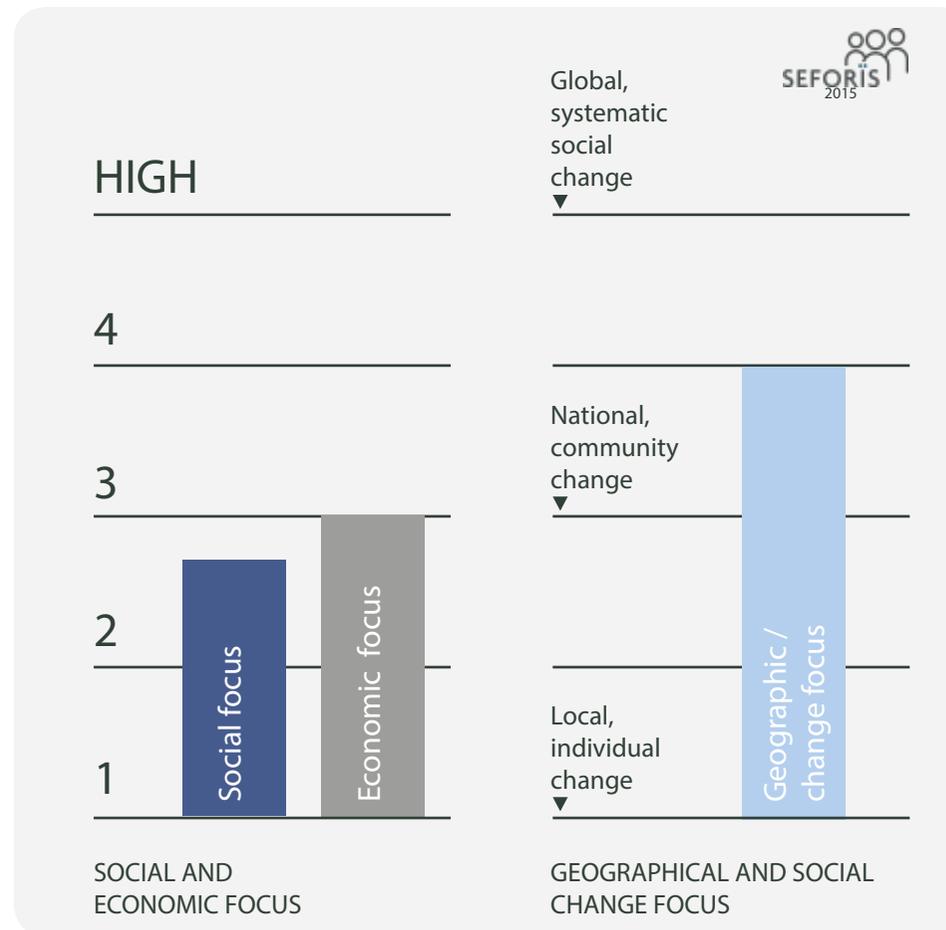
A distinct feature of social enterprises is their pursuit of social goals. We were interested in capturing the goals that social enterprises aim to achieve more broadly and so asked social entrepreneurs to tell us about their organisation's mission and vision.

Figure 1 presents evidence on three categories of organisational goals (see also Methods Box A for more detail):

1. Social goals – showing to what extent an organisation focuses on achieving societal change.
2. Economic goals – showing to what extent the organisation focuses on economic success and financial viability such as developing revenue-generating activities to cover its costs and generating surpluses.
3. Geographic and social change focus – showing to what extent the organisation works locally vs. internationally and aims to transform and empower individuals, communities or society as such.

The conducted survey allowed us to capture the predominance of social focus to organizations' missions and visions.

On the other hand, Romanian social ventures expressed medium economic goals as their main goal. The geographic focus of Romanian social enterprises tends to be at the national and community level. However, most of the organisations. aspire to scaling their geographic focus.



◀ Figure 1: Organisational Goals – Mission and Vision. Note: NSOC = 106; NECON = 105; NCEO = 103. See Methods Box A for more information.

METHODS BOX

A

A mission elaborates on an organisation's purpose of being and captures organisational goals, while a vision captures the closely related goals an organisation strives to achieve in the future. SEFORIS analysts scored mission and vision reports of the interviewed social enterprises using a total of 8 rating scales (scores ranged from 1 to 5). The rating scales were developed based on extant theories of social enterprise and

previous research into organisational goals. We factor-analysed the ratings to summarize the 8 scales according to their common underlying dimensions. The three underlying dimensions are: social goals, economic goals and geographic focus. These dimensions are summarised above and are described in more detail below.

The dimensions reflect:

1) SOCIAL GOALS

A score of 5 reflects strong social goals, in that the organisations mission and vision centre entirely on the alleviation of a social issue. This is reflected in great concern about the well-being of others, social justice concerns and/or environmental concerns. A high score in this dimension also reflects that the organisation had specified a theory of change, i.e. the logic of how it works to bring about societal change. A score of 3 reflects moderate and less specific social concerns, for instance when the target group or the social issue which the organisation aims to deal with are not clearly specified. A score of 1 reflects virtually no social goals.

2) ECONOMIC GOALS

A score of 5 reflects strong economic goals, in that the organisation's mission and vision put a high emphasis on economic success and financial viability of the organisation, such as earning high profits which can then be used to grow the organisation and scale social impact. A score of 3 reflects moderate economic goals, for example when the organisation addresses a social issue in a self-sustainable way such that it covers all its costs through own revenue-generating activities. A score of 1 reflects low concern for self-sustaining economic success, as is often the case with pure non-profits which are close to 100% grant financed or subsidised.

3) GEOGRAPHIC AND SOCIAL CHANGE FOCUS

A score of 5 reflects that the organisation operates internationally (across continents). Our analysis finds that these organisations typically aim for systemic societal change, i.e. aim to change society as such and in a way that the social issue that the organisation addresses would no longer exist. A score of 3 reflects that the organisation aims at community change, typically at a national level. In other words the organisation seeks to transform a community or segment of the population, with the aim of empowering that group. A score of 1 reflects that the organisation aims to change and empower individuals. These organisations typically work locally, e.g. within a certain city or town (not a region).

2. OPERATIONAL MODEL OF MAIN ACTIVITY

Industrial sectors

In our phone survey, we asked about the products and/or services Romanian social enterprises provide. Specifically, we asked what the organisation does, what its core services and/or products are and how the organisation self-generates revenues.

While social entrepreneurs in Romania typically combine 3 to 4 core activities, we focus on the most important activity only. The services or products that result from those main activities can be ranged in different industrial and social sectors.

We found very strong emphasis on community and social services as well as health and social work in the activities conducted by the social enterprises. 61% of Romanian social enterprises have either developed a main activity in the 'community and social services', whose importance (from 13% to 42%) strongly rose over 5 years, or the 'health and social work' industrial sector. Social enterprises having 'Industry, construction and extractive industries' as their main activity appear newly compared to 2010, and already count for 24% of the population.

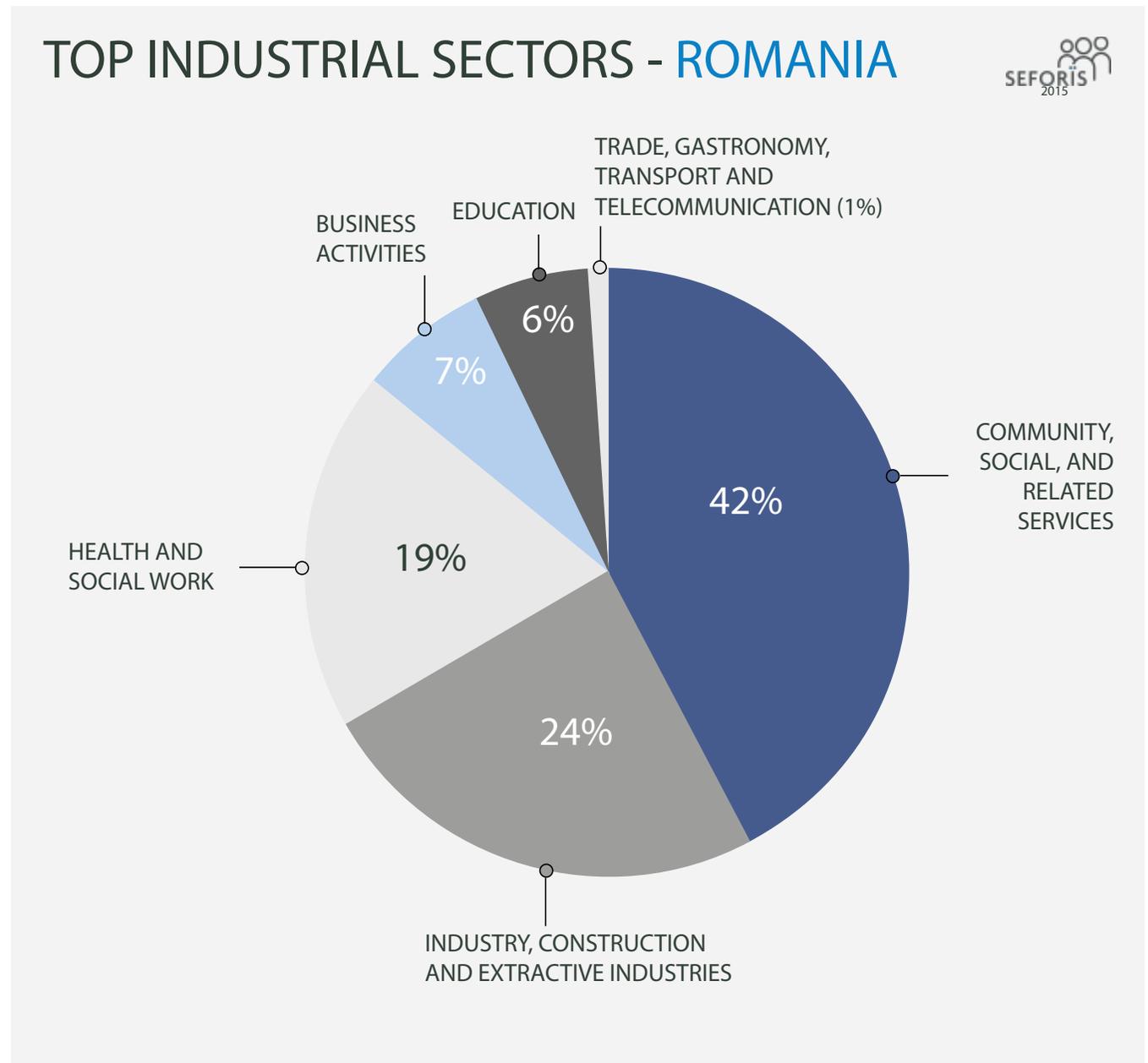


Figure 2a: Top Industrial Sectors. Note: N=109. ► We used the the 'statistical classification of economic activities in the European Community' (NACE). See Methods Box B for more information.

OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

Social sectors

Almost 80% of the interviewed Romanian social enterprises identified their primary social activities as falling mainly in the following categories: Social services, Development and housing and Education and research. This is a slight increase compared to 2010. On the other hand, in our current research the diversity of surveyed social enterprises is larger, with such interesting new categories as Health (7.5%), Environment (7.5%) or Culture and recreation (4%).

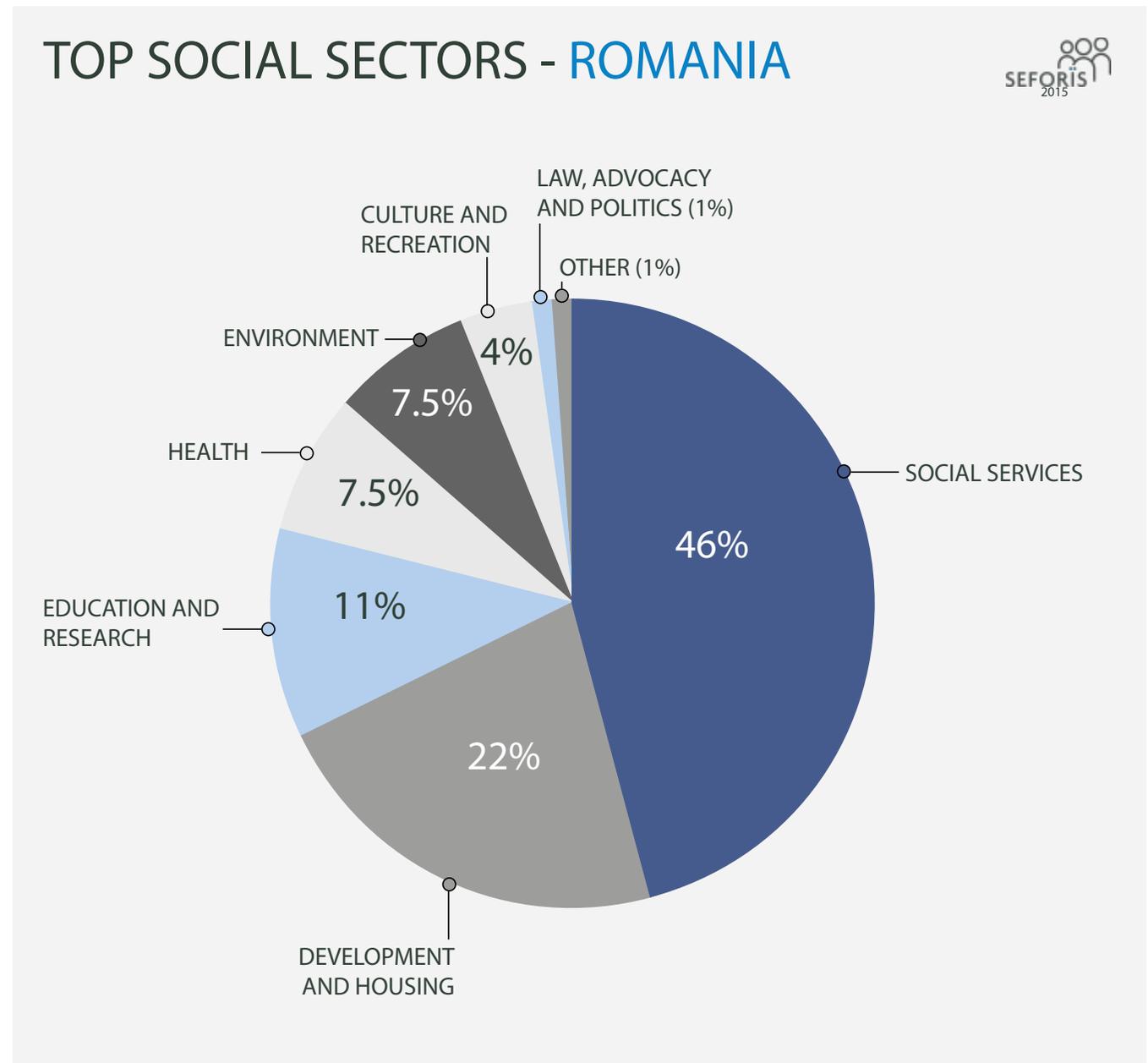


Figure 2b: Top Social Sectors. Note: N=108. ►
We used the International Classification of the Nonprofit Organisations (ICNPO). See Methods Box B for more information.

METHODS BOX

B

The social enterprise represents a unique hybrid organisational form that combines aspects of charity and business at its core. To help give you a sense of the range of activities that the surveyed social enterprises undertake, we therefore draw on two established classification systems.

- 1 Industrial sectors**

The Statistical classification of economic activities in the European Community, abbreviated as NACE, was developed since 1970 in the European Union and provides a framework for collecting and presenting comparable statistical data according to economy activity at European and in general at world level.
- 2 Social sectors**

The International Classification of Nonprofit Organisations (ICNPO) was developed in the early nineties through a collaborative process involving the team of scholars working on the John Hopkins Comparative Nonprofit Sector Project and provides an effective framework for classifying non-profit organisations across countries.

OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

Operational models

To conduct their main activity, Romanian social enterprises tend to combine different operational models. There is a strong emphasis on the employment model: they often cross-subsidize a social program, receive fees for services, or embed it in a cooperative model.

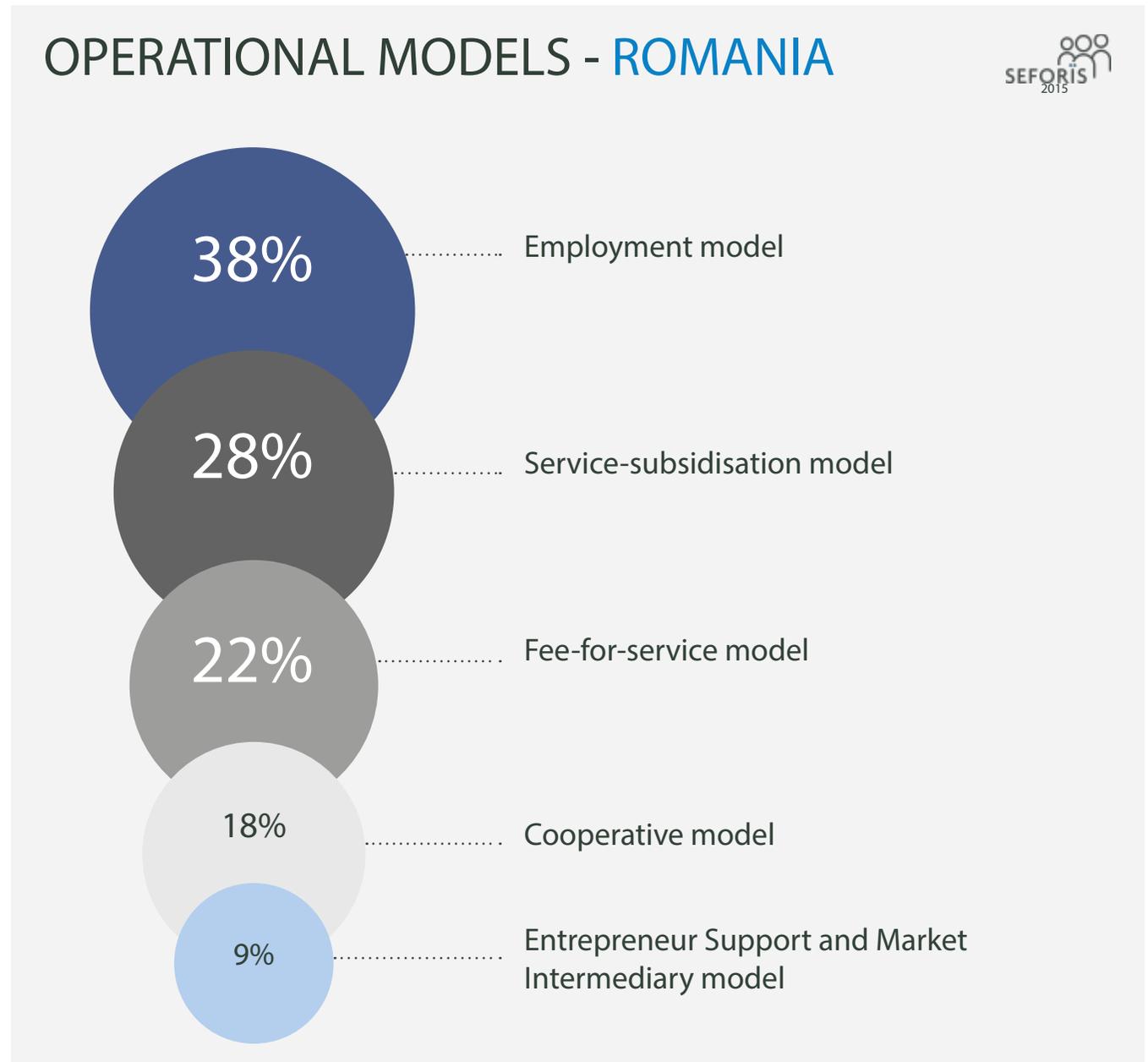


Figure 2c: Top Models. Note: N=109. We adapted the typology of operational models developed by Alter (2008). See Methods Box C for more information. ▶

METHODS BOX



Operational models illustrate how organisations create social value (societal impact) and economic value (earned income). They are designed in accordance with the social enterprise's financial and social objectives, mission marketplace dynamics, client needs or capabilities, and legal environment. Fundamental models can of course be combined and enhanced to achieve maximum value creation (Alter, 2008). Our analysts recorded

social entrepreneurs' answers verbatim, and used these answers to identify the enterprise's main operational model.

1. Entrepreneur-support & market-intermediary model

a) The Social Enterprise selling business support and financial services to its target population or "clients," which are other self-employed individuals or firms. Social enterprise clients then sell their products and services in the open market. Income generated through the sale of its services to clients is used to cover the costs associated with delivering the support services and the business' operating expenses.

b) Similar to a), the SE providing services to its target population/clients, small producers (individuals, firms or cooperatives), to help them access markets. The SE services add value to client-made products, typically these services include: product development; production and marketing assistance; and credit. Unlike a) the

market intermediary SE purchases the client made products or takes them on consignment, and then sells the products on high margin markets at a mark-up.

2. Employment model

The Social Enterprise provides employment opportunities and job training to its target populations or people with high barriers to employment such as the disabled, homeless, at-risk youth, and ex-offenders. The SE operates as an enterprise employing its clients and sells products in the open market.

3. Fee-for-service model

The Social Enterprise commercialises its social services, and then sells directly to the target populations or "clients," individuals, firms,

communities, or to a third party payer. Income is generated through fees charged for services.

4. Service-subsidisation model

The business and social function of the social enterprise are separate. The SE sells products or services to an external market and uses the income it generates to fund its social programs.

5. Cooperative model

The Social Enterprise provides direct benefits to its target population/clients, cooperative members, through member services: market information, technical assistance/extension services, collective bargaining power, economies of bulk purchase, access to products and services, access to external markets for member-produced products and services, etc.

OPERATIONAL MODEL OF MAIN ACTIVITY (CONTINUED)

Primary beneficiaries

The most common primary beneficiaries are people with mental or physical disabilities' Romanian social enterprises have been helping three main target groups: people with mental or physical disabilities, children and youth; and citizens. The rest have been involved with other types of groups such as mainly: people in low-income households, unemployed, the elderly and migrants.

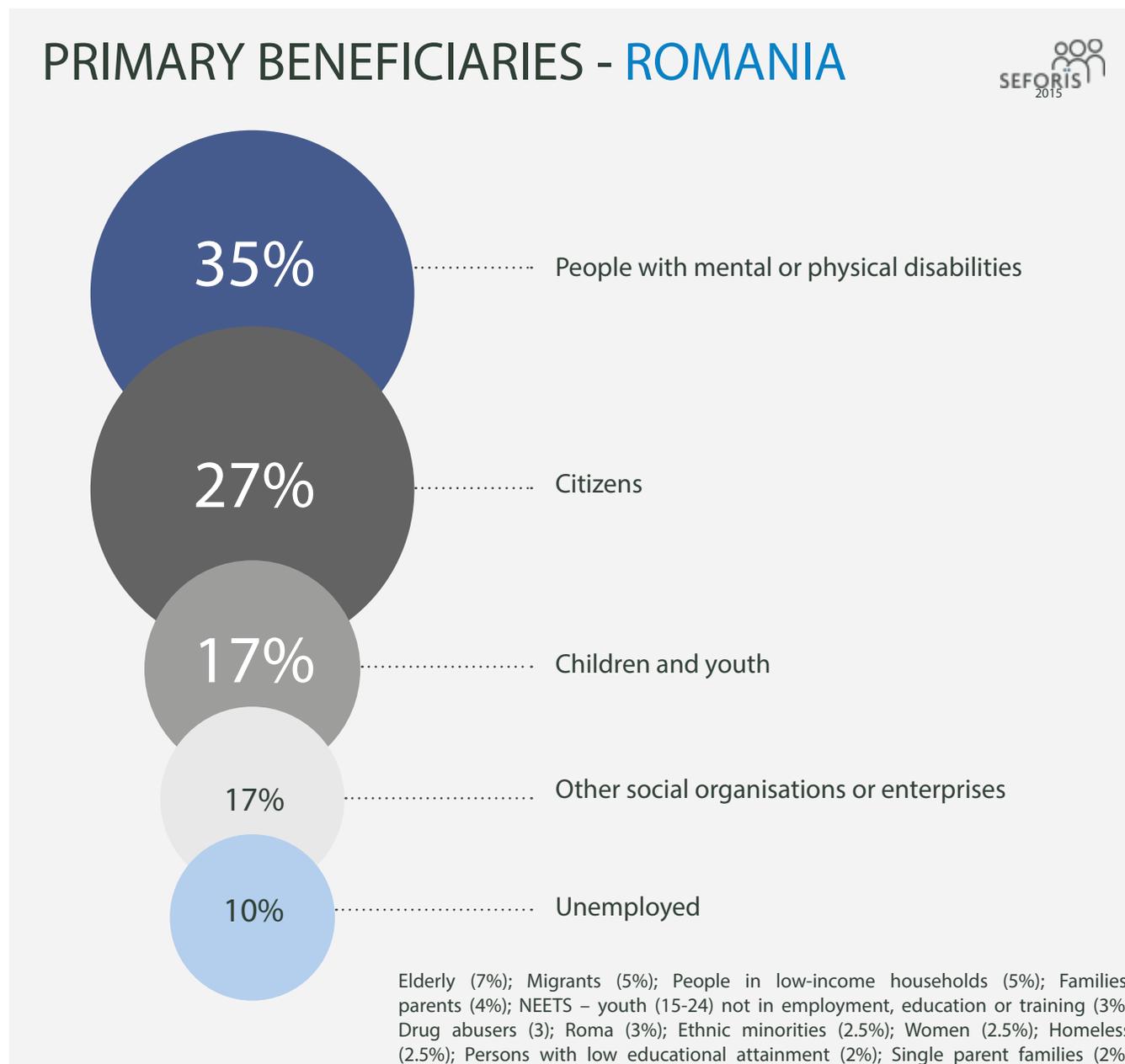


Figure 2d: Primary beneficiaries. ►
Note: N=109.

3. LEGAL FORMS

No Romanian social enterprise opted for a second legal form. Romanian social enterprises typically adopt one legal status only unlike other western countries where social enterprises might choose two. 92.5% of the respondents carry out their social enterprise activities in a Nonprofit legal form..

LEGAL FORMS - ROMANIA

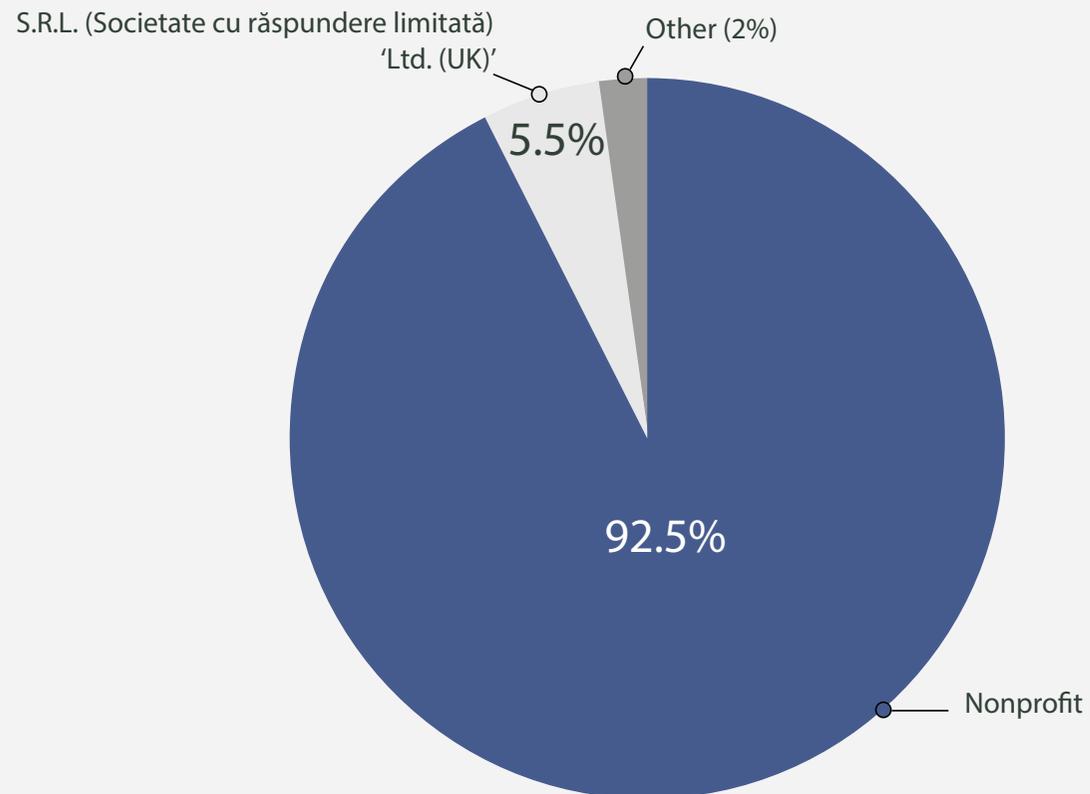


Figure 3: Legal forms ►
Note: N=109.

4. ALIGNMENT

In our survey we assessed the degree to which the revenue-generating activities and the social activities of Romanian social enterprises align. Answers were provided on a scale from 1 (“to no extent”) to 5 (“to the largest extent”). 68% of the organisations interviewed suggested that if they only conducted their revenue generating activity, they would still generate strong social impact. This indicates a strong integration of social activities and revenue-generating activities in Romanian social enterprises. This is a considerable increase from 2010, when only 23% of Romanian social enterprises belonged to the upper two categories.

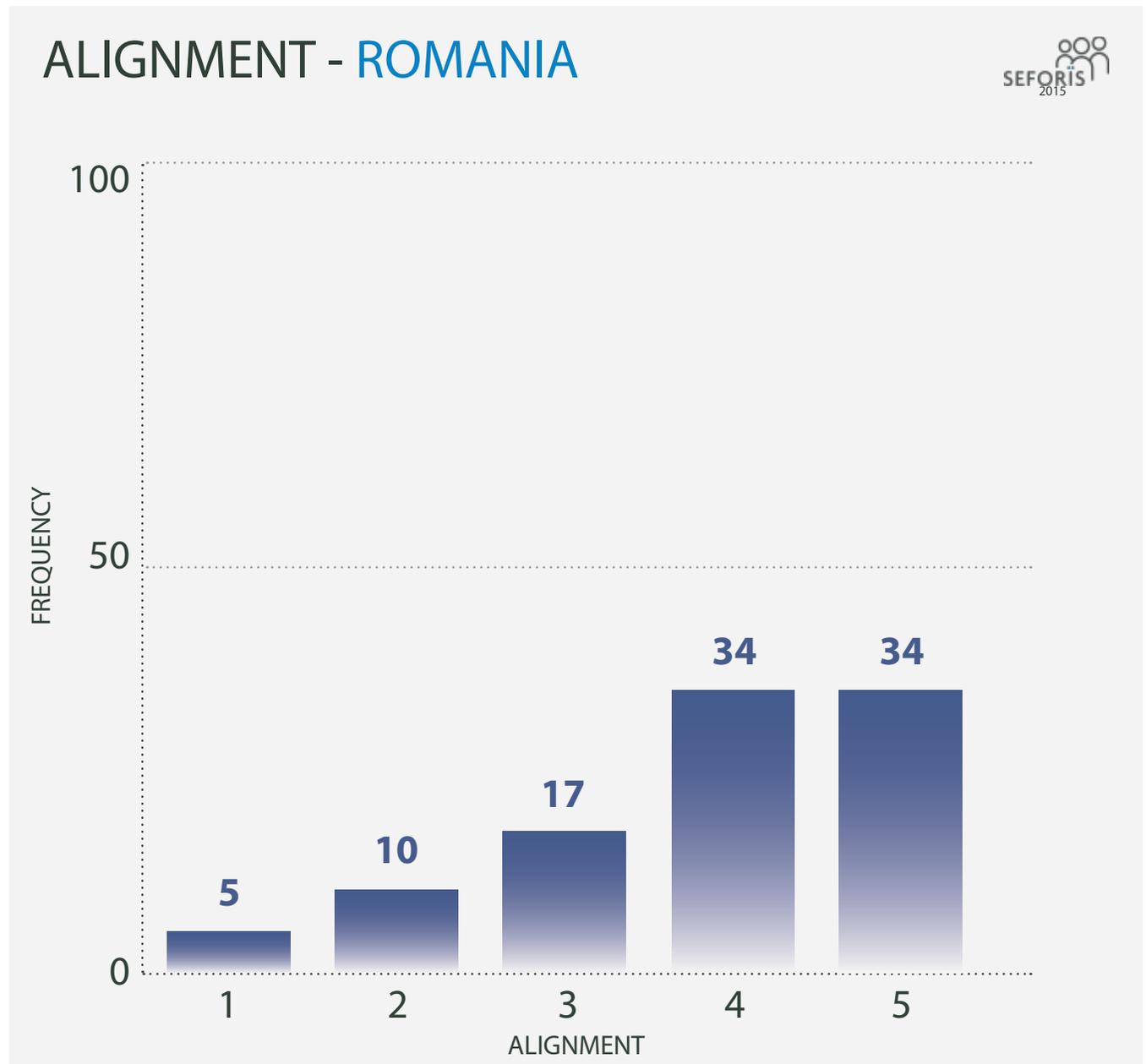


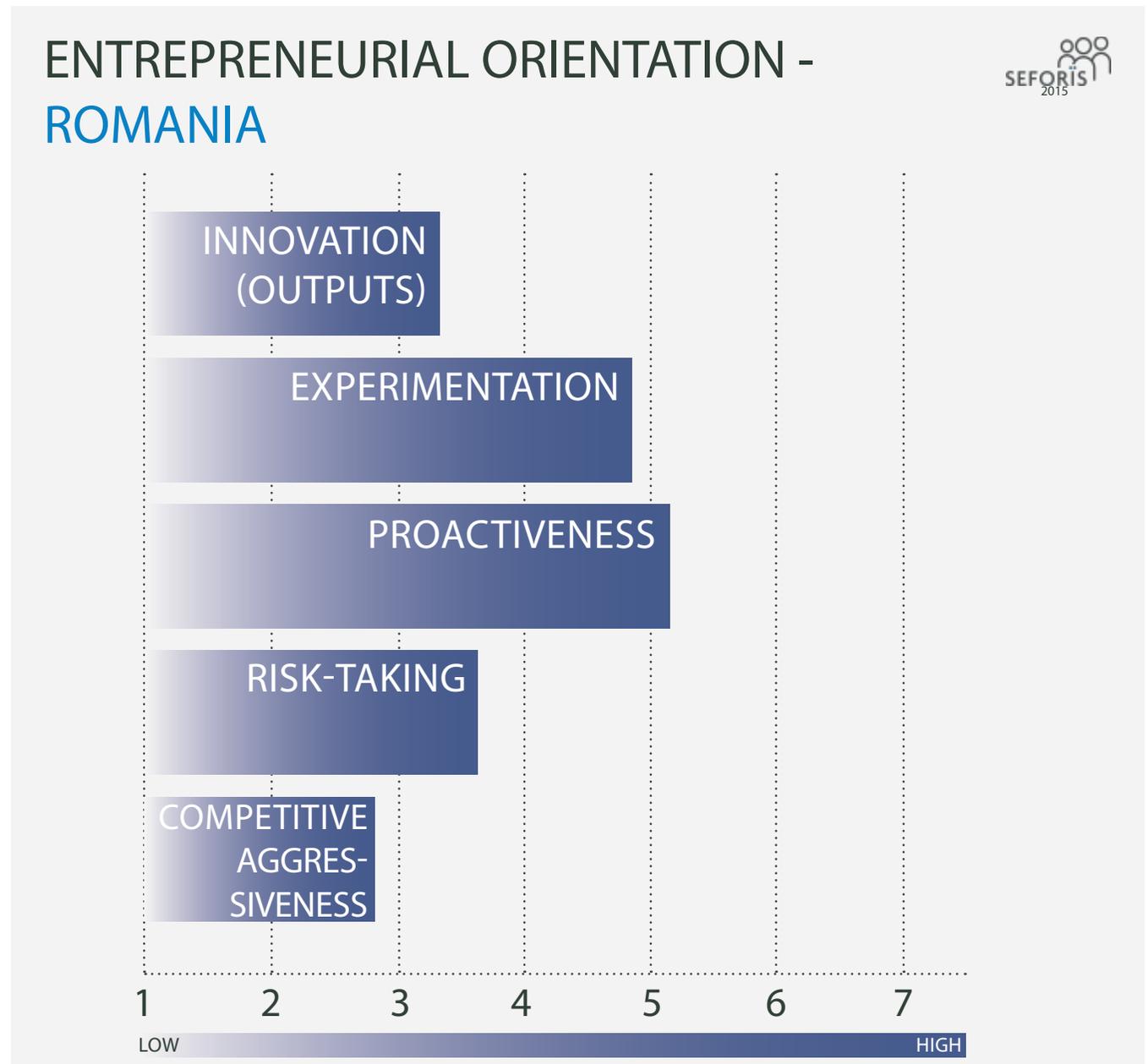
Figure 4: Alignment between Revenue-generation Activity and Social Impact Activity. Note: N=100.

5. ENTREPRENEURIAL ORIENTATION

We were particularly interested in the entrepreneurial orientation of social enterprises in the survey. In line with the literature, we gathered data on the five main components of entrepreneurial orientation: innovation, experimentation, proactiveness, competitive aggressiveness and risk-taking.

Romanian social enterprises report being fairly innovative; introducing occasional innovations on the market such as new products, services and processes. However, this moderate innovative stance is offset by their eagerness to experiment, meaning that they try new ways of doing things such as developing unique methods and processes to solve problems. This is supported by a high proactiveness in the sense that they are typically introducing products, services and processes in their activity ahead of similar organizations and/or competitors. Nonetheless, as indicated by their low score in competitive aggressiveness, Romanian social enterprises do not intend to fiercely compete against their peers, supporting their collaborative nature and primary anchoring in the non-profit sector.

Figure 5: Breakdown of Entrepreneurial Orientation in its Five Components. Note: NINNO=89; NEXP = 104; NPROAC = 90; NRISK = 107; NCOMPA = 92. See Methods Box D for more information.



METHODS BOX

D

Organisations are typically understood to have an 'Entrepreneurial Orientation' when they act in the following ways (e.g. Rauch, Wiklund, Lumpkin and Frese, 2009):

- Components of Entrepreneurial Orientation (EO):**
- 1 They regularly introduce innovations in the market such as new products, services and processes.
 - 2 They experiment with new ways of doing things such as developing unique methods and processes to solve problems.
 - 3 They behave proactively in the market, i.e. they are typically the first organisations to introduce a new product, service or process in the market – ahead of similar organisations and/or competition.
 - 4 They are risk-taking, i.e. have a proclivity to engage in high-risk projects, and don't shy away from bold actions in uncertain situations.
 - 5* They have a competitive aggressive attitude, i.e. an attitude that prefers an aggressive stance toward similar and competing organisations rather than collaboration.

Investigating EO in Social Enterprises (SEs):

To obtain data on these four components, Innovation, Experimentation, Proactiveness and Risk-taking, we derived a series of questions from well-established measures of entrepreneurial orientation, commonly used in business studies. Social entrepreneurs were asked to indicate on a scale from 1 to 7 how much their organisation behaved like described in each of those questions. Statistical analyses such as factor analyses confirmed that these four aspects of entrepreneurial orientation were indeed meaningful in the context of social enterprises in Romania.

* Competitive Aggressiveness and SEs

Interestingly, competitive aggressiveness, emerged as a distinct aspect, not at all associated with the standard four aspects of a social enterprise's entrepreneurial orientation. This suggests that the entrepreneurial orientation profile of social enterprises shares with that of commercial enterprises the emphasis on innovation, experimentation, proactivity and risk-taking, but is also distinct since an aggressive stance towards competition, i.e. one in which an enterprise tries to 'outcompete' and 'fight' similar organisations in a field, is not integral to the entrepreneurial behaviours of social enterprises.

6. SOURCES OF LIQUIDITY

We invited managers of Social enterprises to elaborate on their organisation's financing sources during the past 12 months. For each source of capital, we additionally measured its percentage contribution to the overall funding of the organisation (again over the past 12 months).

Today, Romanian social enterprises predominantly rely on fees for services or sales of products (28.5%) and grants (26.5%). Donations with 12% also plays a significant role in the funding mix.

Very interestingly, in 2010 Grants were the main income source for Romanian Social Enterprises (52%). Due to the shrinking grant support, social enterprises had to change their income generating strategies over the past five years. Data shows that they not only increased their self-generated income, but also diversified the income sources.

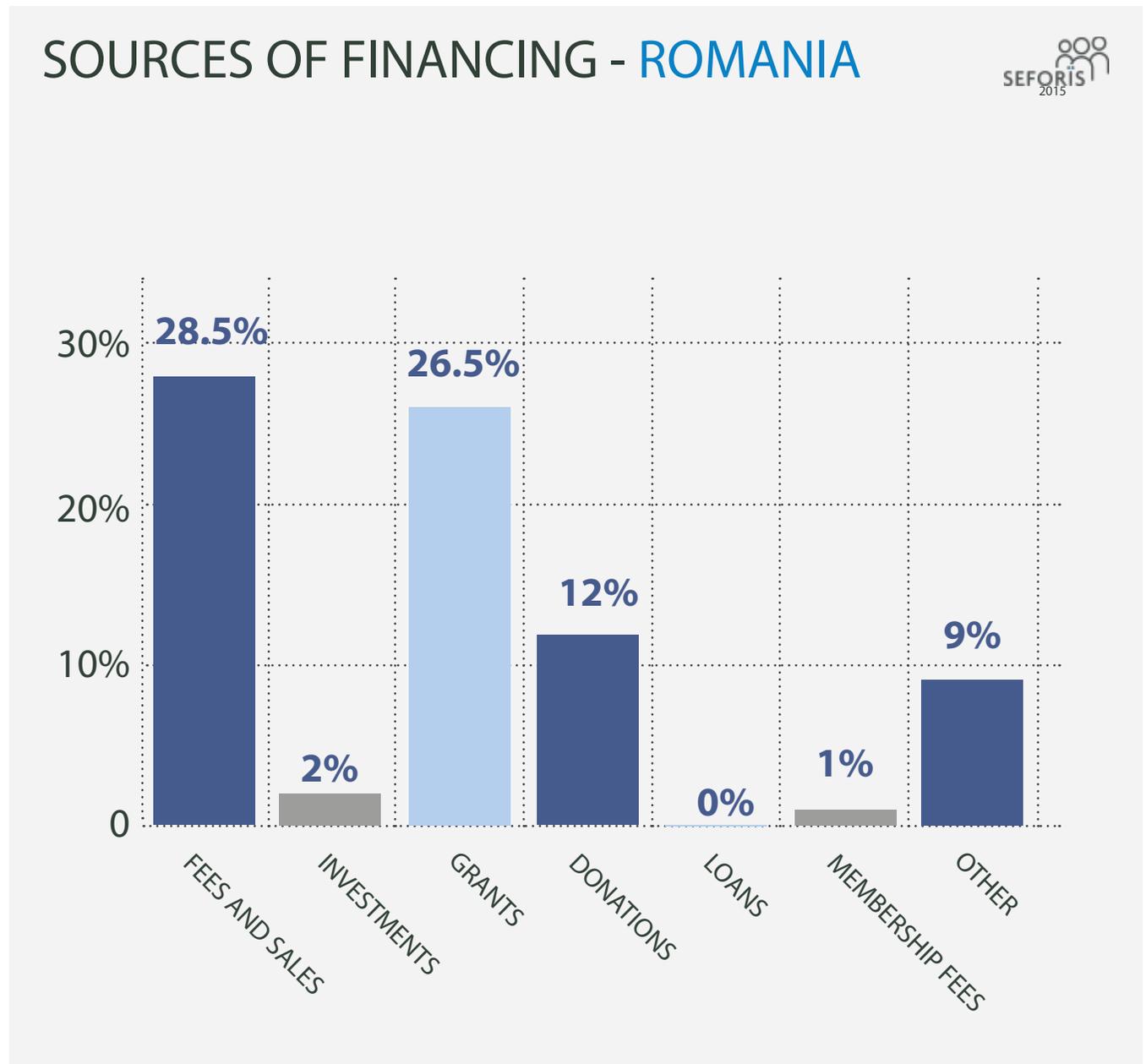


Figure 6: Sources of Liquidity in 2014. ►
Note: N=52.

CASE: VIITOR PLUS

CEO

Teia Gavrilesco

MISSION

Nearly 300 different marine species are known to have suffered from entanglement or ingestion of marine debris including seabirds, turtles, seals, sea lions, whales and fish. It is estimated that a staggering 6.4 million tons of garbage reach the marine environment every year. There are currently over 18,000 pieces of plastic litter floating on every square kilometre of ocean. Viitor Plus' social enterprise

Atelierul de Panza sells environmentally friendly shopping bags made from natural materials as an alternative to plastic bags. These bags are made by people with disabilities who work from home or in ViitorPlus' production facility.

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At ViitorPlus we address sustainable development implementation through 4 main pillars: social entrepreneurship, eco-education, infrastructure for environment and volunteering. Through volunteering we are able to reach different segments of population, from young people to adults, in a way that allows us to achieve much needed behavioral and attitudes changes. From planting trees, to building a solar panel or cleaning the trash from natural areas, it all helps us to better understand the current realities and the responsibility each individual has towards maintaining a healthy environment. Thousands of volunteers participate each year in our projects.

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ZOOMING IN ON 'SOURCES OF LIQUIDITY'

Viitor Plus developed a volunteer involvement approach called 5mins. Everyone volunteering 5 minutes a day can become an ambassador of sustainable development. They suggest the following 9 steps:

1. DIVERT 2% OF THE INCOME TAX TO VIITORPLUS! YOU MAY CONVINC YOUR FAMILY, FRIENDS AND COLEAGUES AS WELL!
2. HELP US PROMOTE AND SELL OUR CANVAS BAGS!
3. WRITE ABOUT VIITORPLUS ON YOUR OR YOUR FRIENDS' BLOG
4. PLACE VIITORPLUS BANNERS ON SITES, BLOGS
5. HAVE " I SUPPORT X VP PROJECT" IN YOUR EMAIL SIGNATURE
6. GIVE FEEDBACK FOR VIITORPLUS MATERIALS IN PROGRESS
7. TALK ABOUT US TO COMPANIES THAT COULD GET INVOLVED IN OUR PROJECTS
8. LET US KNOW IF YOU HEAR OF ANY FUNDING OPPORTUNITY FOR OUR PROJECTS
9. RECOMMEND ONE OR MORE OF OUR FACEBOOK PAGES

7. REVENUES

Total revenues in 2014

Although a third of the Romanian social enterprises generate less than 80,000 EUR a year, we detected a very favorable shift compared to 2010. Six years ago 41% of the participating organizations earned less than 80,000 EUR, and 98% of them belonged to the lower three categories. Today, already 26% of the social enterprises earn more than 500,000 EUR a year.

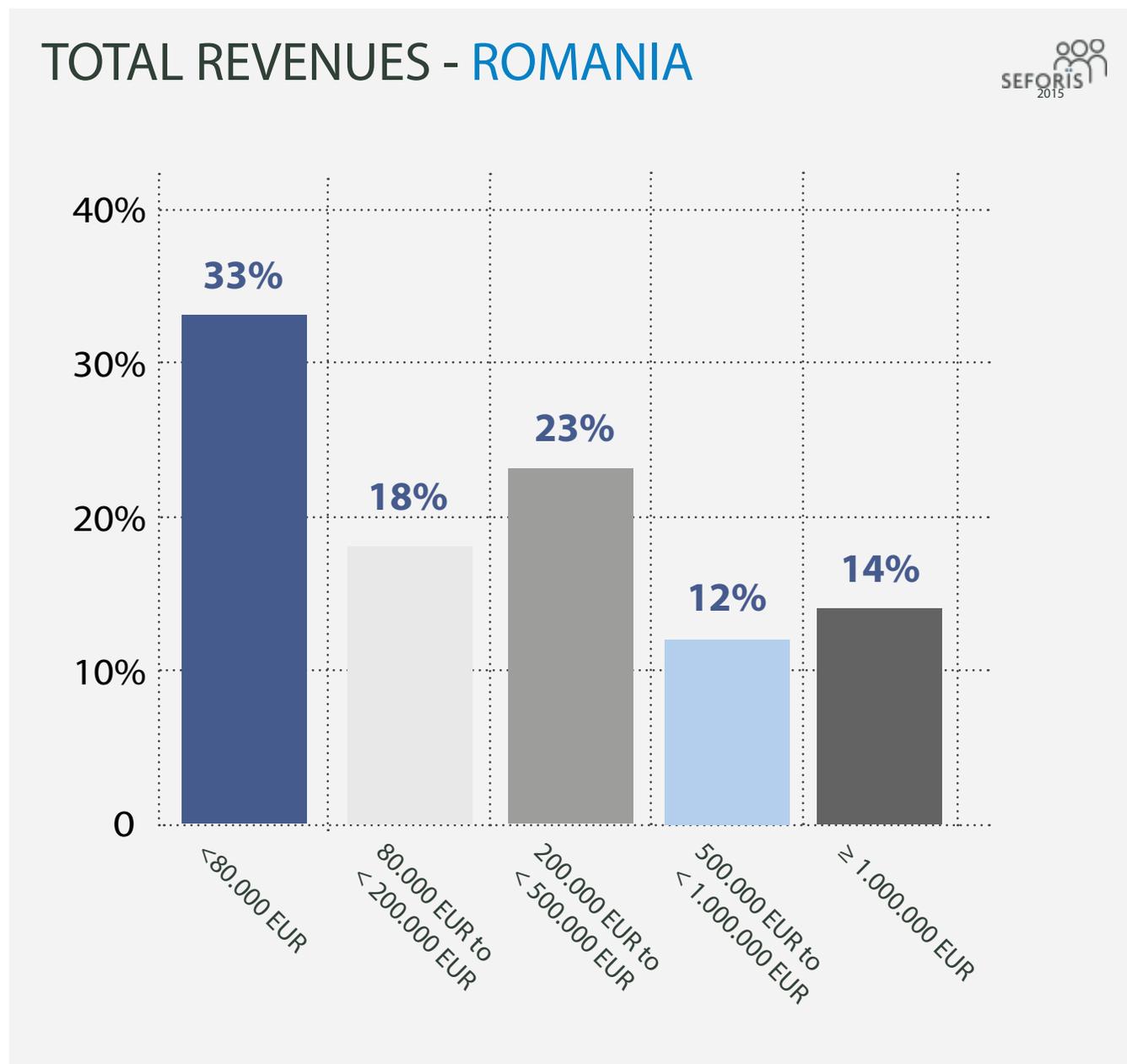


Figure 7a: Total Revenues (EUR) in 2014. Note: N=109. Figure shows percentage of social enterprises in each revenue category. The answers were given in Romanian Leu, which we converted into EUR using exchange rate of 1 EUR = 4.4437 RON (2014). Revenue categories were chosen taking into account revenue development across the entire sample of analysed countries. According to Eurostat, GDP per capita in Romania in 2014 was 7,500 EUR or 55% in PPP (percentage of EU28).

REVENUES (CONTINUED)

Change in revenues (2013 to 2014)

With regards to the annual revenue change (2014 relative to 2013) enterprises most commonly experienced growth (71%). Interestingly, 21% of the social enterprises increased their revenues by 20-40%, while 23% earned more than 40% over in the previous year. These numbers are especially remarkable, since grants, which usually account for such major changes, were losing their overall importance in the budget mix.

On the other hand, 29% of the organizations experienced shrinking annual income compared to the year before, 13% of them lost more than 20% of their budget.

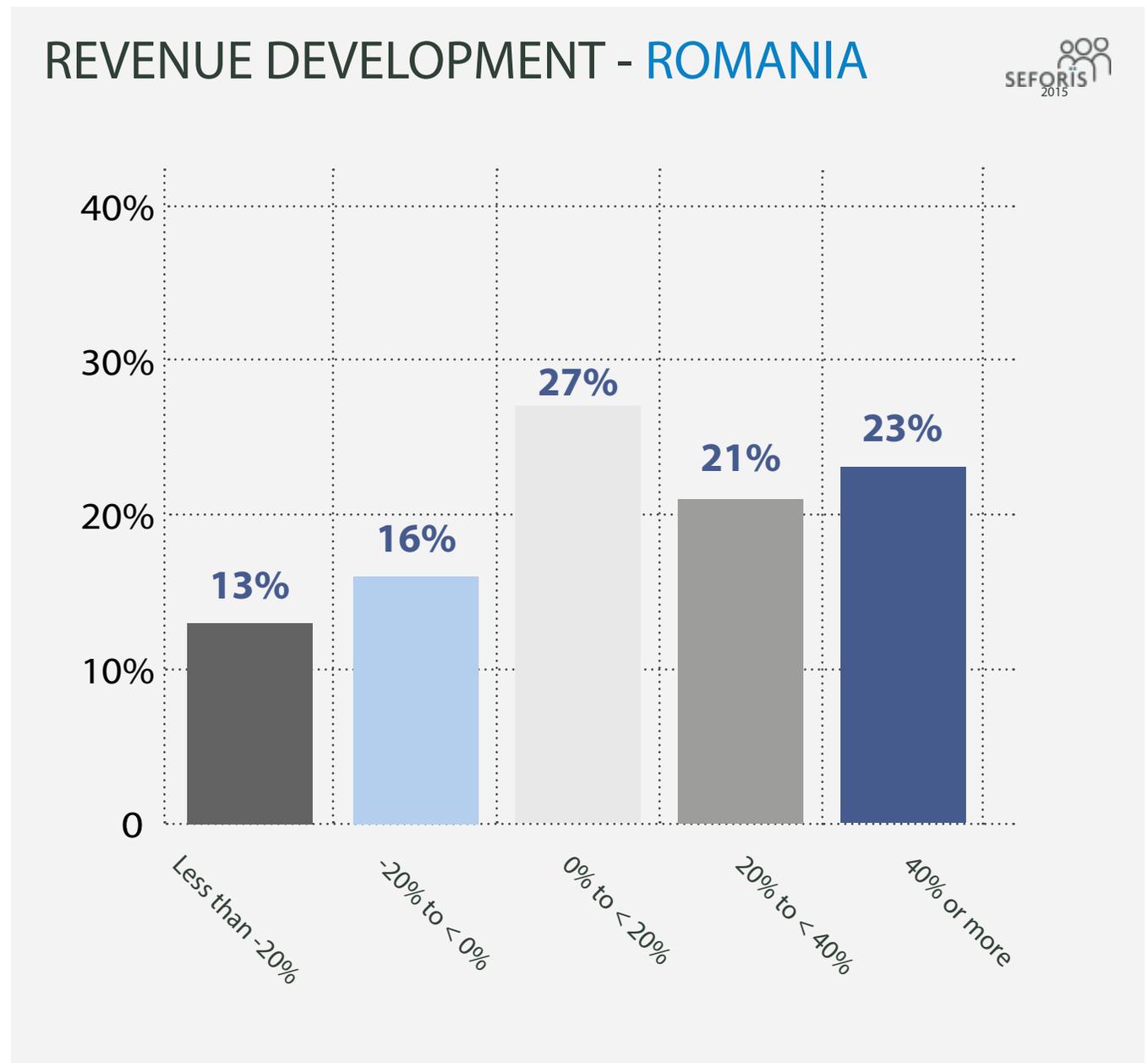


Figure 7b: Revenue Change from 2013 to 2014. ►
Note: N=109. Figure shows percentage of social enterprises in each category. Number of companies for which this question does not apply because they were founded after 2013 is equal to 5.

8. AGE AND LABOUR FORCE

Organisational age distribution

Managers were asked to state the year and the month of the formal establishment of their organisation as in the registration with the appropriate government agency. It shows that the overwhelming majority of the 107 surveyed organisations are now 5 years or older (95 social enterprises). Thus, social enterprises are certainly not a new phenomenon in Romania. At the same time only few new ones have kept on emerging over the years - it suggests that the recent institutional and macro-economic context has not been particularly favourable to the emergence of new social enterprises.

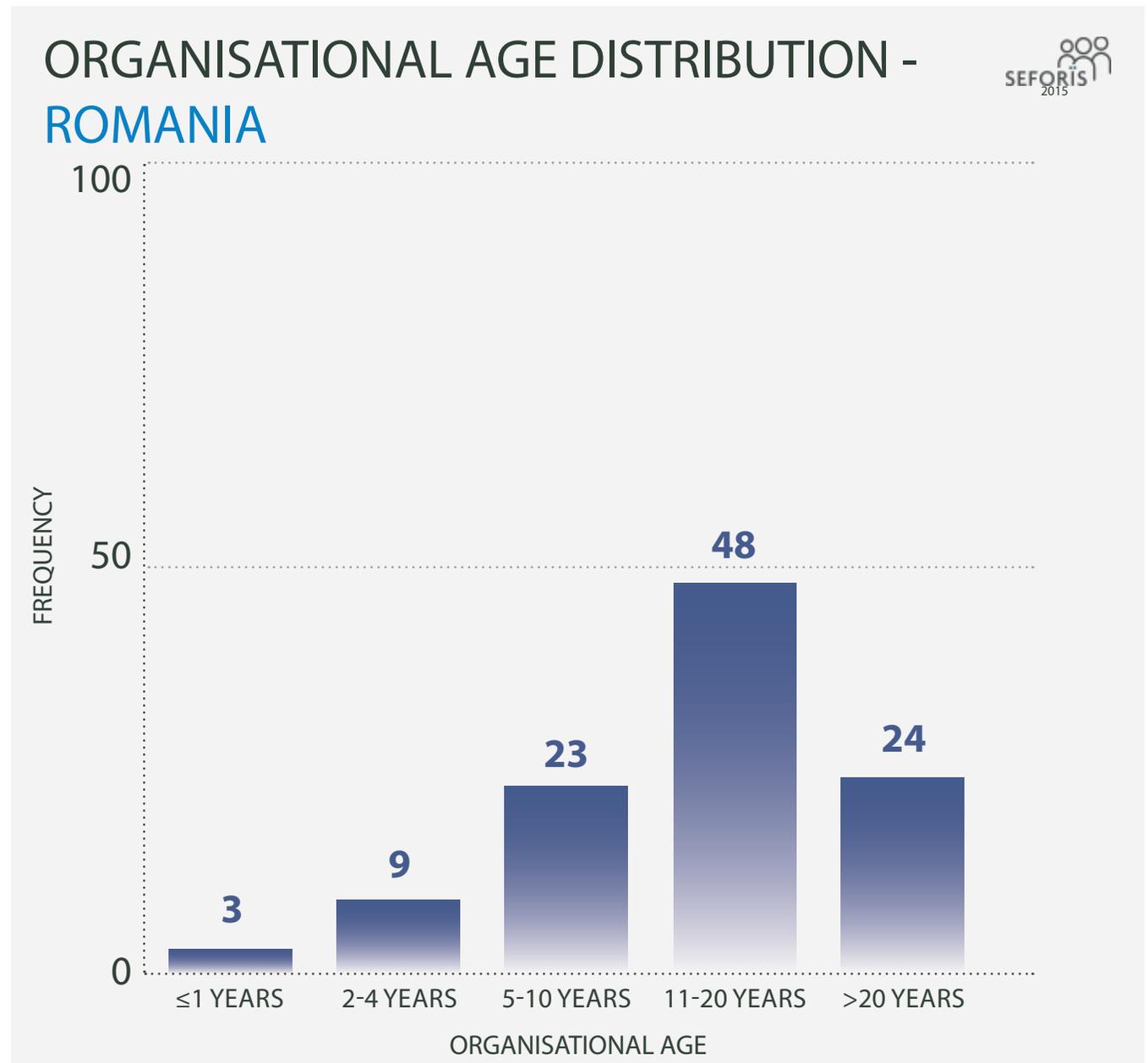


Figure 8a. Organisational Age. Note: N=107. ▶

AGE AND LABOUR FORCE (CONTINUED)

Number of Full-Time Equivalentents (FTE)

Another more standard but nevertheless important measure we covered was the number of full-time equivalentents (FTEs)(excluding owners) currently working for the organisation, either employees or as subcontractors.

It turns out that Romanian social enterprises are usually small or medium-size enterprises with 87% reporting having less than 50 FTEs. 65% of the sampled social enterprises count less than 10 full-time equivalentents (FTEs). On the other hand, 13% employed 50 FTEs or more.

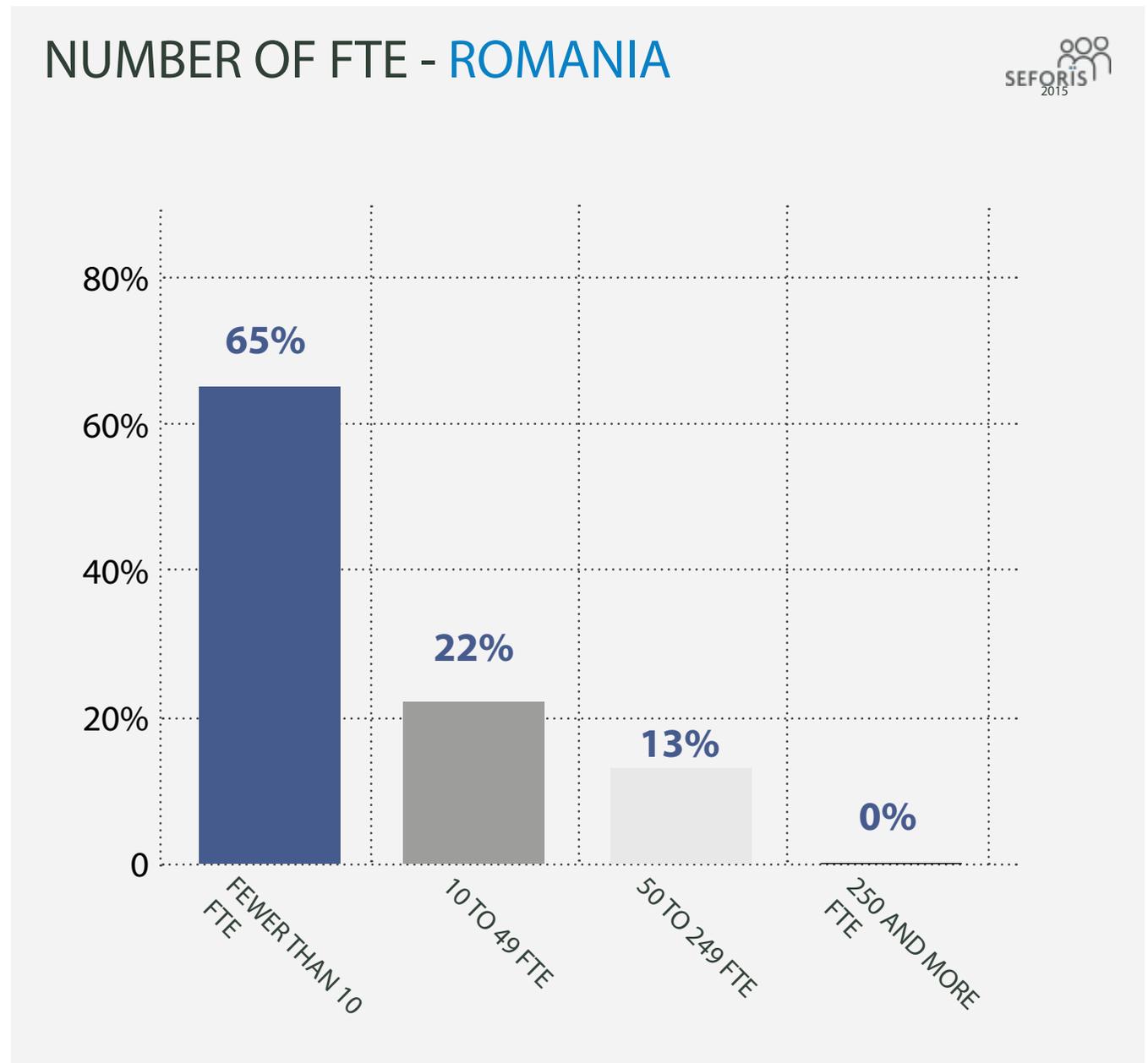


Figure 8b. Number of Full-time Equivalentents Employed (not including the owners). Note: N=109.

AGE AND LABOUR FORCE (CONTINUED)

Number of volunteers

We found that most of the Romanian social enterprises in the sample do not work with volunteers at all (58% of the organisations) and that most of the ones that do, have less than 10 volunteers involved with the organisation (34% of the organisations in the sample). Less than 8% of the organisations surveyed work with more than 10 volunteers. This complements the finding that social enterprises also have relatively small numbers of employees, thus maintaining a relatively small organisational size overall.

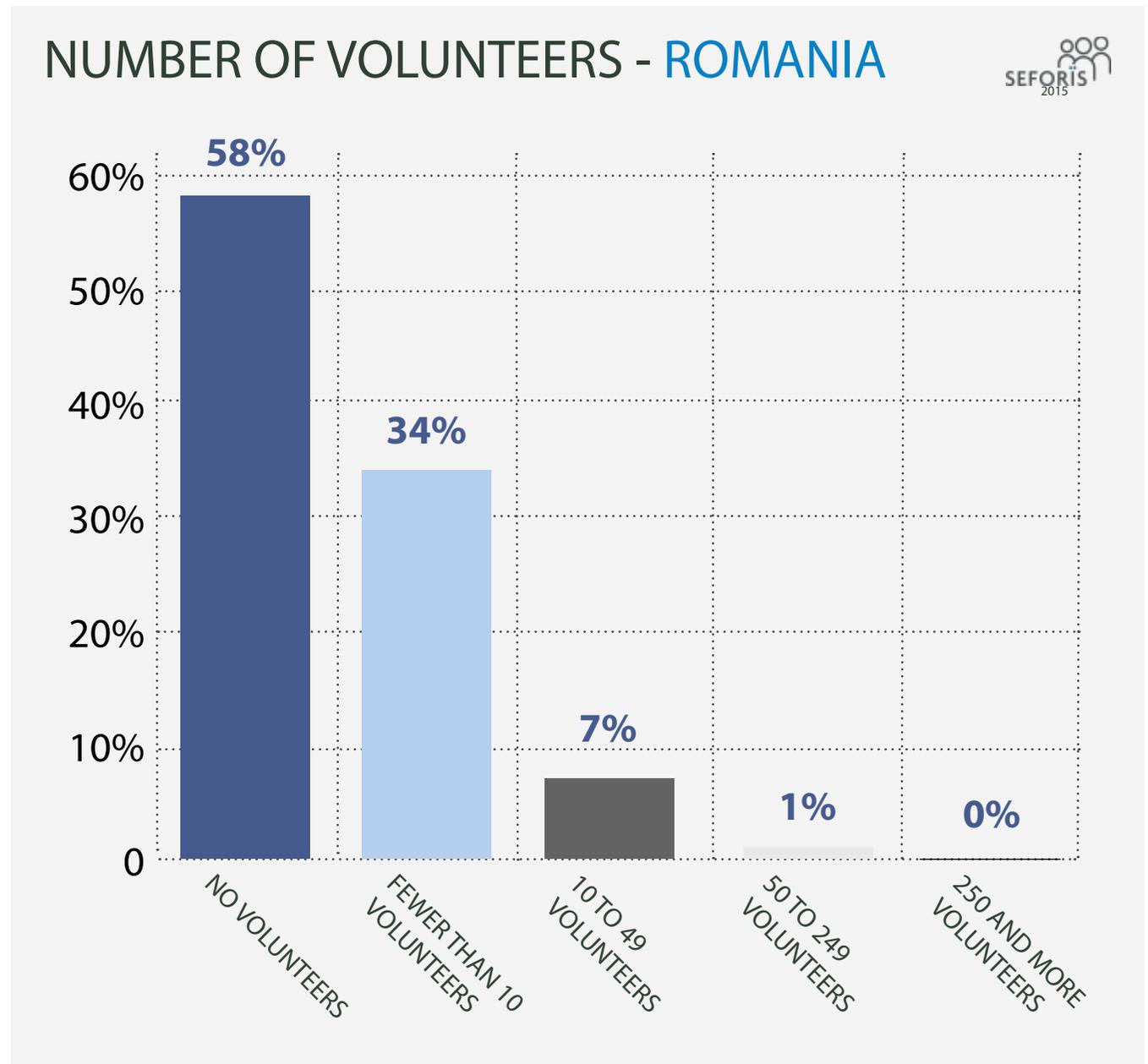


Figure 8c. Number of Volunteers Working at the Social Enterprise. Note: N=109.

9. SOCIAL PERFORMANCE INDICATORS

The survey also aimed to capture how performance is measured and valued within organisations by asking whether social performance is regularly tracked, and if so, which main indicators are used. Nearly 54% of the Romanian social organisations do measure their social performance. This low percentage underlines the persistent complexity assessing social performance. Among those measuring organisations, the quantitative indicators are more popular, such as the number of beneficiaries and/or clients served or attended (measured by 56% of organisations), as well as the number of beneficiaries employed (14%) or the number of volunteers (12%). Romanian social enterprises are very creative in measuring their social impact and frequently adapt their measurement very specifically to the particular products and services they provide. This is also the reason why a big proportion of the answers in this section could not be included in the categories already provided.

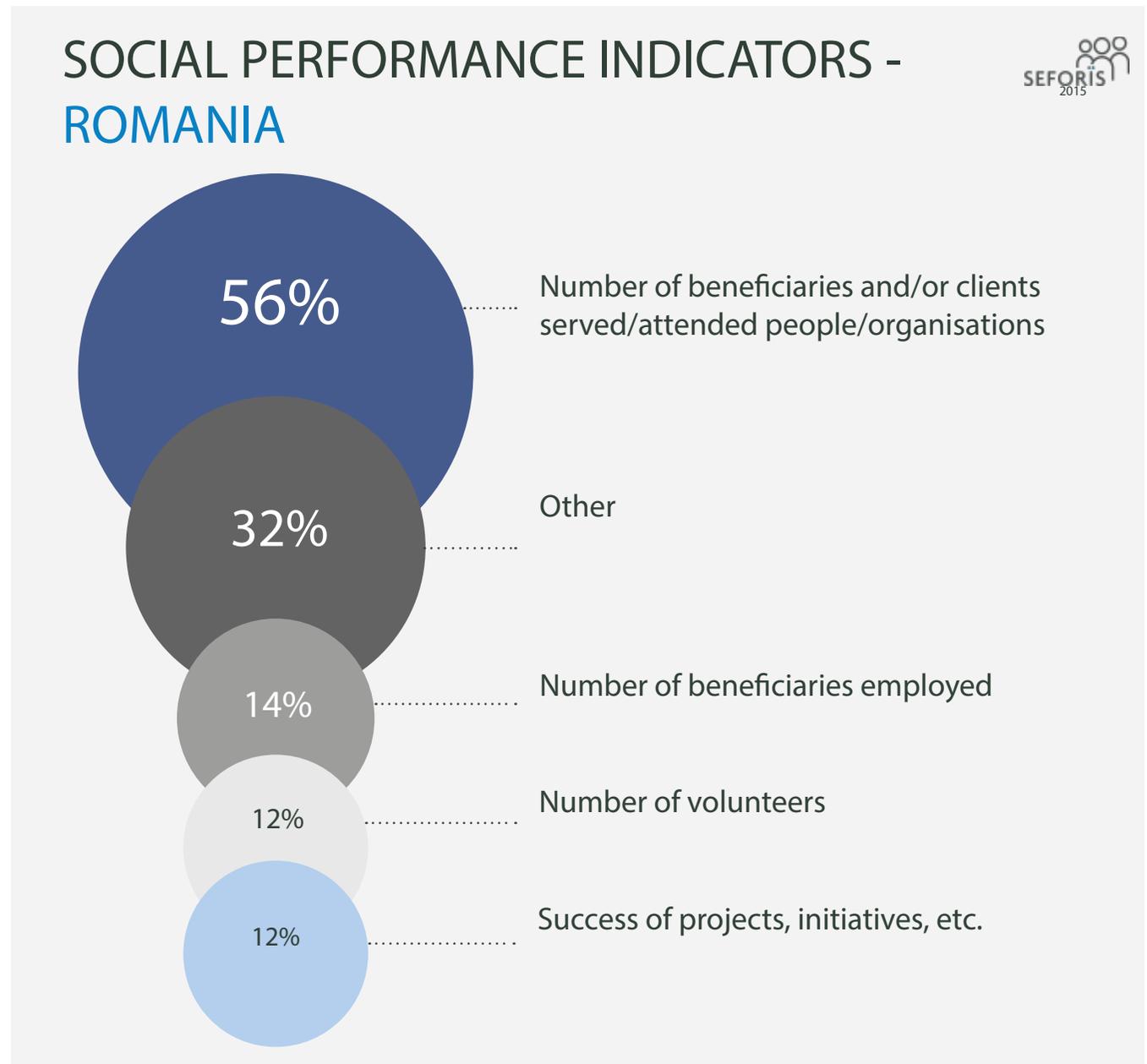


Figure 9. Top 5 Most Used Social Performance Indicators. Note: N=59.

CASE: CONCORDIA

CEO

Alice Stavride

MISSION

In Romania, there are many families with children who live on the streets and seek social reintegration. Unfortunately, there is little support to help them get back on their feet, both personally and professionally.

CONCORDIA Bakery provides job opportunities for the best students from its CONCORDIA Vocational School. The students are young people from vulnerable families or who live on the streets and are looking to reintegrate into their communities.

ZOOMING IN ON 'SOURCES OF LIQUIDITY'

From the 17 Bakery School Graduates, in 2015 - 2016, Concordia Development hired 5 people in 2015 and 2016. Beside our Bakery field, this year, Concordia has set up a new domain, agriculture, where 4 persons that are coming from disadvantaged backgrounds work for us. Our aim is to provide 10 subsidized places in 2016 and 2017 for the following fields: Bakery, Agriculture and Sales point.

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To give a happy ending to sad stories, we must live healthy and buy smart.

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CASE: FUNDATIA CARTEA CALATOARE

CEO

Mircea Bucur

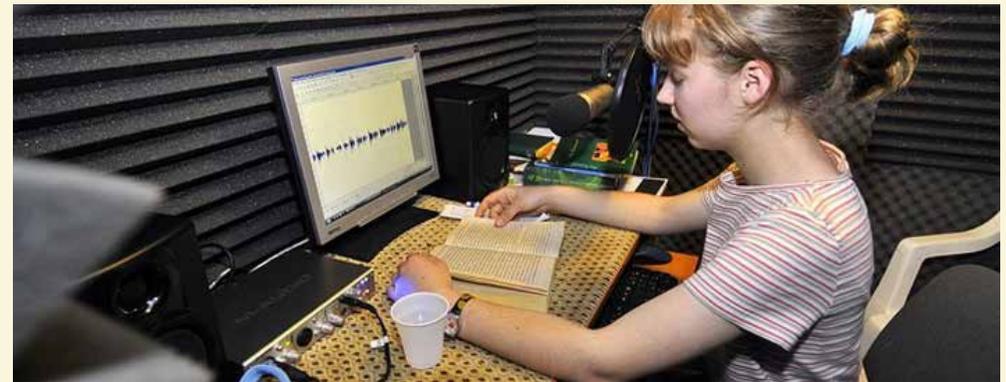
MISSION

FCC's mission is to achieve the social integration of visually impaired people by facilitating their access to information, education and employment. Of the 5,300 libraries and bookstores in Romania, only a few offer disability-friendly technology to meet the needs of approximately 90,000 visually-impaired citizens. Cartea Calatoare produces audio books in DAISY (Digital Accessible Information System) format to allow the visually impaired to enjoy reading at their local libraries just like any other independent person.

ZOOMING IN ON INNOVATION

Cartea Calatoare foundation has conducted several pioneering projects in assisting visually impaired persons, among which:

- Organizing the first courses in Romania addressed to students and teachers on using computers equipped with assistive technologies for the blind. Over 800 people participated in the courses, some of whom have themselves become instructors.
- Creating the first electronic library with books made accessible for the visually impaired.
- Facilitating accessibility for the blind to movies and libraries.
- Creation of the first email discussion list for blind people in Romania.
- Since 1998 Cartea Calatoare foundation has provided Internet to all special schools and high schools for visually impaired in Romania, ahead of many renowned schools in mainstream education.
- The foundation equipped all high schools with special printers for the printing of teaching materials in Braille.



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I believe that „The only light you can give to a blind person is the light of knowledge“. This is, actually, the motto of our foundation. In order for the blind people to enjoy this knowledge, FCC taught the Romanian blind how to use a computer with assistive technologies and also taught them how to efficiently use the Internet so they can access the most useful information and communicate with people from all over the world. After 20 years of hard work we can certainly say that these assistive technologies helped the blind engage in social life and simply took them out of their usual isolation.

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10. INNOVATION

New-to-market innovations

Our survey indicated a rather low share of innovative organisations. 24% of the social enterprises we interviewed reported that they introduced at least one new or significantly improved product, service or process in the last year. Out of these, 53% reported that they introduced completely new to market innovations - with other words radical innovation - over the past year.

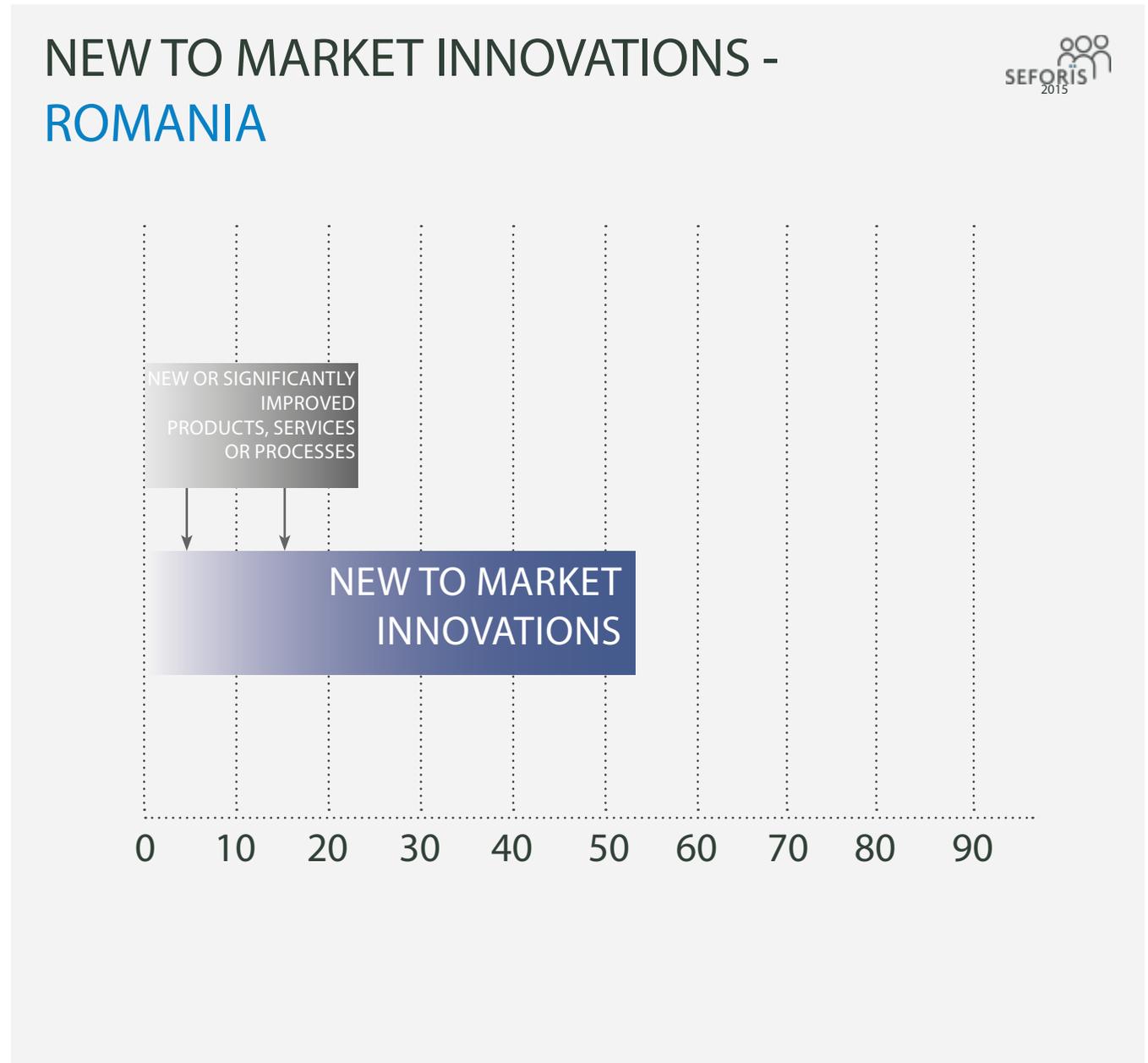


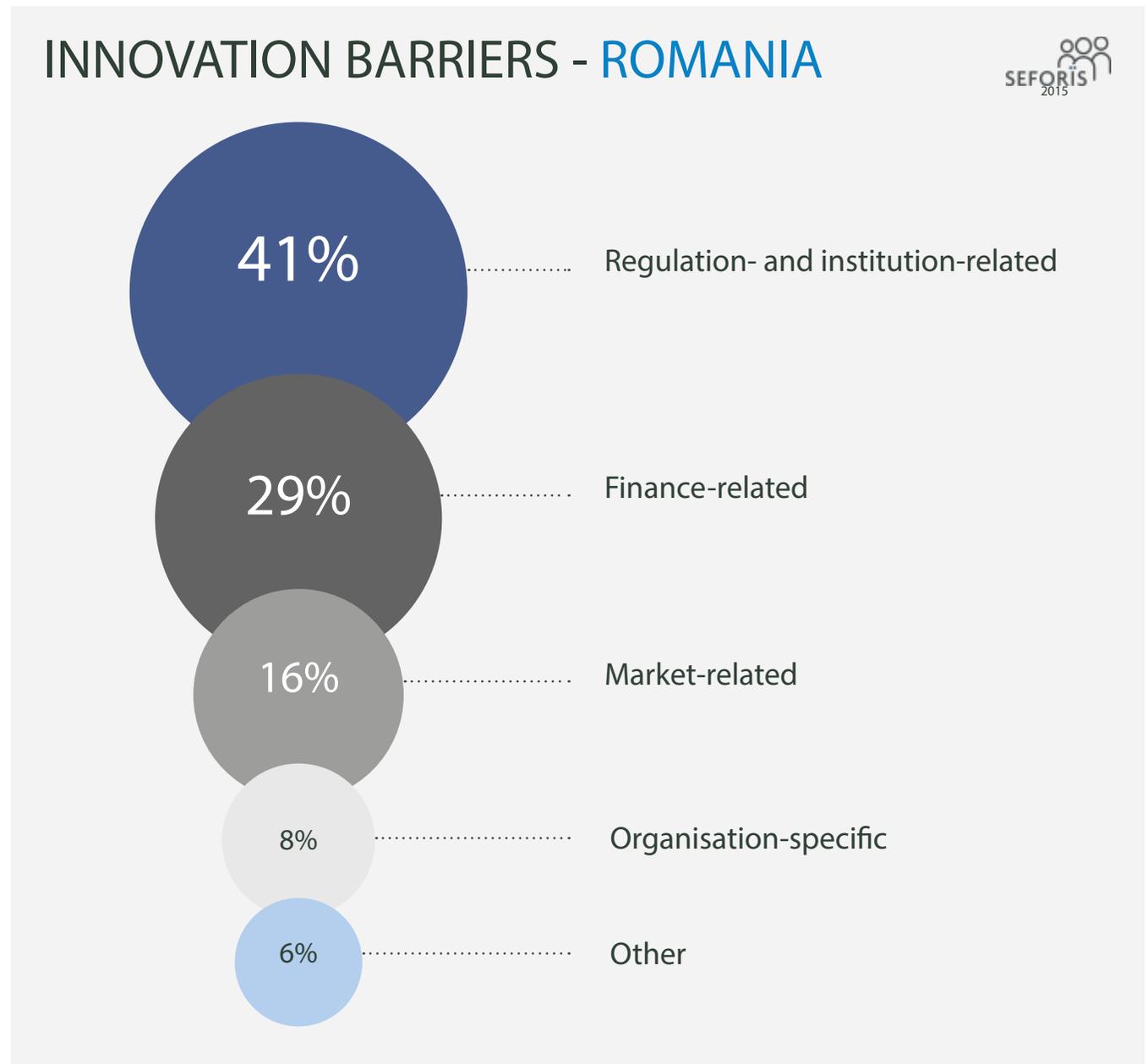
Figure 10a. Proportion of Social Enterprises that had introduced New-to-the Market Innovations during the past year. Note: N = 109.

INNOVATION (CONTINUED)

Innovation barriers

Further attention was usual to the barriers to innovation (see Methods Box E for more information) that were faced by our sample of Romanian social enterprises over the past 12 months. It appears that unlike other countries, where finance-related barriers are more common, in Romania 41% of social enterprises face Regulation and institution-related barriers especially linked to the need to meet country or local government regulations. This is a considerable change compared to 2010, when only 28% of the organizations named this barrier. Only 29% of the organizations mentioned financial barriers, especially regarding the lack of funding for innovation processes, whereas in 2010 this number was 35%. However, the most striking change is related to Organisationspecific barriers, such as lack of time and lack of qualified personnel to engage in innovation processes. This category accounts for 8% of the recent responses, while in 2010 it was an impressive 27%. This suggests that social enterprises could overcome the majority of their organizational barriers to innovation, at the same time the external environment became more tough. 30% of the surveyed organizations reported no barriers to innovation.

Figure 10b. Innovation barriers. Note: N=77. See Methods Box E for more information.



METHODS BOX

E

The barriers typically reported by commercial enterprises are more numerous and most frequently related to the cost of innovation being too high, the economic return of an innovation being uncertain, and market-related barriers (D'Este, Iammarino, Savona & von Tunzelmann, 2008).

- 1 Finance-related barriers – reflect excessive economic risk that would be associated with pursuing an innovation, as well as the cost and/or lack of available financing for an innovation. This category also captures whether an innovation has not been pursued due to the ongoing economic crisis.
- 2 Organisation-specific barriers – reflect lack of time, lack of qualified personnel and/or lack of information on technology and/or markets to pursue innovation activities further.
- 3 Regulation- and institution-related barriers – reflect the fact that innovations were inhibited by the need to meet government and/or EU regulations and/or also the fact that social enterprises do not receive support from official institutions because these are not familiar with 'what a social enterprise is'.
- 4 Market-related barriers – reflect the fact that an innovation was not pursued because it was envisioned that it would not be accepted by the market, e.g. potential customers. Furthermore uncertain demand for an innovation as well as the dominance of another established organisation discouraged innovation activities of social enterprises.

CASE: FUNDATIA ALATURI DE VOI

CEO

Angela Achitei

MISSION

Through the Util Deco social enterprise, ADV Romania created 36 workplaces for young people with disabilities, including HIV/AIDS. Through the agency for placement and assistance at the workplace, we support each year the integration on the labor market of at least 20 young people with special needs.

Within Util Deco young people develop activities in several workshops:

- physical and electronical archiving and in the document storage facility;
- the tailoring workshop, where they make protection equipment;
- the printing and interior decorations workshop;

They also work within different departments within the foundation - in the tourism department, in the accounting department and in the work safety department.

For further details, you may access the web sites www.utildeco.ro and www.depozitarhivare.ro



ZOOMING IN ON BENEFICIARIES

In Romania, only 7.5% of the people with disabilities have a workplace, according to the National Strategy on social inclusion and poverty reduction 2014-2020. According to the same strategy, officially, Romania has 687,000 children and adults with disabilities living in families and 16,800 living inside the child protection system. More than half of the people with disabilities could find a workplace, but unfortunately this does not happen, for various reasons: stigma and discrimination, limited access to educational, social and medical services, lack of access into public and private spaces, insufficiently developed packages for active employment.

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Through the Alaturi de Voi Romania Foundation and Util Deco, we make a double investment in these young people: first, by offering them the opportunity to have a workplace because they belong to a category for which it is the most difficult to find a workplace; second, by turning their disability into an ability, helping them to turn from a socially-assisted to an independent individual, actively involved in the community life..

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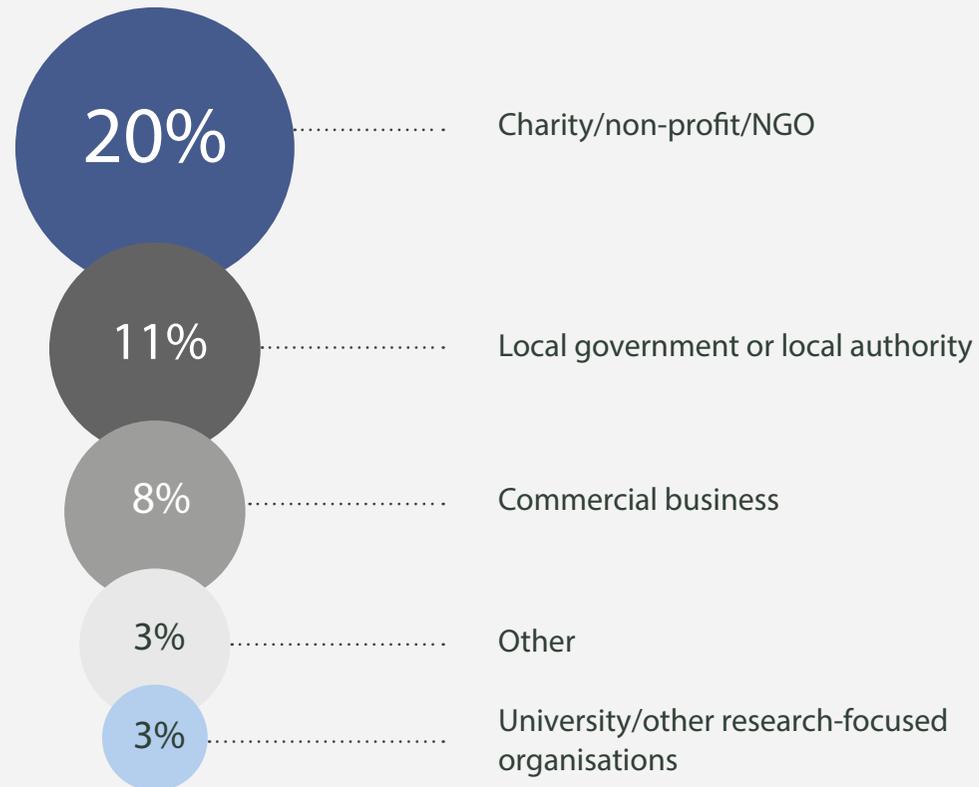


11. COLLABORATION

With whom do social enterprises collaborate?

We also asked managers to elaborate on their collaboration patterns in terms of whom they have been engaged in collaboration with, at least once, during the past year (i.e. 2014). We allowed detailed explanation of up to three collaborations or partnerships. Romanian social enterprises have a very low level of collaboration compared to other countries in the survey. Given the large share of non-profit organisations in our sample, the social enterprises seem to collaborate with organisations similar to themselves.

COLLABORATION - ROMANIA



Other government-related organisation (e.g. Chamber of commerce) (3%); Other organisations like you (social enterprise) (2%); Network of organisations (e.g. alliance to fight AIDS) (2%); National government (2%); Church or religious body (1%); Individuals (e.g. activist) (1%).

Figure 11. Top 5 organisational types with whom Social Enterprises have collaborated at least once. Note: N=108.

CASE: PROIECT MOZAIC

CEO

Simona Carobene

MISSION

There is a lack of job opportunities for vulnerable young people in Romania, and more importantly a lack of enterprises that take the time to train young adults in different fields of work.

Proiect Mozaic provides jobs for vulnerable young people producing quality mosaic in a sustainable company with business-oriented principles. The enterprise is a model of work-oriented education where each person is a protagonist and contributes to the common good.

ZOOMING IN ON COLLABORATION

Proiect Mozaic was launched by the People's Development Fund in collaboration with MANATWORK People Development Group Companies, and with the financial support of the European Social Fund. In order to strengthen its business knowledge and capacity, the organization made a strong collaboration with NESsT Europe, a social enterprise support organization, to assist PM in creating and implementing a sales strategy and communication strategy. In addition, NESsT provided support to recruit and hire a sales coordinator and continues to assist the organization in key HR and organizational issues.



12. POLICY SUGGESTIONS

Top 5 Policy Suggestions to Romania's Government

We asked all social enterprises about suggestions they may have for their country's policy makers to support social enterprises. We classified all policy suggestions into common categories, as well as selected quotes to illustrate the 5 most recurring policy suggestions for Romania's government.

Government regulation (e.g. Bureaucracy, Regulation, Ease of Obtaining Permits & Licenses) (42%)

Creating some incentives. In order to make an investment, a regular company requires some degree of state scheme aid. But the NGOs which create jobs, bring resources from outside the community, solve certain community problems that cannot be solved by the public administration, do not receive any incentives.

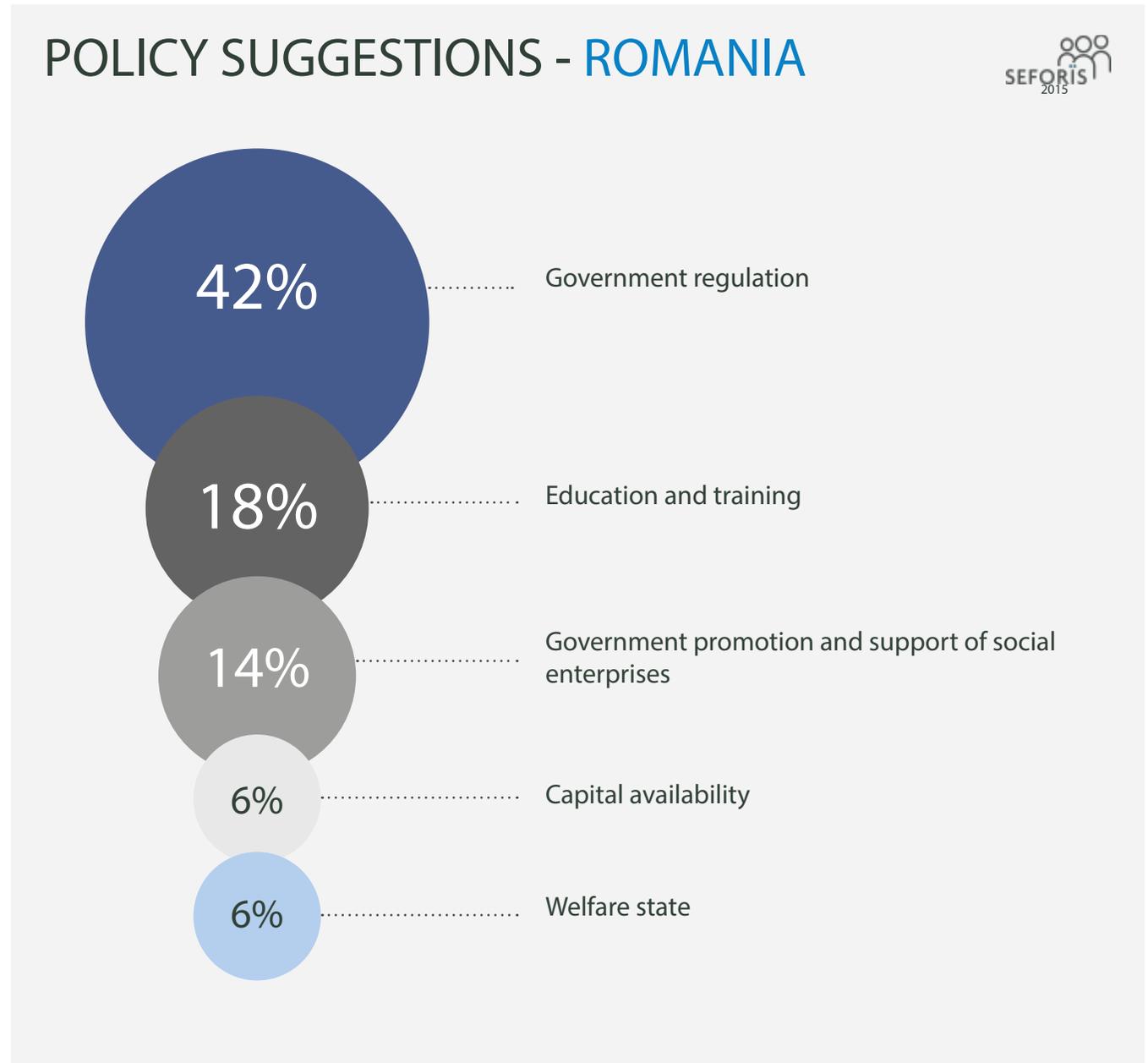


Figure 12. Overview of Policy Suggestions to their Country Government. N=115. We adopted the typology of policies used by the European Commission: http://ec.europa.eu/policies/index_en.htm

POLICY SUGGESTIONS (CONTINUED)

Education and training (18%)

I would suggest involvement and a real partnership in the education of young people. To play an active role in the school boards, to come up with proposals about what should, how should, where should the young people be educated in order to be better prepared for life and for the local job market.

Government promotion and support of social enterprises (e.g. public procurement favouring social enterprises, awareness-raising for social enterprises) (14%)

To buy as many services or products as possible from social enterprises. Or to make policies in this regard to prioritize acquisitions or small producers or local enterprises to the detriment of larger suppliers or enterprises from outside the community.

Capital Availability (6%)

The government should provide fiscal facilities for social enterprises (currently non existing) and respect the existing law.

Welfare State (6 %)

Social enterprises need platforms where they can get connected to for-profit companies.

CONCLUSION

SEFORİS stands for “Social Entrepreneurship as a Force for more Inclusive and Innovative Societies”. It is a multi-disciplinary research programme, funded by the European Commission, that investigates the potential of social enterprise in the EU and beyond to enhance the inclusiveness of societies through greater stakeholder engagement, promotion of civic capitalism and changes to social service provision. SEFORİS combines insights from policy makers and social enterprise practitioners with cutting-edge academic research to build robust and novel evidence on social entrepreneurship. We develop theoretical frameworks for inclusion and innovation processes in context, employ novel experimentation with social enterprises, build a unique international database of in-depth case studies, and test and validate conclusions using robust longitudinal survey data. To find out more, see the latest news, reports, publications and upcoming events go to www.seforis.eu.



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