

SOCIAL ENTERPRISE

Gabriel CROITORU¹, Vasile CUMPĂNAȘU², Daniel MIHAI³

Abstract. *This article considers the methodological challenge of quantifying the social value generated through social enterprise activity. It argues that in the context of increasing enthusiasm for social enterprise as a mechanism for delivering social services and for tackling social exclusion, it is increasingly necessary to be able to value social impacts. Further it will be necessary to be able to assess the potential creation of social value from different investments in social enterprise. Specifically, this article considers methodology of social return on investment (SROI). SROI has become increasingly promoted in both policy and practice in the United States and the United Kingdom. This article considers the development of this methodology and draws on lessons from international development to highlight the limitations of the current use of SROI.*

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The importance to the European economy and society of co-operatives, mutual societies, associations, foundations and social enterprises (which together are sometimes referred to as the Social Economy) is now receiving greater recognition at Member State and European levels. Not only are they significant economic actors, they also play a key role in involving their members and European citizens more fully in Society.

Social Economy enterprises are helping to meet the demands of a changing Europe. They are important sources of entrepreneurship and jobs in areas where traditional "investor driven" enterprise structures may not always be viable.

Social enterprises are social mission driven organizations which trade in goods or services for a social purpose. Their aim to accomplish targets that are social and environmental as well as financial is often referred to as having a triple bottom line. Social enterprises are profit-making businesses set up to tackle a social or environmental need.

Many commercial businesses would consider themselves to have social objectives, but social enterprises are distinctive because their social or environmental purpose is central to what they do. Rather than maximising

¹ university reader PhD. of Valahia University of Targoviste, Faculty of Economical Sciences, Targoviste, Romania, croitoru_gabriel2005@yahoo.com

² university drd. of Valahia University of Targoviste, Faculty of Economical Sciences, Targoviste, Romania, cumpanasu_cezar@yahoo.com

³ university drd. of Valahia University of Targoviste, Faculty of Economical Sciences, Targoviste, Romania, dannillmihai@yahoo.com