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### Network and partnerships in a local ecosystem for social enterprise

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## **7th EMES International Research Conference on Social Enterprise**

**Scheffield Hallam University, UK. June 2019**

### **Network and Partnerships in a Local Eco-system for Social Enterprise**

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#### **Abstract**

*The paper addresses the issue of a local eco-system for social enterprise. It presents a model containing a number of dimensions in a local eco-system for social enterprise. There is a special focus on the governance network and the formation of partnerships as important factors. The paper is based on a case-study of a Danish municipality.*

## **Introduction**

In the recent years the Danish Liberal/Conservative Government has decreased the support mechanisms for social enterprise, but at the same time we have seen that a number of municipalities have increased the local support systems for promoting SE. The paper is based on a research project with focus on the local eco-systems and it offers a supplement to the focus on national eco-systems that seems to have been dominant in practice and research (EU Commission, 2015).

The paper will have a specific focus on the governance processes in network and partnerships as important factors in the development of a local eco-system for social enterprise. Among others, Pestoff (2016) and Pestoff & Hulgård (2015) call out for further research in the governance dimensions of social enterprise.

This paper presents some of the results of a case study of the local eco-system of social enterprise in a Danish medium size municipality Silkeborg (90.000 inhabitants). The case is interesting, because the town council of Silkeborg in 2015 adopted a strategy for social enterprises where the goal is the formation of 20 new social enterprises and 150 new jobs for marginalized people by 2020.

The research project follows the implementation of the strategy, and the focus of the present paper is how network and partnerships constitutes crucial elements in the local eco-system of social enterprise. The paper contributes to the understanding of the governance dimension of the local eco-system for social enterprises.

The main question addressed in the paper is the following: How do the actors, both municipality officials and representatives from social enterprises, understand and practice network and partnerships in the local development of the SE sector?

## **Eco-system for social enterprise**

The mapping of social enterprises in Europe and their eco-systems which was published in 2015 (EU Commission 2015) and described the various eco-systems for social enterprises in the EU countries has a focus on the support mechanisms mainly on the national level. The EU mapping of eco-systems is currently being revised and a report is due to be published this year.

The outlined eco-systems on the national level has a focus on the legal framework for social enterprises, certifications, support mechanisms, available financial resources and policy framework, as it is illustrated in this model from the EU Report.

Figure ES1.4 Select features of an eco-system for social enterprise

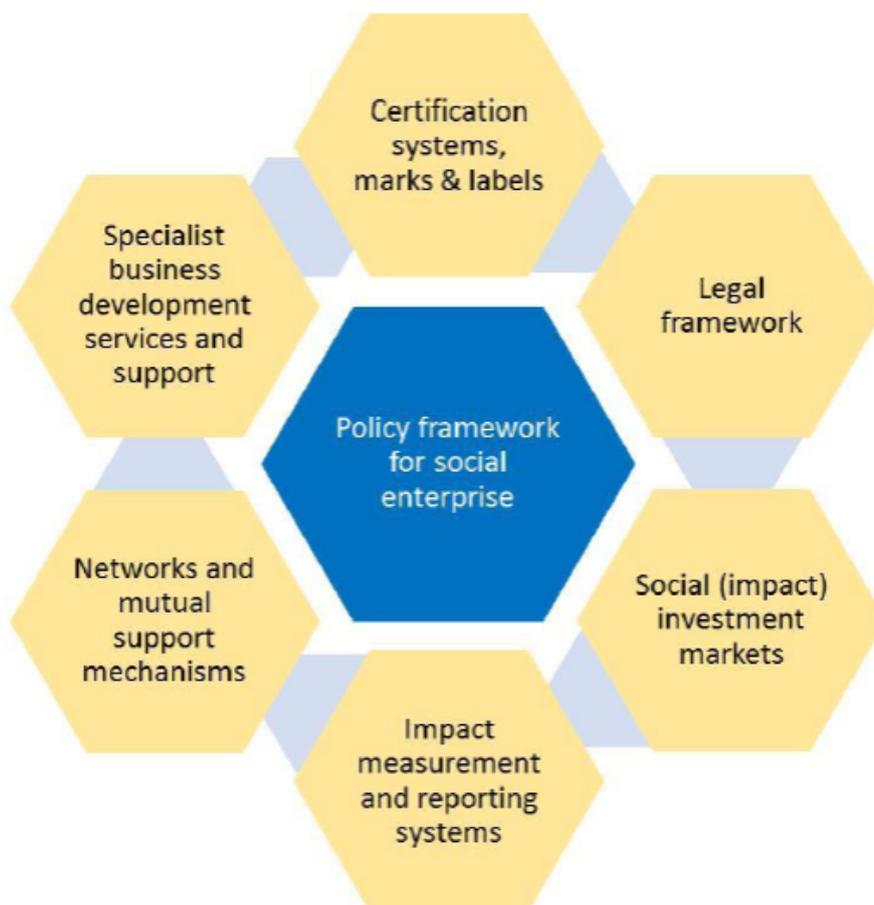


Fig. 1. EU Commission 2015

Looking at the development in Denmark in recent years there has on the national level been a decline in the continued development of the eco-system, whereas it is the argument in this paper that it is mainly on the local municipal level that we can identify efforts to create an enabling environment for social enterprise.

The case study in Silkeborg Municipality points towards some key factors in a local eco-system for social enterprise. Looking at the model above especially the areas Policy framework, Networks and mutual support mechanisms stand out as important factors, both in a national and a local eco-system.

These factors point towards a central issue concerning social enterprise; namely the issue of different aspects of governance.

### **Governance processes**

In recent years the question of democratic participation within social enterprise has been addressed by researchers in the EMES network as an to some extent overlooked dimension in the research on social enterprise (Pestoff & Hulgård 2015, Pestoff 2016).

The need for research into this field is underlined by recent political developments in US and in Europe where globalization and neo-liberal policies have led to political movements that opposes the establishment.

If social enterprise is to give appropriate answers and contributions to the challenges of the welfare states, the focus on inclusive job-creation and economic growth must be supplemented by a stronger focus on the participative and democratic nature of social enterprise.

The question of governance is widely discussed by research both on a theoretical and practical level, in light of the increasing awareness of the limits of the NPM concept as the appropriate model for steering the public sector. (Bovaird 2005)

In an article from 2017, E. Warren discusses the models of democracy and alternatively proposes a “Problem-Based Approach to Democratic Theory” (Warren 2017). Warren asks what problems a political system must address in order to count as “democratic” and points out three general issues: “If a political system empowers inclusion, forms collective agendas and organizes collective decision capacity, it will count as ‘democratic’ ” (Warren 2017).

### **The governance network**

A key concept in the changing role of government from policy making towards policy moderating (Löffler 2003) is the governance network. The challenge for the government is to enable these networks and facilitate the cooperation between the various actors in the network, and to balance their interests in the policy and decision making process.

This present research project has a focus on the micro level “political system” of Silkeborg and the implementation of the strategy of promoting social enterprise. In this process the local governance network called the ‘Social Enterprise Network’ has from the very beginning played a central role in the enhancing of the social economy sector in the municipality.

The governance network can be defined as a forum of collaboration across the societal sectors i.e. the public sector, the private sector and civil society. Bang et al. cites the following dimensions of governance from R.A.V. Rhodes:

There is a mutual dependence between the organizations of the network

There is a regular interaction between members based on the need for exchanging resources and negotiating a common goal

The interactions are based on trust and rules that are negotiated by the members

The network is relatively autonomous, and can only to some extent be steered by the public authorities’ (Bang, Hansen & Hoff 2000 p.21).

### **Partnerships**

Partnerships can be defined as a corporation with an active engagement among the partners involved and an intention of and will to find solutions (Andersen & Espersen 2017). When we look upon social entrepreneurs and the EMES approach to research within this field, social enterprise is built on an ideal-type of social enterprise that this will and intention to find solutions will include both commercial and social elements.

In her classic article on partnership “Partnership: Issues of policy and negotiation” Maureen Mackintosh describes them as two complex and even possibly opposite parts: “...partnerships are thought to be complex and potentially competing objectives: They have social as well as commercial ends” (Mackintosh, 1992).

Thereby Mackintosh definition of partnership is placed closely to the field of social entrepreneurs as understood by the EMES criteria.

Peter Nedergaard gives another useful element to our understanding of partnership: Partnership works with the purpose of meeting “... individual and shared interests. The partners’ complementary knowledge and role is the fundamental element of the partnership.”(Nedergaard, 2013).

Niels Aakestrøm Andersen describe social partnership as a positive cooperation that crosses over the borders between the sectors of society (Andersen, 2006). Aakestrøm Andersen define partnerships as a form of contracts, where the true partnership is a functional development of the contract. Contract is thus to be understood as first order and the development of partnership the second order. Partnership are about engaging in commitments in the future (Andersen, 2006).

Developing on and discussing these definition and understanding of partnership in the context of social entrepreneurship, we see the first order as contract between partners from different sectors where the municipality plays a role as part of the partnership or as facilitating the partnership between ordinary business and social enterprises. We define it as partnership. The second order we define as partnerships between social enterprises and ordinary business and between two or more social enterprises without or only with minor involvement from the municipality as priority partnerships.

Furthermore, we see two different forms of partnership, where the first one involves several actors in form of the municipality, ordinary business and social enterprises and the second, where partnerships grows between social enterprises on their own without or with only minor involvement from the municipality. Thus, a quadruple table forms:

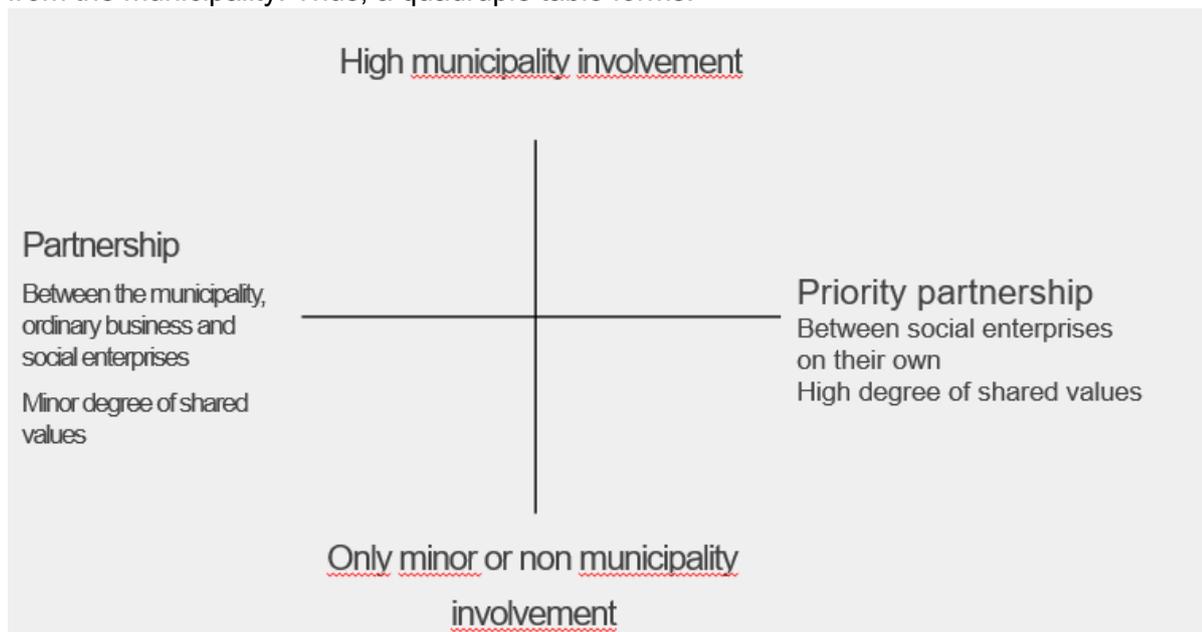


Fig. 2. Partnerships

### Methods and approach

The research project is a single-case study (Flyvbjerg, 2006) and it involves a mixed-methods approach based on a qualitative explorative study of documents, interviews, focus-group interviews and participative observations.

The research project is based on a constructivist perspective where the concept of governance is explored through the actors understanding of their participation in network and partnerships.

The empirical data consists of semi-structured qualitative interviews with The Director of the municipal job-centers and the coordinator of the social enterprise strategy as well as interviews with leaders of local social enterprises. The researchers have conducted participative observations in the meetings of the Social Enterprise Network.

We constructed interviews guides with the two foci: partnerships and network. The questions were about the interviewed persons perceptions of and experience with partnerships, both with the municipality and between social enterprises and ordinary business. The project's central research question for the whole project and for the interview guides is "What is the significance of networks and partnerships for the local development of the social economy?"

Regarding partnerships, we therefore asked among other things:

- Are you part of a partnership with the municipality?
- Which characteristics will you highlight in the partnerships of which you are part?
- Are there mutual economic benefits and how?
- How has the partnership emerged? Who contacted whom, when and why?
- How's the partnership created: trust-based, and / or formalized contractual.

Regarding network, the questions focused on the social enterprises participation and involvement with the network, the gain for the social enterprise and the role of the municipality:

- What significance does the Social Economic Network in Silkeborg Municipality have to the development of social economy in the municipality?
- What do you see as the purpose of the network?
- How often do you attend the network meetings?
- What is the significance of the network for your business?
- Is there a contradiction between Silkeborg Municipality's strategy for more companies and your desire to consolidate and develop your own business?

We organized interview sessions with the leaders of local enterprises and went to see their productions and interviewed them on locations. The interviews with the Head of the municipal job-center and the coordinator of the social enterprises strategy took place in their office at the municipality locations. The interviews were recorded on locations and subsequently transcribed by our study assistants.

We have interviewed following leaders of social enterprises:

Tina Salling, Assistanze

Mona Gaardsdal, STERK

Andreas Kjær Laustsen, Incita

Tina and John Jensen, JEWA

We have interviews with The Director of the municipal job-centers Simon Meng and the coordinator of the social enterprise strategy John Kvistgaard.

We participated in the networks meeting, which appear every three month. We usually participated only as observers, but occasionally we have a chance for a presentation, for example about our current projects for the network.

### **Development of a policy framework for social enterprise**

Silkeborg Municipality is a middle size Danish municipality with 90.000 inhabits. In 2015 the Municipality Council adopted a strategy for social enterprises:

"Strategy for Establishing Social Enterprises in Silkeborg 2015-2020 - The Road to More Job-inclusion, Quality of Life and Growth" (Silkeborg, 2015).

The Strategy states that the coming years will see pressure on the Danish welfare society with fewer people in employment, a growing number of elderly and more citizens on the edge of the Labor market and an increase in the number of refugees.

Social enterprises will be able to offer new types of employment and knowledge about specific groups of vulnerable citizens on the edge of the labor market and with problems other than unemployment.

Therefore, Silkeborg Municipality in 2014 started a process of developing the first version of a strategy regarding social enterprises. At that time, no registered social enterprises were to be found in Silkeborg Municipality. The strategy lists a number of criteria that it aims at fulfilling by 2020:

- 20 new registered social enterprises are established.
- 20 companies have used the *Inhouse* model
- total of 150 jobs for vulnerable citizens in Silkeborg Municipality
- By 2020 Silkeborg Municipality is one of the country's leading municipalities in promoting social enterprises.

In the following paragraphs, we will lay out the key factors of the policy framework, which have been extracted from the case study. In doing so we have reformed and reviewed the fig. 1: “Select features of an eco-system for social enterprise” (EU Commission 2015). We propose this model for the analysis of a local eco-system for social enterprise.

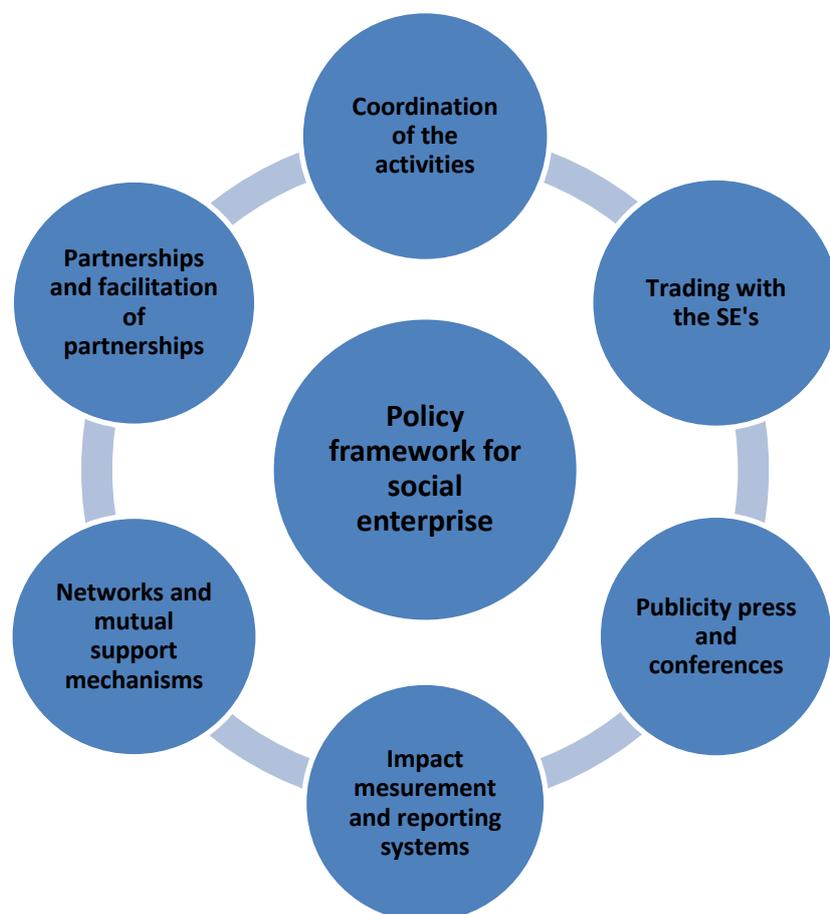


Fig. 3. Local eco-system for social enterprise

### **Coordination of the activities**

In the process of developing the strategy, leading to the adoption by the Municipality Counsel in 2015 the municipality hired a coordinator to be in charge of the implementation of the strategy. The coordinator John Kvistgaard is an entrepreneur with a history in local businesses and social enterprise. The coordinator holds a central staff-position and he is based at the town hall with reference to the Director of Labor Market and Employment. Simon Meng, Director of municipal Job centers states that:

*“You can see that one of our most important actions when we started with the strategy was to hire John Kvistgaard. And it was deliberate that we wanted John, because of his network and his knowledge within the area” (Meng, interview 2018).*

The observations during our participation in the meetings of the Social Enterprise Network in Silkeborg, which are chaired by John Kvistgaard, confirms the central role that he has played in the implementation of the strategy.

### **Trading with the SE's**

An issue that is continually discussed on meetings in the Social Economic Network (SEN), is how the municipality can buy products and services from the local social enterprises.

Early in the strategy period the coordinator John Kvistgaard mention the issue as an important element of the strategy:

*“We will have the Purchase Department welcoming social enterprises so that we can make a turnaround on this issue, and it is approved”* (Kvistgaard, interview 2016).

Nonetheless, by the end of 2018 this remains to be an issue that is not resolved.

In an interview with Simon Meng, Director of municipal Job-centers he recognizes that this has been difficult but he points out to some new initiatives:

*“But we have for instance created a new cultural space ...where they are looking at the possibility for social enterprises to support the operation and maintenance of such a place” ...”by this I think we have started to take some of the major steps”* (Meng, Interview, 2018).

Especially the social enterprises raise the issue on the meetings, but there are some barriers for the realization of this.

First, there are rules and regulations that prevent the municipality to favorize a specific group of enterprises i.e. social enterprises, although there are some possibilities to make social clauses in public tenders.

Secondly, the main part of the local SE's are relatively small and cannot deliver the products and services on the large scale that is demanded by the municipality. Both issues are continually on the agenda of the SEN meetings.

One of the solutions that is offered is that the social enterprises should form partnerships with each other and with larger ordinary business.

Simon Meng makes a point about this:

*“This is why we use the other strategy. We use the partnerships where the small social enterprises get their niche productions incorporated in other enterprises”* (Meng, interview 2018).

This issue will be further discussed in the papers section about partnerships.

But it can be concluded that it is an extremely important factor for a successful development of a local eco-system for social enterprise.

### **Publicity, press and conferences**

Silkeborg has continually since the launching of the strategy made a point of raising publicity about the issue of promoting social enterprise. Since the first conference in the beginning of 2016 where the strategy was presented, there has been annually conferences with attendance of local enterprises as well as a large number of representatives from other municipalities seeking inspiration from the 'Silkeborg model for social enterprise'.

Each year at the conference there is an award for the local SE of the year. In 2017 Silkeborg was appointed the social enterprise municipality of the year by the Association of the Danish Municipalities. This has caused that the coordinator John Kvistgaard is invited to events in other municipalities to present the Silkeborg model for social enterprise.

There has although been some critique from the local social enterprises that the numbers of social enterprises and employees were exaggerated a bit by the Mayor on certain occasions. (SEN meeting, 2018)

### **Impact measurement and reporting systems**

The strategy for promoting social enterprise launched in 2016 included a business-case that pointed out the economic benefits for the municipality of getting citizens who are long time excluded from the labor market jobs in social enterprises.

At a the SEN meeting in August 2018 a status of the economic gain for the municipality was presented. The result is that the saved benefits for citizens who have gone from unemployment to jobs in SE's amounts to 5.5 million Danish Kroner from 2016 to mid-2018. Over the same period the municipality has invested 2 million DK in the implementation of the strategy i.e. salary for the co-ordinator, costs of conferences and of the Social Economic Network, which leads to a net surplus of 3.5 million DK.

Concerning the impact measurement and reporting systems there has from the municipality been a focus on numbers: number of new social enterprises; number of people employed; amount of money saved. Thus there is a need for analysis of the social impact. Looking at the social and human benefits VIA UC in 2017 conducted a research project that revealed improved social and health conditions of the citizens who were employed in social enterprises.

### **Networks and mutual support systems**

The core of the local eco-system for social enterprise in Silkeborg is the Social Enterprise Network SEN, that was established immediately after the launching of the strategy in 2016. There have since then been three meetings in the SEN annually. The network is facilitated by the co-ordinator John Kvistgaard and members are the leaders of the local social enterprises and social entrepreneurs who are in the process of starting a social enterprise. Depending on the agenda of the meeting, various municipality officials participate. These representatives are from Department for Employment, Department for Social services, and Department for municipal purchase and contracts.

About a month before the meeting, there is a call for issues that the social enterprises want to bring to the agenda for the upcoming meeting. The meetings takes place at the premises of the various social enterprises, thus the participants including municipality officials are guests at the various social enterprises, and get a short introduction to the hosting enterprise at the beginning of meetings.

Simon Meng, Director of Job-centers is reflecting on the thoughts about establishing the SEN back in 2016:

*“part of the thoughts behind it is connected to this picture of establishing a sustainable eco-system, and we thought that there was a need – many of the enterprises were small and new starters, so how can we help to create interesting connections between the enterprises. How can we work with the picture of being a social enterprise and what it means.....And it is an effective way for us to have a feeling of how we can support the sector” (Meng, interview 2018).*

From our participation in the SEN meetings we can see that the network is prioritized by the leaders of the social enterprises. The network has been meeting regularly for more than three years now and the average number of social enterprises represented at each meeting is constantly about 2/3 of the local social enterprises.

We have also observed that the network has developed from being mainly an information channel for the coordinator and municipality officials to a forum where social enterprises raise issues of common interest.

When we ask the leaders of the local social enterprises there are various conceptions of the importance of the SEN.

One of the leaders say:

*“So we are a very mixed group, and because of that we have different approaches to how make use of the network. Some of us are very focused and want more of this, and others think very much about the competition...I think that what I get out of it now, is that we get something from the municipality side and that we can deliver something back to them.”* (STERK, interview 2018).

Another leader stresses that:

*“I see the social enterprises in the SEN as dedicated enterprises that want to be part of developing social economy in Silkeborg.... The daily business we take alone with the municipality, but this forum (SEN) has actually worked very well”* (Incita, Interview 2018).

Looking at the dimensions of a governance network as presented by Rhodes, one dimension points towards the ‘mutual dependence between the organizations in the network’ (Bang et al. 2000). Both the Director of Job-centers Simon Meng and the leaders of the social enterprises stress the importance of the network in the development of the social enterprise sector in Silkeborg. The municipality cannot fulfill the strategy without the social enterprises, and the social enterprises depend on the collaboration with the municipality to develop their businesses.

The SEN network thus also meets the dimension of a governance network: ‘There is a regular interaction between members based on the need for exchanging resources and negotiating a common goal’. (Bang, Hansen & Hoff 2000 p.21)

The SEN although is not without tensions, as it is expressed in the following statements from two leaders of social enterprises.

One leader states that:

*“I attend the meetings, but I really don’t know how I can use the network. I see us more as competitors....But we all collaborate with the jobcenters so if they are at the meetings we can settle things at once”* (Assistenze, interview 2018).

A leader says:

*“I see us as partners who collaborate and not as competitors... that you can talk to others that have the same issues, and see how this can be dealt with”* (JEWA, interview 2018).

What is at stake here is the fact that some of the social enterprises in the network are in the same line of business and therefore competitors, but on the other hand they share the common goal of creating jobs for vulnerable people. So we can conclude that overall: ‘The interactions are based on trust and rules that are negotiated by the members’ (Bang, Hansen & Hoff 2000 p.21).

At one of the latest meetings of the SEN a couple of leaders of the social enterprises raised the question of potential conflicting interests between the municipality wanting to attract new social enterprises into the municipality, and the existing social enterprises that focus on growing their own businesses and to whom newcomers might be potential competitors. The discussion of the issue reached no conclusions but it was agreed that it was an issue of common interest that should have the attention of the network in the future. This discussion as well as other observations we made at meetings indicate that the SEN meets ‘autonomy’ dimension of a governance network: ‘the network is relatively autonomous, and can only to some extent be steered by the public authorities’ (Bang, Hansen & Hoff 2000 p.21)

### **Partnerships and facilitation of partnerships**

There is not much known knowledge about the impact of partnerships between social enterprises and municipalities, social enterprises and ordinary business or partnership between two or more

social enterprises. The following paragraph set out to clarify what characterize these kind of partnerships and what impact they have on the ecosystem for social enterprises.

Simon Meng, Director of Job-centers starts our interview with him about partnerships and network by emphasizing the importance, influence and inspiration that Svend Aakestrøm Andersen and his definitions of partnership has for the perception of partnership in the Municipality of Silkeborg:

*“We must always define a path for what is the common dependency and what we have in common before entering and making agreements with someone. [...] if we are to do well, then we need that it is not only contractual-based but it has a dynamic dimension where we can regularly challenge each other on the way of solving the task” (Meng, interview 2018).*

This emphasizes of something more than the contractual-based partnership point towards what we with the inspiration of Aakestrøm Andersen define as prioritized partnership, where shared values are at stake. These shared values includes the attitude and the approach by which the municipality works with the citizens they want to include in the labor market through the partnerships with social enterprises.

Several times during our interview Meng stated the importance the shared values between partners have in the meeting with citizens and the solving of problems. However, the Municipality has more than just shared values with the social enterprises with whom they construct partnerships. Its strategy for social enterprises with the goals of formation of 20 new social enterprises and 150 new jobs for marginalized people by 2020 is central for the approach of the municipality and vary from the goals and values of the social enterprises.

Here, the focus is on measurable quantitative figures, which the municipality wants to achieve. Those quantitative figures are not in the same way central for the social enterprises. Therefore, partnerships between social enterprises and the municipality can be useful and fruitful for both partners and the citizens involved, but it will not be what Aakestrøm Andersen and we define as privileged partnership. Tina Salling Thomsen, leader of the social enterprises Assistance in downtown Silkeborg is very clear on the contractual base in the partnership with the municipality

*“Yes, there is a contract and an agreement, and yes there is mutual understanding. [...] We have a fixed agreement in the contract that we have 15 places down here, which the flexjobteam can refer to. The task is to help these candidates find a job where they can fit in” (Assistance, interview 2018).*

In this type of partnership, the social enterprise and the municipality enter into a direct partnership, based on a clear agreement and a contract. The municipality thus plays a major role as directly involved as partner. There is a mutual understanding and both partners primary purpose is to help the citizens, but at the same time the municipality want to fulfill its strategy. The same type of partnership we find in our interviews with Andreas Kjær Laustsen from the social enterprise Incita and the leader of the Social enterprise STERK, Mona Gaardsdal. Both social enterprises have a close and contract-based collaboration with the municipality, which also involves some common values and is based on mutual trust. Gaardsdal it as straight forward business partnership:

*“...it is such a No-cure No-pay agreement. There is a payment put up in 4 portions, so when I get “such one” that is far away from the labor market in an internship, a quarter is paid, when I recruit a quarter more, after 3 months the third quarter and after 9 months the last quarter” (STERK, Interview 2018).*

It demonstrated the essence of this type of partnership, where the ambition for both partners are to create a connection between the citizen with the labor market, but the central part of the partnership is a contract, that clarifies what will be paid and when the payment is delivered. It is thus what Aakestrøm Andersen define as partnership of first order. We place it in the upper left in our fig. 1 and 3.

On the lower left side – with less direct involvement from the municipality - we find partnerships between Social enterprises and ordinary business. The ordinary business can find a way to deal with their CSR through a partnership with a social enterprise. Assistanze sees the potential in a partnership with several small ordinary business in Silkeborg's leading Market streets, where many shops can use practical and manual assistance provided by Assistanze:

*"... because we believe that shops, stores, businesses in the city and also the private could need a network service, and we can provide them with men in flexjobs who have their hands turned on well" (Assistanze, interview 2018).*

These kind of partnerships does not need to include the municipality as a partner and does not need much facilitation from the municipality. The social enterprise and the ordinary business themselves find a contract based partnership, were there will be a minor degree of shared values in forms of CRS for the ordinary business and the focus on social values within the social enterprises.

However, the interview with Assistanze also provide us with another type of partnership, where the municipality facilitates a partnership between two social enterprises.

*"...the department manager [from the municipality] who at the time mentioned it to Henrik and I, he wanted us to cooperate. I think they saw that we did have different skills (Assistanze, interview 2018).*

The municipality with knowledge of all the social enterprises within their area sees the potential of a partnership between two social enterprises with their individual competences. One social enterprise, Assistanze, with its administrative and organizational approach and the other, Food for everything and everyone, with its capabilities through close knowledge of their employees' abilities. This kind of partnership moves us from the left side of the figure to the upper right side, where partnerships is formed between social enterprises only. In the above-mentioned case, the municipality facilitate and causes a partnership that we will define as a priority partnership, where shared values is the central aspect of the partnership. We can find this type of partnership, where the municipality does not participate in the partnership but plays a role as facilitator between social enterprises, among the social enterprise Incita and the social enterprise JEWA.

Incita is a major social enterprise with its headquarters in Copenhagen. Coordinator John Kvistgaard contacted and invited them to open a department in Silkeborg. Here they established a contract-based cooperation with the municipality. But the municipality has also facilitated a partnership with a social economy enterprise, JEWA, whose main department is located in Skive outside the Silkeborg municipality. Again an example that the municipality as facilitator has a knowledge of the social enterprises and can match them in good partnerships. The partnership between Incita and Jeva contain many of the same elements as the partnership between Assistanze and Food for everything and everyone: Two different type of social enterprises, who share the same values with the focus on the social aspects, and with complementary knowledge, but with different competences.

Incita as has the administrative knowledge and knows how to deal with citizens that is far from the labor market, and JEWA is a social enterprise with focus on production and knowledge on how to integrate those citizens working in production. The two social enterprises brought together by the municipality Andreas Kjær Laustsen from Incita find it logical and productive that they placed together in a partnership:

*"It is part of Silkeborg municipality's strategy for social enterprises and tries to link some different social enterprises makes good sense. And since we have had our production facilities here in Copenhagen for years, it made great sense to connect with someone who has exactly the professional competence in and around Silkeborg" (Incita, interview 2018).*

The partnership between JEWA and Incita were in its origin established and facilitated through the municipality, but it develop further. Together the two social enterprises established themselves in new offices in the small town of Kjellerup in the municipality of Silkeborg. So now, they are partners sharing not only the same task, goals and values, but also the same address. It is what Andres Kjær Laustsen define as a trust based partnership, where the partnership can develop form strategic level to a social entrepreneurial level with complementary knowledge, shared values and common solutions. This is in contrast to the other three parts of the figure, were either the different intentions and motives from the municipality and ordinary business, however good and reasonable they are, differ from the values, competence and approaches of the social enterprises. Forming a partnership with another social enterprise can be regarded as more valuable and more privileged, than the partnership with an ordinary business and/or the partnership with the municipality:

“We have established a collaboration with a traditional business and this is exactly where they do not have the understanding, in having vulnerable people in the process of re-entering the workforce. This is where we can be a great advantage to them, and what makes a lot of sense is JEWA’s industrial and assembly abilities alongside our experience with this and the social aspect.” (Incita, 2018).

And thereby we move towards the lower right part of the figure, were social enterprises forms partnerships without or with only minor involvement from the municipality and wit we define as privilege partnerships.

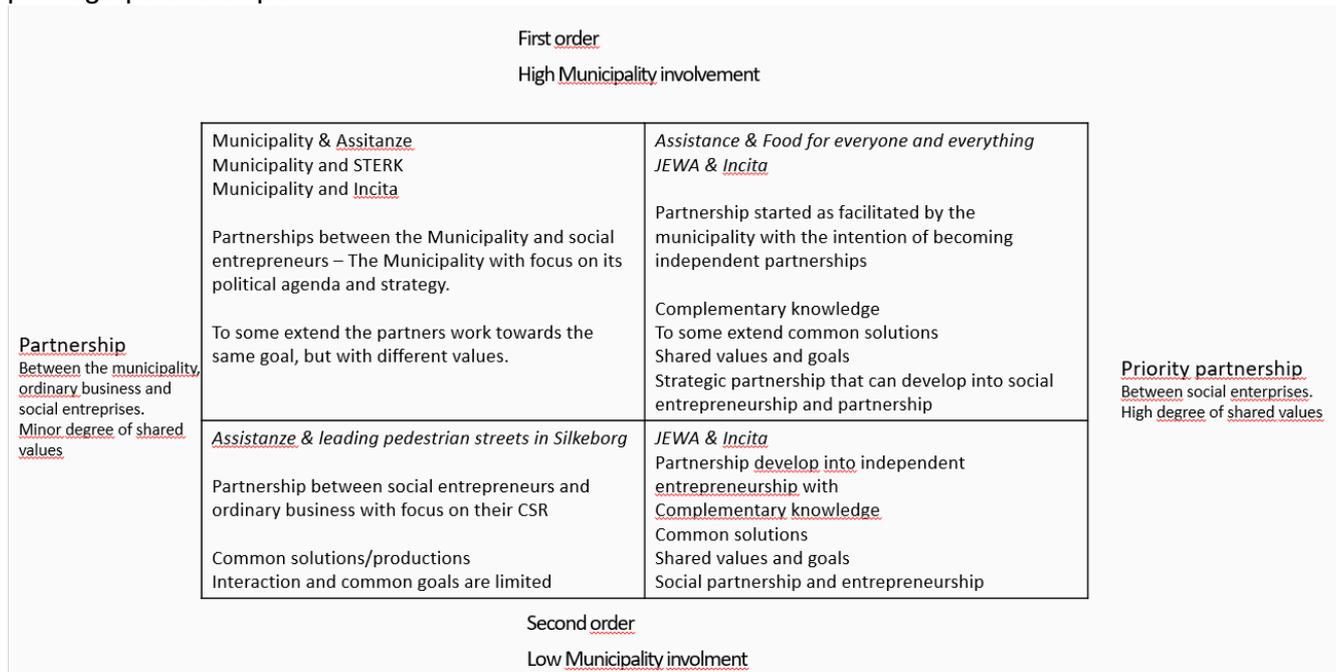


Fig. 4 Partnerships in first and second order and with priority

### Conclusion

The case-study of Silkeborg Municipality indicates that the development of a local eco-system for social enterprise is crucial for the continued development of the social enterprise sector as a supplement to national policies and support structures.

Important factors in the local eco-system have been identified as:

- Co-ordination of the municipal activities. This demands a continuing engagement from local politicians and local administration, and it is important that the coordinator holds a central position in the municipality administration.
- Trading with the SE’s. It can be difficult for the municipality as many of the SE’s are relatively small and thus cannot meet the municipality need for the deliverance of products and services on a large scale. Here we see that forming partnerships can play a major role.

- Publicity, press and conferences. It has been an important factor in the development of the local eco-system. It has served both internally and externally as a driver for the engagement in the project.
- Impact measurements and reporting systems. In Silkeborg there has mainly been a focus on the economic gains for the municipality caused by the job-creation in social enterprises. It is suggested that this perspective is widened include a social impact measurement.
- Networks and mutual support systems. A key factor in the development of a sustainable eco-system for social enterprise. It is a central argument in this paper that the governance network, where the leaders the social enterprises and the municipality officials meet on a regular basis, is the central element in successful development of the social enterprise sector in Silkeborg.
- Partnerships and facilitation of partnerships. It is of equal importance to stress that the active policy by the municipality to facilitate the forming of partnerships is considered to be a crucial element in the continued growth of the sector and the involved social enterprises in the future. This involves the various forms of partnerships, which have been discussed in the paper.

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- John Kvistgaard, interview 2016, Coordinator of the social enterprise strategy John Kvistgaard.
- Meng, Simon, interview 2018, Director of Job-center.
- STERK, Interview 2018, Mona Gaardsdal

SEN meetings, 2018. Observations during our participation in the meetings of the Social Enterprise Network in Silkeborg.



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