

DRPDNM



4th sector in social entrepreneurship

ETCO: LTTA2

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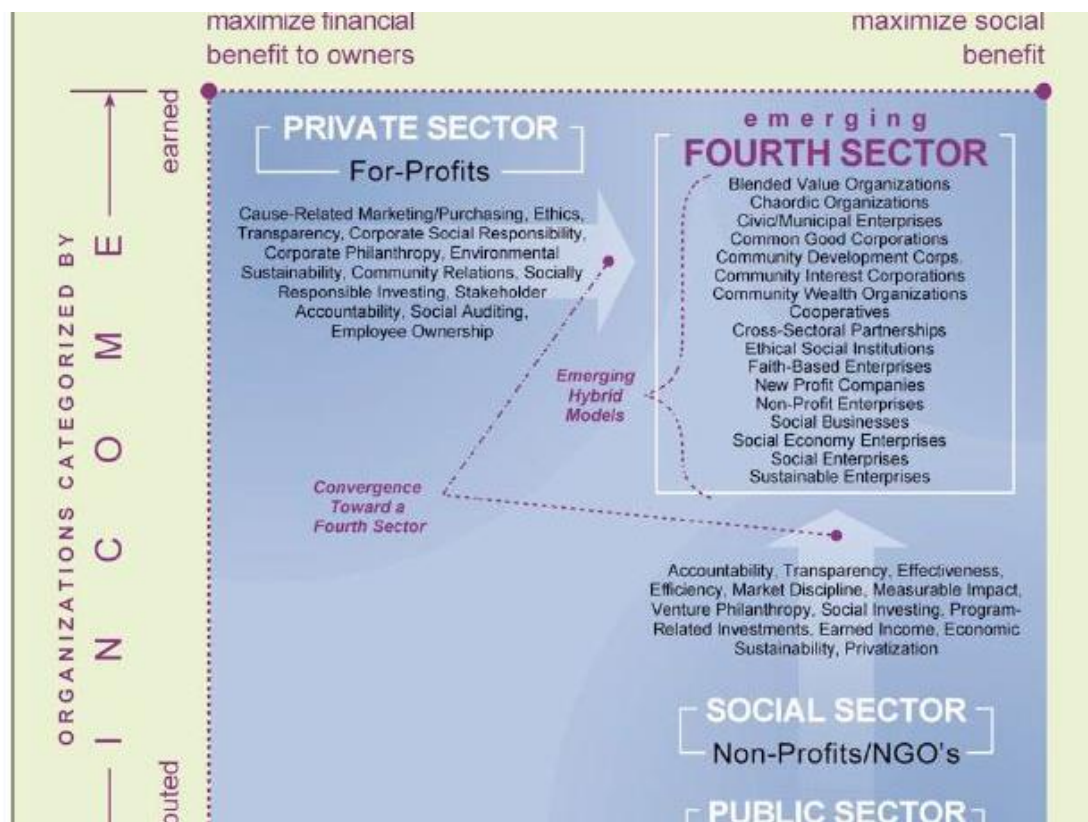
OVERVIEW

- a. Fourth sector: what it is, characteristics and examples
- b. What is the fourth sector?
- c. The three traditional sectors
 - i. First Sector: Private Companies
 - ii. Second Sector: Governments and Public Administrations
 - iii. Third Sector: Civil Society and NGOs
- d. Characteristics of the Fourth Sector
- e. Examples of the Fourth Sector

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- The fourth sector comprises what are sometimes referred to as “purpose-driven” or “for-benefit” enterprises. These include **cooperatives, social enterprises, public benefit corporations, community development banks and community interest companies**, among many others.





The transfer from private to emerging 4th sector

The NEW Sector

- **Social** Entrepreneurship is a fourth new **sector** which is different from the existing three sectors (Public, Private, and the so called Third **Sector**).
- The word entrepreneurship entails the creation of something new, which makes for the differentiation of the other three existing sectors.

IDEA BORN IN ASPEN, 2009

The Aspen Institute in 2009 presents the report "The Emerging fourth sector", in which they lay the foundations of what is known as the fourth sector. Part of the definition of the 3 traditional economic sectors:

- 1. Private businesses
- 2. Governments and Public Administrations
- 3. Civil society and NGOs

Characteristics



- The Fourth Sector is a new model of "hybrid" companies that not only have economic benefit objectives, but also have **social development objectives**.
- These new companies do not fit completely into one of those 3 definitions, as a result they are **an intersection** between the public, private and social sectors, defining a business framework **with ethical values**.

The three traditional sectors

First Sector: Private Companies

Made up of for-profit companies, which generate their income through the sale of goods and services in the market and therefore mainly seek to **enrich their owners and investors.**



Second Sector: Governments and Public Administrations

Composed of government entities that generate their income primarily through taxes and seek to create public goods, public services, and the rule of law for the benefit of citizens within their jurisdictions.



Third Sector: Civil Society and NGOs

Made up of **non-profit** organizations and **non-governmental organizations** that generate their income primarily through private donations and government contracts and **seek to respond to pressing social problems, environmental and charity.**





Therefore, each of these sectors has its own legal definitions and its own support systems (in reality, “ecosystems well-developed and interlinked support systems) to meet your unique set of needs and challenges.

The Idea

The Aspen Institute has defined 2 attributes as the principles of internal in the core structure of an organization of the Fourth Sector.

- **The Social Purpose:** The organization must have a core commitment to a social purpose and therefore embedded in its organizational structure.
- **Business Methods:** The organization can conduct any activity *legally* business, but that is consistent with its social purpose and with the responsibility of *its stakeholders*.

In addition to these two attributes, The Aspen Institute defines seven characteristics that must be present in Fourth Sector organizations. For example:

**The 7
characteristics
defining 4th
sector**

Inclusive Property

Stakeholder Governance

Fair compensation

Reasonable Earnings

Transparency

Protection of your assets

Social Responsibility and Environmental

Examples of the 4th sector

- social business organizations
- Business organizations sustainable
- common good corporations
- Mixed Value Organizations
- Non-profit business organizations
- social enterprises
- Community welfare organizations
- Ethical social institutions
- New for-profit companies
- Faith-based business organizations
- Civic/municipal business organizations
- Multi-sector associations
- Community Interest Corporations
- "Chaordic" organizations (chaos-order)
- Social economy business organizations
- Community Development Corporations



Good practices in the 4th sector

DRPDNM's Workshop – Working in groups 😊

Creating good practices

- Fourth sector of the economy is emerging, one that **combines market-based approaches** of the private sector with the **social and environmental aims** of the public and non-profit sectors to **address pressing problems**.
- Working in groups, you will **create an example of a good practice** yourself and present it to others.
- Phases of work:
 1. **Study** (30 min)
 2. **Discuss** ideas (15 min)
 3. Choose and **Develop** one idea (30 min)
 4. **Create** a business plan (15 min)
 5. **Present** (30 min)

Thank you for your attention 😊

