

EXPANDED ABSTRACT

The Social Economy within Technology Based Entrepreneurship in Spain. A qualitative approach

There is a wide consensus regarding the importance of social and economic transformations that new technologies, especially Information and Communication Technologies (ICT), have had in the last decades. ICT companies show an extraordinary capacity to offer new solutions to emerging and unsatisfied needs. Their social and economic impact is unquestionable in relation to their contribution to economic growth and they are also essential elements in the transfer of technology from national innovation systems to markets and society in general.

In this context, we can understand the interest Social Economy firms have in increasing their presence within emerging technology-based activities. This presence will contribute to strengthening the Social Economy (SE) sector in several aspects: increasing its growth rates in the medium and long term; improving its relative contribution to regional and national macro-economic indicators; incorporating new profiles of workers and companies; and improving working conditions in the sector.

Objectives

The objective of this paper is to assess the current position of SE companies in technology-based sectors and, more specifically, technology-based entrepreneurship (TBE) in the SE. In addition, it aims to delve into the different elements that condition this position, with the ultimate goal of identifying the areas of progress to improve its position in the TBE sector.

Methodologic approach

In order to achieve the goal, we chose to undertake qualitative research of a phenomenological nature (Golafshani, 2003), using in-depth interviews with a sample of actors within the main groups involved in technology-based entrepreneurship and in the SE. The following profiles were selected:

- Business and technological entrepreneurship advisory agents (chambers of commerce, business incubators, spin-offs);
- support structures of the SE, as representative entities and specialists, aware of the reality of the sector and its presence and position in technological sectors;
- technology-based companies and entrepreneurs, as the main players and experts with their first-hand experience in these types of business initiatives;

- venture capital funds, as the main investors and financial agents in these types of companies at their growth and expansion stages.

Finally, twenty-two entities and individuals were selected for the interviews, which were carried out in November and December 2015 and had an approximate average duration of one hour each.

The selected methodological approach was developed through in-depth interviews (Taylor and Bogdan, 1992). This information collection technique is ideal for the proposed objectives as they allow access to information in a direct and structured way and, at the same time, facilitate the creation of analytical processes.

Results

The results obtained from the content analysis of the interviews are grouped into three categories:

1. The importance of technology-based entrepreneurship in the Social Economy

Emerging technology-based activities have a strategic role for the whole economy and, in particular, for the SE sector. First, these activities allow for a greater sectorial and geographical diversification. Second, technology-based activities are found in sectors with high and continuous growth in addition to high added value, thus strengthening firms. These activities also favor the incorporation of new worker profiles (younger and highly qualified), which are associated with stable jobs and high remuneration, that lead to an improvement in the average working conditions of the SE.

2. Differential elements of technology-based entrepreneurship

The characterization of technology-based entrepreneurship allows the differential elements of this type of entrepreneurship to be known. As such, it is possible to identify those characteristics that pose particular difficulties for the SE entities due to their identifying elements.

For example, TBE are companies in which cooperation, the creation of networks and the generation of synergies with other companies and agents (from their own sector or from others) are key elements. They usually have an ongoing relationship with universities, research centers and technology centers. In addition, these firms tend to develop in different activity branches with high technological content and increased tendency to innovate. These companies usually present a very long maturity phase for their products, with high and rapid growth in their consolidation phases. They also have specific financial needs (seed capital and public aid during the initial phase, and venture capital in later phases).

The advice received by these companies is usually focused on the development of the business model and the choice of the legal form for the firm is secondary. Therefore, they do not search for the advantages of the SE legal form.

3. Strategic areas to improve the situation of the Social Economy in technological -based activities or sectors.

Strategic initiatives are grouped around four specific points: improving the visibility of the SE, in particular, aimed at potential entrepreneurs and universities, research centers and technology centers, where technology-based initiatives arise; bringing the SE closer to new entrepreneurship and BTE profiles, increasingly similar to the concept of social enterprise (with more democratic and participative models in addition to a concern for a greater “social return”); counselling and support in the initial stages of BTE, in business and legal training; and support in mature and consolidation phases, especially in two areas, financial and network services.

Conclusions

Beyond the core ICT activities analysed in this paper, it is worth asking what role the Spanish Social Economy can play in the development of emerging sectors. Most of them are the result of the merger between ICTs and different activities, which of their own elements can offer them an advantage and what challenges they will need to face in order to take advantage of their potential.

Firstly, the Spanish Social Economy presents a series of characteristics that give it an advantage in the anticipated development of new activities. One of these elements is the strong productive specialization that the SE and non-profit entities have in many of the emerging activities. The SE companies (including associations, foundations and other non-profit entities) represent 8.9% of the total number of Spanish companies (DIRCE, 2017). However, in activities related to care services, their presence is particularly high: 50% of social service companies without accommodation and 37.1% of services in residential establishments. Their presence is also very significant in cultural activities (46.8%), in sports and recreational activities (28.0%) and partly within green economy activities.

A second element that provides the SE with an advantage is that social and organizational innovation, two of the key processes in the new scenario, are identifying elements of the SE. Social innovation is related to inclusive growth, a cross-cutting element in the development of many SE entities for decades (insertion companies, sheltered employment centers, social initiative cooperatives ...). Organizational innovation, based on the Oslo Manual, entails for example, the introduction of new business practices, new methods for a better distribution of responsibilities and decision-making. These are core elements of SE entities.

In fact, the SE organization models could accommodate the preferences of current workers, who demand more participatory, more horizontal, more inclusive and more flexible work organization models. These environments are also more suitable for the development of social innovation initiatives.

Finally, another element of the SE is its economic and social contribution recognized at a political, social and empirical level. At a political level, the mission of SE companies is completely aligned with the objectives of the Europe 2020 Strategy and the EU Agenda for growth and employment.

However, their potential advantage as indicated in previous paragraphs may be hindered by not assuming certain challenges. One of these is the progress towards a greater digitization of the sector, which must consider the entire value chain (from the provision of services to the continuous relationship with the user). The risk of not addressing the digitalization process in a decisive way may be to lose the current leadership position that it has in several sectors (education, health services, social services, agri-food, etc.).

A second challenge focuses on the field of prospecting new products and solutions, also in accordance with social innovation. One of the strategic lines of the sector could be to address prospecting and experimentation systems for new products and solutions using digitization. A strategic foresight center and the development of new tools, such as "living labs", could play a catalytic role in the incorporation of social innovation into the sector.

KEYWORDS: Social economy, technology-based entrepreneurship, innovation, qualitative analysis, trends.