By associate professor, MA Esben Hulgaard VIA UC; associate professor, MA Maja Juul-Olsen VIA UC & associate professor, MA Eløf Nellemann.Nielsen. VIA University College. Denmark

Democratic Participation in Social Enterprise in a Danish Municipality

Abstract

The paper presents a case study of the promotion of social enterprise in the Danish municipality of Silkeborg. In Denmark in general as well as in Silkeborg the concept of Work Integration Social Enterprise has been embraced by politicians and local authorities as an instrument of job creation for people who are on the edge of the labor market. The political focus is primarily on economic growth, job-creation and thereby reducing welfare benefits. The dimension of governance and democratic participation as an important dimension of social enterprise seems to be overlooked in the promotion of social enterprise in local policy as well as in the public debate.

The present research project has a focus on the understanding and practice of democratic participation by the employees of social enterprises. Employees who have been long-time marginalized from the labor market caused by various social, physical and mental problems. The analysis is based on the theoretical concept of political identity analyzed through the dimensions of empowerment, engagement and action. The intention is to contribute to the understanding of the democratic nature of social enterprise as an important perspective for the employees, and therefore an important issue to be addressed by the research of social enterprise.

Introduction

The paper addresses the issue of governance and democratic participation as a key dimension in social enterprise alongside with the economic and social dimensions. Among others Pestoff (2016) and Pestoff & Hulgård (2015) call out for further research in the governance dimensions of social enterprise.

The issue of the democratic nature of social enterprise is not new. The former President of the European Union Romano Prodi in a speech in 2002 called the cooperatives including social enterprises “schools of democracy” and furthermore stated that “Participation is at the very heart of our European values and we cannot remain passive in face of its decline” (Prodi 2002). It seems that this has become even more important in the light of the political developments in Europe and the USA in recent years.

When we look at Denmark it seems that as well public policy as the public debate on social enterprise it is primarily the economic arguments in relation to job creation that are in focus.

This paper presents some of the results of a case-study on democratic participation in a number of social enterprises in a Danish medium size municipality Silkeborg. The case is interesting, because the town council of Silkeborg in 2015 formulated a strategy for social enterprises.

The present research project is following the process of the implementation of the strategy and the focus of this paper is on democratic participation and governance primarily from the perspective of the employees and to some extent the leaders of the social enterprises. The intention of the paper is to contribute to the understanding of the democratic nature of social enterprise. Are social enterprises really “schools of
democracy”? What does democratic participation look like from the perspective of the employees? Is there a governance dimension in the implementation process in Silkeborg?
These questions we will try to answer in the present paper.

**Silkeborg Municipality and its strategy for establishing social enterprises**

The object for the case study is the “Strategy for Establishing Social Enterprises in Silkeborg 2015-2020 - The Road to More Job-inclusion, Quality of Life and Growth” (Silkeborg, 2015). The strategy was adopted by the City Council in November 2015.

Silkeborg is a middle size Danish municipality with 90.000 inhabits.
The objective of the strategy is to establish 150 jobs for vulnerable citizens in social enterprises by 2020.

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 aim at fulfilling in 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 the cooperation with social enterprises.

The inhouse-model mentioned is a model, where larger companies through CSR take a group of vulnerable citizens on the edge of the labor market and offer them jobs under conditions that is specifically targeted to this group’s needs.

The group of vulnerable citizens who are in focus in this paper is the group that finds jobs in social enterprises. Most of the employees work under special conditions called Flexjob, which enables them to work significantly less than normal 37 hours per week with a wage compensation from the state.

From our survey, it appears that most of them works less than 20 hours pr. week:

12% works for 5 hours per week; 44% between 5 and 10 hours; 24% between 11 and 20 hours;
20% between 21 and 37 hours per week.
The Silkeborg Social Enterprise Network was formed, and here officials from Silkeborg Municipality participates with leaders and key employees from the social enterprises in Silkeborg. The network meets four-five times a year and the social enterprises are encouraged to send topics for the agenda and in general participate in forming the condition for the meeting. The municipal officials are in charges of the meetings, but they act more like coordinators and work closely with the social enterprises in setting the agenda. The meetings usually take place at one of the social enterprises, which thus operate as host for the other social enterprises and the Municipality officials who thereby visits the social enterprises in Silkeborg.

So far, the strategy has embraced two Conferences, one in March 2016 and one in March 2017. The first one in 2016 was a kind of startup conference, where the strategy was presented and the few newly started social enterprises were represented and demonstrated some of their products. A price was given to a social enterprise, who was awarded “Social enterprise of the year” because of its engagement and ability to include vulnerable citizens into the labor market.

The second conference in March 2017 included a presentation of social enterprises in a global/international perspective, a series of workshops with participation of local social enterprise and Municipality Officials. Moreover some of the findings in the present research was presented by the research group.

**Methods and design**

There is not much known knowledge about the impact of social enterprises and its significant for democratic participation for the employees. The present research project is a single-case study (Flyvbjerg 2006) and it involves a mixed-methods approach based on a qualitative exploration of documents, interviews, focus-group interviews, participative observations as well as a quantitative survey directed at the employees of social enterprises. The project will thus rely on employees and leaders of the social enterprises own perception and descriptions through interviews and observations.

The single-case study intends to create knowledge about the actors understanding and practice of democratic participation in a specific context. What it means to the employees working in a social enterprise, and how it is different from other type of employment.

The case is based on a constructivist perspective where the concept of ‘democracy’ in this specific field is constructed and given meaning by the actions and understandings of the various actors involved: municipality officials, managers and employees of social enterprises in the Municipality of Silkeborg.

The data from the survey, the interviews, documents and observation are condensed and analyzed in order to explore what democratic participation means to these actors in the context of social enterprises.

The survey was conducted among all the employees in social enterprises in Silkeborg. It was distributed by mail to 67 persons and there were 47 answers.

The research group conducted a series of qualitative interviews with both leaders of social enterprises and employees at social enterprises. There were focus group interviews with employees at several social enterprises. The social enterprises in the study works primarily within branches of service.
The research group participated as observers in The Silkeborg Social Enterprise Network and at the first conferences in March 2016. At the second conferences in March 2016 the research group contributed with a presentation based on the findings of the survey that are also included in this paper.

Theoretical approach

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 stressed 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 EMES approach to research in social enterprise is built on an ideal-type of social enterprise that reflects the following criterias:

"Economical and entrepreneurial dimensions of social enterprise

1. A continuous activity producing goods and/or selling services
2. A significant level of economic risk
3. A minimum amount of paid work

Social dimensions of social enterprise

1. An explicit aim to benefit the community
2. An initiative launched by a group of citizens or civil society organizations
3. A limited profit distribution

Participatory governance of social enterprise

1. A high degree of autonomy
2. A decision-making power not based on capital ownership
3. A participatory nature, which involves various parties affected by the activity"

(Defourny & Nyssens 2006)

Looking at the participatory governance dimension of social enterprise, the EMES approach points towards the involvement of the stakeholders in the governance of the organization. Stakeholders such as beneficiaries, employees, volunteers, public authorities and donors (Defourny & Nyssens 2014). The multi-stakeholder governance concept and its strengths and weaknesses is addressed (Vidal 2014) and research has pointed towards various types of governance in social enterprises related to the characteristics of board members and the role of the board in the organization (Spear, Comforth & Aiken 2014).

Pestoff and Hulgård 2015 argues that the governance dimension of social enterprise needs to be specified in greater detail as a “political criterion related to democracy and democratic participation by members and/or
This paper is based on a research project that explores the ‘democratic nature’ of social enterprise from the citizen/user/employee perspective. The employees in the WISEs of the case study presented here are long term marginalized from the labor market, many with physical and mental disabilities. They have now obtained a post in a social enterprise with a number of working hours according to their abilities. To get an insight in their understanding of democratic participation as employees of a social enterprise and as citizens we propose a theoretical framework based on the studies of political identity (March & Olsen 1995).

The Danish political scientist Henrik Bang states that: “The problematic fact is that political discourse, negotiation and deliberation have become professionalized and institutionalized to an extent where it has come entirely out of sync with ordinary peoples lifeworld and their more spontaneous and ‘unprofessional’ modes of engagement” (Bang 2016)

The question of Nonprofits (including social enterprises) as an arena for democratic processes is discussed by E. Warren (2003). Here it is stressed that “nonprofits might serve to develop the democratic capacities of citizens” (Warren 2003). However, it is also underlined that there are dangers if Nonprofits generate powers that “corrode rather than complement democracy” (Warren 2003). This calls for regulation and intervention concerning the democratic nature of these organizations.

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).

This research project has a focus on the micro level “political system” of Silkeborg and the implementation of the strategy of promoting social enterprise, and especially how the institutions involved enables the empowering inclusion of citizens who are long time marginalized from the labor market.

The analytical approach of the present paper is inspired by the Danish Professor H. Bang and the group of researchers who in the late 1990ties performed a large case study in a Danish municipality called “Democracy from Below” that focused on the way democracy is outlived and experienced by ‘ordinary’ citizens.

Political identity is defined as ‘the whole picture’ formed by the role or position of the citizen and the way the position is fulfilled. (Bang, Hansen & Hoff 2000). The analytical approach to the political identity in the study is based on three dimensions:

- Empowerment
- Engagement and
- Actions
Two dimensions define the concept of empowerment: empowerment from without which means the roles and positions that the individual is offered, and empowerment from within which is about the person’s ability to fulfill and occupy the options that are available.

Engagement is about the individual actors’ interest in matters of common interest and action is seen as the person’s interventions and democratic participation (Bang, Hansen & Hoff 2000).

The above-mentioned three dimensions will be used in the following analysis of the qualitative data of the case study in order to examine if this approach can provide some meaningful answers to the question of the participatory and democratic nature of social enterprise from the perspective of the employees.

The second part of the case study of the promotion of social enterprise in the municipality of Silkeborg is concerned with the so-called Social Enterprise Network where municipality officials on a regularly basis meets with the leaders of the local social enterprises and other actors with interests in the social enterprise field.

The governance network is 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 extend be steered by the public authorities' (Bang, Hansen & Hoff 2000 p.21).

It will be briefly presented how the Social Enterprise Network in Silkeborg is seen to be developing from an information channel for the municipality officials towards a governance network that might be crucial for the success of the development of the social enterprise sector in the municipality.

The employee perspective on democratic participation

a. The employee/citizen perspective on democratic participation is analyzed through the concept of the formation of political identity in the dimensions of empowerment, engagement and action. The preliminary results of the research project show signs of the development of a political identity among the employees in terms of:
   - Empowerment, in relations to working condition and job-identity
   - Engagement in society and political issues and
   - Actions, related to the employees increased engagement in civil society
Empowerment, in relations to working condition and job-identity

The significant findings will be illustrated in two sections: First In relation to working conditions, secondly in relation the employee’s job-identity.

Working conditions:
The social enterprises in this case study have existed for two or three years now and are still developing forms of democratic participation through e.g. staff meetings. The employees have in groups interviews commented on the question of working conditions and their view on having influence on the job.

Employee explains:
“Just after summer Holliday our leader invited to a staff meeting with coffee, buns and an agenda, and we solved the problems that we had. It is not always necessary to wait for the staff meeting – you can just walk into our leader’s office, if you have any problems. “

The social enterprises are aware of the rights and ways of protecting the employees. They focus on having a problem-based approach and a variation of means of how to empower the individuals and at the same time work with the collective decision-making. As E Warren (2017) states, the employees must know and communicate their interests and perspectives and relate these to the collective rules that also include fairness and respect.

The employees appreciate and participate in staff meeting if possible, but it is a challenge to coordinate the meetings when the employees working hours differ. Some employees work two – five hours a week, often not on the same weekday. This challenges the opportunity to arrange staff meetings with optimal attendance. The employees are encouraged to contribute to the agenda and they can take the initiative to call for a staff meeting, but in general the manager take the responsibility for planning the meetings.

In everyday life, the employees have a high degree of self-governance for example if someone needs to change their working schedule.

Employee:
“We are good at coordinating by text or a telephone call: if I have to turn up later today: Could you do so and so to help me?”

Another employee adds:
“Those days where it is absolutely necessary that we are here at a certain time - then we are here! We do not think of staying away when it busy. We know when we are allowed to come a bit later. We can take that kind of responsibility”

It is legitimate to find solutions and change practice. The social enterprise leaders have faith in the employee’s sense of responsibility. The employees are interdependent and they accept college’s decisions or need for help. The social enterprise simultaneously empowers the employee’s capacity to participate, to take responsibility and carry out self-governance. Empowerment must be seen in a wide perspective as knowledge concerning the conditions for your actions, your self-perception and situational understanding, earlier experiences, and specific knowledge in the given situation (Bang et al. 2000).
However, what kind of influence do the employees really want to have? In the survey, we ask the question:

Fig 1
“To what extent do you have the influence you need at your workplace? “

The employee’s answers are showing a significant satisfaction with the amount of influence. The leader of one Social enterprise explains:

Leader:" I am the one, who decide how much our staff member shall be involved in. We have not two employees that are under the same working conditions. I tell them that they must accept that I am the one with whom you have specific arrangements about your job. In addition, you do not have to intervene in other employees arrangements. This is a working place and not a social project."

This is contrasted and supplemented by the following quotation from an employee:

Employee: "We do have a leader who is very pedagogical and who is able to sense us. He sees and recognizes me – also if I have a bad day. If there is a bad atmosphere, he takes care of it. That matters a great deal to me!"

The social enterprise leader supports the employees both individually and as a staff: Supporting identities in respect for the resources of each employee. The staff meeting represents the framework for participatory democracy within certain limits of involvement. In absence of uniform rules, there is a space for negotiation and empowerment where focus is at the employee’s ability to deal with their own interests, with the community and with the leaders authoritative decisions. The employees demonstrate in the survey and in the focus group interview a high degree of involvement, but the specific acting in the job sometimes challenges this.

Employee:” At our place we all show great acceptance of each other. I have never been at a working place, where I have met so much understanding of our capacity"

Another employee objects:
Employee: “We are having a lack there. At my social enterprise, we tend to forget to recognize each other’s working efforts. Sometimes you hear negative comments, and you think that was not necessary to say.”

Social norms, norms of behavior and capaciousness are important for the culture and community of the social enterprise. If the employees meet unfairly treatments is it part of democratic learning to articulate their experience at an institutional level. The leader of the social enterprise are trying to support openness and dialogue and to make these the dominant norms and make demands of the employees to reflect on their own responsibility.

Empowerment from without implies the outside framework: role expectations and position – here in term of staff meeting and decision making whereas empowerment from within have focus on the ability to take advance of conditions (Bang et al 2000). The role expectations can be allocated by different outside players, and vary depending on how you complete your work tasks and the way the individual citizen is seen. Empowerment from within has a basic focus to activate abilities and the feeling of being included instead of excluded by means of opportunities for development and self-realization.

**Empowerment – in relation to job identity:**

The employees we interviewed have been working in the present social enterprises from 5 month and up to 3 years. Their age varies from under 30 year and up to the late fifties.

A large number of employees have work experiences prior to their employment in the social enterprise. More than 50% have completed vocational education as e.g. baker, gardener or completed a medium education e.g. as a nurse. Many have been unemployed for several years receiving public benefits from the municipality or unemployment fund.

Employee: explains:

“Since 2002 I have been in the public municipal system. I have been in the system since 2002. I used to say: could they just leave me alone! Now I must honestly admit that I have become much better. I had never thought that I would say this: but I have got a much better life by being an employee here.

The employee has now been working for 2 years at 8 hours per week.

Employee continues:

“My leader doesn’t press me. She doesn’t ask me to work harder and she respects my tasks and trust my way of handling them. It is an enormous relief to find the right place and job and to be good at it.”

She has changed identity from being an unemployed person to having a job identity, and she also in her private life feels more included as a citizen, who is part of society and a working community. The employee has gained status and influence within the community and has entered relationships that frames question of who am I?

Warner (2017) points out, that recognition is the most basic act of inclusion. “The act of recognizing others is a founding moment of democracy, through which “peoples” come into existence.”
How do the employees consider working in a social enterprise compared with ordinary private enterprises?

Employee answers:
“On an ordinary work place you get sarcastic remarks if you leave work at lunch time: ‘well, I see you leave at managers hours’.
You must be strong if you work at an ordinary enterprise – You will be placed in a bounded pile where you are employed on special terms, different from the others.”

It makes a difference to be employee in a social enterprise where the majority of the workers have reduced work ability; Contrary to the ordinary working place where the person with reduced work ability is the only one in a group of full time employees. The norms of behavior in a social enterprise shows more sympathy and understanding because the employees can settle in someone else’s place and realize that they themselves might get in the situation of having a bad day. The social enterprise legitimizes and strives for transparent inclusion with regards to individual physical or mental disabilities.

Employee:
“It’s about being worthy - do not be babied about me. It is the first time for 27 years where I have met so much respect of my work. I know we are people with a flex job, but I feel completely normal.”

Bang et al. (2000) emphasize that Identity is not a certain state, but a process of constant displacements and developments.
Empowerment from without or empowerment from within does not necessarily lead to more engagement by the employees in society. In the survey and the interviews we have asked questions about the significance of the work in a social enterprise in relation to involvement.

Engagement, in the political issue of social enterprise

Fig. 2.
To what extent is it important for your commitment that you work in a social enterprise?

<table>
<thead>
<tr>
<th>To a large extent</th>
<th>35%</th>
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<tbody>
<tr>
<td>To some extent</td>
<td>23%</td>
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<tr>
<td>To a small extent</td>
<td>18%</td>
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<tr>
<td>Not at all</td>
<td>18%</td>
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<tr>
<td>Don't know</td>
<td>8%</td>
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The employees have pointed out that they get more energy from being at work at the social enterprise. While they were at home being unemployed they could not find energy to talk about anything else than children and housekeeping, but now they are engaged in a wider sense.
Employee explains:

“I think that if you examined our sickness absence, you will find out that it would be lower than in a normal workplace because we feel greater responsibility here.

You have ownership here. When I go with my service cart, I feel that it is my business - it is my turnover and my responsibility.”

When an employee is absent, they fill in for each other. They feel part of a team and discover that you are missing when you are sick. The employees at one of the social enterprise start each day with a common breakfast and a talk about how they are doing. The employees participate in the affairs of the enterprise and come up with ideas and proposals for the development of the enterprise.

In relation to showing political interest and commitment regarding social conditions, the following figure reflects the employees view on the importance of social enterprises.

Fig. 3 To what extend do you think the municipality of Silkeborg has to support the social enterprises?

Employee states:

“I personally am glad that there has been a focus on social enterprise and that politicians support them - the municipalities can give them responsibility, money and support. The managers of social enterprises know what they are doing.”

In the beginning of March, one of the social enterprises was celebrated as the year's social business, and got press coverage accordingly. The public acknowledgment also affects the employees and their awareness and pride of what they have become a part of.

Actions, related to the employees increased engagement in civil society

Fig. 4 Does your employment in a social enterprise strengthen your desire to participate in activities in your spare time?
Some of the employees indicate that their level of activity and involvement in other activities has been increased since they started working in a social enterprise. Others have not experienced a change at all. The reasons for this can be many. Perhaps the employees are satisfied with the way they live their lives, or maybe they sometimes need someone to push them?

Social enterprise leader say:
“One has lost a lot of weight, another bought a car so he can now pick up his grandchildren ... another has now paid off his loan and can start saving up, and a third has started working as a volunteer in a club”

About the need to push sometimes, she explains:

“I have an employee, who is living alone and has an adult daughter. She is a bit isolated but very good at needle work. I said to her: Would you be a volunteer in this leisure time club? She replies, “Can I go there with you?” Yes, I respond, and now she is very active there and has just participated in their summer trip”.

We have tried to identify democratic participation and political identity by means of looking for empowerment, engagement and action in the interviews with the employees of social enterprises. It is a continuous process which, as we have seen it, is merely in an initial phase for some of the employees who have been long time marginalized.

In the survey, there are examples that show an increase in the actions related to civil society engagement by some employees who have got involved in an Association for International Civil Rights for Disabled.

Another employee concludes that working in a social enterprise on a personal level has increased the level of having an active life:

“Yes, for my part, I am much more active. I live alone with two children. Earlier, I did not dare to do anything. After I got a job I see my girlfriends and have started going to physical exercises”
The Social Enterprise Network – a governance network?

The Silkeborg Social Enterprise Network was initiated in early 2015 as part of the implementation process of the municipal strategy. The network is meeting 4 – 5 times a year and it consists of leaders of the social enterprises in the municipality, municipality officials from the job-center and business office. The network is led by the coordinator of the strategy.

From the beginning there was not a clear goal for the network, it seemed mostly to be an information channel from the municipality to the social enterprises. But over time the network has developed, the social enterprises now put items at the agenda for the meetings, whereas in the beginning the agenda was entirely formed by the coordinator.

Examples are social enterprise leaders who at the network meeting discussed how they could collaborate and support each other in processes of fund-raising. The network was involved in the planning of the yearly conference on social enterprise, and the social enterprises took an active part in the conference by making small presentations of themselves. At the network meetings the SE leaders are making deals with each other.

We see this as signs of a development of the network towards a governance network. It bears to some extent the characteristics of a governance network that was mentioned above.

- A mutual dependence: The social enterprises have an interest in making deals with the municipality and with each other. The municipality is dependent on the local social enterprises if the strategy is to succeed.
- Regular interaction based on need: The formalized network meetings which still after one and a half year takes place every two or three months with nearly all actors present is a sign of the need for this forum of collaboration.
- Trust and negotiated rules: Although the social enterprises to some extent are competitors on the market and in their dealings with the municipality this does not seem to influence the collaboration in the network.
- Relative autonomy: Even though it is the municipal coordinator who has initiated the network as part of the strategy the social enterprises can at any time stop participating in the network meetings if they don’t benefit from the collaboration.

We as researchers have participated in the network-meetings, and it seems to us that the network has become a very important element in the implementation of the strategy and probably crucial for reaching the strategic goals.

Conclusion and perspectives

In the beginning of this paper we raised three questions about the ‘democratic nature of social enterprises’: Are social enterprises really “schools of democracy”? What does democratic participation look like from the perspective of the employees? Is there a governance dimension in the implementation process in Silkeborg?
Since the paper is based on a single-case study we cannot claim that the answers we have come up with are conclusive. But none the less we will conclude that the analysis of democratic participation from the perspective of the employees through the dimensions of empowerment, engagement and action seems to be an adequate approach to the understanding of the democratic nature of social enterprise.

We find that this from-below view on the employees’ understandings and actions provides an important perspective for the discussion of the democratic nature of social enterprise. The approach is also seen to be a meaningful perspective for the actors involved. At the same time, it is important to note that the research project itself has been contributing to raise the awareness by the actors of the importance of democratic participation.

References
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