



# The Social Enterprise Strategy in Finland

Discussion paper

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## 1 Brief summary

The preparation of the Social Enterprise Strategy was launched in 2019 based on Prime Minister Sanna Marin's Government Programme as part of measures to promote the employment of persons with partial work ability. The Government Programme (2019) states that "The operating conditions of Social Enterprises will be improved by revising their Funding and providing support to strengthen business expertise".

The strategy development included a situation analysis report (Kostilainen, 2020), which served as the basis for establishing a separate working group under the Ministry of Economic Affairs and Employment to develop proposals for enhancing the operational conditions of social enterprises. The working group was tasked with drafting a proposal for a strategy for social enterprises and a related action plan by April 2021. Subsequently, the government approved the Strategy for Social Enterprises in its mid-term policy review in April 2021 (Ministry of Economic Affairs and Employment 2022).

The premise of the Strategy for Social Enterprises is to acknowledge the unique business model of social enterprises without creating separate legislation, tax breaks, or state subsidies for them (Ministry of Economic Affairs and Employment 2022).

According to the Strategy for Social Enterprises, there are needs of social enterprises that are not recognised in the current business service system, other business-related policy programmes, or financing systems. The strategy's overall aim is to strengthen the operating conditions of social enterprises as well as to increase the number of new social enterprises, develop their competences and increase the employment of persons with partial work ability (Ministry of Economic Affairs and Employment 2022).

Further specific aims of the strategy are the following:

- Clarify and simplify the definition of social enterprise;
- Raise awareness of the operating model;
- Scale up the societal innovations of social enterprises;

In addition to employing partially disabled people, social enterprises are seen as playing a significant role in diversifying social and health services and enhancing rural vitality. There is also a broader connection to promoting the green transition, particularly in areas such as the circular economy, especially in reuse businesses. (Ministry of Economic Affairs and Employment 2022).

A key measure of the strategy was the establishment of the **Centre of Expertise for Social Enterprises (CESE)** in October 2021. It was tasked with initiating nationwide counselling and advisory services for social enterprises and raising awareness of the business model through targeted communication and entrepreneurial education. (Ministry of Economic Affairs and Employment 2022)

Additionally, the Centre of Expertise is tasked with promoting other measures mentioned in the strategy, such as:

1. **Making statistics and data collection more systematic as well as increasing and making better use of research activities:** enhancing collaboration with national statistics authorities to improve the method for compiling statistics on social enterprises. Efforts will be made to improve transparency and understanding of social enterprises in Finland.
2. **Enhancing business by strengthening networks:** including measures to strengthen networks of work integration social enterprises, disseminating effective employment models, and building partnerships.

3. **Emphasising impact-related aspects in funding:** New funding models will be explored, and their wider application will be assessed. Public procurement should prioritise social and environmental criteria, outcome-based procurement, and other innovative approaches.
4. **Supporting research and education:** educational institutions will offer more programmes on social enterprises, while universities will integrate social enterprises into research, recruitment, and educational content. Additionally, the goal is to include social enterprises in higher education institutions' research, development, and innovation (RDI) networks.

Other related strategies and measures include:

- The National Public Procurement Strategy (Hankinta-Suomi) that was approved in autumn 2020, advancing the utilisation of social and employment criteria in procurement, and promoting outcome-based procurement practices;
- The Competence Centre for Sustainable and Innovative Public Procurement (Keino), which was established in 2019 to promote sustainable procurement. This body operates as an expert unit, providing training to public procurers on advancing sustainability in procurement practices.
- Promotion of the Social Impact Bond (SIB) model, led by The Finnish Innovation Fund Sitra, which contributed to the development of social enterprises in Finland. The key area of impact investing was a project launched by Sitra in 2014, the goal of which was to bring the operational model of impact investing to Finland and build the necessary ecosystem for it. As part of the key area of impact investing in Finland, several social impact bonds were launched.

However, none of these strategies or initiatives explicitly mention social enterprise development as their goal. The impact of these measures on social enterprise activities has also not been evaluated.

#### **BOX #1 – Definition of the social enterprise**

In Finland, there is no generally accepted definition of the social economy. In the social enterprise strategy, a social enterprise is defined as follows:

“A social enterprise pursues business in order to achieve its societal objective and uses most of its profits or surpluses to promote this primary objective, as laid down in its articles of association or statutes. In addition, a social enterprise emphasises responsibility, openness, and transparency in its activities, as well as inclusion and democracy in its administrative model” (Ministry of Economic Affairs and Employment 2022).

A social enterprise can choose any legal form under private law. It must be an independent legal entity governed by private law that has a business ID and has been registered in the trade register maintained by the Finnish Patent and Registration Office (Ministry of Economic Affairs and Employment 2022).

## **2 Situation in Finland**

The development of social enterprises in Finland began in the 1990s and has continued over the following decades. This, along with the support of social enterprises and the social economy, has been significantly influenced by EU policy programmes and structural funds programming periods.

Finland is part of the Nordic cluster in terms of social enterprise activities (European Commission 2020). In Finland, the public sector plays a central role in providing social and healthcare services. However, the outsourcing of public services, which began in the 1990s,

has created opportunities for social enterprises to offer social and health services to the public sector, especially those established by associations and foundations (European Commission 2020). The Finnish cooperative sector, dating back decades, also plays a role in social entrepreneurship, with worker cooperatives emerging during the economic downturn in the 1990s. Worker cooperatives and the business development within sheltered workshops in the 1990s can be considered precursors of Finnish Work Integration Social Enterprises (WISEs) (Ministry of Economic Affairs and Employment 2012).

In the early 2000s, social enterprise activities were developed as a means to employ people in weak labour market positions. In 2003, a law on social enterprises was enacted (Act on Social Enterprises 1351/2003). This law defined a social enterprise as an entity where 30% of the employees are in a weak position in the labour market. The law did not recognise profit limitations or aspects of democratic governance within social enterprises, nor did it broadly consider the societal goals that social enterprise activities could entail. However, the law laid the groundwork for the development and recognition of social enterprise activities in official legislation. Based on the Act on Social Enterprises, a registry of social enterprises was established, which at its peak included approximately 200 companies, but by 2021, only about 20 remained. The Act did not meet the employment goals set for it and it was repealed in 2023. The registry for social enterprises was abandoned at the same time. The Act has significantly influenced especially public officials' understanding of the concept of social enterprise.

The concept and model of social enterprises expanded significantly in the 2010s. In 2010 The Ministry of Economic Affairs and Employment appointed a working group to explore the suitability of social enterprises for strengthening entrepreneurship, renewing public service provision, and organising paid services provided by associations and employing people with partial work ability. The working group extensively drew upon lessons and ideas from the model of social entrepreneurship in the United Kingdom (Ministry of Economic Affairs and Employment 2011).

This working group concluded that a social enterprise is not a distinct legal form of business in Finland but rather a business model with societal objectives, operating on the market and reinvesting most of its profits into advancing their mission. The group suggested integrating social enterprises into existing public business services rather than creating separate support schemes. The group also proposed granting a label to social enterprises to raise public awareness and distinguish them from other companies (Ministry of Economic Affairs and Employment 2011). This led to the establishment of the Finnish Social Enterprise Mark in 2012 which is administered and owned by the Association for Finnish Work. In 2014, the development and recognition of the concept led to the establishment of an umbrella organization, The Finnish Association of Social Enterprises (ARVO).

Although international examples have inspired the development of the ecosystem, the overall picture remained fragmented. This has been partly due to the absence of a common societal vision for the social economy. Over the past two decades, social enterprises and their networks have proposed initiatives such as establishing a competence centre and advancing a comprehensive strategy and action plan to develop the framework conditions of social enterprises in various sectors (Kostilainen & Lindberg 2021). The European Commission 2020 report highlighted Finland's limited awareness of social enterprise models, citing factors such as the lack of a policy framework and underdeveloped social investment markets. Challenges included inadequate research, statistical information, and support services, hindering the social economy's growth.

In this context, Prime Minister Sanna Marin's Government Programme 2019-2023 referred to social entrepreneurship as a way to build trust and labour market equality and raise the employment rate. The goal was to improve the operating conditions of social enterprises, to promote the employment of persons with partial work ability or those who are otherwise disadvantaged in the labour market. The government programme also mentioned other



initiatives that would support the development of social enterprises, including measures to diversify funding for start-ups and small and medium-sized enterprises. Civil society<sup>1</sup> organisations would be given a stronger role in promoting health and well-being, and their opportunities to provide services would be secured. Other policies included the development of public procurement and sustainable business. One of the goals was to make employment a criterion in public procurement. This could be implemented either in such a way that the supplier who wins the bid undertakes to employ a certain number of persons with a weak labor market position, or in such a way that the employment criterion is a comparison condition in the tender request.

Over the years, the number of social enterprises has been assessed in various ways, resulting in a variation between approximately 1,000 and 20,000 enterprises depending on the data collection method. An analysis of social enterprises in Finland was carried out in 2019 to develop and support the formation of the Strategy for social enterprises and provide an up-to-date picture of the present situation (Kostilainen 2020). The report identified 1,700 social enterprises, it analysed their operational landscape and made suggestions about activities and goals of the strategy.

The social enterprises identified in the report primarily represented associations and foundations producing social and healthcare services, as well as Work Integration Social Enterprises (WISEs). The analysis highlighted several challenges, as well as opportunities and strengths in the field of social enterprises in Finland. Persistent challenges include vague concepts, insufficient research and statistical data and limited awareness of the social enterprise model. The absence of permanent advisory structures and inadequate collaboration among stakeholders hinders the establishment of new social enterprises (Kostilainen 2020).

The Strategy for Social Enterprises was established in 2021. The strategy's overall aim is to strengthen the operating conditions of social enterprises as well as increase the number of new social enterprises, develop their competences and increase the employment of persons with partial work ability. The main measure was to establish The Centre of Expertise for Social Enterprises (CESE), tasked with initiating nationwide counselling and guidance services for social enterprises and raise awareness of the business model through targeted communication and entrepreneurial education (Ministry of Economic Affairs and Employment 2022).

### **BOX #2 – National context**

The **Social Enterprise Strategy** in Finland focuses on businesses that produce services and products in the market, with their primary purpose being the achievement of a social objective, regardless of their legal form. Social enterprises in Finland commonly take traditional organisational forms of the social economy, such as cooperatives, associations, and foundations. Limited liability companies can also be considered social enterprises if they meet the key criteria of a social enterprise – however, there is limited information and statistics available on these companies.

Currently, under the leadership of the Ministry of Justice, a strategy on civil society organisations is being developed. (Programme of Prime Minister Petteri Orpo's Government). The strategy on civil society organisations aims to define the key objectives and measures to improve the operating conditions of civil society organisations in a situation where public grants to these organisations are being reduced.

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<sup>1</sup> Civil society organisation refers to associations and foundations. Generally, the third sector is used as a synonym

## 3 The national strategy

### 3.1 Vision & objectives

The main goals of the Strategy for Social Enterprises are to strengthen the operating conditions of social enterprises, increase the number of new social enterprises and develop their competence, and provide employment for people with partial work ability or other disadvantages in the labour market. The overall aim is to achieve a vibrant ecosystem for social enterprises that efficiently contributes to solving societal challenges. The premise of the Strategy for Social Enterprises is to acknowledge the unique business model of these enterprises without creating separate legislation, tax breaks, or state subsidies for them.

The more specific aims of the strategy are to:

- Clarify and simplify the definition of social enterprise;
- Raise awareness of the operating model and improve its visibility;
- Promote responsible and impact-driven business competence;
- Scale up and establish the societal innovations of social enterprises;
- Boost the employment of people of partial work ability or otherwise disadvantaged in the labour market;
- Make statistics and data collection more systematic as well as increase and make better use of research activities;
- Develop new models for impact funding.

The strategy identifies connections to broader policy objectives as well. Firstly, it stimulates the circular economy, especially the reuse sector, which can also generate a significant number of jobs for individuals with weak labour market positions. Secondly, it promotes the vitality of rural areas and service production, where community-owned enterprises established by local communities are seen to play a significant role. Thirdly, diversity in social and healthcare services is also prioritised (Ministry of Economic Affairs and Employment 2022).

### 3.2 Administrative and institutional set-ups

**The Ministry of Economic Affairs and Employment has the primary responsibility for preparing the strategy.**

The Minister of Economic Affairs and Employment appointed a working group to draft proposals aimed at enhancing the operational environment for social enterprises. The main task of the group was formulating a proposal for a Strategy for Social Enterprises along with an accompanying action plan. This working group comprised officials from various departments of both the Ministry of Economic Affairs and Employment and the Ministry of Social Affairs and Health. Additionally, representatives from the Association of Finnish Local and Regional Authorities and the Ministry of Justice were also part of the working group. The working group concluded its work in April 2021, and the government approved the strategy. The Ministry of Economic Affairs and Employment oversees the implementation of the strategy (Ministry of Economic Affairs and Employment 2022).

**Centre of Expertise for Social Enterprises (CESE) was established to implement the strategy.**

To implement the Strategy for Social Enterprises, a novel network-based expert unit, the Centre of Expertise for Social Enterprises, was established with a grant of EUR 3 million from the government's working capacity programme. This funding was allocated for the years 2021-2023.

Starting from 2023, the Centre of Expertise received EUR 10 million in funding from a European Social Fund+ coordination project for the development of social enterprises' operational conditions. The ESF+ coordination project also considers tasks related to promoting the Social Economy Action Plan. In addition to the previous measures, through the coordination project, efforts are being made to facilitate regional network activities of social economy actors and social enterprises to coordinate the dissemination of knowledge and innovations. The goal is to strengthen the regional ecosystems of social enterprises, which include local business and employment services as well as educational institutions. The Centre also closely collaborates with other projects funded by ESF+ to spread and integrate its activities.

Initially, the Centre was entrusted to a consortium of six organizations. The consortium included umbrella organizations for social enterprises and cooperatives, as well as expert organizations in work integration and a university of applied sciences. The initial funding was granted for a period of 27 months, until the end of 2023.

Thanks to the funding received from ESF+, the consortium has expanded to 11 organizations, with several social enterprises joining, along with a new university and the Finnish Institute for Health and Welfare. These changes strengthen and complement expertise in areas such as the green transition and the reuse sector.

**The Steering Group for the Centre of Expertise comprised representatives from various ministries and agencies.**

A steering group was appointed for the Centre, which was responsible for monitoring the progress of tasks outlined in the Centre's project plan and funding decision. The Ministry of Economic Affairs and Employment chaired the steering group, while a representative from the Association of Social Enterprises – the main partner and consortium leader – acted as the presenter. However, the Ministry of Economic Affairs and Employment retained ultimate responsibility for funding approval and significant changes. This steering group structure aimed to ensure the involvement and commitment of various ministries in implementing and promoting the social enterprise strategy across different administrative sectors.

The steering group comprised officials from various ministries, a representative from a regional administration, a representative from Business Finland, and representatives from the Finnish National Agency for Education and the Centre of Expertise for Impact Investing. The composition of the steering group changed little after the funding transition. However, the role of the steering group is currently changing as the funding and its oversight are now managed by the Centre for Economic Development, Transport, and the Environment.

### 3.3 Consultation mechanisms/stakeholder engagement

**The comprehensive situation analysis report engaged a wide range of stakeholders and also utilised public consultation.**

The preparation of the Strategy for Social Enterprises was initiated in 2019 by conducting a situation analysis report on social enterprises (Kostilainen 2020). The analysis involved determining the number of social enterprises using registry data, as well as evaluating their operational field through stakeholder interviews and workshops, leading to the formulation of action proposals.

In formulating the action proposals of the report, several consultation channels were utilised;

- interviews with field experts (such as representatives from umbrella organisations of social enterprises and cooperatives, as well as researchers and practitioners in the field).
- a hearing session, attended by approximately 80 representatives of social enterprises and their stakeholders.

- a public consultation which was conducted via otakantaa.fi website, which is maintained by the Ministry of Justice.

Otakantaa.fi is an online service, aiming to enhance dialogue and participation between citizens, organisations, and authorities. On the "Ota kantaa" website, anyone can comment on the initiatives that have been opened on the platform. "Ota kantaa" translates to "Take a stand" or "Give your opinion". A summary of the 44 responses and memorandum of the hearing session were included in the analysis (Kostilainen 2020).

The situation analysis report was completed in early 2020, after which the preparation of the actual strategy has begun.

The working group of the Ministry of Economic Affairs and Employment, responsible for preparing the strategy, extensively consulted various stakeholders via face-to-face interviews during the preparation of the strategy's measures in late 2020 and early 2021 (Ministry of Economic Affairs and Employment 2022).

Stakeholders included various organisations, including:

- the Association of Social Enterprises;
- the Pellervo Coop Centre, a confederation of cooperatives in Finland;
- business associations and trade unions;
- universities;
- authorities such as statistical authorities and the National Institute for Health and Welfare; and
- social enterprises.

### 3.4 Visibility and recognition

Increasing awareness of social enterprise activities is a key objective of Finland's Strategy for Social Enterprises. The strategy particularly emphasises the importance of education in increasing awareness of the social enterprise model. Social enterprises must be recognised as a viable business model. Accordingly, comprehensive information about them should be incorporated into entrepreneurship education in schools and other educational institutions, business advisory services and other public services. In line with this, one of the key tasks of the Centre of Expertise for Social Enterprises was to raise awareness of the social enterprise business model and the opportunities it can offer among public officials, educational institutions and potential entrepreneurs (Ministry of Economic Affairs and Employment).

The relevant measures proposed in the strategy in this regard include:

- Clarifying the concept of social enterprise in Finland;
- Establishing a website dedicated to social enterprises to enhance the understanding of their operating model and unique features;
- Ensuring the collaborative development of the social enterprise brand involving various stakeholders;
- Raising awareness among the public sector, funders, consumers, potential social enterprises, and educational organisations through targeted marketing, communication and training initiatives;
- Conducting general and targeted communication campaigns, providing information through various channels;
- Treating social enterprises as a realistic business option and ensuring accurate and comprehensive information about them in entrepreneurial education, business advisory services, funding and public procurement procedures.

The strategy acknowledges that there is no need to create new legislation for the business model of social enterprises, as determined through stakeholder consultations. The Act on

Social Enterprises, established in 2003, was repealed in 2023. In the government's motion to repeal the law, it was stated that the law had not met the goals set for it in terms of employing people with a weak labor market position, and the companies did not feel that the status of a social enterprise received image benefits, but even the opposite. In addition, it was stated that the conditions of wage support that social enterprises had received were only slightly better than other organizations, and thus did not create enough incentives to register as a social enterprise.

Concerning existing labels to increase visibility, the Finnish Social Enterprise Mark was introduced in 2011 and it is administered and owned by the Association for Finnish Work. The development work of the Finnish Social Enterprise Mark began when a working group appointed by the Ministry of Economic Affairs and Employment recommended it in their report (Ministry of Employment and Economy 2011). The inspiration for the Mark's development was the corresponding Social Enterprise Mark in the United Kingdom. The mark can be held by companies established to address social or environmental problems and allocate most of their profits to this purpose. The mark is fee-based and is granted upon a separate application, which is evaluated by an independent committee with expertise in the field (Association of Finnish Work).

The Mark is currently held by approximately 300 companies. The Strategy for Social Enterprises does not explicitly address the development of the Social Enterprise Mark. Nevertheless, close collaboration with stakeholders in building awareness is seen as important, and the Social Enterprise Mark can be considered a significant supporter in this regard. The Association for Finnish Work has been a crucial stakeholder for the Centre of Expertise, with collaboration aimed at enhancing the visibility of social enterprises. The mark's primary objective is to increase visibility, particularly targeting consumers.

### 3.5 Monitoring and evaluation

The Strategy for Social Enterprises did not include specific metrics or a method for evaluating the strategy. After the strategy was approved, the Centre of Expertise for Social Enterprises created an impact value chain focusing on specific actions, from which measurable long and short-term performance targets were derived.

The metrics monitored were divided into three levels: 1) output indicators and monitoring of activities, 2) short-term results, and 3) medium-term outcome indicators.

Examples of short term-outcome metrics include the following:

- the number of organisations or individuals served in business support activities;
- the number of established social enterprises;
- the percentage of those who say that seeking advisory services was easy;
- self-assessed skill development;
- the percentage of those who felt they could utilise employment models in their own organisation;
- the number of trainings undertaken by people with partial workability in social enterprises;
- stakeholder awareness and positive assessment of the concept;
- misconceptions about social enterprises addressed.

The Centre's evaluation is based on various customer and stakeholder surveys, output data collection, and internal staff assessments. Progress was internally tracked with interim reports presented every four to six months. Internal developmental evaluation has also been done regularly at the Centre of Expertise for Social Enterprises.

The Centre's activities were evaluated in 2022 as part of the Government's Workability Programme. An external party conducted the evaluation, gathering data from stakeholder interviews alongside the programme evaluation. The evaluation, however, did not assess the success of the Centre in relation to the social enterprise strategy. Rather, it evaluated



its connection to the goals of the Government's Workability Programme, as the funding for the Centre of Expertise came from this programme.

According to the evaluation, the Centre of Expertise had an indirect impact on most of the objectives of the working capacity programme. The evaluation was conducted after the Centre of Expertise had been operational for just one year. Early results highlight the significance of national guidance and advisory services in increasing awareness of the Social Enterprise business model. The evaluation notes that in just one year of operation, the visibility of social enterprises has increased, and that the new knowledge produced by the Centre about social enterprises serves well in understanding the societal scale of the Centre's operations. The true impact on the employment of persons with partial work ability is still too early to assess (Oosi et al.2023).

From the perspective of the objectives of the working capacity programme, the results appear to be indirect. The evaluation notes that social enterprises are significant employers of persons with partial work ability and that improving social enterprises operating conditions could increase the number of jobs they offer (Oosi et al.2023).

To enable long term impact evaluation, one of the activities of the Centre was to enhance data collection methods to collect data about social enterprises and their situation – for example, information about employment and revenue rates. The social enterprise data platform was established in 2022 to enable the monitoring of long-term trends. However, these monitoring methods are not yet reliable enough to assess impact of the strategy.

Statistics that are being collected annually are:

- the number of social enterprises in different sectors and legal forms;
- employment (Full time equivalent, FTE) and average FTE;
- revenue and average revenue;
- the number of work integration social enterprises and worker cooperatives;

### **BOX #3 – The funding of the strategy**

The Centre of Expertise for Social Enterprises received a total funding of EUR 3 million for a period of 27 months to implement the strategy. The funding was provided by the Government's Workability Programme. As a follow-up, additional funding was applied for and granted to the Centre for the coordination project of social enterprise business conditions from ESF+ funding. The funding was granted for five years, and it amounts to EUR 10 million.

### **Box #4 – Main policy measures within the strategy**

#### **Access to Markets and Public Procurement**

The Strategy for Social Enterprises emphasises impact-driven public procurement, social criteria, and innovative procedures in public procurement as ways to help facilitate access to markets. It acknowledges that it is important for markets to develop in an impact-driven, socially, and ecologically sustainable direction. In impact-driven public procurement, the public sector prioritises purchasing impact over performance.

**Considerable efforts have already been undertaken in this domain.** Specifically, the Competence Centre for Sustainable and Innovative Procurement (KEINO) supports and trains public procurers on the use of social and environmental criteria in public procurement. The National Procurement Strategy (Hankinta-Suomi) has goals and measures to increase the share of innovative public procurement up to 10% of overall procurement and promote outcomes-based public procurement and usage of social and environmental criteria in public procurement. The Centre of Expertise for Impact

Investing, initiated by the Finnish Innovation Fund (Sitra), and its social impact bond projects are also key to mention in this regard.

#### **Use of State aid and taxation**

The strategy does not discuss State aid practices or taxation measures. Instead, it explicitly mentions that no special treatment will be provided for social enterprises. However, it does recognise the necessity for funding. A survey is proposed to explore new funding mechanisms or models. Additionally, according to the strategy, the need to establish a new social fund should be assessed as a possibility for a new type of funding mechanism for social enterprises.

#### **Social Impact Measurement and Management**

The measures related to impact measurement primarily focus on enhancing the competency of social enterprises in assessing their own impact. This involves providing training and support to help these enterprises evaluate and monitor their social and environmental impact.

One of the measures of the strategy is to develop data collection on social enterprise activities, including their numbers and societal impacts, in collaboration with statistical and registry authorities.

## 4 Results

Over the course of two years, the Centre of Expertise for Social Enterprises has reached out to over 2,000 businesses, with 160 receiving guidance and counselling on social enterprise matters. The Centre has conducted five social enterprise incubators in collaboration with partners and has trained approximately 180 business advisors. Business advisory organisations have shown interest in the theme, laying a good groundwork for the integration of activities into the service system.

The incubation activities and the related workbook have generated significant interest. These are considered effective tools for business idea development and for spreading the concept of social enterprises. In addition, the co-development network for incubation and acceleration activities has been a functional way to spread information about the activities.

The Centre of Expertise for Social Enterprises has compiled over 80 different employment models and reached over 700 individuals through training sessions where an analysis of these models was presented. The centre has collaborated with or presented its activities to 85 different stakeholders and published a significant amount of support materials and reports. The compilation of employment models was recognised as important, serving as a good basis for further work, evaluation, and dissemination, and webinars on the topic were considered successful. It is important to spread information about the models and their evaluation even more in the future.

Furthermore, a curriculum for a Social Entrepreneurship Master's degree programme has been developed in collaboration with the university of applied sciences network. The implementation of the Master's degree programme has sparked great interest. However, the commitment to its implementation remains uncertain, requiring long-term development work.

A clear, uniform, and professional brand has been successfully established for the Centre of Expertise. Communication and stakeholder work have effectively reached the relevant target groups. The 2022 survey showed that approximately 58% of relevant stakeholders (excluding consumers) are aware of the social enterprise concept, with 54% having a

positive impression. However, only 32% have a good understanding of the operations of social enterprises.

## 5 Difficulties and constraints

The field of social enterprises in Finland, as well as the broader social economy, is highly diverse. Despite ongoing efforts to clarify concepts and raise awareness, the diversity of social enterprise activities and the need for more familiarity with the concept pose challenges in planning policy measures, implementing initiatives, and increasing general awareness.

The same problems apply to the concept of social innovation. Efforts to promote social innovations have been strong, although the concept still tends to be perceived as abstract and hard to grasp.

Another challenge relates to the commitment of various authorities and ministries, and the turnover of governments. The measures mentioned in the strategy require long-term development and a permanent recognition of social enterprises as part of the economy and economic policy. Weak involvement of different ministries in the preparation of the strategy may result in lower commitment across ministries, and with changes in government, well-progressed development efforts may come to a halt.

## 6 Success factors and transferability

Several factors have contributed to the possible success of the strategy for social enterprises:

1. **Strong stakeholder involvement:** The active participation of stakeholders during the preparation phase played a pivotal role. By involving various stakeholders, including social enterprises, government agencies, associations and cooperative representatives, the strategy benefitted from diverse perspectives and insights. This ensured that the resulting plan reflected the needs and aspirations of the entire ecosystem, enhancing its relevance and effectiveness.
2. **Sustainable funding mechanisms:** Having enough stable funding was key to the strategy's success. It allowed the Centre to focus on its goals without worrying about funding issues.
3. **Centre of Expertise for Social Enterprises network structure:** The strategy's emphasis on establishing a network structure facilitated collaboration among diverse stakeholders. By bringing together agile non-profit and social enterprises, umbrella organisations, and networks, the Centre of Expertise benefited from a rich pool of expertise and resources.
4. **Long-standing engagement:** Stakeholders have been actively engaged in discussions about the Centre of Expertise for Social Enterprises since the 2010s, showing a strong commitment to the initiative. This prolonged involvement allowed for careful planning and alignment of goals, setting a strong foundation for successful implementation.

### Box 5# Recommendations for other Member States:

- **Ensure strong and enduring institutional structures so that personnel changes do not affect the advancement of strategy implementation: Developing the operational conditions of social enterprises, institutional support and cross-sectoral engagement is crucial. In our case, the initiation**



of the strategy and the establishment of the Centre of Expertise have been significantly influenced by the efforts of a single champion civil servant. However, when the responsible person and government change, the well-initiated work, which requires long-term commitment, comes to a halt.

- **Ensure the strategy's alignment with other ministries' policies and strategies:** During the preparation phase of the Social Enterprise or Social Economy strategy, it is essential to engage several key ministries in the work and to link the strategy's measures and implementation to other crucial programmes and strategies.
- **Ensure long-term funding for strategy implementation:** Long-term funding beyond government terms is a crucial factor when seeking to develop the operational environment consistently.

In Finland, there is ongoing discussion about the need to update the strategy, particularly regarding the Social Economy Action Plan. However, this work has not yet begun. Since Finland lacks a common definition for the social economy, there is a need for joint definition work, which may also lead to redefining the scope of the strategy. In addition, challenges related to taxation and State aid for social enterprises have emerged in the work of the Centre of Expertise for Social Enterprises. In the future, the Strategy for Social Enterprises should address these themes more prominently.

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Centre of Expertise for Social Enterprises; 'About the Centre of Expertise' website

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