Social Enterprises, 
A Comparison Between Finland 
and UK 

Emmy Simons 

Institutionen för marknadsföring 
Svenska handelshögskolan 
Helsingfors 
2016
Social enterprise, a comparison between Finland and the UK.

Summary: Social, economic and environmental issues have caused concern around the world. It has been argued that our modern welfare societies are not equipped to take care of all the problems we face today and we are in a need of a more innovative welfare society. Thereof a new concept has emerged, the social enterprise, an entity that uses trading activities to fight social problems.

The aim of this study is to increase the understanding of what the social enterprise sector looks like in Finland and UK today, particular interest is placed upon the factors that might act as drivers or barriers for future success for the two sectors. The idea is to be able to give recommendations for the Finnish social enterprise sector, what should be done in regard to future development.

The concept of social enterprises has been of interest for multiple researchers, however social enterprise is a relatively new term and there are still gaps in earlier research. The social enterprise sectors of Finland and UK have been studied separately but what is still lacking is a conclusive academic comparison between the Finnish sector and another country.

The theoretical framework of the thesis is based upon general information about social enterprises, how they are defined, their main characteristics and how they are limited, together with earlier research on the social enterprise sectors of Finland and UK. The study is based upon a qualitative research method; secondary data produced by stakeholders of the social enterprise sectors, in each country, is collected through an internet search. The analysis applies to the ideas of Grounded Theory, where theory is built rather than tested.

The theoretical contribution of this study is the development of a framework that presents the UK and Finnish social enterprise sectors out of different angles and explains how these different aspects might affect the future of the sectors. The results of the study indicate that the social enterprise sectors of Finland and UK have many similarities. Yet it became clear that the UK sector is far more established which is visible in many different ways, not only by looking at the superiority in size. In contrary to the UK sector, the Finnish social enterprises were found to meet upon problems on many levels, hence space for improvement was identified. Most problems could be traced back to core of the social enterprises concept, the dual structure of social enterprises. Multiple areas of concern were identified in the Finnish case and suggestions for improvement were the developing of; a consistent and simple definition, a strong support ecosystem, growing the social investment markets and increasing the amount of social impact measuring as well as creating a positive brand and image for social enterprises in Finland.

Keywords: social enterprise, social entrepreneur, social enterprising
# TABLE OF CONTENT

1 INTRODUCTION .................................................................................................................. 1  
1.1 Research Problem ......................................................................................................... 2  
1.2 Purpose .......................................................................................................................... 6  
1.3 Approach and structure ................................................................................................. 6  
1.4 Limitations ...................................................................................................................... 7  

2 SOCIAL ENTERPRISES IN FINLAND AND UK ....................................................... 8  
2.1 Defining Social Enterprises ............................................................................................ 8  
  2.1.1 Social enterprise characteristics ................................................................................ 10  
  2.1.2 Social Enterprise, Social Entrepreneurship & Social Entrepreneur .................. 11  
  2.1.3 Social Enterprise Value Creation and Field of Operation ............................... 12  
  2.1.4 Legal Frameworks .................................................................................................... 13  
2.2 Presentation of country specific information on social enterprises .................... 14  
  2.2.1 Social enterprises in the United Kingdom and Finland ........................................ 14  
  2.2.2 Outcome emphasis, goal of implementation ......................................................... 15  
  2.2.3 Focus area, the activity that is supported ............................................................ 15  
  2.2.4 Legal framework .................................................................................................... 16  
  2.2.5 Common Organizational type: how social enterprises are formed .................. 18  
  2.2.6 Societal sector: the sector social enterprises are mostly associated with ........ 20  
  2.2.7 Supporters of development: who is funding, helping the development ............ 20  
  2.2.8 Barriers of opportunity for the social enterprise sectors .................................... 22  
2.3 Summary ......................................................................................................................... 24  

3 METODOLOGY ................................................................................................................ 28  
3.1 Type of Research .......................................................................................................... 28  
3.2 Choosing the Method ..................................................................................................... 28  
3.3 Choosing the Data & Data Collection .......................................................................... 30  
3.4 Data Analysis ................................................................................................................ 34  
3.5 Quality of the study ....................................................................................................... 37  
  3.5.1 Reliability ................................................................................................................ 38  
  3.5.2 Validity .................................................................................................................... 39  
  3.5.3 Coverage ............................................................................................................... 43  

4 PRESENTATION AND ANALYSIS ............................................................................. 45  
4.1 Defining social enterprises ............................................................................................ 45
4.2 The Role of Social Enterprises in UK and Finland ........................................54
4.3 The Scope of the Social Enterprise sectors ..................................................56
4.4 Reputation of Social Enterprises ..................................................................61
4.5 Main focus areas of the Finnish and UK social enterprises .........................65
4.6 Legal framework .........................................................................................69
4.7 Common organizational type .......................................................................74
4.8 Supporters of development: who is funding, helping the development ..........78
  4.8.1 Government ............................................................................................78
  4.8.2 Financial aid ............................................................................................80
  4.8.3 Support Organizations ...........................................................................82
  4.8.4 Social Enterprise Mark ...........................................................................84
  4.8.5 Education ................................................................................................85
  4.8.6 Supporter chapter conclusions ..............................................................86

5 BARRIERS AND DRIVERS OF FUTURE DEVELOPMENT ...........88
  5.1 Barriers of Opportunity .............................................................................88
    5.1.1 Definition .............................................................................................88
    5.1.2 Role .....................................................................................................90
    5.1.3 Scope ....................................................................................................90
    5.1.4 Reputation ...........................................................................................90
    5.1.5 Focus area ............................................................................................91
    5.1.6 Legal Framework ................................................................................92
    5.1.7 Organizational form ............................................................................93
    5.1.8 Lack of support ..................................................................................93
    5.1.9 Summary .............................................................................................97
  5.2 Drivers of Opportunity ..............................................................................99
    5.2.1 Definition .............................................................................................99
    5.2.2 Role .....................................................................................................100
    5.2.3 Scope ....................................................................................................101
    5.2.4 Reputation ...........................................................................................101
    5.2.5 Focus area ............................................................................................102
    5.2.6 Legislation ...........................................................................................102
    5.2.7 Organizational form ............................................................................103
    5.2.8 Support ................................................................................................103
    5.2.9 Summary .............................................................................................106
  5.3 Conclusions ................................................................................................108
6 DISCUSSION .......................................................................................................................... 118
6.1 Implications for Finland ...................................................................................................... 120
6.2 Theoretical contribution of the study .................................................................................. 128
6.3 Ideas for future research ...................................................................................................... 129

7 SVENSK SAMMANFATTNING .................................................................................. 132

SOURCES ................................................................................................................................. 145

APPENDIX

Annex 1. .................................................................................................................................. 150
Annex 2. .................................................................................................................................. 154
Annex 3...................................................................................................................................... 158
Annex 4. .................................................................................................................................. 161

FIGURES

Figur 1 Adapted from the framework of characteristics presented by Kerlin (2010, p. 169).......................................................................................................................... 25
Figur 2 Overview of the social enterprise definitions ............................................................... 49
Figur 3 Characteristics of definitions on social enterprise ...................................................... 50
Figur 4 Summary of the definitions of social enterprise in UK and Finland ......................... 53
Figur 5 Summarizing chart of the roles of social enterprises in Finland and UK .............. 56
Figur 6 Summarizing the scope of the social enterprise sector in Finland and UK ........... 60
Figur 7 Summarizing the reputation of social enterprises in UK and Finland ............... 64
Figur 8 Main focus areas of the Finnish and UK social enterprises ................................. 68
Figur 9 Legal structures for social enterprises in UK and Finland ..................................... 72
Legal structures of social enterprises in UK and Finland compared the definitions on social enterprise.

Figur 10

Summary over the legal frameworks for social enterprises in UK and Finland.

Figur 11

Most common organizational types of social enterprises in Finland and UK.

Figur 12

Summary of the different supporters of the social enterprise sectors in UK and Finland.

Figur 13

Negative impact on the future of the Finnish social enterprise sector.

Figur 14

Negative impact on the future of the British social enterprise sector.

Figur 15

Summary of different barriers of opportunity in UK and Finland.

Figur 16

Positive impact on the future of the Finish social enterprise sector.

Figur 17

Positive impact on the future of the British social enterprise sector.

Figur 18

Summary of different drivers of opportunity in UK and Finland.

Figur 19

Positive and negative impact on the future of the Finnish and UK social enterprise sectors.

Figur 20

Summary of the Finnish and UK social enterprise sectors.

Figur 21

Summary of areas to improve and recommendations for the Finnish social enterprise sector.
1 INTRODUCTION

Social, economic and environmental issues are something that concern people worldwide. Many of our modern age problems, like poverty and inequality, are flourishing more than ever (Underwood, Blundel, Lyon & Schaefer 2012). Our welfare system is designed for another era and not equipped to solve the problems we face today. In order to address our vast social issues we are in the need of a more innovative welfare system (Leadbeater 1997). It has been debated that a solution will not be found alone in the official-, commercial- or third-sector, a source of collaboration has to be found. This has led to a new way of thinking, a boom of organizations that seek not only to form revenues but also to solve social issues. (Underwood et al 2012, Haugh 2005) Organizations called social enterprises that have a social mission but operate through trading and economic activities. (Haugh 2005, Domenico, Haugh, Tracey 2010, Mook, Chan & Kershaw 2015, Underwood et al. 2012, Dees & Anderson 2003.)

Traditionally our societies are divided into three different sectors, the commercial sector, the official sector and the third sector. They all have their specific characteristics; the commercial sector consists of profit driven businesses, the official sector, the law and the state, takes care of the public assets whereas the third sector consists of the social community, non-profit organizations. (Salamon, Anheier, List, Toepler, Sokolowski, & Associates 1999) These new socially driven enterprises fall between the traditional sectors and boundaries become blurry as they can not be categorized into one of these traditional sectors (Dees & Anderson 2003, Leadbeater 1997.) They stem from the civil society but operate between the traditional profit driven commercial sector and the third sector not-profit driven organs (Defourny 2001).

“Social enterprises are more than just a new development of the non-profit sector” (Defourny 2001:11). The reason why social enterprises could be the key to solving many of the social issues the world faces is the fact that they have the key element of innovation, creating new ideas and ways to use and combine resources in order to satisfy social needs and problems in the world. (Leadbeater 1997)

Social enterprises are working between the traditional sectors of society; they are mixing it up with employees and voluntary workers, partnering up with state organizations, third sector organizations as well as traditional businesses (Defourney 2001). Social enterprises have also become more and more important in delivering important public services (Lyon & Sepulveda 2009).
The actual concept “social enterprise” became more known in the 1990-s, when it started to be used in the United States and Western Europe (Kerlin 2009, Lyon & Sepulveda 2009, Defourny & Nyssens 2010a). However the concept of profit driven enterprises with a social mission is a lot older than that, already in the 1970-s organizations in the non-profit sector set up businesses to create jobs for people with disadvantage at the job market (Kerlin 2009).

Even if the term social enterprise has been acknowledged for a while the shape of these organizations vary a lot, they operate under a huge amount of different legal entities. (Defourny 2001) Even inside Europe the shape of the legal entities of “social enterprises” vary a lot between different countries (Borgaza & Defourny 2001). The significance of the different terms social enterprise, social entrepreneur and social entrepreneurship has also been debated (Defourny 2001, Haugh 2005, Wexler 2006, Monroe-White, Kerlin & Zook 2015.)

Probably the most known social entrepreneur in the world is Muhamed Yunus, who won the Nobel price for his enterprise the *Grameen bank* which aimed to create social development, through microcredit, on the low societal levels in Bangladesh (Grameen Bank webpage, Cahalane C. 2011.) Both countries of this study demonstrate a variety of different social enterprises, for example in Finland there is *Ilolla deramfactory* that help employ elderly that want to stay in the workforce and then there is the more known *Linnanmäki childrens foundation* (Läärä 2014, Widgrén & Kotiranta 2015) In the UK they have innovative enterprises like *Gravity* who work with laws of gravity producing power and *Open utility* who matches local buyers on a community level with small generators of renewable energy (Prosser 2014.)

1.1 Research Problem

The third sector has met upon many limits regarding social problems and the answer has become social enterprises that have the flexibility to take tackle issues the traditional third sector has not been able to. Arguably there is a place for social enterprises in our modern day society. Bureaucracy is weighting down traditional non-profit organizations, which makes them slow and not able to react. (Defourny 2001)

The need for social enterprises is real; they are needed to help the third sector create more effective and targeted strategies needed to deliver social services (Lyon & Sepulveda 2009, Leadbeater 1997). Therefore, it is of importance to gather information about the social enterprise sector. In order to be able to support this sector in the future, a baseline has to be set. Also it is relevant in
order for the development in the social enterprise sector to be tracked, when the current baseline is mapped, future changes can be compared to it. (Lyon & Sepulveda 2009)

Social enterprises have in the last decade received a lot of interest in research (Kerlin 2009, Haugh 2005, Thomson 2008). Compared to traditional commercial entrepreneurship research, social entrepreneurship is a quite new phenomenon in current research and scholarships (Roberts & Woods 2005). There is a big interest in social sustainable and ethical enterprises, this can be seen by a variety of research trying to figure out social enterprises from different angles (Underwood et al. 2012). There has been discussions for and against these kinds of enterprises, many stress that the way social enterprise make different sectors more integrated is a way to a more efficient problem solving where responsibility is divided fairly, others fear that social enterprises making profit on social missions will lead to the third sector becoming a victim of privatization policies and social deregulation. (Defourny 2001)

A literature review made by Kerlin (2009) concluded that the social enterprise concept is used in many different forms by different authors; they talk about everything between voluntary activism to corporate social responsibility (CSR). The debate on the social service concept seems endless (Mason 2012). Social enterprises are a really broad area (Underwood et al. 2012). There is a huge spectrum of different types of social enterprises which vary between all kinds of organizations and legal entities. Therefore, social enterprise sector has shown to be of interest to research as it is such a unmapped mess. (Defourny 2001) Because the concept of social enterprises vary so much between different areas, cross regional discussions have been limited, which has led to regional innovations not transferring to other countries (Kerlin 2009). There is a big lack of research regarding socioeconomic factors that can lead to regional differences between social enterprise spheres (Kerlin 2010). According to Roper & Cheney (2005) as the definitions on social enterprises vary so much it is all the more important to map the existing and possible social enterprise projects.

The value and contribution of social enterprises has been studied, but there is a big lack of theories regarding management, performance and creation (Haugh 2005.) Monroe-White et al. (2015) have concluded from previous research that the concept of social enterprises is covered when it comes to the relevance of them but when looking at a theoretical perspective the field is not well studied yet.

According to Haugh (2005) in Europe the social enterprise sector is still lacking a conclusive mapping. According to Monroe-White et al. (2015) comparative studies across different countries are rare, even if some studies have been made. Inside Europe different comparisons between
countries social enterprise sectors have been done (Grönberg & Kostilainen 2012, Davister, Defourny & Gregoire 2004, Defourny & Nyssens 2010a). However the emphasis has usually been on some specific type of social enterprise. Like the study of Daviser et al. (2004) which focuses on European WISES (Work Integration Social Enterprises) enterprises that take work-integration initiatives. Kerlin (2009) compares US with Western Europe, but with no specific in look into Finland, the actual word Finland is individually mentioned twice in the book, once in a list of the countries studied and once to mention that we have a public program for social enterprises. (Kerlin 2009) Why Finland and the UK are of interest for further research is because they have different takes on the concept of social enterprise and therefore their social enterprise sectors show variation (Grönberg & Kostilainen 2012). For instance, in Finland the business part of a social enterprise has been highlighted more than in Europe in general, whereas in the UK social ownership takes a bigger role than in common definitions of social enterprise (Spear et al. 2009, Grönberg & Kostilainen 2012).

Studies of UK and Finland have been constructed on a country specific basis (Grönberg & Kostilainen 2012, Haugh 2005). According to a literature review made by Kerlin (2010) most of the earlier social enterprise studies focuses on case studies or the social enterprise sector in one country only. In 2012 a study issued by the MEE Publications, the sphere of social enterprises in Finland, their possibilities to develop, is studied and they give suggestions for how legal regulations and the operating environment could be improved. (Grönberg & Kostilainen 2012) Also Kostilainen & Pättiniemi (2013) made a study of the social enterprise sector in Finland, focusing on the institutionalization of social enterprise and social enterprises as a movement, a tool and a labor market measure. The area that is still quite undiscovered is Finland’s social enterprise sector in comparison to other countries social enterprise sectors. The social enterprise sector in Finland has not specifically been compared to other countries when it comes to looking at their possibilities and possible future obstacles. As Lyon & Sepulveda (2009) wrote it is important to set a baseline for the social sector so that future impacts and support can be compared to this.

No academic comparative study of Finland and UK could be found even though the countries have separately been studied. However in studies regarding social enterprises in Finland, UK seems to be commonly used as a benchmark. Grönberg & Kostilainen, (2012) use UK as a frequent example in their study on the status and futures of Finnish work integration social enterprises. In 2011 the Ministry of Work and Employment published a study, on the development of the operating model of social enterprises in Finland, were UK was used as a continual referencing point (Laiho, Grönberg, Stenman & Tykkyläinen 2011.) An academically structured analytical comparison is
needed because the UK already is used as country of comparison in Finnish studies, but a throughout comparison is lacking.

Research that would shed light on the opportunities of social enterprises, barriers to successful opportunities and how social enterprises could overcome these barriers would be useful for people working in the third sector and social enterprises as well as for other researchers and especially for those making policies regarding social enterprises (Haugh 2005, Lyon & Sepulveda 2009, Underwood et al. 2012.) “The future of social enterprises largely depends on the evolution public policies” (Evers 2001:308.) In order to make public policies that regard the social enterprise sector, there needs to be information about them. Research of social enterprises on national level but also on regional one is important so that public sector support can be targeted, justified the right way, and so that the support can be evaluated (Lyon & Sepulveda 2009.)

What makes the studying of social enterprises so interesting is the relatively newness of the phenomenon, the fact that it is not so well known, that there is not one right definition on social enterprises and because these organizations take so many different forms around the world (Underwood et al. 2012, Kerlin 2009, Mason 2012, Defourny 2001). A comparison between different countries is of interest for research as the social enterprise sector varies so much between them (Borgaza & Defourny 2001). It becomes clear that there is a need to compare these different national systems for social enterprises to be able to find out similarities and differences, to further develop the concept of social enterprises and it’s potential to address social issues.

Research on social enterprises should be of interest for further researchers, people working and studying in this sector, policymakers and governmental organs that make regulations which create the frames for the social enterprise sector, as well as the general public (Underwood et al. 2012.) The ones who need support are the ones that want to set up social enterprises or change from a traditional non-profit organization to a social enterprise (Lyon & Sepulveda 2009). As studies conducted on Social enterprises are still relatively few, more studies will be of great benefit. According to Haugh (2005) research is needed to build on the knowledge we have today in order to generate further theory and produce valid data.
1.2 Purpose

The purpose of this study is to compare the Finnish and UK social enterprise sectors in order to give more insight into differences that can show possible opportunities or barriers of opportunity. The aim is to increase the understanding of what the social enterprise sectors in these countries looks like today and set a baseline for the social enterprise sectors. In the end the goal is to be able to give directions and recommendations to the development of the Finnish social enterprise sector.

The research questions for this study are:

- How does the social enterprise sector look in Finland and the UK?
- What are the drivers and barriers of future opportunities for the countries social enterprises?

1.3 Approach and structure

In order to answer the abovementioned research questions, literature about social enterprises in general and about the social enterprise sectors in the two specific countries is reviewed. The theoretical framework is divided into three parts, first defining social enterprises and taking up important aspects that have to be understood about the concept, secondly a presentation of country specific information about the UK and Finland. And lastly a comparative summary of the earlier chapters is presented.

The theoretical framework is followed by the methodological discussion. In order to study the current situation of the Finnish social enterprise sphere an internet search is conducted to gather secondary data. Publicly available data on the social enterprise sectors, which consists of different types of sources; official reports, governmental reports, articles, texts on webpages, guides and official notes, is gathered. The study is conducted from an outside point of view. The Social enterprises of UK and Finland are studied through their surrounding ecosystems, support organizations, the government and the general public expressed through media. The analysis is built upon the framework of Grounded Theory and Spiggles (1994) framework for analyzing qualitative data. The data collected is compared to earlier research from the theoretical framework to create new knowledge, build new theoretical constructs and information. The collected data from Finland and UK is also compared to each other, to be able to draw conclusions and give recommendations on the basis of differences and similarities.
The method chapter is followed by the fourth chapter *Presentation of data and analysis*, this chapter is divided into eight different parts, where the findings of each country deriving from the internet search are presented and analyzed side by side in constant comparison. In the fifth chapter *Barriers and drivers of future development*, the effect of the findings on the opportunities and barriers of opportunity of the social enterprise sectors in each country, are then discussed. The chapter ends with a summary and a discussion on the most important findings. The last chapter is called *Discussion*, here the final conclusions of the study are reviewed, recommendations for the Finnish social enterprise sector are set and ideas for further research are presented.

1.4 Limitations

Many countries would be of interest when it comes to studying social enterprises; however, this study is limited to two European countries, thereof only the European view on the concept is included in the study. This is heavily bound to the context the social enterprises act in and therefore the study is not generalizable to other countries than Finland and UK.

There are multiple different perspectives from which social enterprises could be studied, for instance from the enterprise perspective or consumer respective. This study is limited to the outside perspective, studying the sectors from the viewpoint of its stakeholders; government, media and different types of support organizations. Data will not be collected from consumers that buy from social enterprises; therefore the consumer perspective has been excluded from the stakeholders perspective. Therefore data about consumers’ attitudes towards social enterprises or social aspects in business in general are not included in the study, and assumptions about the attitudes of Finnish society in general, towards social issues, are generated to be able to make recommendations originating from the data.
2 SOCIAL ENTERPRISES IN FINLAND AND UK

Social enterprises can play a significant role in the society, by supporting areas that have been neglected by the public sector and regarded as unprofitable by the private sector (Domenico, Haugh & Tracey 2010). This chapter constitutes the theoretical framework of the study; earlier literature is presented in order to supports the purpose of the thesis. The following chapter is divided into three main parts; first the concept of social enterprises is discussed as well as the different ways to define the concept. Thereafter the second chapters will cover the country specific information about social enterprises in the United Kingdom and Finland. The last chapter constitutes of a summary where the earlier sections are discussed.

2.1 Defining Social Enterprises

According to the literature review by Monroe-White et al. (2015) the definitions on social enterprises varies significantly between different countries. Until today researchers have not agreed on one, true definition that would be internationally binding. (Monroe-White et al. 2015, Defourny 2001) The details are the ones in the definitions of social enterprises that differ; according to the definition made by the UK Department of Trade and Industry in 2001 (cited in Haugh 2005, p.5) social enterprises should always be independent organizations, Di Domenico et al. (2010) define social enterprises as socially driven businesses, whereas Mook, Chan & Kershaw (2015) highlight that social enterprises operate under a triple bottom line taking into account economic, social and environmental aspects. Dees & Anderson (2003) highlight the creation of social value but require social enterprises to be a for profit entity, which differs with the view of multiple researchers who include nonprofit entities in their picture of social enterprises (Defourny & Nyssens 2012, Defourny & Nyssens 2010b, Kelin 2009, Dees & Anderson 2006, Monroe-White et al. 2015, Massarsky 2006). However all the existing definitions on social enterprises emphasize similar features: social enterprises should have a social mission and should finance themselves through trading activities. (Haugh 2005, Di Domenico et al. 2010, Mook, Chan & Kershaw 2015, Underwood et al. 2012, Dees & Anderson 2003)

In Europe the most common definition of social enterprises is conducted by the EMES European research center (Defourny & Nyssens 2012) EMES was formed in 1996 by a group of researchers who noticed that similar social enterprise initiatives were on the rise in different countries. The purpose of the network became studying the emergence of social enterprises in Europe. (Kerlin 2010) Defourny (2001:18-20) presents the research results of EMES European research center, who
defined nine common criteria which will help to identify social enterprises in the 15 EU member countries. The EMES criteria cover four economic aspects and five social ones.

Economic criteria:

1. *Social enterprises should continuously engage in trading activities*, producing and selling services. This should be the main reason why the enterprise exists.

2. *Social enterprises should have a high degree of autonomy*; they should not be managed by another organization from the public, private or third sector.

3. *Social enterprises should have a significant level of economic risk.*

4. *Social enterprises should have a minimum amount of paid workers*, when they are using both paid workers and volunteers.

Social criteria:

1. *Social enterprises should have a purpose that aims at helping the community or a specific group of people.*

2. *Social enterprises should be an initiative made by a group of citizens.*

3. *In Social enterprises the power of decision making should not be based on capital ownership.* The owners of a social enterprise are important but should share the right to make decisions with other stakeholders. Usually a system of one vote each member is used.

4. *Social enterprises should involve the persons that are affected by their operations into their activity.* Active orientation towards stakeholders and democratic management.

5. *Social enterprises should have limited profit distribution.* Social enterprises can contain organizations that are allowed to distribute profits to a limited extent or organizations that are not allowed to distribute profit at all. The purpose of a social enterprise should not be profit-maximization.

These are the criteria made by the EMES European research center, with a focus on democratic management, autonomous operations and stakeholder engagement (Defourny 2001). The idea of the criteria is to describe an “ideal type” of social enterprise, so that existing enterprises can be compared to the criteria and thereof also to each other (Defourny & Nyssens 2012). Even when all
this criteria are fulfilled, there is a great opportunity for variation for social enterprises. (Defourny 2001)

2.1.1 Social enterprise characteristics

The way social enterprises differ from traditional third sector non-profit organizations, is that they are financially self-sustaining (Di Domenico et al. 2010). According to Haugh (2005) social enterprises are included in the social economy. However what set them apart from traditional non-profit organizations other than that they are engaging in trading is the entrepreneurial approach and the fact that they use innovation as their main key to solve social issues. (Haugh 2005) According to Defourny (2001) social enterprises are actually matching qualities from both the third sector and private sector; characteristic for social enterprises are creativity, flexibility and speed which are traditionally associated with the private sector. Social enterprises are using innovative economic practices to help social causes within the social dimensions that traditionally outline the third sector. (Defourny 2001, Dees 1998) They are combining a social purpose with a structure from the traditional private-sector (Dees & Anderson 2003).

Apart from the social mission social enterprises differ from private sector businesses by their limited profit distribution (Defourny 2001). Social enterprises are not allowed to distribute profits to their owners (Haugh 2005, Defourny 2001). The purpose of social enterprises is not profit maximization and the profits must be reinvested in the organization; the profit should benefit the social cause the social enterprise is working for. (Defourny 2001, DTI 2002) However there are researchers that disagree with this. According to Dees & Anderson (2003) owners of social enterprises should have rights to residual earnings and net assets.

Researchers have different opinions of where in the picture of the traditional three sectors of society social enterprises should be located; Leadbeter (1997) argues that social enterprises are set between the traditional sectors, between traditional non-profit organizations and profit seeking businesses, whereas Defourny (2001) locates social enterprises in the third sector, as renewed third sector organizations. Dees (1998) discuss the blurring of the lines between the traditional sectors. Social enterprises generate profit like the business sector, and have a social mission in common with the third sector.

Social enterprises are hybrid organizations that act in a multi-stakeholder environment (Laedbeater 1997, Haugh 2005). The multitude of possible different partners, for example local authorities or communities, and a possibility to use a mix of paid employees and voluntary workers, sets social
enterprises apart from both private sector businesses and third sector organizations. (Defourny 2001) For social enterprises it is important to understand their wide range of stakeholders, who is the actual customer, might not be the same as the people one benefitting from their trading operations. Depending on the operations of the social enterprise spotting the actual customers or receivers can be more difficult than in a traditional private business or nonprofit situation. (Somers 2005)

The structure of social enterprises is usually quite flat and they are often weary flexible organizations (Laedbeater 1997.) According to Defourny (2001) social enterprises are mostly found to be independent and democratic in their decision making. Because the power of the members is not dependent on their capital stake at hold, therefore it is common that everyone has an equal vote in social enterprises. (Defourny 2001) There have been disagreements regarding how much social enterprises have to finance themselves through their own operations. New social enterprises can get less than half of their income from their own operations whereas mature enterprises aim towards generating all of their income through their trading activities (DTI 2002).

2.1.2 Social Enterprise, Social Entrepreneurship & Social Entrepreneur

Innovation and flexibility is the core of social enterprises (Laedbeater 1997.) Social enterprises use entrepreneurial strategies to fight social causes (Haugh 2005). Their way of work differs significantly from traditional third sector organizations that are often weighted down by bureaucracy. Social enterprises are signified by innovation and entrepreneurship, by introducing something new, a new method, new way to look at a problem, new way to use resources, this is what entrepreneurship is all about, that is where the entrepreneurship notion comes from (Defourny 2001). According to Haugh (2005) social enterprises are a mix of entrepreneurial strategy and social purpose. When discussing social enterprises all three concepts social enterprise, social entrepreneurship and social entrepreneur appear in earlier literature. Defourny (2001) sees the entrepreneurial concept to be the most important one when it comes to social enterprises and entrepreneurship, entrepreneurs are the innovators and they come up with new methods, new ways to do things, use resources, to solve but also new ways to look at problems. According to Haugh (2005) social entrepreneurship is the process of creating a social enterprise. Whereas Wexler (2006) and Monroe-White et al. (2015) agree that the person who is creating the social enterprise is the social entrepreneur, who wants to catch an opportunity to fulfill a social goal.
It has been noted that in American literature the concept of entrepreneur and entrepreneurship has been highlighted whereas in Europe the collective concept of social enterprise is more common. Traditionally the three terms social enterprise, -entrepreneurship and -entrepreneur where used equally (Defourny & Nysses 2008). However the relation between the concepts seems to be more complex than that (Peredo & McLean 2006). Therefore later research has tried to define the differences and find specific characterizations for the concepts; a field of research that is under development (Defourny & Nysses 2008). In this study social enterprise is used most commonly, social entrepreneur only when referring to the person running the social enterprise and social entrepreneurship when discussing the act of setting up and running a social enterprise.

2.1.3 Social Enterprise Value Creation and Field of Operation

Social enterprises can create value in many ways; they can procure services, employ people, produce products or services and market these. They can use all stages to create social value; buy from disadvantaged suppliers, fair trade organizations or ethical companies and employ disadvantaged workers or long time unemployed. They can create value through producing services that will help the community or people, sustainable products or products that help reducing social problems. Or by producing their product and services in a sustainable way and targeting particular markets that are especially disadvantaged. (Dees & Anderson 2003)

Social enterprises function in the same areas as traditional nonprofit organizations and public authorities. Which markets they operate in each country, depends heavily on where the state and the third sector have been strong in this specific country. (Borzaga & Defourny 2001) Certain services have traditionally been provided by the government, public providers, or informal providers like family or community. Times have changed, for example families are not taking care of their elderly like before, and this service has been externalized. Also many services that previously were provided by the governments are now being taken care of by different service providers. Changing times led to third sector actors taking over these markets, which have become the markets where social enterprises act the most. (Defourny 2001) It has been argued that one of the main challenges for social enterprises is that they purposefully look for and operate in markets that do not function properly and that have been neglected by others like the public- and private-sector (Di Domenico et al. 2010).

It has been recognized that social enterprises in most countries operate in a few different sectors; work-integration for long time unemployed or disabled, personal-services, cultural arts, education,
elderly care, facilities for young children and aid for disadvantaged people, community
development, recycling, low cost transports, infrastructure & subsidized housing. (Defourny 2001, 
Di Domenico et al. 2010) Some activities may be undertaken by social enterprises in some countries 
but not others even if the same social problem exists there also. It really depends on the whole 
socioeconomic environment. (Kerlin 2010) Common types of social enterprises are the ones which 
operate as sub-contractors in fields that otherwise would be taken care of by the state. These fields 
are usually defined by the state as the once with a need for social work. It has been argued that these 
organizations would not be fulfilling the role of social enterprises, as they are only taking over tasks 
from the state and therefore the innovation aspect, incorporated in the social enterprise concept, is 
lacking. (Thomson 2008)

In less developed countries, people that fall behind the workforce and are in danger of isolation 
represent one of the biggest social issues. Therefore, in most less developed countries that have 
social enterprises the focus is on work integration. In more developed countries the variation of 
markets where social services operate is greater. However differences between countries are not this 
clear and depend on other factors as well. (Borzaga & Defourny 2001) In Europe work integrating 
social enterprises, (WISES) are the most common (Wilkinson et al. 2014). According to a literature 
study by Costanzo, Vurro, Foster, Servato and Perrin (2014) WISES in Europe grew from legal 
changes in psychiatric rehabilitation. WISES are so common in Europe that in some countries the 
idea of social enterprises is only associated with this type of enterprises. (Defourny & Nyssens 
2010a)

2.1.4 Legal Frameworks

In different parts of the world different forms of legislation regarding social enterprises has been 
established. This can be seen as an indicator that social entrepreneurship varies so much from the 
traditional form of profit driven entrepreneurship that they have to have their own regulations. New 
frameworks have been created to suit social enterprises better than the traditional non-profit or co-
operative structures. New frameworks for social enterprises have been created to encourage the 
commercial and entrepreneurial aspects of social enterprises. (Defourny 2001)

The Italians where the first to introduce the “social co-operative” status in 1991, after that many 
countries followed (Defourny 2001). In different countries different legal frameworks were set up 
for social enterprises and the structure of the organizations and their duties differ between countries. 
(Haugh 2005, Defourny 2001) Even though many countries have introduced legal frameworks for
social enterprises most social enterprises still adopt old forms that generally were used by private enterprises or nonprofit organizations. Traditional forms that social enterprises in different countries usually take are company limited by guarantee or share and the co-operative or association format. (Defourny & Nyssens 2010a)

2.2 Presentation of country specific information on social enterprises

In this section of the theoretical framework the social enterprise sectors of the two countries United Kingdom and Finland are presented. The presentation includes seven categories that help characterize the differences in the social enterprise spheres of these countries. The model of the categories was presented by Kerlin (2010:169) who analyzed data collected from social enterprise spheres around the world for the book Social Enterprise: Global Comparison by Kerlin (2009). The six categories presented were; outcome emphasis, focus area, common organizational type, legal framework, sector of society and development base, which in this study is called supporters of development. I have added one more category to the presentation which is barriers of opportunity.

2.2.1 Social enterprises in the United Kingdom and Finland

The social enterprise sphere in UK has experienced high growth (Borzaga & Defourny 2001, Spear, Cornforth & Aiken 2009). What is concerned to be quite advanced in the UK compared, to other countries is the operations of their social enterprises, which is seen as more advanced and structured. (Costanzo, Vurro, Foster, Servato & Perrin 2014) The social enterprise sphere of UK is also advanced in the aspect that includes a wide range of different types of organizations attacking different problems. Similarly, according to (Borzaga & Defourny 2001) there is a significant amount of social enterprises in Finland and when it comes to succeeding in their goals, Finnish social enterprises have reached a high level of success. (Borzaga & Defourny 2001)

In the Nordic countries in general the third sector never traditionally had a service providing role, more of an advocacy one. In the last twenty years social enterprises in Finland have been closing the gap between third sector and public sector, bringing them closer together. (Kelin 2009) In the UK, on the other hand, social enterprises have become to play an important role as a governmental tool. (Spear et al. 2009) In 2002 the UK government formed a definition of social enterprises as a business with social objectives, whose profits should be reinvested in the business or the community it’s operating in. It is not a business where profit is maximized for the shareholders. (DTI 2002)
The Social Enterprise Unit (SEU) set up by the UK government defines social enterprises as; businesses with a social purpose, whose surplus is not used to maximize the profit of shareholders but reinvested in the purpose of the social enterprise (Spear et al. 2009). According to Spear et al. (2009) the primary umbrella organization for UK social enterprises, the Social Enterprise Coalition, highlights three key characterizations for social enterprises; they have a social goal, an enterprise orientation and a social ownership structure. The part of social ownership differs from the traditional definitions presented in the earlier chapter, where only a social goal and trading activities are mentioned. In UK the participation of stakeholders such as employees, users, local community and social investors, defines the ownership structure of social enterprises. (Spear et al. 2009)

2.2.2 **Outcome emphasis, goal of implementation**

The most common reason why social enterprises are implemented in the countries of Western Europe is the solving of social issues, mostly to fight unemployment and social exclusion (Kerlin 2010). According to Wilkinson, Medhurst, Henry, Wihlborg & Braithwaite (2014) social enterprises in Finland are set up to serve collective needs. Whereas the outcome emphasis for the social enterprise sphere in UK, social goals, is not as specific. In the UK social goals are prioritized before financial once and the emphasis is on creating social value (Somers 2005). However serving community interests is also mentioned as one of the goals of UK social enterprises (Wilkinson et al. 2014). This relates to the Finnish goal, serving collective needs, which entails that in both countries a collective aspect is visible.

2.2.3 **Focus area, the activity that is supported**

The operations of social enterprises in the UK reflect the biggest part of activities possible within an economy. There are only a few other countries in Europe with such a versatile social enterprise sector. In UK social enterprises have taken a progressive role providing new innovative consumer services and products as well as creating sustainable business services even in digital form. (Wilkinson et al. 2014)

On the contrary, out of the European countries Finland belongs to the group with a well-developed welfare state, where social enterprises are most active only in specific sectors. These sectors are usually characterized by the fact that there has been none or little provision of services from the governmental side, this includes the Finnish labor co-operatives formed by unemployed individuals.
Or they are sectors that local authorities and governments traditionally have been taking care of, but where they now voluntarily take a step back and function as financiers for social enterprises that are taking over instead. (Borzaga & Defourny 2001)

According to Walsham, Dingwall & Hempshedd (cited in Spear et al. 2009, p.248) social enterprises in UK are seen to have a significant role in providing public services in a new and innovative way. They have taken over many tasks that used to belong to the chores of local authorities. Such services include leisure-, recreational- and cultural services as well as recycling (Walsham et al. 2007, cited in Spear et al. 2009p. 248). Other issues that UK social enterprises address are supporting homeless and creating opportunities for young and disadvantaged (Spear et al. 2009). One of the biggest activities for social enterprises in the UK is helping the integration of disadvantaged groups, individuals with mental or learning disabilities, back to the work force. (Spear et al. 2009, Costanzo et al. 2014)

Social enterprises in Finland focus mostly on integration of individuals disabled from the workforce. This is done through a variation of different economic activities. Social enterprises in Finland serve in fields like culture, arts, crafts, music, sports and recreational activities. (Wilkinson et al. 2014)

### 2.2.4 Legal framework

Both UK and Finland have established legal frameworks regarding social enterprises (Kerlin 2010, Wilkinson et al. 2014, Defourny & Nyssens 2010a, Wilkinson et al. 2014, Pänttiniemi 2008.) UK:s legal framework is adapted from the company format and is called Community Interest Company (CIC) (Wilkinson et al. 2014, Defourny & Nyssens 2008, Wexler 2006). Legal forms for social enterprises have been established in many European countries and UK followed the lead when the legal form was approved by the UK Parliament in 2004 (Kerlin 2010, Kerlin 2009). Two years after the CIC was established there was a thousand of them in the UK (Kerlin 2009). The CIC defines social enterprises as company with a social purpose and limited profit distribution (Kerlin 2009). The CIC requires that social enterprises in UK, mention “Community interest Company”, “CIC” or Community Interest Public Limited Company” in their title, go through a community interest test and it includes agreeing to that the CIC organization will permanently be serving social purposes (Defourny & Nyssens 2008, Wexler 2006). The UK legal form does not define a specific
governance model for social enterprises that would specify the involvement of stakeholders and democratic decision making (Kerlin 2009).

When it comes to legal structures, UK has a more open model for social enterprises; it is not solely based on co-operatives, which is seen in other European countries (Defourny & Nyssens 2010a). Even though the legal framework, CIC, is set, most types of social enterprises in UK do not have their own legislation (Spear, Keynes & Bidet 2005). One aspect that is not legally regulated and under debate is how much social enterprises in general have to generate income from market-based trading, the issue is debated and usually 50% is used as a guideline (Spear et al. 2009, Defourny & Nyssens 2008).

In year 2014 Finland was one of seven countries in Europe to have established a legal status for social enterprises that applies for several organizational types and only requires that the social enterprises attain certain pre-set criteria. (Wilkinson et al. 2014, Pänttiniemi 2008) The specific law for social enterprises in Finland is called Act on Social Enterprise (1351/2003) (Wilkinson et al. 2014), it came into force in January 1, 2004 (Pänttiniemi 2008) According to the Finnish Act on Social Enterprise (2003) “a social enterprise, whatever its legal status, is a market-oriented enterprise created for employing people with disabilities or long-term unemployed.” (Defourny & Nyssens 2010a:236) In many European countries legal definitions narrow the range of activity for social enterprises (Wilkinson et al. 2014). The Finnish law narrows down the range of social enterprises to WISES and associates social enterprise with work integration and employment of disabled. (Wilkinson et al. 2014, Defourny & Nyssens 2010a) By law the term social enterprise (“sosiaalinen yritys”) is reserved to WISES in Finland, enterprises that are not in the register of the Ministry of Labor may not use the term social enterprise. (Pänttiniemi 2008)

The Finnish Act on Social Enterprise sets some requirements on organizations wanting to call themselves social enterprises in Finland; social enterprise should be registered as a trader to the Ministry of Labor who is keeping register of social enterprises and the enterprise should pay all its employees’ wages according to the general agreements of the industry or sector they are operating in. Long term unemployed must by law make up for 30% of a social enterprises workforce. And every social enterprise must employ minimum one disabled person. However social enterprises in Finland have no restrictions on how to use their surpluses (Pänttiniemi 2008). As the Finnish law has narrowed down the term social enterprises to mean WISES (work integrated social enterprises) (Pänttiniemi 2008) and the Finnish translation for what commonly is thought as social enterprises is
“societal enterprise” (yhteiskunnallinen yritys), to make it clearer for the reader in this study I will use the term social enterprise for the general definition of social enterprises and work integrated social enterprise (WISE) for what in Finland by law has been narrowed down to social enterprise (sosiaalinen yritys) (Työ ja elinkeinoministeriö 2010c). I will only use the name WISE if it becomes clear that in the earlier literature they talk specifically about the work integration social enterprises limited by the law.

Even though the current law on social enterprising is quite narrow, there is a possibility this might change, and the phenomenon of social enterprising might be widened. The discussions on combining social and economic dimensions are growing and social enterprising has started to interest researchers in Finland; discussions have included new legislation for social enterprises providing social- and healthcare (Pänttiniemi 2008)

2.2.5 **Common Organizational type: how social enterprises are formed**

The social enterprise movement in UK has grown from historical worker co-operatives, development trusts and community enterprises into the shape it has today. Therefore, in UK the social enterprise as an entity is prioritized rather than the individual social entrepreneur. (Somers 2005) Even though UK has a legal form of “community interest companies” many social enterprises still take other forms like industrial and provident societies (Defourny & Nyssens 2010a). Another frequent way to form a social enterprise in UK is creating companies limited by guarantee, furthermore many social enterprises use forms that are not created out of the company format; such as partnerships, associations or even charities. (Spear et al. 2009)

In the UK the most frequent organizational types of social enterprises are different kinds of self-labelled forms which often have their own federal structures and representative bodies (Spear et al. 2009). According to Spear et al. (2009, p. 248) these self labelled organizational forms of social enterprises in UK can range from: community enterprises, development trusts, fair-trade organizations, trading charities, health & social care enterprises, socially or environmentally oriented small businesses, leisure trusts, work integration social enterprises, social firms, green social enterprise to co-operatives and credit unions.

Finland, on the other hand, is a part of the Nordic welfare countries which have a strong tradition of co-operatives (Defourny & Nyssens 2010a, Pänttiniemi 2008). In Finland co-operatives have been
easy to establish and social enterprises have mostly taken this organizational structure as their legal form, only changing some of the traditional attributes (Borzaga & Defourny 2001). Associations in the Nordic countries have been legally limited to take part in open market trading activities, they have traditionally been associated with ideal purposes and therefore, have mainly stayed as a traditional third sector organization form which is one of the reasons co-operatives are more common among social enterprises (Borzaga & Defourny 2001, Kerlin 2009).

One format of social enterprises in the UK that relates to the Finnish WISES, are the fairly common social firms in the UK (Spear et al. 2005.) Social firms only differ a bit from WISES in their broader definition; they include all social enterprises that aim at social or professional integration of disadvantaged workers (Costanzo et al. 2014). In UK they create employment for people with mental, health or learning disabilities (Spear et al. 2005). The concept of social firms is quite new in UK and has only existed during the twenty-first century (Costanzo et al. 2014). According to a mapping report made of the UK social enterprise sector in 2001; to be able to be classified as a social firm a minimum of 50% of the social enterprises income must be from its own activities and profits should be reinvested into the enterprise and 25% of the enterprises employees must be from a group of individuals who have real difficulties to get work somewhere else (cited in Costanzo et al. 2014, p. 656).

Social firms relate to Finnish WISES. Before the 1990s the creation of jobs for disabled was the task of the state in Finland. However the mass unemployment that started because of the economic crisis in the 1990s, the needs for social enterprises arouse. There were the three forms of social enterprises that were created to solve the urgent unemployment issue; associations for the unemployed and labor co-operatives, village associations (local), professionals that organized delivery of health care and social services. Functioning examples of the social services set up in the 1990s and a heavy case of structural unemployment, lead to social enterprises being viewed by the Ministry of labor as partial solution to the problem. As earlier stated, in Finland today the term “social enterprise” equals work integration social enterprises. (Pänttiniemi 2008) Social enterprises in Finland that are only devoted to work integration can still operate under different legal forms, the same that other social enterprises may use. The most common form for WISES in Finland is however labor co-operatives. (Spear et al. 2005)
2.2.6 Societal sector: the sector social enterprises are mostly associated with

According to Defourny & Nyssens (2010) in UK social enterprises are foremost market oriented and viewed as businesses, this is a view shared with most European policies. However Spear et al. (2009) argue that UK social enterprises are seen as being a part of the third sector. Although they agree that social enterprises can be located differently between the different society sectors, which can leads to blurring lines between the traditional society sectors and multiple identities for social enterprises. (Spear et al. 2009) According to Nicholls (2006) the social enterprises in the UK lay between all three society sectors the market, the state and the civil society.

The majority of Social enterprise managers in the UK agree that social enterprises lay between the business market and the aim of social issue solving. However there are also those who think social enterprises should behave like any other business on the market and they who think the opposite, that social enterprises should not implement private sector structures and tools as they are ideally different (Pinch & Sunley 2015).

Regarding Finland the placement seems clearer than for the UK social enterprises. According to Nicholls (2006) Finnish social enterprises, among all other European social democracies are located between the market and the state. Also the Finnish Act on Social Enterprise describes WISES as market oriented enterprises, binding them to the private sector (Defourny & Nyssens 2010a).

2.2.7 Supporters of development: who is funding, helping the development

The UK government has shown initiative when it comes to developing their social enterprise sphere. UK is one of the seven European countries that have created a framework which is part of their Big Society Reform agenda (Wilkinson et al. 2014).

In 2002 the government in UK set up a Social Enterprise Unit (SEU) which is located in the Department of Trade and Industry (DTI). A social enterprise strategy was launched as well, in order to coordinate the implementation of social enterprises in both England and Wales (Walsham et al., 2007, cited in Spear et al. 2009, p 248). In 2006 the government set up a Social Enterprise action Plan and the SEU moved to the Office of the Third Sector. The idea behind the plan was to create visibility for social enterprises and encouraging social entrepreneurship around the country. (Walsham et al., 2007, cited in Spear et al. 2009, p 248, Kerlin 2009) According to the Department of trade and Industry the SEU created a three year plan “Social Enterprise: a Strategy for Success”
involving local authorities, development agencies and government offices, with a mission to build a good environment for social enterprises. They also gave advices regarding administration and taxation. (2004, cited in Kerlin 2009, p 39-40)

The Department of health in UK has also established a Social Enterprise Unit, as they have noticed the potential of social enterprises providing new ways to health care and delivering health services. The Department of Health supported social enterprises working in this sector, so that they could act model for later social enterprises. (Walsham et al., 2007, cited in Spear et al. 2009)

The UK government has started to realize the potential of social enterprises for delivering public services and as earlier mentioned many UK social enterprises are taking over the creation of tasks, like recreational services, that used to belong to local authorities, these social enterprises are often set in motion by local authorities themselves (Spear et al. 2009.) The majority of social enterprises revenue in UK, but also Finland, comes from market sources, their own trading activities, and especially from sales to public authorities (Wilkinsons et al. 2014). This means that the UK and Finnish social enterprise sphere is less reliant on donations however more reliant on the public sector as a trading partner.

In the UK one aspect where social enterprises are not getting preferred treatment by the government is public procurement (Defourny & Nyssens 2010a). Likewise public bodies in Finland rarely develop procurement practices that would favor social enterprises when they outsource their social services (Pänttäniemi 2008). The Finnish government has however discussed introducing social clauses into public tenders. This would imply that social dimensions would be taken into account when giving out public contracts. As social enterprises are competing with for-profit companies and often bear costs that those companies do not, this is an important aspect for social enterprises. (Defourny & Nyssens 2010a)

Social enterprises in Finland do not get any specific public benefit (Pänttäniemi 2008). In Finland there are no public funded bespoke schemes targeted at social enterprises, which has been a conscious policy choice (Wilkinson et al. 2014). In the case of Finland social enterprises are only qualified for the active labor markets the same as private sector enterprises (Defourny & Nyssens 2008). In Finland registered social enterprises or foundations that support social enterprises can get support from public employment services, however this support is not meant to be used to
commercially develop the organization. Not many social enterprises in Finland have applied for this support because the usage is so limited (Päättäniemi 2008).

According to Somers (2005) public bodies and non-profit management schools in UK are not taking social enterprises up for discussion enough and these different organs are not collaborating with each other. Somers (2005) states that UK business schools are the one taking a lead on the social enterprise dialogue and research were as the ones who act between the actual social enterprises and the universities in UK, are social enterprise development agencies. (Somers 2005)

Mutual support- and social enterprise networks have shown to be of support for the development of the UK social enterprise sector. They have been able to offer guidance and advice, speaking for social enterprising and have had an important role when it comes to developing policies and bringing forward recognition. Several umbrella organizations for social enterprises have been established in UK. (Wilkinson et al. 2014) The main umbrella body for social enterprises in the UK is called the Social Enterprise Coalition (Spear et al. 2009). UK is one of few countries that have prepared guidance and toolkits for their social enterprises and are meaning to further developing the discussion on common frameworks. Also in UK a social enterprise mark and certification scheme has been established to create an identity for UK social enterprises, recognition and visibility (Wilkinson et al. 2014). Finland also has a social enterprise mark; the idea is that the mark will provide recognition and visibility to Finnish social enterprises. (Wilkinson et al. 2014)

As it seems social enterprises in UK are getting support in further development both from the governmental side, universities and social enterprise networks, whereas the Finnish sector is enjoying the same benefits as traditional companies and limited support from the government. Even though no further information on support organizations for social enterprises in Finland was found a social enterprise mark providing the sector with visibility, was identified.

2.2.8 Barriers of opportunity for the social enterprise sectors

Regarding barriers of opportunity for both Finland and UK multiple different aspects came up. These were identified as; dependence on the government, an unclear identity, dual responsibility, multiple self labelled forms, disadvantage in public procurement and low benefits of being identified as a social enterprise.
Even though the state has shown to take initiative to support social enterprises in the UK, Spear et al. (2009) and Mason (2012) argue that the government has been minoritizing social enterprises, not fully believing in their possibilities to succeed, which have limited their abilities to grow. (Spear et al. 2009, Mason 2012) As earlier mentioned, the biggest part of the revenue of Finnish social enterprises comes from sales, especially to the public sector; the same was mentioned for UK. This implies that the entrepreneurial dimension is quite strong as they are able to create their own revenue (Wilkinson et al. 2014.) However it also implies that the Finnish and British social enterprises are quite dependent on the state as a customer.

One issue that came up in the case of UK is that the discussion around social enterprises is quite fractioned and disordered; the description of the actual subject, social enterprise is quite unclear. One important factor for the social enterprise sphere in the UK would be giving social enterprises of UK a clear identity. That would further discussions between social enterprises different stakeholder groups and the government and support further development. (Mason 2012)

Also the dual responsibilities and hybrid nature of social enterprises has been discussed in the UK context. As social enterprises gain social value by employing individuals with a disadvantage in getting jobs they are compromising their opportunity to achieve economic value by employing the most efficient human resources. The argument is that disadvantaged individuals will require more training and developing which will hurt economic efficiency. (Costanzo et al. 2014) On the topic of economic efficiency, being commercial minded, making business plans or taking loans are behavior picked up from the business sector. Among UK social enterprise managers there are those that are in favor and those who are not. As many social enterprises are support from the state, there is a fear that the more commercial social enterprises will be the surviving ones if state-sponsored support will drop. (Pinch & Sunley 2015) This again shows that there is a fear that social aspects can be compromised for economic ones.

Regarding Finland the lack of incentive to be identified as a social enterprise was identified as an issue in earlier research. Seven countries in EU have a specific policy reform for supporting the development of social enterprises; Finland is not one of these. (Wilkinson et al. 2014) Defourny & Nyssens (2010) argue that only a few of the Finnish social enterprises have registered to officially become social enterprises. According to a literature review by Pänttiniemi (2008) social enterprises in Finland have not been so keen on registering as the benefits are so low, also they believe that the
The multiple self-labelled forms of social enterprises in UK have shown to have quite overlapping structures, they can have two or more structural descriptions which make them quite complicated, however they have been a useful starting point for the UK social enterprise sphere. (Spear et al. 2009) Further concerns about the social enterprises in UK are accountability and how to support the governance of social enterprises. (Spear et al. 2009) Also there is a scare that social enterprises will start addressing those social issues that can generate the most income, not the ones that need help the most. (Defourny & Nyssens 2010b)

One aspect in the UK economic history has proven to be a challenge and opportunity for social enterprises. The UK state started to contract out and develop quasi markets for services that had historically been in their control. (Defourny 2001) According to the literature review by Defourny & Nyssens (2010) this started a competition for taking over the services that had traditionally been in the control of the state, now all types of organizations could compete for these services and the public funding that was linked to the performance of the services. This trend of contracting out and quasi markets fostered the social enterprise activities in the traditional third sector organizations. (Defourny & Nyssens 2010a) However the use of quasi markets and contracting out in the UK is not always favorable towards social enterprises, price is usually the criterion on how to decide upon different providers. And regulations are not strict enough when it comes to defining quality. (Borzaga & Defourny 2001)

2.3 Summary

As seen in the earlier chapter, there are contrasting characteristics between the definition and implementation of social enterprises in the two different countries but also many similarities. In both countries a significant amount of social enterprises, with a high level of success, were identified (Borzaga & Defourny 2001, Spear et al. 2009, Costanzo et al. 2014). In Finland social enterprises were described to be closing the gap between third sector and public sector, bringing them closer together (Kelin 2009). Where as social enterprises in the UK were found to have an important role as a governmental tool (Spear et al. 2009).
Overall the way of looking at social enterprises in the two studied countries differs. The UK definition on social enterprise varies from the traditional definitions by adding the social ownership structure and stakeholder participation as criteria for social enterprises (Spear et al. 2009). The Finnish view on social enterprises is narrower, as social enterprises in Finland are by law associated to work integration social enterprises (WISES) (Pänttiniemi 2008). However the core of the social enterprise definition is still the same in both countries, the mission of the social enterprise is to support social value creation not profit maximization. (Defourny & Nyssens 2010b) This agrees with the overall definitions of social enterprise that were discussed in the beginning of the literature review; social enterprises are organizations that operate in the market but create social good (Mook, Chan & Kershaw 2015).

The earlier presentations on the country specific information were built upon the six categories presented by Kerlin (2010, p 169); outcome emphasis, focus area, organizational type, legal framework, sector of society and supporters of development. And further one more additional category; barriers of opportunity. This presentation showed multiple differences between the social enterprise concepts in the studied countries. The primary findings of the presentations can be found in the table below.

![Table](adapted_from_framework_of_characteristics_presented_by_kerlin_2010__p_169.png)

**Figur 1** Adapted from the framework of characteristics presented by Kerlin (2010, p. 169).
The outcome emphasize, which can be defined as the main purpose of why social enterprises are implemented in the different countries, where found to be quite similar. In the UK social goals are prioritized, creating social value in general, whereas in Finland the purpose is to serve collective needs in the society which is a more specified social goal (Wilkinson et al. 2014, Somers 2005).

In both countries the focus areas differ in width and target area. In UK the operations of social enterprises reflect the biggest part of activities possible (Wilkinson et al. 2014). The focus however lies on public services (Dingwall & Hemsheed 2007, cited in Spear et al. 2009, p.248) and helping groups of people disadvantaged in the society (Spear et al. 2009, Costanzo et al. 2014). In Finland the traditional role of social enterprises is really narrow, focusing only on individuals disabled from the workforce (Wilkinson et al. 2014).

Both countries had established legal formats for social enterprises (Kerlin 2010, Wilkinson et al. 2014.) In the UK this entailed a special format CIC for social enterprises to use (Wilkinson et al. 2014, Defourny & Nyssens 2008, Wexler 2006) and for Finland binding the concept “social enterprise” to signify work integrated social enterprise (Pänttiniemi 2008.) In Finland the co-operative structure is the most frequent among social enterprises, whereas in 2009 UK different types of self labelled forms, which include co-operations, are the most common organizational types (Spear et al. 2009).

The discussion on which sector of society the social enterprises in the different countries are most connected to, is quite dispersed, all of the three sectors of society are mentioned. However it was concluded that the Finnish social enterprise sector is set between only the private and public sector and the UK social enterprises fall between all three sectors. (Nicholls 2006)

When it comes to who is supporting the social enterprises, government is a big supporter in the case of UK (Wilkinson et al. 2014.) In Finland the governmental support is low (Pänttäniemi 2008) and information on further supporters is lacking. However Finland has a social enterprise mark that has been created in order to raise visibility for Finnish social enterprises (Wilkinson et al. 2014). The UK social enterprise sector is also enjoying support from business schools, universities, social enterprise networks and umbrella organizations (Somers 2005, Wilkinson et al. 2014.) Social enterprises in UK are further enjoying recognition and visibility created through the social enterprise mark and mutual support from the social enterprise sector (Wilkinson et al. 2014).
The barriers of opportunity in both countries represent the problems that especially occurred in literature regarding this specific country. Not excluding that these problems would not occur in the other countries as well. These are only examples of the main problems in each country. In Finland one aspect that might grow into a problem is the dependency on the government as a customer (Wilkinson et al. 2014). This was also identified as a possible problem for the UK sector. Also low benefits of registering as an official social enterprise in Finland might slow down the growth of the sector (Pänttiniemi 2008). In UK the discussion of barriers for social enterprises lie among their unclear identity and hybrid nature, having a social goal with enterprise structure, which researchers believe will limit them in competition (Pinch & Sunley 2015, Costanzo et al. 2014, Mason 2012).

Another aspect that has been debated in the UK is the dual responsibilities of social enterprises, mixing business behavior with a social goal. And weather this will lead to the compromising or economic efficiency (Costanzo et al. 2014.) The discussion also brought up the fact that there are those who are against the usage of traditional business behavior (Costanzo et al. 2014). This can be interpreted as if there is a scare that the social mission will be compromised if business tools are used. However the European governance structures are there to protect the social mission and the exclusion of the poorest in the society, through profit distributing constrains and involvement of stakeholders. One way that the governance protection presents itself is when social enterprises are get public funding and strict regulations about profit distribution are attached. (Defourny & Nyssens 2010b)

Both countries social enterprise sectors differ quite a bit, the view on the Finnish social enterprise sector is much narrower than in the UK. However in both countries the government has realized the potential of social enterprises and social enterprises are addressing severe social issues like unemployment in Finland and helping disadvantaged in the UK. In both countries social enterprises are addressing also lighter areas such as culture, recycling and recreational activities. When it comes to the support for social enterprises, the development in UK seems to be ahead of Finland, for the Finnish sector there is still room for improvement regarding the inclusion of education and support organizations into the supporting ecosystem surrounding the enterprises.
3 METODOLOGY

The aim of this study is to increase the understanding of what the social enterprise sectors in Finland and UK looks like today. The final goal is to be able to give directions and recommendations to the development of the Finnish social enterprise sector. Like the interpretivist way of looking at research, the aim is; understanding. Not to site an absolute truth but further understanding the social enterprise sector through the subjective truths of the actors in the social enterprise ecosystem. (Hudson & Ozanne 1998)

In this part of the paper, how the study was conducted will be presented. This chapter is divided into 6 main parts. First the type of research and choice of methods are explained and justified, followed by a discussion on how data was collected and chosen. The data sources will be presented in the Appendix, annex 1 and 2. Then the methods for analysis of the data are presented and finally a discussion on the quality of the study, reliability, validity and coverage takes place.

3.1 Type of Research

Patton (2002, p 213) discusses five different purposes for research: basic research, applied research, summative evaluation, formative evaluation and action research. Basic research means to contribute to further knowledge about a phenomenon, whereas applied research is conducted in order to shed light on a societal concern. Summative evaluation tries to tell how effective a program is and formative evaluation aims at improving a program. Lastly action research aims at solving an issue. (Patton 2002). This study can be categorized as evaluation research; the goal is to make suggestions for improvements for the Finnish social enterprise sector. More specifically this study can be classified as formative evaluation this type of research focuses on strengths and weaknesses in order to make further recommendations. (Patton 2002)

3.2 Choosing the Method

According to Patton (2002) there are no methods that would be universally better than others; you have to choose the one that fits the topic and aim. The purpose of this study is to compare the social enterprise spheres of Finland and UK in order to give more insight into differences that can lead to showing possible opportunities or barriers of success. The goal is to increase the understanding of how the social enterprise sphere in Finland could be improved. This aim predicts the whole direction of the study; it determines what methods are used, what data is collected and how the data
is analyzed. (Saunders, Lewis & Tornhill 2009, Silverman 2011) The research method is chosen to particularly benefit this aim (Patton 2002.)

For this study the best way to answer the aim is by using qualitative methods. As the aim of my study is to further understand the phenomenon of social entrepreneurship qualitative research is the best way to dig deeper into the issue. According to Gummerus (2000) qualitative methodologies are not only studies of businesses but society in general. Even if I am studying a certain type of enterprises, this is not just a study of businesses, the social enterprise concept goes over multiple societal sectors and I am interested in society as a whole in shaping the sectors of social enterprises. It is not only a study of a business it is a study of a new phenomenon that has been constructed to solve social issues, therefore in this study I will be gathering qualitative data, using analysis methods directed for qualitative research.

Silverman (2011) and Denzin & Lincoln (2003) agree that qualitative research studies a phenomenon in its natural setting, in the context that it exists in. I am studying social enterprises by observing the information that already has been written about them by the different actors in the ecosystem they exist in, which has been created without my interference. It can be argued that as I am only collecting information that already exists; I am studying the social enterprises concept in a naturally existing context. Therefore, this can be classified as a naturalistic inquiry, I am observing naturally occurring data and I will not manipulate the actual phenomenon in order to make my study.

This study takes influence from Grounded Theory (GT), first discussed by Glaser and Strauss (Strauss & Corbin 1990). They both have their own version of the GT method (Carter et al. 2012). However the general focus in GT is on the generation of theory by using a comparative method that connects both deductive and inductive aspects (Patton 2002). It is a method used by qualitative researchers to develop inductive theoretical analyses through the collection of data; it is circular process where the earlier analyses will be tested through the collection of new data (Silverman 2011). GT is both creative and systematic in its processes; the aim is building theory rather than testing it (Strauss & Corbin 1998, Strauss & Corbin 1990.) In this study GT is used to build new analyses regarding the social enterprise sectors in the two studied countries and especially theories for improving the success of the social enterprise sector in Finland. The goal is to generate theory that fits the setting of these countries; the aim is not the generation of a theory that could be generalized for social enterprise sectors beyond Finland and UK. The existing theory from the
literature review will be used as a starting and reference point, it will determine the first direction of the data collection and the new data collected in the study will be compared to the information in the literature review.

This is a data-driven research contrary to research where a strong methodology directs the research. Cowton (1998) warns that a methodology-driven research can lead to the gathering and analysis of data that is not directly relevant for your study. In the contrary Hoffereth (2005) states if the methodological approach is not strong, data may influence the direction of the study, which can lead to lack of control, leads to research being driven by data not the topic. The data that I find directs the course of whole study, however I will keep a strong grasp of the topic and the aim, the topic will drive the collection of the data and the data gathered in turn directs the analysis.

3.3 Choosing the Data & Data Collection

Like the overall methods of this study the data collected and the methods on how to collect it are guided by the purpose of this study. The aim is to look at social enterprise sectors in different countries, in order to draw conclusions from their differences and similarities and thereof making recommendations for the Finnish social enterprise sector. Therefore, I am using secondary data, signifying data that already exists (Cowton 1998.) This correlates with the natural inquiry talked about earlier. Secondary data contrary to primary data is not collected by me as a researcher; it has already been collected by someone else for other purposes and can be found in already existing data sources (Cowton 1998, Hoffereth 2005.) Traditionally the pros that come up when discussing secondary data are high availability, low cost and low effort (Cowton 1998, Hoffereth 2005.) You can save resources, such as time and spend more effort on the analysis (Saunders, Lewis & Tornhill 2003). I chose to use secondary data because this will allow me to gather more data about a vast topic like social enterprise sphere from different angles. Collecting data from experts, governmental bodies, media, support organizations and other actors involved in the social enterprise sectors, from two different countries, would require more resources and a longer time limit than possible.

Secondary data can come in forms of qualitative and quantitative data (Saunders et al. 2003.) I will be using qualitative data for my study, as qualitative data is describing data it will the best give me deeper understanding of the current situation of the different social enterprise sectors (Patton 2002).
The use of secondary data seems to be not as popular as collecting primary data (Saunders et al. 2003, Cowton 1998). According to Harris (2001) secondary data is good when you want to conduct a reality check, to check what is going on, instead of trying to only contribute to a theoretical construct. This is what I am aiming for in the study, to further the understanding and set a baseline for the social enterprise sectors in the different countries. According to Saunders et al. (2003) for studies that are making an international comparison, using secondary data can be a good way to find information. Two countries are compared in this study and secondary data is a good way to collect information in an efficient way.

Secondary data can take the shape of raw data, published summaries, public records, news articles, legal material or annual reports; it can come from companies, regulatory agencies, governments, media, and press or research organizations. (Saunders et al. 2003, Harris 2001, Cowton 1998) Saunders et al. (2003) divides secondary data into three categories survey-based data, documentary data and multiple source data. Survey-based data has been collected using surveys and multiple source data is a mix of both documentary data and survey-based data that was made before the actual collection of the secondary data. The data type that is used in this study is; documentary data which is described by Saunders et al. (2003) as written documents; diaries, reports, articles, newspapers, notices or other correspondence and also film and audio. Film and audio are excluded from this study.

I will gather my data from the internet. Robinson (2001) and Silverman (2011) both discuss the Internet as a rich source for data collection. Silverman (2011) discusses the fact that data on the internet can be handled either as a source of information or as its own phenomenon that will be studied, Cowton (1998) mentions that the same goes for secondary data in general. I will treat the internet as resource from where I find information about the social enterprise sectors. One benefit from using internet as a source for secondary data is that you can easily attain data from a wide geographical area (Robinson 2001). This is helpful for me as I am gathering current data from two different countries vide apart, without using the web it would be a lot more difficult for me to attain the information needed.

The approach for data collection for this study takes influence from the basic methods of conducting a research literature review. A literature review can come in handy when describing and exploring current knowledge to be able to give advice, which is what is done in this study (Fink 2014). According to Fink (2014:3) a literature review is; “a systematic, explicit and reproducible
method for identifying, evaluating and synthesizing the existing body of completed and recorded work recorded and produced by other researchers, scholars or practitioners.” The process of data collection in study has many similarities to how data is collected for a research literature review. However, this study will not concentrate on already produced work by academics or scholars, but data from organizations, governments, media, experts and other actors surrounding the social enterprise sectors in the distinct countries. Also, the main difference is that a traditional literature review focuses on original research of high quality instead of focusing on interpretation of findings (Fink 2014). And the data gathered for this study is not required to be reliable research made by academics, because in this study the focus lies on the subjective truths about the social enterprise sector seen from the perspective of its surrounding ecosystem, and the interpretation of the texts generated by them.

The process when conducting a literature review starts with the selection of the research question (Fink 2014). For this study, it is presented already in the introduction chapter. The second step is the selection of the data bases and websites used for the search (Fink 2014). For this study, the search engine Google is chosen as the place to search for information. This decision is based on the personal pre-understanding that this is the search engine most used and this is information anyone can get their hands on by using similar search words. When looking for information to a literature review search terms are chosen (Fink 2014). Saunders et al. (2003) highlight that secondary data can be found on the web by using search tools and key words. For this study, certain key words were used; social enterprise UK, social entrepreneur UK, social entrepreneurship UK, social enterprise Finland, social entrepreneur Finland, social entrepreneurship Finland (in the case of Finland, data was also searched with a Finnish translation of the words and the translation of “societal enterprise”).

Following the steps of conducting a research literature review, the next step is to decide what to include and what to exclude of the data (Fink 2014). The decision became to exclude text where the source could not be linked to an actor belonging to the social enterprise ecosystem of any of the three specific countries. Also, texts were the source could not be identified were excluded. Included were texts from experts, governmental bodies, media, support originsations and other actors involved in the social enterprise sectors in two countries.

In addition to following the steps of Fink (2014) other sampling strategies were used simultaneously. First of all, the purposeful sampling method, purposeful sampling entails selecting
informant rich cases to your study (Patton 2002:40.) The data for this study was collected through purposeful sampling, articles, news, notices and protocols were chosen on the basis of what will present the most information about social enterprises in the different countries. Another sampling strategy used for this study was the snowball strategy, the search started with six different key words, were after the data and information I found led to new emerging search words and the finding of further valid data that concerned the topic (Patton 2002). This also relates to the strategy of theoretical sampling which is essential for the methodology of GT and used to find the qualities in preliminary categories (Silverman 2011.) Theoretical sampling is collecting data according to the knowledge gained from already gathered data; the concepts that emerge from data decide the direction of further data collection (Strauss & Corbin 1998). In addition to the seven categories presented in the theoretical framework, four new categories emerged from the data collection; definition, role, scope and reputation, there over also the aspect of drivers of further opportunities, emerged and is discussed in the analysis. The two categories sector of society and outcome emphasis were dropped and partially merged with the others due to lack of information.

According to Hoefferth (2005) a sample size that is too small can affect the quality of the study and lead to exclusion of smaller sub groups. Therefore, I have tried to keep the sample of data as wide as possible, only limited by resources, to be able to include all subgroups important to the sectors. Theoretical saturation is also an approach associated with grounded theory, this entails that data is collected until no more data would bring any more new information, and new information is starting to repeat the old (Silverman 2011.) This is also known by Patton (2002) and Gummerson (2000) as saturation, the marginal utility of each new text is starting to become close to nothing (Patton 2002, Gummerson 2000). I stopped growing the sample size as I felt that the data started to repeat itself and no new information was to be found.

According to Cowton (1998) when presenting secondary data in your study it can be divided into different categories or just listed as they are. In his paper Cowton (1998) chooses to divide secondary data into different categories depending on who/why/how it has been conducted in the first place and what the source is. Cowton (1998) divides secondary data into: governmental and regulatory bodies, companies, the press, other academic researchers, private sources. In the presentation and analysis the data of this study will not be categorized according to source but content. However I will use a similar division to the one presented by Cowton (1998) when presenting the sources to my data in the Appendix, annex 1 and 2, where the data is divided into sources from governmental and regulatory bodies, media and support organizations.
The secondary data collected in this study is presented in the Appendix, annex 1 and 2.

3.4 Data Analysis

Analysis means that you divide a whole into parts, then you reduce, sort and build new wholes. Were as interpretation of data is where you build wholly new constructs, and try to make sense of something. (Spiggle 1994) The analysis of the collected secondary data can be found in chapter 4 Presentation and Analysis. There the data of each country is first presented, analyzed and compared to the information gathered in the literature review; thereafter the data of each country is compared to each other. In this study pieces of information are analyzed rather than texts, the sampled texts are used as sources of information which are analyzed in the study.

The analysis builds upon the methods of the GT methodology and analyzing processes introduced by Spiggle (1994). In qualitative research the analysis and data collection usually occur simultaneously and the analysis has started already in the phase of data collection. (Silverman 2011) This applies for the grounded theory methodology, where theoretical sampling requires pre analysis of the data to decide what data should be sampled next (Stauss & Corbin 1998). Therefore, my analysis procedure started already in the stage of gathering the data.

As a researcher you should not fit reality into your theory, but your theory to the data that is available (Gummersson 2000). In the study theory is built according to the information found in the process of data collection and analysis. This applies to the ideas of GT, where theory is built rather than tested (Strauss & Corbin 1998). This brings us to inductive and deductive approaches this study has both an inductive and deductive approach (Patton 2002, Saunders et al. 2009). The theoretical framework will function as a basic knowledge about the social enterprise sectors and data collected in the empirical research will help to further develop this knowledge gathered from previous research and build a theory upon which recommendations can be given. The knowledge form the theory chapter will supply the direction in which data will be searched for, but can not direct the data that will be found or the categories that will merge from it. In the theoretical framework I introduced 7 categories modified from Kerlins (2010) framework that would help characterize the differences between the social enterprises sectors of the two countries studied. These categories represent the base of predetermined categories for my data analysis, therefore this study has a deductive angle as the predetermined categories from the theoretical framework were
used to build theory and help sampling. However the inductive approach leaves the modification of these categories open to the data found, the possibility of generating new categories, excluding old, separating or combining categories, still stands.

Carter, Denk, Kaufman (2012) made a comparison between the two fundamental approaches to grounded theory, the Glaserian and the Straussian approach. They concluded that even though the two approaches are different the basic procedures are the same in both cases; they both identify systematic coding as a mutual procedure where data is organized into different categories. They both require constant comparison, trying to find similarities and differences in the data moving across incidents in the data. And finally they include categorization, trying to find abstract concepts that could hold other concepts as they have similarities, as well as property development, with this they mean the identification of certain characteristics that would add further meaning to a certain category. (Carter et al. 2012) The idea of developing GT, is to link smaller concepts into bigger theories (Silverman 2011.) The methods of analysis for GT already start with, theoretical sampling and theoretical saturation discussed in the previous chapter. Thereafter the methods of analysis include; basic description, coding procedures, conceptual ordering and a constant comparative method, moving between data and theory and generating theories grounded in the data (Strauss & Corbin 1998, Silverman 2011). This study takes influence from the classical tools of GT, organizing data into different categories, constantly comparing data and moving back and forward between data and different steps.

In the analyzing process the study also takes influence from Spiggles (1994) analysis methods. Spiggle (1994) introduces 7 steps into analyzing qualitative data; categorization, abstraction, comparison, dimensionalization, integration, iteration, and refutation. These methods are developed for qualitative consumer research and not all of the steps are applicable for this study. In this study the steps used in the analysis are categorization, comparison, integration and iteration. These steps also relate to the procedures of grounded theory (Silverman 2011). The analysis in Grounded theory starts with basic description, coding procedures or conceptual ordering and generating theories grounded in the data (Strauss & Corbin 1998, Silverman 2011, Carter et al. 2012). In this study the data will not be described separately before categorization.

With categorization Spiggle (1994) means that the gathered data will be divided into different categories based on identifying pieces of data with similarities that fit into bigger classes (Spiggle 1994). This relates to categorization in GT; trying to find abstract concepts that could hold other
concepts as they have similarities as well as property development, with this they mean the identification of certain characteristics that would add further meaning to a certain category (Carter et al. 2012). In the study categories are built preliminary on the basis of the different categories presented in the literature review, however the data found will direct if there is a need for dropping or adding further categories.

Comparison means looking at similarities and differences between different parts of the data, also contributing to the shaping of conclusions from the data (Spiggle 1994.) According to Saunders et al. (2009) a comparison can lead to more concrete and further information. I will use the information in the theoretical framework to either strengthen the statements in the data or to oppose them, to further the impact of the theory generated from the analysis. Spiggle (1994) states that comparison starts unsystematically already when data is collected and a separate systematic comparison can be made later on. This is what I am doing in the study when constantly comparing the two countries to each other regarding each category, this is a systematic comparison, whereas an unstructured comparison of the data has been going on throughout the whole process of data gathering and analyzing. Throughout the analysis I also compare the data collected to findings from earlier research in the theory chapter. In GT constant comparison is an important method, trying to find similarities and differences in the data moving across incidents in the data (Silverman 2011, Carter et al. 2012)

Integration requires that you make connections and explore the relationship between different categories (Spiggles 1994). The method used is called selective coding by Spiggle (1994) which involves; “specifying relationships, and delineating a core category or construct around which the other categories and constructs revolve and that relates them to one another” (Spiggle 1994:496.) I am exploring how the different categories affect each other in the study. I explore how the eight new categories that have emerged in the analysis affect the future development of the social enterprise sectors in each country, what is their relation to the sectors future development, what aspects of the factors might act as barriers of opportunity and which as drivers of opportunity.

The last step of Spiggles (1994) model that is included in this study is iteration, which is more of something you do during the whole analysis than a single step, it entails that you move back and forward between data collection and analysis, earlier stages shape how the later ones will look like (Spiggle 1994). Iteration relates to the movement between data, analysis and theory, discussed in GT, which results in the analysis becoming based in the theory and the theory is grounded in the
data. (Silvermna 2011) Therefore, the information gathered from previous research, presented in the theory chapter will be representing the preliminary theory which is constantly compared to the data collected in the actual study as the analysis proceeds.

The last step of the analysis is generating theories grounded in the data (Strauss & Corbin 1998, Silverman 2011). The processes of categorization, comparison, integration and iteration are the methods by how the data is reduced, sorted and gathered into new wholes, which leads the building of theory.

3.5 Quality of the study

The term quality traditionally comes from the positivist paradigm, believing that there is one single truth out there and quality of the research can objectively be measured (Gummersson 2000). Even though this study takes influence from the interpretivist way of looking at research, viewing the concept of social enterprise through subjective truths of the outsider actors in the social enterprise ecosystem, this does not mean that quality would be irrelevant for the study (Hudson & Ozanne 1998). Quality is measured in different ways in this study; quality is viewed through reliability, validity and coverage.

This research has taken influence from Grounded Theory, which is traditionally about explaining a phenomenon as accurately and completely as possible, so that they would as well as possible correspond with how the world really is (Patton 2002). In this study the aim is to further understand how the social enterprise sectors look in UK and Finland, the aim is reached through looking at subjective truths about how the world is, therefore the study differs from traditional GT as there is no assumption that there would be an answer to how the world really is as the world of social enterprises is built out of subjective truths, different angles and different contexts. I am looking for the reality of the social enterprises stakeholders; therefore the reality presented in the study is made out of their view, their reality of the social enterprise sector and the data is produced by them therefore appearing as naturally occurring data for me as a researcher. Also the aim is not generalizability which is common in GT, the findings for this study will only apply for these two countries and their social enterprise sectors (Patton 2002). Similar aspects can be found in many different countries, but the findings can not be transferred to other countries sectors as only these two and their specific surrounding ecosystems, were studied.
Wallendorf & Belk (1989) have conducted a framework for assessing trustworthiness in qualitative research, more specifically aimed for participant-observation or ethnographic field work, which includes naturally occurring data and therefore makes this a suitable framework for this study. They assess trustworthiness through five different criteria, which all in different ways relate to the quality of a study and will be discussed in this chapter. One of these criteria is transferability which is similar to the abovementioned generalizability. Transferability entails to what extent the findings derive from a certain context and place. (Wallendorf & Belk 1989). In the case of this study the context is crucial; the stage of the social enterprise sector in each country and their development is highly affected by the context and place they act in. Therefore, the study is not easily transferable to other places.

Patton (2002) argues that credible research is hindered by bias and predispositions. And the way to deal with these is to bring all aspects that could affect the quality of the study into discussion (Patton 2002.) Below the reliability, validity, coverage and research behavior of the study is discussed, along with factors that affect the quality of the study and what attempts have been made to minimize these factors.

3.5.1 Reliability

Reliability refers to which degree findings are consistent. To which degree could someone else conduct the same research and come to the same conclusions and interpretations, in the case of this study also the same recommendations. The way to make a research more reliable is to make all the steps that have been taken, more transparent, so detailed that someone else could follow the same footsteps (Silverman 2011.)

The study has taken influence from a structure of a literature review which aims at being as easy as possible to replicate (Fink 2014). In this study I do not have transcripts form interviews or observations that could be added to the study, however I am able to add all the sources and where to find the original text into the study, whereof others can themselves read through all the sources from which information of this study has been collected. Instead of adding extracts of the data into the study, I am referring to the sources of the data in the text throughout the analysis. Thereof it becomes clear from where each statement is retrieved. One aspect of secondary data that differs to primary is that this data is open to others as well. (Saunders et al. 2003) As it is naturally occurring data open for anyone on the Internet, other researchers can view the data in its original form. In my
case the data is easily available for everyone to find online. This makes it easier to replicate the study and make the research more transparent.

One of Wallendorf & Belks (1989) criteria for assess trustworthiness can be linked to reliability, namely credibility. Entailing how adequately and believably the research is representing the reality studied. Wallendorf & Belk (1989) argue that triangulation is one way to enhance credibility. According to Patton (2002) and Wallendorf & Belk (1989) triangulation is a method used for decreasing bias and increasing trustworthiness. Triangulation can be made on different methods, different researchers or different sources (Patton 2002). In this study a triangulation of different types of sources is made, all secondary however, but they come from different categories governmental, media and support organizations. The aim is to use different sources with same method to check for consistency (Patton 2002.) I am using different sources to look at the area from different angles, in order to get a picture as holistic as possible.

3.5.2 Validity

Validity is the degree to which research actually represents the actual phenomenon studied (Silverman 2011). Silverman (2011) concludes that this can depend upon the researcher, how he or she impacts the setting as well as the impact of his or her own values. And it can depend upon the subject studied, how accurate the respondent’s answers are to the “truth” what they actually do or mean. From Wallendorfs & Belks (1989) framework for assessing trustworthiness, the aspect that relate to validity are; integrity, to what extent the research is free from lies, misinformation and misrepresentations coming from the informants, confirmability how others can trace your interpretations or come to the same ones by following your data and dependability which measures to what extent the interpretations of the study avoid instability to what extent could others reach the same conclusions (Wallendorf & Belk 1989).

Wallendor & Belk (1989) argue that dependability is linked to time and change processes and they provides two activities for assessing dependability, long term observation and explanation of change. The aim of this study is to study what the social enterprise sectors look like today, therefore the results are valid only for this time, as the sector develops the answers will change and the framework will not be as valid.

Confirmability raises the issue of bias deriving from the researcher. According to Cowton (1998) a positive side with using secondary data is that it can be viewed as more objective, as a researcher
you do not influence the data gathering as it is already there (Cowton 1998). Even though I did not affect the gathering of the data, I did affect the data collection regarding what data to take and what to leave, which was explained in the earlier chapter. As a researcher I also affected the flow of analyzing, every researcher affect their analysis by their own way of seeing patterns and their own interpretations of what is important information and what to discard. In the analysis I try to be as fateful to the different steps in the analysis process as possible, however my own ideas about the social enterprise concept, of Finland and UK as countries and societies has most probably had an effect on the flow of the analysis and the constructing of the different categories. Therefore a different researcher might have reached a bit different results even though presented with the same availability of data and theoretical framework.

In relation to conformability, Patton (2002) argues that a qualitative report should contain some information about the researcher as these are aspects that might affect the research. Information about quality of the researcher, prior knowledge and relation to the subject is important. I as a researcher had not much knowledge about the field of social enterprises; however I had the presumption that UK had a quite developed social enterprise field whereas Finland had a less established one. This can have affected how I viewed the two countries. I have no personal connection to social enterprises, other than an interest, that would affect how I perceive the concept. However I have a personal relationship with Finland, which I know much more about then the UK, this might also affect some of the conclusions drawn in the study. Therefore, this information is directly linked to confirmability discussed above, bias deriving from my own presumptions.

Patton (2002) discusses critical change criteria; if you do a critical analysis that aims at making either a social or political change, you cast aside objectivity or open mindedness, and take the activist role (Patton 2002). In this study I do not aim to change the social enterprise sector in Finland, only to give recommendations. Therefore, I am not taking an activist role, but I am taking a more active role than the traditional researcher role. In the last part of the study where I give recommendations, I take the role of an advisor. There my own interpretations of the state of the Finnish society are matched with the conclusions from the study in order to give further recommendations on development.

Assessing integrity is the most difficult part of assessing the quality of this study, Wallendorf & Belk (1989) list the traditional problems regarding integrity; informants having problems with the researchers (fear or dislike) or wanting to present oneself in better light. The methods of ensuring
integrity were focusing on the relation between the inquirer and the informant, also on the researcher looking at oneself and triangulation (Wallendorf & Belk 1989). In this study the naturally occurring texts found in the internet search represent the informants, therefore no problem between me as a researcher and the informants affected the research. Out of the methods discussed by Wallendorf & Belk (1989) only triangulation was made in this study, as discussed in relation to reliability, triangulation of different types of sources was used to cover the subject from different angles. (Wallendorf & Belk 1989, Silverman 2011)

Saunders et al. (2009) argue that there is no clear way to solve the issue of measurement invalidity when it comes to secondary research. To assess validity, but also reliability, in secondary data you need to evaluate the source, the person or organization responsible for the source will tell you a lot. As a researcher the best you can do is evaluate the validity of your data and make your own mind about it (Saunders et al. 2009). A negative aspect with secondary data is the reliability of the sources. Data found on the internet can be of really different quality, some sources more reliable than others (Saunders et al. 2003.) Saunders et al (2003) and Cowton (1998) offer some advice on what sources would be more or less reliable. According to Saunders et al. (2003) sources from the government are reliable and large, well known organizations are more likely to be reliable than unknown organizations, were as Cowton (1998) argues that media research should be handled with care.

I am using documentary data for this study, according to Saunders et al. (2003) it is more difficult to evaluate the quality of documentary data than survey data. When collecting secondary data in general you have to understand how and why it has been collected in the first place, in order to not use the data wrongly and draw wrong conclusions (Cowton 1998). Saunders et al. (2003) agree that the way to evaluate documentary data is to look at the methods of how the data is gathered in the first place, these affect how the data is presented. Therefore, in order to avoid bias in the study, when I am using results from a survey or study to explain the scope of something I try to explain how the figures came about in the study. According to Saunders et al. (2009) if the way data was collected changes, this can lead to measurement bias. In the study data that has primarily been gathered in multiple different ways, is used, I have not tried to avoid this because it is important to look at information from different angles and look at data gathered in different ways in order to get a more holistic picture about the two sectors. However I have tried to each time regard how the data was collected in order to know how to cite it.
Depending on the sources there are several aspects that can be criticized regarding their validity. As I was using much data and research compiled by support organizations and other supporting actors in the social enterprise sector the research can have a more positive view of social enterprise in each country than would be the case if the sector was studied from another angle. It was identified that many of the sources talk positively about social enterprise and the sectors futures. This can either strive from the actors themselves trying to promote their status in the social enterprise sphere or try to promote the social enterprise concept. By trying to find a variety of different sources, I tried to find depth into the analysis.

The data I have used derives from different sources that I identify as media, governmental sources and support organization. In the annex 3 and 4 I have categorized and ranked the sources according to validity, starting with the most valid to the least trustworthy sources.

Overall, like Saunders et al. (2003) argued, governmental sources were regarded as the most reliable ones. No matter the format of the text, if published by a governmental organ, it was regarded more valid than if published by media or support organizations. The governmental sources used in this study, included reports, text on webpages, written speeches and press releases. Most of them from the ministries or actors dealing with social enterprise in the political sphere of the country, multiple texts had positive angle regarding social enterprises and the work the government does for them, which could be expected as they are the ones working with social enterprise in politics. In the case of UK the promotion of what the government does for social enterprises was clearly visible, a reason could be that they want to show the good that they do to the general public, or maybe also lobby other politicians and therefore show of how well the sector is doing. In the case of Finland this was not as clearly visible and the texts and reports had a more neutral tone, however it should not be out ruled that the same purpose lies behind these sources. Some of the reports were made by consultancy services but published by governmental organs or the European Commission, therefore the reliance laid on the bodies publishing the reports.

Next to governmental sources, information from reports from support organizations were regarded second in the rank of validity; these reports mostly included how the data was gathered and who had gathered it. Media sources were regarded less valid, I identified that the media articles used in the study could not be regarded as neutral sources, as the aim could be identified to be showing the UK or Finnish societies in a more positive light. Also the persons interviewed in the media articles could easily be affected by bias, as they were aware that they were responding to interviews that
would go public and most often even shared their names, which easily could affect them answering not how they honestly feel about the issues.

Least valid were identified to be text on the homepages of different supporters for social enterprises, these texts had no sources or authors and there could be a possibility that they have a positive tone because they wanted to show their own organization or business in a good light. As Saunders et al (2003) identified bigger and more known organizations to be more trustworthy, these organizations were ranked so that the more known and bigger organizations were regarded more valid.

Cowton (1998) and Harris (2001) argue that what is better when using secondary data is the question of bias, of what people say is true or not, especially the case in ethical research and business ethics, which can be related to social enterprises, a field of ethical businesses. In business ethics difficult and sensitive questions might come up. (Cowton 1998) Harris (2001) also discusses, that people answer what they think you want to hear or to make them look good. In my case this is not a problem, because the data is already there to be collected, however I do not know if there was bias happening while the data was primarily collected. Therefore, I have to be extra careful to believe the data as being the certain truth free from bias; I have to understand my data as opinions and subjective statements instead of facts.

3.5.3 Coverage

According to Saunders et al. (2009) coverage is an important quality criterion. The whole population studied should be covered, as well as the accurate time period. Above these you need to ensure all categories needed to answer the research question are covered. Especially with documentary data, the one I am using, you need to make sure they are regarding the population you are interested in. (Saunders et al. 2009) You need to evaluate the coverage of the sources; do they cover the whole population that is needed (Saunders et al. 2003.) In many cases the sources I used were only discussing a certain part of the populations I was studying, therefore this had to be remarked in the text, if they were only talking about work integration social enterprises or a certain type of social enterprises.

One of the problems for the study derives from the methods of a literature review, the challenge that it is impractical to read everything. Only for emerging or narrowly defined issues might it be possible to provide complete reviews. (Müller 2008) For this study the answer was to stop reading when the data was saturated, started to repeat itself as discussed about saturation.
A negative side with secondary data is that you can’t really control the data that you gather and therefore there can arise issues that the data does not good enough relate to your aim (Cowton 1998.) As a researcher using secondary data you do not have much control over the generation of the data (Harris 2001.) It can have been collected in the first place for a totally different reason, might not answer the right needs. Definitions may differ, variables may differ, may represent the interpretations of the ones who collected the data in the first place not mine. There can be a negative fit between the actual research and the data (Hoffereth 2005.) I have tried to take all of these aspects into consideration, trying to find data that would fit the theoretical framework, Kerlins (2010) categories; however I also let the data take me forward and built the analysis partly inductively.

Which is one of the benefits of secondary data is that it allows the research agenda to develop and grow regarding what kind of data you find, the data is not only helping to answer the research aim but develop it. (Cowton 1998) Therefore, it did not always mater that the data did not match the predetermined categories from the literature review. I held strongly on the population though, which had to be social enterprises in Finland or UK, if the data attended only a part of the population studied in this paper, for instance only WISES or only social enterprises of some certain sort, this was separately mentioned in the text.
4 PRESENTATION AND ANALYSIS

In this part of the study the information gathered through the internet search will be presented and analyzed. The data is continuously compared to the information presented in chapter 2, the theoretical framework. The chapter is structured so that data on both countries is presented and analyzed together in comparison throughout the section 4.1 to 4.8.

The primary analysis and categorization of the collected data was based on the 6 categories by Kerlin (2010) discussed in the theoretical chapter; outcome emphasis, focus area, organizational type, legal framework, sector of society, supporters of development and the additional category barriers of opportunity. However some of the categories in the theoretical framework have been dropped and new classes have been built as the information would not fit the earlier categories. The categories have been built out of an analysis of the data collected in the internet search, as major common themes were identified. The 8 categories emerging from the analysis, which are discussed in this chapter, are; definition, role, scope, reputation, focus area, legal framework, organizational type and supporters of development. Further analysis of the impact of the different factors on the future of the social enterprise sectors, the aspects of barriers of opportunity and drivers of opportunity, are discussed in the next chapter.

4.1 Defining social enterprises

Multiple different actors in the Finnish and UK social enterprise spheres have conducted their definitions of the term “social enterprise.” In this chapter definitions for the concept social enterprise by actors identified as important in the social enterprise sector in Finland and UK are presented and analyzed. From Finland the definitions come from the governmental side, The Ministry of Employment and Education and from ETLA the research institute of the Finnish economy producing research on social enterprises, Arvo the Finnish social enterprise association and from the Association for Finnish Work accrediting the social enterprise Mark. The UK definitions are the general definition from the government and the definition used by Cabinet office, from the national body for social enterprises called SEUK, and the Social Enterprise Mark CIC that accredits the social enterprise mark in the UK.

The UK government defines social enterprise as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners”. (BIS 2011) This
definition agrees with the one in the theoretical chapter by The Social Enterprise Unit (SEU) set up by the UK government. (Spear et al. 2009)

In their report from 2014, *Social Enterprise: Market Trends*, the UK Cabinet Office (CO) present criteria that a social enterprise should meet, this criteria is applied for small and medium sized companies as the report is based on data gathered through phone interviews with business managers and owners of small- and medium sized enterprises (SMEs) in the UK. As the Cabinets Office definition builds upon the UK governmental definition of social enterprise and no separate straight forward definition could be found, I interpret these criteria as the Cabinet Offices definition of a social enterprise, as this is how they identify a social enterprise in their research. For SMEs to be able to be called social enterprises they have to pay maximum 50% of profits to owners or shareholders, 50% of the income should be generated through trading activities and the enterprise should think that the statement, mentioned in the previous paragraph, defined by the government as the foundation of a social enterprise should match them (Cabinets office 2016). The UK Department for Business, Innovation & Skills defines social enterprises almost the same way in their Small Business Survey (2014) that gathered the data the Cabinet office report was built upon, however they state that minimum of 75% of the income should be generated through trading. (BIS 2014)

According to the Finnish Ministry of Employment and Education in Finland there is no definition that would be generally accepted for social enterprise. The definition really depends upon the situation. (Työ- ja elinkeinoministeriö 2011) Social enterprises can be defined in a broad or narrow way; the narrow way to look at it is common in Finland, it entails narrowing social enterprises down to WISES, enterprises that aim at integrating people with disadvantaged into the workforce. This was already discussed by Pättäniemi (2008), Wilkinsons et al. (2014) and Defourny & Nyssens (2010) in the literature review. The broad definition also includes solving other social and communal problems (Työ ja elinkeinoministeriö 2010c). This definition can also be found on their websites: According to the Ministry of Work and Employment, “social enterprises are devoted to serve collective and social goals and they invest their profits and surpluses to benefit these objectives” (Työ ja elinkeinoministeriö 2010c). They state that; social enterprises combine a social cause and the business skills from the business sector and for social enterprises the importance lays on the social impact of the operations and the ability to demonstrate reliability in a transparent way in their operations. (Työ ja elinkeinoministeriö 2010c). To reach their social goals and mission social enterprises should use more than half of their profits to support and further their mission.
According to a working group for the Ministry of Work and Employment the definition of social enterprises fits entrepreneurs, enterprises and non-governmental organizations (European Comission 2014b).

In the literature review Spear et al. (2009) discusses the definition of the Social Enterprise Coalition, now known as Social Enterprise UK (SEUK) the UK national body for social enterprises. They define social enterprise on their websites as; “A social enterprise is a business that trades for a social and/or environmental purpose. It will have a clear sense of its ‘social mission’: which means it will know what difference it is trying to make, who it aims to help, and how it plans to do it. It will bring in most or all of its income through selling goods or services. And it will also have clear rules about what it does with its profits, reinvesting these to further the ‘social mission’”. (Social Enterprise UK 2016b) The SEUK has set certain criteria that a social enterprise should meet; they should get the majority of their income through trading activities, as well as reinvest the majority of the profits they gain, social enterprises should be autonomous of the state, they should be majority controlled in the interest of the social mission and they should be both transparent and accountable. Further on social enterprises should also have their social or environmental mission written in their governing documents. (Social Enterprise UK 2016b) According to Spear et al. (2009) three key characterizations for social enterprises are highlighted by the Social Enterprise Coalition (now SEUK); social enterprises should have a social goal, an enterprise orientation and a social ownership structure. However on the Social Enterprise UK (2016b) websites the social goal and enterprise orientation are in a greater role than the ownership structure emphasizes by Spear et al. (2009). This can be due to the fact that the definition has been refined by the SEUK during the years.

According to Arvo the national Finnish social enterprise association, social enterprises solve social issues through their operations; they function transparently and responsibly aiming to create a good life for everyone (Arvo-liitto webpage.) Social enterprises have commercial activities but are not seeking for profit maximization. “Social enterprises are privately owned, their business objective is to promote social goals and they use their profits to implement targets that are in accordance with their objective.” (Arvo-liitto webpage) Arvo sets certain criteria for enterprises that want to be called social. Firstly the purpose of the business operations has to be social. Most of the enterprises profits should come from the selling products or services, the enterprise acts on the market. Also social enterprises should be independent from the public sector. The profits primarily go to
developing the society and for social good, secondary for growing the business, on their website Arvo states that at least half of the profits should go to favor of common societal goals. Finally the operations of the social enterprise are based on ethical behavior, transparency and good governance. (Arvoliitto webpage)

The social enterprise Social Enterprise Mark CIC, accredit the social enterprise mark in the UK, they have six criteria for social enterprises that can be regarded as their definition of the concept. A social enterprise must; have a social or environmental goal, have a minimum 50% income from trading activities, dedicate a minimum of 50% of their profits for social purposes, be independent, distribute all remains to social/environmental purposes on dissolution, demonstrate that it has achieved its social goals. (Social Enterprise Mark CIC webpage)

According to the Association for Finnish Work who accredit the social enterprise mark in Finland; “social enterprises solve environmental and social problems with their business operations. They use the biggest part of their profits to the promotion of social goals.” (Suomalaisen työn liitto 2016) In this study the criteria for the mark is regarded as their definition on social entrepreneurship. There are primary and secondary criteria: The primary criteria are the social goal, limited profit distribution, (biggest part of profits used to develop societal goals, either through own operations or donating to social cause), transparency and openness. Secondary criteria are; employees can take part in decision-making, social impact and measuring social impact, employing disadvantaged. (Suomalaisen työn liitto 2016) That employing disabled is a secondary criterion for gaining the social enterprise Mark; probably has to do with the law Finland has on WISES that strongly defines the sector. (Wilkinson et al. 2014, Defourny & Nyssens 2010a)

The research institute of the Finnish economy ETLA:s, definition on social enterprise is included in the study as the institute produces research on social enterprise which are used as important sources of information for this study. ETLA defines that for dedicated social enterprises: *priority is not profit maximization but social goals. Profit distribution is limited so that at least half go to work supporting the mission.* (Widgrén & Kotiranta 2015) ETLA also takes up for discussion that there are different opinions on weather social enterprises in Finland can also be enterprises who’s operations do not have a social goal but use their profits for common or social good. One example is *Linnanmäen Lastensäätiö.* Whereas others think that the operations of the enterprise should be socially linked for it to be called a social enterprise. The view that enterprises who donate money for charity could be social enterprises would for example allow companies who sell guns and
alcohol to be called social enterprises if they would donate more than half of their profits to a good cause. (Widgrén & Kotiranta 2015) According to an article in Helsingin Sanomat (2014) the definition of social enterprises is still under progress in Finland, as it has not been decided whether if social enterprises can operate strictly according to market conditions, if profits are invested in a good cause. (Niemeläinen 2014)

The chart below presents the core definitions of social enterprises by each actor discussed in this chapter. The UK government and the Cabinet Office have the same definition in the chart, as the Cabinets Office uses the governmental definition as their base and only adds some criteria to entities they classify as social enterprises. For the Social Enterprise Mark in the UK no separate definition could be found on their sites, only criteria that social enterprises have to fulfill. This criteria is presented in the next figure.

<table>
<thead>
<tr>
<th><strong>UK</strong></th>
<th><strong>FINLAND</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UK Government</strong></td>
<td><strong>MEE</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community  

<table>
<thead>
<tr>
<th><strong>Cabinet Office</strong></th>
<th><strong>Arvo-assosiation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community  

<table>
<thead>
<tr>
<th><strong>SEUK</strong></th>
<th><strong>Social enterprise Mark</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A social enterprise is a business that trades for a social and/or environmental purpose. It will have a clear sense of its ‘social mission’: which means it will know what difference it is trying to make, who it aims to help, and how it plans to do it. It will bring in most or all of its income through selling goods or services. And it will also have clear rules about what it does with its profits, reinvesting these to further the ‘social mission’  

<table>
<thead>
<tr>
<th><strong>Social Enterprise Mark</strong></th>
<th><strong>ETLA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

No specific definition found, only criteria  

<table>
<thead>
<tr>
<th><strong>FINLAND</strong></th>
<th><strong>Social enterprise Mark</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Social enterprises are devoted to serve collective and social goals and they invest their profits and surpluses to benefit these objectives  

<table>
<thead>
<tr>
<th><strong>Arvo-assosiation</strong></th>
<th><strong>ETLA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Social enterprises are privately owned, their business objective is to promote social goals and they use their profits to implement targets that are in accordance with their objective  

<table>
<thead>
<tr>
<th><strong>Social enterprise Mark</strong></th>
<th><strong>Social enterprise Mark</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Social enterprises solve environmental and social problems with their business operations. They use the biggest part of their profits to the promotion of social goals  

<table>
<thead>
<tr>
<th><strong>ETLA</strong></th>
<th><strong>Priority is not profit maximization but social goals. Profit distribution is limited so that at least half go to work supporting the mission</strong></th>
</tr>
</thead>
</table>

**Figure 2**  Overview of the social enterprise definitions
All the criteria of the different definitions presented above from the Finnish and British actors are concluded into the chart below. Here all the criteria are marked for each definition, the requirements that must be filled for an enterprise to be called social. The definitions are also compared to the EMES definition presented in the theoretical framework.

<table>
<thead>
<tr>
<th>EU</th>
<th>UK</th>
<th>FINLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMES</td>
<td>Gov. UK</td>
<td>CO UK</td>
</tr>
<tr>
<td>Social Goal</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>social mission written</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading/Business operations</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Trading limitations</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Profit limitations</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Autonomy/independent</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Transparency/openess</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Governing / good governance</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Desision making</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Risk taking</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Stakeholder inclusion</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Minimum of paid workers</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Initiative by group of citizen</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Majority controlled</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Responsible operations</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Demonstarte relaibility</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Privately owned</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Measuring social impact</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Employ disadvantaged</td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

**Figur 3  Characteristics of definitions on social enterprise**

According to the theoretical framework the definitions on social enterprises varies significantly between different countries and researchers have not agreed on one a definition that would be internationally binding. (Monroe-White et al. 2015, Defourny 2001) However academic researchers agree on the core of the social enterprise definition which is social mission and financing themselves through trading activities (Haugh 2005, Di Domenico et al. 2010, Mook, Chan & Kershaw 2015, Underwood et al. 2012, Dees & Anderson 2003).

From looking at the chart it becomes clear that the different definitions, in the UK sphere, all have the same core of a social mission and trading activities, even if trading is not separately mentioned in the basic governmental definition; however the definition speaks about business, which is interpreted as the use of trading activities. According to the defining chapter in the theoretical framework, social enterprises are not allowed to distribute profit to their owners and limited profit distribution is a way they separate from traditional businesses (Haugh 2005, Defourny 2001.) The UK definitions all mention a limitation of profits, the governmental definition mentions that profits have to be reinvested, the rest highlight that the majority of profits have to be reinvested for a social
cause. The core characteristics of all the above mentioned UK definitions are similar even if the details differ. The same applies for the Finnish definitions found in the chart, all definitions have two things in common primary that the goal of social enterprises is social good and all definitions mention that at least half of the profits should be invested back into the enterprise or to the benefit of the social mission. In the case of ETLA they mention that having the social mission bound to the social enterprises operations is under discussion, however in the chart social mission is a requirement, as it is in their own definition. Trading activities is required by all Finnish actors, ETLA does not mention trading activities in their definition, however they speak about profit limitations and therefore it is interpreted that these profits would come out of trading operations.

According to an article in Helsingin Sanomat, 3.9.2014, the term “social enterprise” is not yet well defined, and the term is still lacking an international definition (Niemeläinen 2014). As the field of enterprises is so diverse and the actual methods for conducting social good are so many, it is difficult to define the actual concept of social enterprise (Widgrén & Kotiranta 2015.) The lack in uniformity in the Finnish definitions is visible in the chart above, even though they are similar regarding social goal, trading activities and profit limitations. However transparency, good governance, reliability, responsible operations, decision making, measuring impact, private ownership and employing disadvantaged are all requirements that only appear in one or two different definition.

In the theoretical chapter it is discussed that in UK how much social enterprises in general have to generate income from market-based trading, is not legally regulated and is under debate, usually 50% is used as a guideline (Spear et al. 2009, Defourny & Nyssens 2008). All definitions except the core definition by the UK government have minimum requirements for income that comes from trading, 50% is used by the Cabinet Office, SEUK and the Social Enterprise Mark CIC all seen in the chart, only in the Small Business Survey (2014), not included in the figure as it was only used as a base for the Cabinet Office research, a stricter approach of 75% was used. Out of the Finnish definitions only the Arvo-association has trading limitations, requiring the majority of income coming from trading.

The SEUK and Social Enterprise Mark CIC are even stricter than the rest of the UK actors in their definitions, requiring that the enterprises are independent. The SEUK separately requires social enterprises to be transparent & accountable, have the social mission written in their governing documents and being majority controlled. In the case of Finland both the Arvo-assosiation and the
Association of Finnish work require independency and transparency is required by the Arvo-association as well.

The discussion that ETLA took up regarding weather social enterprises in Finland can also be enterprises who’s operations do not have a social goal but use their profits for common or social good, did not come up in the case of UK. However all UK definitions require a social goal or mission, which is the core of the enterprises operations, same goes for the Finnish definitions in the chart.

By looking at the chart it is visible that the UK or Finnish definitions do not tick every box of the most common European definition provided in the theoretical framework by the EMES (Defourny 2001). Out of the criteria; the aspects of paid workers, and significant amount of risk, the inclusion of stakeholders, ownership and decision-making not based on capital ownership, none are included in the UK definitions and only the criteria by the Association for Finnish work for the social Enterprise Mark includes the aspect of decision-making not based on capital ownership, in the form of requiring that employees can take part in decision-making. The EMES criteria that is met by most of the definitions on both the UK and Finnish side are social goal, trading activities, limited distribution of profits and autonomy, the last one mentioned only by the SEUK, Social Enterprise mark UK CIC and the Arvo-association.

There are a lot of different characters to the definitions; there are definitions that include more and those who include less. The least inclusive is the UK governmental definition, however already the Cabinet Office has a more inclusive definition that has been used when conducting research on the field. In the case of Finland, ETLA and the governmental MEE are the most open and least inclusive definitions. Interesting that in both countries the support organization Arvo-association and SEUK are the ones with the most inclusive definitions on social enterprise.

Overall from the chart you can see that in the UK even though the definitions vary, they are more uniform than the Finnish ones. The Finnish definitions all have some criteria that do not appear in the others. It is interesting that three major definitions in UK require trading limitations, how much money has to come from trade but only Arvo-association does this in Finland. If there are no minimum requirements for income generated from trading activities this would leave it open for social enterprises in Finland to get large parts of their income from donations, owners or other sources, however not by their own operations, which is the whole idea of the social enterprise.
Overall by looking at the criterion for the definitions these can be divided into four categories; social goal, trading activities, profit limitations and the rest summarized into responsible and fair operations. Most of the criteria that does not make it into the three first categories becomes about how to run the enterprises operations responsibly and independently, with fair decision making, even though the criterion differ the main message is still responsible and fair operations. By looking at the chart it can be seen that the first three categories are similar for all, exception on different trading limitations. However it is in the case of the fourth category the criterion varies a lot between each definition not only between countries, this indicates that the part about the definitions that is most underdeveloped or unclear is how to restrict enterprises to act responsibly. In conclusion it can be said that the main characters of the EMES, the UK and the Finnish definitions are the same, but details on how social enterprises should be run differ or should do differ.

The summarizing figure below shows the overall picture of the definitions in each country and their main issues. In the case of UK the definitions were more unified than in the case of Finland. And for the UK definitions the only issues left to settle were which criteria to promote when it comes to operational aspects of how to restrict social enterprises to act responsibly. The operational criteria varied even greater between the Finnish definitions and the question of adding a limitation to minimum of income from trading activities or not and whether the social mission should be bound to the operations or not, could also be identified as unsettled issues in the Finnish case.

![Summary of the definitions of social enterprise in UK and Finland](image)

**Figur 4** Summary of the definitions of social enterprise in UK and Finland
4.2 The Role of Social Enterprises in UK and Finland

The actual role of social enterprises in the UK was not discussed in the theoretical framework; however the outcome emphasizes were highlighted. For UK these were social goals and serving community interest (Somers 2005, Wilkinson et al. 2014). Also the role of social enterprises in Finland was only briefly mentioned in the theoretical chapter. Social enterprises were seen as a bridge between the third and public sector and a means to serve collective needs (Wilkinson et al. 2014, Kerlin 2009).

In the case of UK, the same outcomes also appear when looking at the data gathered from the internet search. According to the Minister of Civil society, Rob Wilson, “Businesses which have a social mission often play a vital role in making their community better, whilst also contributing to the wider success of the UK economy” (Cabinet Office & Wilson 2016). And according to the 2014 EU country report on the UK, social enterprises in the country deliver value through producing services or products that directly create social value, creating jobs for disadvantaged, trading with other UK third sector organizations or by reinvesting profits for social purposes (EU country report 2014). The social enterprise sector in the UK is viewed as a pioneer in the field, especially when it comes to actions regarding social value and social investment. (Social Enterprise UK 2015) It becomes clear that social goals and the creation of social value are why UK social enterprises are created and they are hoped to act as pioneers improving communities and the success of the UK economy.

Even if Finland has many different social enterprises, it is still quite unclear what their role is in the Finnish society (Norden 2015). On the webpages of the national social enterprise association, Arvo, it is stated that Finland needs social enterprises as the money of the welfare state will not be enough to secure welfare for all (Arvoliitto webpage). In 2010 a study conducted by the Ministry of Employment and Economy, concluded that the need for more public services, home help and care services is growing, new models and approaches are needed to fulfill the needs and social enterprise would be one way of providing these services (Työ ja Elikneinministeriö 2011). According to the Arvo-association social enterprises in Finland secure safety nets and fill the gaps in public services (Arvoliitto webpage.) This agrees with the statements by Kerlin (2009) and Wilkinson et al. (2014) as the role of social enterprises would be the solution to providing public services.
In the theoretical framework it was mentioned that the most common reason why social enterprises are implemented in the countries of Western Europe is the solving of social issues, like unemployment and social exclusion (Kerlin 2010). In recent discussion in Finland, the expectations of social enterprises are that they would be an important part of providing public services in an innovative way, public service like work integration is especially highlighted (EU country report 2014b). WISES are seen as a possible solution for the problem of unemployment in Finland (Valkonen 2014, Järvinen 2015). Multiple examples of WISES fighting unemployment can be found in Finland. For instance, one try with WISES was started by the social enterprise Diadome owned by Helsinki Deaconess Institute, a project where long-term unemployed have received the chance to run old kiosks that have been unused in the Helsinki city center for years. (Järvinen 2015)

The role of social entrepreneurship has also been discussed in the Finnish media. An article in the Ekonomi paper, 17.9.2014, states that social enterprises bring a new way of thinking about making money or doing good in Finland (Nortio 2014). According to Roope Mokka founder of Demos Helsinki, whose interview was presented in Talousanomat, 13.8.2012, social enterprise will become common in Finland, however not in the way of a new sector as the government has been hoping, but as a wave of Finnish start-ups. (Keppola 2012).

In conclusion, the role of the UK social enterprises is to work for improving local communities and contributing to improving the economy of the country. They are pioneers and innovators when it comes to social aspects of business. In Finland social enterprises do not have a role as established as in the UK, social enterprises are wished to be deliverers of public services, their roles is seen as helping the welfare society where money is running out, however there seems to be another type of social enterprise as well, the traditional view of social enterprises as the provider of public services can be challenged by a view of social enterprises as the entrepreneurial innovators.

The chart below summarizes the findings of the roles of social enterprises in Finland and in UK.
In this chapter the scope of the Finnish and UK social enterprise sectors are discussed. Different estimates on the sizes of the sectors are presented and discussed; they are finally illustrated in figure 4 which binds them together to demonstrate the differences in scope.

Despite a downturn in the UK economy social enterprises have done well in the country (British Council 2015). According to the article in the Guardian in 14.10.2015, the social enterprise model in UK is thriving (Razavi 2015). According to the State of Social Enterprise Survey (2015) by the SEUK, national body for social enterprises, the UK social enterprises have outperformed traditional small and medium sized companies in the country on; turnover growth, innovation, workforce growth, diversity of leadership and optimism about their future business. (Social Enterprise UK 2015)

An article in the Guardian in 2015 writes that the National Enterprise Network has released research which states that even more than every fourth person in UK who starts their own business is driven by a social purpose. They say that the estimate social enterprises in the UK would be 70,000 enterprises (Razavi 2015). The same government statistics appear in the State of Social Enterprise Survey from the SEUK in 2015 and the British Council report, Social Enterprise in the UK Developing a thriving social enterprise sector, from 2015, they add that the 70 000 social enterprises would employ almost a million people and contribute with 24 billion pounds to the economy and almost every third social enterprise is less than 3 years old, making it a young
movement. The number 70 000 has however been criticized as it excludes sole traders and big businesses, it only includes micro, small and medium firms. (European Commission 2014a)

Beyond the common governmental figure 70 000, the estimates of the scope for the social enterprise sector vary a lot. According to a study by the UK Cabinet Office published in 2016, the estimates for social enterprises in the UK is 741 000, the enterprises would employ 2.7 million people. 546 000 of these are not employing a single person and 195 000 have a minimum of one employee. The Cabinet Office has based this information on the 2014 Small Business Survey (SBS) data, gathered through a telephone survey of business owners and managers in the UK (Cabinets office 2016). The EU country report from 2014 also relies on the data from the Small Business Survey (SBS) but from the year 2012 that is based on telephone interviews with SMEs in the UK. Out of their data it was calculated for the EU report that there would be around 284 000 social enterprises in the UK in 2012, which is almost 6% of the whole business population. This number has been criticized as it relies on self-identification rather than evidence. (European Commission 2014a) If the figures were correct it would mean that the sector grew in two years from 284 000 to 741 000, the usage of different definitions might be a more accurate answer for the big difference in the figures.

Out of the data from the abovementioned SBS 2014 study, 27% of SMEs considered themselves social enterprises, 15% classified as social enterprises according to the Cabinet Office study (minimum 50% of income has to come from trading) and 5% according to the BIS definition (minimum 75% of income has to come from trading). (Cabinets office 2016, BIS 2014) This really shows how people can define themselves differently and how the definition used, makes a huge difference on the reported amount of social enterprises. Therefore, the numbers should not be relied on too heavily, without knowing what definition has been used and what types of businesses have been included in the research.

In the theoretical framework Borzaga & Defourny (2001) stated that there is a significant amount of social enterprises in Finland. In the earlier literature the actual size of the sector or amount of social enterprises was not discussed in more detail. When looking at the sources for the study it became obvious that the estimates on the scope of the social enterprise sector in Finland vary significantly depending on the source. In 3.9.2014 it was written in Helsingin Sanomat that most Finnish people have used the services of social enterprises, even without being aware of it being a social enterprise.
Stated by the websites of the Finnish Ministry of Work and Employment the scope of the Finnish social enterprise sector can only be estimated (Työ ja elinkeinoministeriö 2010c). There have been attempts trying to map the scope of the social enterprise sector in Finland however the loose and various definitions of the phenomenon make the mappings difficult and the results depend upon the criteria used at the specific time (Widgrén & Kotiranta 2015). The vague estimate that appears on the webpages of both Sitra and Uusyrityskeskus, is that there are thousands of social enterprises in Finland (Sitra webpage, Uusyrityskeskus 2012). Whereas, according to an article in Helsingin Sanomat the estimates of the scope of the social enterprise sector have varied between 5000-1 5000 enterprises (Niemeläinen 2014).

In a rapport made by ETLA in the end of year 2015, they state that estimates by earlier research have varied between 2500 and 12 000 enterprises. According to their own estimates there would have been 19 000 social enterprises in Finland in 2015, this would entail, every fourteenth company in the country. In the ETLA report, companies where asked if they put social mission before profit maximization, which entails that the figures depend on their own evaluations of themselves. (Widgrén & Kotiranta 2015) The 2014 EU report states that it is estimated to exist 2 500-3000 social enterprises in Finland that would fill the EU definition requirements of a social enterprise, whereas National estimates vary between 5000 and 10 000. The amount depends on the definition used when measuring. (European Commission 2014b)

According to an article for Taloussanomat in 2012; in comparison to other countries the amount of social enterprises in Finland is still quite small (Keppola 2012.) According to the study made by ETLA researchers agree upon that a only a small fraction of all the actual amount of Finnish social enterprises are identified as social enterprises, meaning they are either part of the Arvo-association, have the Social Enterprise Mark or have registered at the Ministry of Work and Employment. (Widgrén & Kotiranta 2015) The Ministry of Employment and Economy also highlights that the Work integration social enterprises in Finland are only a small part of the whole social enterprise sector (Työ ja elinkeinoministeriö 2010c) By looking at their members and registrations it can be concluded that in 26.3.2016 the Arvo-association had 30 social enterprises as members and the Social Enterprise Mark has been awarded to 69 social enterprises since its launch 2011 (Arvoliitto webpage, Suomalaisen työn liitto). By 24.2.2016 when the register of the Ministry of Work and Employment last updated their list on work integrated social enterprises, there were 42 enterprises on the list. (Työ ja elinkeinoministeriö 2016) This entails that there are 141 identified social
enterprises in Finland in 2016, which is a small number if compared to the estimates made of social enterprises in Finland in general.

In comparison the figure for registered Community Interest Companies, special format designed for UK social enterprises, is 11 000 founded since 2005. (Social Enterprise UK 2015, British Council 2015) According to the Regulator of Community Interest Companies annual report 2014-2015, there would be more than 10 000 Community Interest Companies in the public register in UK and according to the British Council (2015) 7 000 of those would be active. By counting the social enterprises presented in the archives of the Social Enterprise Mark CIC, 16.5.2016, the number is 250 different social enterprises, which would entail this is the number of enterprises accredited the social enterprise mark in the UK, since its launch 2010 (Social Enterprise Mark CIC webpage, Social Enterprise Mark CIC 2015).

The ETLA report brings forward that social enterprises in Finland are a bigger employer than earlier thought (Widgrén & Kotiranta 2015). This statement shows that the sector has been underestimated. They estimate that social enterprises in Finland would employ about 126 000 people. (Widgrén & Kotiranta 2015) The Finnish institute in London also made a study of social enterprises in Finland in 2009; their study included small and middle sized companies from the Finnish Entrepreneurs and Finnvera Oyj. According to their information, a third of the companies they looked at, 3 850 small and medium sized enterprises in Finland, have a staff of 2-4 persons, a fifth 5-9 persons, and only 7,1% of the respondents would have more than 50 employees. They concluded that the amount of employees would be about 129 729 persons (Karjalainen & Syrjänen 2009). According to the 2014 EU country report 96,6 % of all social enterprises in Finland are small or medium sized companies. (European Commission 2014b) The majority of social enterprises in the UK are operating on a small or micro business level, only a small percentage has a greater turnover (Cabinets office 2016, Social Enterprise UK 2015).

According to the SEUK study (2015) 50% of Social enterprises in UK reported making a profit and 26% were breaking even. It also appeared that almost all of the social enterprises reinvested most of their profits for social and environmental causes (Social Enterprise UK 2015). The Finnish Institute in London 2009 report also states that the growth orientation and optimism about the future was stronger among the social enterprises than the respondents in general. (Karjalainen & Syrjänen 2009)
Below the conclusive figure of the scope of the social enterprise sector in Finland and UK is found. The figure shows the difference in estimates for the sectors size, the amount of identified social enterprises, the size of the actual entities, the estimates for how many they employ and how social enterprises have responded about their future outlook. The chart also shows the percentage of the whole business sector that the social enterprises represents in each country. The percentages are based on the two estimates of each country visible in the chart, calculated with the total number of businesses in respective countries. The figures for total amount of businesses are, 363 587 businesses in Finland in 2014 and 5,2 million businesses in the UK in the start of 2014 (Tilastokeskus 2016, BIS 2014.)

<table>
<thead>
<tr>
<th>Scope</th>
<th>UK</th>
<th>FINLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of sector</td>
<td>70 000- 741 000 enterprises</td>
<td>2 500- 19 000 enterprises</td>
</tr>
<tr>
<td>Size of whole business sector</td>
<td>1,3%-14,2%</td>
<td>0,7%-5,2%</td>
</tr>
<tr>
<td>Identified Enterprises</td>
<td>10 250 enterprises</td>
<td>141 enterprises</td>
</tr>
<tr>
<td>Size of entities</td>
<td>Micro or small</td>
<td>Small or medium</td>
</tr>
<tr>
<td>Employees</td>
<td>1 million – 2,7 million</td>
<td>126 000-129 729</td>
</tr>
<tr>
<td>Future Outlook</td>
<td>Positive</td>
<td>Positive</td>
</tr>
</tbody>
</table>

Figur 6  Summarizing the scope of the social enterprise sector in Finland and UK.

Regarding the scope of the UK and Finnish social enterprise sectors it seems that the figures can vary significantly depending on the definition used at the time. Looking at the difference between the percentages the social enterprises could represent out of the whole business population, the difference is striking between the two estimates used in the chart. In UK social enterprises could make up for less than 1,5% of businesses in the country or almost 15%, whereas in Finland social enterprises could represent less than a percentage of the business population or slightly above 5%. 

I interpret that the results in the abovementioned studies vary especially because of different definitions used, mainly specifications on how much income has to come from trading, if the pool of companies studied was only a certain part of the UK or Finnish businesses or if the enterprises themselves where part of defining themselves as social enterprises. In the case of UK the figures vary from the official number 70 000 from sources published in 2015 to 741 000 from a source published 2016. One of the big differences is that the 70 000 definition excludes sole traders and larger companies, which gives a hint on the fact that the sector consists to a great extent of individual sole traders and possibly bigger companies. In the case of Finland estimates go from 2 500 to 19 000 both figures from research published 2015. Here the difference most probably depends upon if the enterprises have been able to define themselves or not, when the original research was conducted.

Overall it can be concluded that the sectors still differ in size depending on country, even though the estimates vary a lot. The size of the UK sector is greater than the Finnish sector with at least tens of thousands if not hundreds of thousands. Also the amount of identified enterprises is significant, the amount of registered WISES in Finland is 42 where the amount of enterprises registered for the CIC format in the UK is at least 10 000. The amount of social enterprises with the social enterprise mark in UK is not much larger than the one in Finland, which could entail that the visibility of the mark is something that the enterprises do not feel they need. The sizes of the social enterprises in both countries seem to be small, however in the UK the data highlights even smaller enterprises micro and small sized, were as in Finland they are said to be small and medium sized. Still in both countries social enterprises are estimated to be big employers, in UK creating work for at least close to a million and in Finland for a hundred thousand. The outlook for the future for social enterprises seemed to be positive in both countries when asked about the social enterprises view of the future.

4.4 Reputation of Social Enterprises

When looking for information on the reputation of social enterprises in UK what is found is mostly positive. According to an article in the Guardian, in 2015, ethical companies in the UK have benefitted from greater public awareness in form of promotional and marketing benefits. A social angle is seen as a good thing, gaining attention and visibility (Razavi 2015). An article in the Telegraph, in 23.10.2013, states that social enterprise is the way forward and multiple positive examples of social enterprises creating social impact are demonstrated. (Pozniack 2013)
According to a press release by the Cabinet Office, in 2016, the social enterprise trend is driven by the millennials, which are requiring more focus on social purpose among their employers, among the services and products they buy and in the places where they invest, they want companies to not only make a profit, but also have a social impact. (Cabinet Office & Wilson R. MP 2016)

In comparison what is found about Finland is contradictory information. In recent years the terms social enterprise, social innovation and social entrepreneurship has become more known in Finland (Norden 2015). According to the (2014) EU report the social enterprise concept has been defined, but the understanding and awareness of the social enterprise concept is still lacking, in Finland in general and among Finnish policy makers, as well as in the business community (European Commission 2014b). In Helsingin Sanomat, in 3.9.2014, it was written that the social enterprise sector in Finland is growing but no one knows about them (Niemeläinen 2014). In an interview presented on the sites of This is Finland in 2014, Tykkyläinen the development manager at the Association of Finnish Work in Helsinki, argues the actual term social enterprise is not yet so well known (Savej 2014). One explanation is that it is quite a new concept (European Commission 2014b).

The Ministry of Labor and Economy made a study, in 2009-2011, which showed that there would be interest in social enterprise in Finland by would-be entrepreneur, voluntary organizations and already existing organizations/businesses. The working group for the ministry proposed that there should be further developing the social enterprise model, and especially to highlight how it is different from CSR and charity (Norden 2015). According to Stenman, a specialist from Sitra, this form of entrepreneurship attracts also people who otherwise would not be so interested in starting a company. Like in UK, for the urban youth social enterprise is a trendy phenomenon in Finland (Keppola 2012.) Also the social enterprise model has been argued to appeal especially to academically educated people (Karjalainen & Syrjänen 2009) Even though there clearly is interest in the concept, there have been different opinions in Finland weather the social enterprise concept is meaningful or not (European Commission 2014b).

In an article in Helsingin Sanomat, 9.8.2014, it is stated that earlier growth of Finnish social enterprises met upon resilience and therefore came to an end (Läärä 2014). In 2012 Taloussanomat said that social enterprise seems to be something entrepreneurs and the professors of entrepreneurship get really accelerated about (Keppola 2012.) In the article Rauno Vanhanen the
leader of Suomen Yrittäjät, is interviewed, he states he doesn’t understand why social enterprises should gain any priority. According to him normal companies bring positive impacts as well, through taxes and the creation of jobs. He also argues that all companies, not only social enterprises, invest their profits into benefitting their operations. (Keppola 2012)

Taloussanomat interviewed Roope Mokka, one of the founders of Demos Helsinki in 2012, he regarded himself as a social entrepreneur however he did not like the term. According to him the social enterprise concept evokes strong emotions because people do not understand it. He mentions that social enterprises might have a more difficult time getting funding and business subsidies, as they are not looking for maximizing their profits (Keppola 2012). The aspect of limitation of profit distribution has also been criticized; According to Roope Mokka; a limitation of profit distribution is as an irrelevant limitation of business (Keppola 2012, Taloussanomat). Social enterprises do not just bring around social good, but also a new way to act on their industry, as the traditional ways are not always suiting for social enterprises. Even though this usually is regarded as positive, it can also bring around opposition from the industry as the new ways do not suit existing norms. (Nortio 2014)

In 2013 the Association of Finnish Work made a Brand study about the Social Enterprise Mark, the study concluded that the mark is not well-known among consumers. However when consumers got the explanation of what the mark entailed they were positively minded towards it and said they would prefer products or services that have this mark. (Kucinska 2014) The same problem showed up in the survey made by the Social Enterprise Mark CIC in UK, awareness and recognition of the mark was an area they were asked to improve on. (Social Enterprise Mark CIC 2015)

One of the issues of Finnish social enterprises is that often the concept of “social enterprise” is understood as work integrational social enterprise, because of the Act on Social enterprise (European Commission 2014b). I also believe the translation also adds to the confusion, as explained in the theoretical chapter, the term “social enterprise” is by law reserved for WISES (Päättiniemi 2008). The term used for social enterprises in general is “societal enterprise”.

According to the start-up guide for social enterprises by Uusyrityskeskus (2012) WISES in Finland have negative experiences regarding image. WISES seldom promote the fact that they actually are social enterprises when trying to acquire new customers, because they interpret that business customers or consumers in general, do not regards this as important or essential. The quality of the
product or service is more important (Uusyrityskeskus 2012.) I think it is interesting that WISES would not see it as a benefit when dealing with other businesses or consumers in general, other ethical aspects of business like, CSR, are trendy and often promoted in marketing, interesting that this is not seen as something they could use to further their image. Similar information about feelings that you would not benefit from being associated with the concept social enterprise was not found in the data about UK.

The chart below summarizes the findings of the reputations of social enterprises in Finland and UK.

![Chart](image)

**Figur 7  Summarizing the reputation of social enterprises in UK and Finland**

From the data gathered it can be concluded that the reputation of social enterprises in the UK is regarded more positive than their reputation in Finland. In Finland social enterprises have met upon resistance as a concept and the major reason for their reputation regarded as negative is the fact that the concept is still not well known and it is confusing on many levels. However the concept is seen to have potential, many actors showing interest in it, even those that normally would not be interested in starting a business. Social enterprises are also trendy among youth in Finland and in the UK.

What social enterprises in UK have been able to do is benefit from public awareness in form of promotional and marketing benefits, which it seems that social enterprises in Finland have not yet been able to do. When it comes to the social enterprise marks in both countries awareness and recognition seems to still be the main issue. Also by looking at the numbers of enterprises with the
mark in the previous chapter, these numbers are really low, entailing that they are either not well known or that enterprises do not see the benefit of registering for them.

4.5 Main focus areas of the Finnish and UK social enterprises

In the literature review UK social enterprises were presented as the innovative providers of public services (Walsham, Dingwall & Hemshees cited in Spear et al. 2009:248). The SEUK (2015) survey stated that social enterprises in the UK have changed from their traditional role of trading mainly with the public sector to the general public and also to trading internationally. However the public sector is still an important market for social enterprises in the UK, more than half of the UK social enterprises have some sort of trading or business relation to the public sector. (Social Enterprise UK 2015) Here it is important to keep in mind that the SEUK study was made on small and medium sized enterprises, leaving out the bigger once, which may have more trading with the public sector due to their bigger scale. Overall the information above agrees with Wilkinsons et al. (2014) cited in the theoretical chapter; that the majority of the revenue of social enterprises in UK comes from the social enterprises own trading activities, and especially from sales to public authorities.

The biggest customers for UK social enterprises are the individual customers, private sector businesses are also customers but to a lesser degree. (Cabinets office 2016) For the Finnish side the main customers are municipalities, businesses and consumers in general. Businesses and consumers buy the services and products social enterprises produce. Municipalities provide welfare, social care and health services in their constituencies. These services are outsourced to private service providers and purchased through an open market. (EU country report 2014)

Most UK social enterprises provide services but there are a significant amount producing products or providing both services and products (Social Enterprise UK 2015.) Also in the theoretical framework foremost consumer services and products are highlighted before business services for UK social enterprises. (Wilkinson et al. 2014). Social enterprises in Finland support their goals through their, buying behavior, operations, products and profits every enterprise in the way that suits them the best. In Finland social enterprises create social value mainly through the products or services they produce. (Widgrén & Kotiranta 2015) The Finnish Institute in London states that about half of the 586 social enterprises in their study are in the service industry (Karjalainen & Syrjänen 2009). Social enterprises that would support their social goals only through their profits
are quite few in Finland. (Widgrén & Kotiranta 2015) This was also discussed in the definition chapter; weather those whose operations do not have social goals still be called social enterprises if they only donate money to social causes.

The UK social enterprises have a focus on the most disadvantaged and underprivileged communities in their target areas. More than half of social enterprises have at least one person working for them who is disadvantaged in the labor market (Social Enterprise UK 2015). In contrary to UK, social enterprises in Finland report to have a wide variety of target groups including many different social-demographic groups, not only disadvantaged groups. What group the social enterprise is targeted to help really depends on the kind of social enterprise and their operations. Social enterprises that produce products that meet collective needs and contribute to the development of social capital really target all groups of society, people in general, young and old, in need of help. Then there are the social enterprises that provide employment, these are directed to long-term unemployed, young or disabled. Some social enterprises have an environmental mission they target the general public but also recycling centers, logistic companies, municipalities and businesses that produce recyclable waste. (European Comission 2014b) In Finland there are also social enterprises that work together with developing countries; their targets are people in developing countries, usually local communities, women and children or people that have been infected by HIV, these enterprises usually direct their profits back to the communities in those countries. (European Comission 2014b, Nortio 2014)

According to Wilkinson et al. (2014), cited in the theoretical framework, the social enterprise sector in UK reflects the biggest part of activities possible within the economy. This agrees with the data found in the internet search; the social enterprise sector in the UK is really diverse and active in almost every industry (British Council 2015, European Commission 2014a, Social Enterprise UK 2015.) According to the State of Social Enterprise Survey (2015), from SEUK, UK social enterprises work mainly with health, vulnerable groups, improving specific communities, creating employment, social exclusion (Social Enterprise UK 2015). Whereas the (2014) EU country report states that most social enterprises operate in the food/accommodation sector, quite many also with business services, retail, health and wholesale, health being the only common area between these two studies (European Commission 2014a). Social enterprises are also said to work in fields like protecting the environment, supporting education, financial exclusion and supporting other third sector organizations. The survey also demonstrates that many social enterprises try to address
multiple social issues to maximize their social impact (Social Enterprise UK 2015). These results show a lot more focus areas than came up in the theoretical chapter. According to Spear et al. (2009) and Costanzo et al. (2014) the integration of disadvantaged groups, individuals with mental disabilities or learning disabilities, back to the work force, is one of the biggest activities for UK social enterprises, the SEUK also mentions this as a main area (Social Enterprise UK 2015.) Community Interest Companies in the UK focus on health services. There are also examples of CICs acting as car sharing clubs, community shops and pubs, farmers markets and art studios. (Regulator of Community Interest Companies 2015)

In the theoretical framework social enterprises in Finland were said to provide public services or services that the government traditionally has neglected. (Borzaga & Defourny 2001) In the study made by Norden (2015) they state that the tasks of social enterprises in Finland, providing public services and health care in innovative ways. The researcher for Aalto, Eva Houtbeckers, was interviewed for an article in Ekonomi lehti in 2014, according to her social enterprises are setting up on basically any field (Nortio 2014.) This disagrees with the theoretical chapter, there it was mentioned that Finland belongs to the group with a well-developed welfare state, where social enterprises are most active only in specific sectors (Borzaga & Defourny 2001).

According to the ETLA study the main fields for social enterprises in Finland are social- and healthcare, care for disabled and elderly, mentally ill and housing services. According to the ETLA survey every fifth of the identified social enterprises (the ones in registers or have the social enterprise mark) are helping the employment of disadvantaged or disabled. However social enterprises that are employing disadvantaged or disabled can still operate on various different fields. (Widgrén & Kotiranta 2015) To criticize this ETLA study was made of the registered social enterprises, quite a small and disproportional piece of the whole sector. Social enterprises in general can also be found in other public services or business aimed at developing the countryside and the living conditions local communities, in businesses aimed at sustainable development as well as in culture and arts, supporting the reduction of waste and emissions, working for the reduction of critical natural resource, employing of disadvantaged or promoting participation in the digital society (Uusyrityskeskus 2012, Nortio 2014, European Commission 2014b). In the theoretical framework; culture, arts, crafts, music, sports and recreational activities, were mentioned (Wilkinson et al. 2014). The fact that social enterprises in Finland focus on integration of
individuals disabled from the workforce was already discussed in the theoretical framework (Wilkinson et al. 2014).

Overall both in Finland and in UK social enterprises are acting on many different sectors in multiple different activities; the results are summarized in the table below.

### Figur 8  Main focus areas of the Finnish and UK social enterprises

From the chart it is visible that both Finnish and UK social enterprises have similar customers, both selling mainly to consumers however also to private companies and in the case of Finland also to the municipalities. Target groups in UK have been identified to be mostly disadvantaged groups whereas in the case of Finland the data suggested that they are concentrating on multiple different socioeconomic groups depending on the social enterprise. The offering in both cases was mostly services, in the case of UK also product or then a combination of products and services. In the case of Finland information was not found on in what amount social enterprises sell products, however the majority is concentrating on services.

The focus areas in both cases were wide; In the case of UK they could be almost any activity. In both Finland and the UK similar focus areas could be identified, in both counties important focus
areas are; health care and supporting disadvantaged, the latter including many different activities such as housing and employment, environment and improving local communities. On the UK side only supporting NGOs and retail & wholesale were not mentioned in to be areas social enterprises focus on in Finland and on the Finnish side Culture& Arts as well as sports and recreation were activities not mentioned in the case of UK.

4.6 Legal framework

Both in the UK and Finland they have legal frameworks regarding social enterprises. The concept social enterprise is not a legal term in the UK, it is an approach and therefore it is not possible to legally register as a social enterprise in UK. Instead there are different legal formats that usually are used for social enterprise, but the core of being a social enterprise is still following certain principals; having a social mission, generating the biggest part of your income through trading activities and reinvesting the majority of the profits. (Social Enterprise UK 2012) On the contrary in Finland the term social enterprise is a legal one (European Commission 2014b), as explained in the theoretical framework the term social enterprise is legally bound to WISES (Pänttinimei 2008), therefore registering as a social enterprise means registering as a WISE. Only in this study social enterprise is used to refer to social enterprises in general not to WISES, in the Finnish context. In this chapter first the UK legal formats are presented and then the Finnish legal term of WISES is presented.

In the UK they have made two new legal structures that were directed towards social enterprises; Community Interest Companies (CICs) and Charitable Incorporated Organizations (British Council 2015). In the theoretical framework the CIC format is mentioned by Kerlin (2010), Wilkinson et al. (2014) and Defourny & Nyssens (2010). CIC is the closest format they have in UK to a legal definition on social enterprise it has been available for UK social enterprises since 2005. Also non CICs can call themselves social enterprises but CICs are the hope for an alternative corporate form directed at social enterprises in the UK (Edmonds 2015, European Commission 2014a).

The CIC model is designed for social enterprises, it can either be based on the limited by share or guarantee model as it is built upon a standard business structure (Social Enterprise UK 2012). From the theoretical framework Wilkinson et al. (2014), Defourny & Nyssens (2008) and Wexler (2006) back this up by mentioning that it is adapted from the company form. The fact that separates this format from the already existing corporate formats, is that it has certain limitations that are set to
protect the social mission; CICs have to state the social mission in their governing documents, CICs must report on how they serve their social mission each year and they have an asset lock which means that a certain amount of profits will stay in the enterprise to further social goals (British Council 2015, Social Enterprise UK 2012, Regulator of Community Interest Companies 2015) As CICs can be both limited by guarantee and shares, only the shares model can distribute any profit, however there are restrictions to how much (Social Enterprise UK 2012). The limitations give grant givers and investors assurance that the enterprise is focusing on the creation of social value, which is one of the ideas of the CIC model, to signify that the social enterprise serves a social mission (British Council 2015, European Commission 2014a). The CIC requires that social enterprises in UK, mention “Community interest Company”, “CIC” or Community Interest Public Limited Company” in their title, go through a community interest test and it includes agreeing to that the CIC organization will permanently be serving social purposes (Defourny & Nyssens 2008, Wexler 2006).

Enterprises wanting to become CICs have to go to the Office of the Regulator of Community Interest Companies, who decides who can become a CIC (Regulator of Community Interest Companies, webpage). For Social Enterprises in UK in general there is no specific regulator, the different formats are regulated by different bodies (Social Enterprise UK 2016b.) CIC is only format where the enterprises have to meet the criteria of a social enterprise; all other formats can be used by traditional charities or businesses in the UK (European Commission 2014a). The UK legal form does not define a specific governance model for social enterprises that would specify the involvement of stakeholders and democratic decision making (Kerlin 2009). According to Defourny & Nyssens (2010), when it comes to legal structures, UK has a more open model for social enterprises; it is not solely based on co-operatives, which is seen in other European countries.

In the theoretical framework it was stated that even though the CIC format especially designed for social enterprises exists many choose to use other formats instead (Defourny & Nyssens 2010a). This did not especially come forward in the data gathered from the internet search however the figure of CICs register was 10 000 in 2014 according to the Regulator of Community Interest Companies annual report 2014-2015, which is only a fraction of the estimates for the whole social enterprise sector presented in the earlier chapter 4.5.

The other legal format for UK social enterprises, that was not mentioned in the theory chapter at all, probably due to the fact that it has only recently been introduced, is called the Charitable
Incorporated Organization legal form. It was introduced in 2014, it is mostly preferred by small charities but is suitable also for social enterprises. Organizations using this form only have to register with the Charity Commission but they get the benefits of independent legal status as well as limited liability. The limitations with the traditional charitable model are that the format is limited by guarantee not shares, there is no profit distribution to either shareholders or members and it can only trade in the line of its charitable purpose. (British Council 2015). However it provides charities with some of the good sides of acting as a company but without the strains attached to the company model. (Social Enterprise UK 2012)

The institutionalized forms of social enterprise in Finland are WISES defined by the Act on Social Enterprise 1351, 2003 and the social enterprises which have the Social Enterprise Mark. (European Commission 2014b) WISES are discussed in literature review by Wilkinsons et al. (2014), Defourny & Nyssens (2010) and Pänttiniemi (2008) who mention that the law binds the term social enterprise to WISES “a social enterprise, whatever its legal status, is a market-oriented enterprise created for employing people with disabilities or long-term unemployed.” (Defourny & Nyssens 2010a:236.) According to the Ministry of Work and Employment work integrational social enterprises are no different than traditional companies. Their operations aim at making a profit and they function on the market. Their purpose is however to create jobs for disabled and long-term unemployed. Like other businesses they can operate in any sector (Työ ja elinkeinoministeriö 2010a). Work integration social enterprises benefit both the long time unemployed that they employ but also the society in general as more people join the workforce. (Uusyrityskeskus 2012)

According to the Act on Social Enterprise WISES in Finland should: “pay all its employees, irrespective of their productivity, the pay of an able-bodied person agreed in the collective agreement, and if no such agreement exists, customary and reasonable pay for the work done.” (No. 1351/2003) And they are registered in the Finnish trade register and the register for social enterprises held by the Ministry of Employment and the Economy (Työ ja elinkeino ministeriö 2010, Act on Social Enterprise No. 1351/2003) A company that is not registered in at the MEE can not use the term “social enterprise” (sosiaalinen yritys) in their marketing or any business operations. (Työ ja elinkeinoministeriö 2010a)

The main difference from traditional companies is that a minimum of 30% of their employees have to either disabled or long-term unemployed. (Työ ja elinkeino ministeriö 2010a, Act on Social Enterprise No. 1351/2003) The law on WISES does not regulate the purpose of the business operations, the line of business or profit distribution (Uusyrityskeskus 2012).
To be able to be registered as a work integrational social enterprise by the Ministry of Employment and Economy the enterprise has to fulfill the preset criteria. A company can also be deleted from the register if it does not fulfill the criteria anymore, a company can also itself ask to be deleted from the register. (Työ ja elinkeinoministeriö 2010b). The law on WISES does not restrict profit distribution, which definitions on social enterprises usually do (Widgrén & Kotiranta 2015).

In the chart below both the Finnish and UK legal frameworks for social enterprises and their qualities are visualized and compared.

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>WISES</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>CIC</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>CIO</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

**Figur 9   Legal structures for social enterprises in UK and Finland**

The main differences in the legal frameworks of these two countries is that in Finland WISES are a type of social enterprise, they do not have to have a separate social mission but they have to employ a certain amount of disabled workers. Even if this is Finland’s legal definition on WISE or actually “social enterprise” it could be questioned if this actually is a social enterprise as their mission does not have to be social and they have no limitations on profit, so they can be a profit maximizing entity as long as they employ this required amount of disabled people. On the contrary in the UK two legal structures for social enterprise have been created, they have to have a social mission and both have profit limitations. For the CIO even the activities it can perform are limited.

As was seen in the scope chapter, the usage of these legal forms for social enterprise is not so great either in Finland or in the UK. Even if CIC are much more used than registering as a WISE in Finland, compared to the estimated size of the UK sector this is not so big. For CIO’s there are no figures in this study, it is quite a new structure and can also be used of charities, which would make it hard to say which ones of the entities using this format are social enterprises and which small charities.
Below the different legal frameworks are incorporated into the chart that summarizes all the criteria of the different definitions of social enterprises in Finland and UK that was first presented in the Definition chapter 4.1.

<table>
<thead>
<tr>
<th></th>
<th>EU</th>
<th>EMES</th>
<th>Gov. UK</th>
<th>CO UK</th>
<th>Mark UK</th>
<th>SEUK</th>
<th>CIC</th>
<th>CIO</th>
<th>MEE</th>
<th>ETLA</th>
<th>ARVO</th>
<th>Mark</th>
<th>WISES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Goal</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>social mission written</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(x)</td>
</tr>
<tr>
<td>Trading/Business operations</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>trading area limitations</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Profit limitations</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Autonomy/Independent</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Transparency/ openness</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Governing / good governance</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>desision making</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Risk taking</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Stakeholder inclusion</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Minimum of paid workers</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>initiative by group of citizen</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>majority controlled</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>responsible operations</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>demonstarte reliability</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>privately owned</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>measuring social impact</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>employ disadvantaged</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>registered</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>type of social enterprise</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>leals structure</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(x)</td>
</tr>
</tbody>
</table>

**Figur 10  Legal structures of social enterprises in UK and Finland compared the definitions on social enterprise.**

From this chart it is visible that the two legal formats of UK have similar criteria as the rest of the UK definitions, social goal, trading operations and limitations on profit. Furthermore the CIO sets criteria on the area of trade and both models require the social enterprises to be registered. The Act on social enterprise, on the other hand sets WISES apart from the other definitions on social enterprises in Finland, as a social goal for the actual operations is not compulsory, only employing disadvantaged is required and there are no limitations on profit distribution, which all the other definitions require.

The summarizing figure below shows the most important findings about the legal frameworks for social enterprises in Finland and UK.
Figur 11  Summary over the legal frameworks for social enterprises in UK and Finland.

4.7 Common organizational type

Both in Finland and in the UK social enterprises can be set up in basically any available format. They can take both corporate and incorporate forms. In this chapter the available formats for social enterprises and how they most commonly are formed in both countries is discussed.

The social enterprise sector in UK is diverse and the structures of the enterprises vary significantly (European Commission 2014a). There are a lot of different structures in the UK that social enterprises can take. Which structure to choose depends upon their purpose (British Council 2015.) Even though the legal framework is set, most types of social enterprises in UK do not have their own legislation (Spear, Keynes & Bidet 2005). In Finland the social enterprise business model has appealed to different actors; entrepreneurs, associations, foundations and existing companies (Uusyrityskeskus 2012). Social enterprise in Finland is one form of enterprise or business and it is not restricted to any specific corporate format. (Arvoliitto webpage) According to Taloussanomat Social enterprises in Finland are not classified separately from traditional businesses, their organizational form can be anything between a between a limited company and a cooperative (Keppola 2012).

Social enterprises in the UK can take the corporate format of Limited Liability Partnerships or Limited Companies; Companies Limited by Guarantee, Companies Limited by Shares and Community Interest Companies (CIC) (European Commission 2014a, BIS 2011, British Council 2015.) Limited by guarantee is common for social enterprises, this format does not have any shareholders but members, as the members do not have shares they can not profit from the company
in the way as in a Company Limited by Shares, which is less common, if a social enterprise takes this format they have to state the social mission and also tell how they are going to do with their profits, in their governing documents. (Social Enterprise UK 2012)

Social enterprises in UK can also be cooperatives, community enterprises, development trusts or social firms (European Commission 2014a). In the theoretical framework Costanzo et al. (2014) also discuss the format of social firms, which are like the UK WISES, however with a slightly broader definition including all social enterprises that aim at social or professional integration of disadvantaged (Costanzo et al. 2014). According to Spear et al. (2009) the most common format of social enterprises are these self-labelled forms of community enterprises, development trusts, fair-trade organizations, trading charities, health & social care enterprises, socially or environmentally oriented small businesses, leisure trusts, work integration social enterprises, social firms, green social enterprise to co-operatives and credit unions (Spear et al. 2009). The co-operative format or more specifically the worker co-operative is also one of the historical format out of which UK social enterprises have developed (Somers 2005). The information from the internet search highlights the co-operative and corporate format Limited by Guarantee above these (British Council 2015.) According to the study made by the British Council in 2015, many social enterprises have the co-operative structure; they can be owned by local community members, employees or their customers. Other social enterprises are not co-operatives and they are either owned by charities or individual group of people. (British Council 2015)

Social enterprises in Finland come in many different ownership structures and organizational forms. Like the case of UK, the biggest parts are limited companies or co-operations, foundations are also a frequent format in Finland. A part of the Limited companies are subsidiaries to foundations or associations (Widgrén & Kotiranta 2015, European Commission 2014b). Social enterprises in Finland can also be third sector organizations owned by businesses or foundations that have separate entity that provide services for a fee. A few social enterprises are owned by both foundations and associations and they have a mixed ownership structure. They can also be foundations and associations with activities that generate revenue. Either they invest their profits into social causes or they have established subsidiaries that generate profit which then are directed to developing social causes. (European Commission 2014b) According to an article in Helsingin Sanomat (2014) it is not so important how the social enterprise is constructed, the important part is that it is a company and it is privately owned. (Niemeläinen 2014) This can be connected to the
discussions on defining the concept, if it should be strictly privately owned. The only one who requires it to be privately owned is the Arvo-association in Finland.

Registered WISES, the institutional forms of social enterprise in Finland, are not a legal structure or format for social enterprises; they can appear in many different forms (European Commission 2014b, Uusyrityskeskus 2012.) WISES can take the form of a limited liability company, limited partnership, general partnership, limited partnership, association, cooperative, business name, subsidiary, joint venture with third sector organization, as a network of subcontracting, even congregations (Uusyrityskeskus 2012, Työ ja elinkeinoministeriö 2010c). They also have the possibility to function as a labor bank in Finland, this entails that they are doing business and employ workers for their own operations or subcontracting the workforce or employ workers straight to a customer (Uusyrityskeskus 2012). Technically as WISES are a type of social enterprises in Finland these organizational formats could be used by other social enterprises as well, like unincorporated formats as sole traders and associations, however the format of a labor bank most probably is limited to WISES.

Also in the UK social enterprises can also take legal forms that are not corporate forms, these include; a trust, an unincorporated association or they can combine these two models. The simplest way to be a social enterprise is to be a sole trader and social enterprises can also be Industrial and Provident Societies. (BIS 2011, European Commission 2014a) In the theoretical framework Dees & Anderson (2003) require a social enterprise to be a for profit entity, this differed from the view of multiple researchers Defourny & Nyssens (2012), Defourny & Nyssens (2010a), Kelin (2009), Dees & Anderson (2006), Monroe-White et al. (2015) and Massarsky (2006). Also from the material gathered from the internet search it appears that in the UK also charities can be Social enterprises (British Council 2015, European Commission 2014a, Social Enterprise UK 2016b) Many UK social enterprises are charities that sell goods and services to generate and income instead of solely relying on grants and donations (Social Enterprise UK 2016b, Social Enterprise UK 2012). These are trading charities; however they have a limitation they can only trade within the field that their charity is designed for. The trading has to forward the actual cause the charity is aimed at. In order to get around this charities in the UK are setting up separate trading entities, companies that can work under the actual charity. The separate format for charities in UK that want to trade and be incorporated but not be a company, called Charitable Incorporated Organisations (CIO), was already discussed in the previous chapter.
According to the study presented in the 2014 EU Country Report social enterprises in Finland use paid workers instead of also including volunteers in their workforce. It was exemplified by the respondents that even if the actual foundation used volunteers, the social enterprise either a trading company or subsidiary established by the foundation, did not use volunteers. (European Commission 2014b) Also in the UK social enterprise sector the use of volunteers is not so common and they rely mostly on paid workers due to their business structure (European Commission 2014a).

The chart below summarizes the most important findings of this chapter.

![Organizational types of social enterprises in Finland and UK](chart)

**Figur 12  Most common organizational types of social enterprises in Finland and UK**

In both countries the organizational forms that social enterprises can choose are quite similar, there are structures that only come up in one country like labor bank in Finland and Industrial and Provident Societies in the UK. However the most common formats are quite similar, in both countries limited companies and co-operations are the most frequent. This tells that there is not a specific format that would be specifically well suiting for social enterprises in either country. The variation of different formats both corporate and incorporate in each country is huge. And even if UK has a specific format designed for social enterprises, it is still not that popular. The CIC model is built upon the limited company model, which is also the most frequent in both countries, this tells about the suitability of the format. However as is said earlier in the text, the best format really depends on the purpose of the enterprise and it’s type of operations.

What to take in account when thinking about the best structure for a social enterprise is what format would work best for you and what kind of an ownership structure would function. Interesting that in
neither country volunteers are used, even if, argued in the theoretical framework, the ability to mix both volunteers and paid workers is one of the aspects that set social enterprises apart from both private sector businesses and third sector organizations (Defourny 2001.) This implies that in both countries social enterprises are run more like businesses than charities or third sector organizations.

### 4.8 Supporters of development: who is funding, helping the development

In this section the different actors that support the development of the social enterprise sectors in Finland and UK are presented. Multiple different actors were identified; they are presented below and figure 13 illustrates the findings in the end of the chapter. The chapter is divided 5 different types of support and supporters; government, financial aid, support organizations, social enterprise mark and education.

UK social enterprises have a wide ecosystem surrounding the sector, they have the support of the government, policies aimed at improving their environment, support organizations that advice and help as well as function as the voice of the sector. Beyond this they have a widely developed financial market aimed at increasing the opportunities for social investment. The Finnish social enterprise sector also has an active network of support organizations that supports them through different actions like; network building, education, training, financing and creating visibility. Even though the network of support organizations is strong the support from other actors is low in Finland.

#### 4.8.1 Government

The government has had a great role in growing the social enterprise sector in the UK. (British Council 2015, European Commission 2014a) From the earlier academic literature it became evident that the UK government has done a great deal in order to implement the social enterprise concept into the country, by creating programs and plans on how to integrate social enterprises into the UK and creating a sustainable environment for them (Walsham et al., 2007, cited in Spear et al. 2009, p 248, Kerlin 2009). The more recent information gathered from the internet search shows the same; the UK government has created legislation to benefit the environment for social enterprises as well as aided through financial support, they have supported social enterprise support-bodies, created legal formats for social enterprises and encouraged public sector to buy from social enterprises through the Social Value Act, which urges the UK government to focus on social impact and value
measuring when it comes to public service contracts. (British Council 2015, European Commission 2014a)

In the theoretical framework Defourny & Nyssens (2010) are referred to when stating that social enterprises are not getting preferred treatment by the government in public procurement. The UK government decided to do something about this and the change begun in the beginning of 2013, the Social Value Act or also known as the Public Service Act came into force. The idea is that people who sell out public service contracts also should think of social and environmental aspects not only economic ones. (Cabinet Office 2016b) The act applies to the stage before procurement of contracts. (Cabinet Office 2012) Social value is not directly defined in the Act which gives the individual commissioner the freedom to evaluate the specific situation and decide what would be the best for the situation; the idea is that social value is not to only buy goods and services but the procurement process benefitting the community in other ways as well. (Social Value HUB, webpage)

The UK government has been working for an increase of finance for social enterprises and the social investment markets in the UK have been on the government agenda since 2002. (British Council 2015) Other programs the government has started are the Big Society Capital, 2012, an independent financial institution with the goal to increase social investment in the country. They have started a Social Investment Tax relief (SITR), which give individual investors a stimulus to invest in social enterprise and is expected to make a great change for the sector, they have also started foundations, multiple funds and Social Impact Bonds, were investors invest and they get their money back from the government if the social goals are reached. (European Commission 2014a, Cabinet Office & Wilson 2016b, HM Government 2016, Big Society Capital webpage a) The UK government has created a The Centre for Social Impact Bonds in 2012 that supports UK social impact bonds (HM Government 2016, European Commission 2014a).

Finnish social enterprises are not enjoying an equal amount of attention from the government, as social enterprises in the UK. Already in the theoretical framework it was stated that there are no public funded bespoke schemes targeted at social enterprises and social enterprises in Finland do not get any specific public benefit, which has been a conscious policy choice (Wilkinson et al. 2014, Pänttäniemi 2008). According to the report by the Finnish Ministry of Employment and Education social enterprises should function on the general service market same as all other businesses, and it has been a deliberate policy that the social enterprises acting here need no special
direct support or tax relief (Työ ja elinkeinoministeriö 2011, European Commission 2014b). Therefore, social enterprises in Finland can enjoy the same support as traditional businesses; there are public organizations that provide support for all businesses which includes social enterprises. These include training, guidance, counselling and funding. (European Commission 2014b) However in the theory chapter it was stated that the Finnish government has discussed introducing social clauses into public tenders, which would entail that social aspects would be included (Defourny & Nyssens 2010a). In Finland social enterprises do not get special subsidies or tax reliefs, which would motivate people to get into this field, with only one exception; WISES (Keppola 2012, European Commission 2014b, Widgrén & Kotiranta 2015.)

Finnish WISES in general are in the same position as traditional companies when it comes to public and private financing (Työ ja elinkeino ministeriö 2010c.) However they can be granted wage subsidies in special occasions, these are aimed at meeting the costs of employing a long-term unemployed or disabled and the productivity gap (Työ ja elinkeinoministeriö 2010b, European Commission 2014b). WISES can also get Employment policy assistance (Työ ja elinkeinoministeriö 2010b), this was also discussed in the theoretical chapter and it was also mentioned that the support is not meant to be used to commercially develop the organization (Päättininmenni 2008). The majority of social enterprises in Finland get their income from trading activities, this includes WISES even though it became clear that they are reliant on governmental subsidies, aimed at compensating for the lower productivity of the disadvantaged employees, for sustaining their business (European Commission 2014b.)

4.8.2 Financial aid

“The UK is a leader in social investment” (Cabinet Office & Wilson 2016b.) The social investment market in the UK has been developing, it is fast growing and strong, with many different actors that answer the demand of UK social enterprises (Social Enterprise UK 2015, European Commission 2014a). In the UK there is a wide array of different organizations providing social finance (British Council 2015). The actors that help social enterprises get finance include a Social Stock Exchange, platforms that match different actors together, like ClearlySo who matches high impact businesses with investors that have the same values. ClearlySo promotes impact investment and works for the inclusion of social aspects into all investment decisions. (ClearlySo homepage, European Commission 2014a) Crowd funding is also done in UK, Abundance is a UK peer-to-peer investment provider where the goal is to get both income and positive social and environmental
effects (British Council 2015, Abundance webpage). Social Value UK, is a social enterprise that aims at changing the mindset of how value is traditionally viewed (Social Value UK webpage). They are the biggest network of their kind in UK but also internationally (British Council 2015).

There is finance, both grants and loans available for social enterprises in the UK. (British Council 2015) UK social enterprises can apply for the same support as traditional businesses but they also have schemes that help specifically social enterprises to find finance and public funding. They have public support schemes for social enterprises and it is on the government agenda to grow and support the social enterprise sector. Publicly funded support for social enterprises in the UK appears in great numbers, they are either networks, partnerships or support providers. (European Commission 2014a)

In contrary to UK, were the social investment markets are flourishing, according to the (2014) EU country report, there are basically no social investment markets in Finland, there are no private or public funds that would have been set up to support social enterprises financially, social enterprises are enjoying no publicly funded investment and there are no dedicated financial instruments aimed at social enterprises (European Commission 2014b). However some actors on the financial market that are looking for opportunities to help social enterprises get funding could be identified in the internet search.

Sitra is a public fund that reports directly to the Finnish Parliament, specialized in social impact funding (European Commission 2014b, Sitra webpage). They have been a part of trying to find a financial model for social enterprises and their goal is to bring a functioning Impact investing model to Finland. Impact investing is a way to get private capital into enterprises that aim at creating social impacts. What they are doing is building a suitable ecosystem for it, bringing different stakeholders together and trying the functionality of the model in Finland (Sitra webpage.) First of Sitras projects to find their participants outside investment started in 2015 and ended in January 2016 (Sitra webpage.) The costs of social problems gather mostly on the public sector in Finland, according to Sitras websites investors are more and more looking to invest in something that will bring them “common good” as well as profit (Sitra webpage.) In impact investing the importance is on goal-setting and verification of performance, therefore return on investment will only be paid if pre-set objectives are achieved (Sitra 2015.) Social Impact Bond (SIB) is one result-based financing agreement where the investors bear the risk and the public sector pays for the results. The idea with this model is to allow the public sector to cut the growth of costs and enable savings. (Sitra 2015)
In 2011 Sitra tried to start a fond of 50 million euros to develop social enterprises in Finland, were over half of the capital would have been raised by private sources. However due to bad economic times this project had to wait. (European Commission 2014b) According to the (2014) EU report to some extent other public funds like Finnvera and Tekes, the Finnish Public Funding Agency for Innovation, could also be counted as funds that could finance social enterprises (European Commission 2014b).

Another actor on the investment market is Epiqus a Finnish Helsinki based European Social Entrepreneurship Fund manager, the second in the whole Europe. It is a social enterprise that addresses 50% of its profits to support social and environmental goals, it is supervised by the Financial Supervisory Authority of Finland. They focus on investment that would generate both economic return and societal impact. They also provide advisory services in financial areas and work together with other stakeholders to develop financial models, for companies that work to deliver sustainable social and environmental change (Epiqus webpage).

4.8.3 Support Organizations

In a survey made by a working group appointed by the Nordic Council of Ministers, 48 actors who support social enterprising in Finland’s were studied on what activities they engage in, the answers were; network building, competence development, education, training, financing, visibility, R&D and lobbying. Usually project based work, limited to a certain time. (Norden 2015) The creation of an ecosystem for social enterprises in Finland is still in an early stage; however a support network of different actors is under development (Päätiniemi & Koistilainen 2013, Norden 2015). Even though social enterprises are enjoying no public support, they have active interest groups like Social Entrepreneurs’ Association (now called Arvo-association) and the Academy for Finnish Social Entrepreneurship, now called Kasvihuone (Kasvihuone webpage, Arvo webpage.) These two focus on providing support mechanisms, training and building networks (European Commission 2014b).

Many organizations and programs that support social enterprises function at all levels of society in the UK (European Commission 2014a). The support system for social enterprises has been heavily relying on funds from the government; this has shifted towards being funded by the private sector. The support of the sector has worked for social enterprises becoming more suitable for investment. The social enterprise sector in the UK is said to be mutually supportive, they support each other;
mentoring, sharing knowledge, co-operation. Social enterprise networks have been created in the UK, they speak for the sector and lobby government. (British Council 2015) Social Economy alliance is one of these networks, consisting of more than 450 organizations; social enterprises, different third sector organizations, universities and investors who together work for a more social economy in the UK (Social Economy alliance webpage, British Council 2015.) Also in the theoretical framework the impact of mutual support and social enterprise networks was discussed, as they have shown to be of great support for development of the social enterprise sector, bringing it recognition and developing policies (Wilkinson et al. 2014). Social enterprises in the UK have also come together to be able to get larger contracts, to give them a possibility to compete against larger companies (British Council 2015.)

The Social Enterprise UK or short SEUK, UKs national trade body for social enterprises, is identified as one of the main supporters of social enterprises in the country. They are the voice for social enterprise sector, run campaigns, lobby for social enterprises, research, build networks, work with different stakeholders of the sector, and create knowledge and visibility for the whole sector. (Social Enterprise UK 2015, Social Enterprise UK 2016a) The SEUK was also discussed in the theory chapter as a main umbrella body for social enterprises, but with the old name Social Enterprise Coalition (Spear et al. 2009).

Finnish social enterprises get support from FinSERN is the Finnish Social Enterprise Network, they keep connections with social enterprise researchers around the world, collect national and international data, and try to find financing for research (Finsern webpage.) Social enterprises also get help from channels that are not specifically designed for them. The Finnish Enterprise Agency (Uusyrityskeskus) is the national business advice organization, which provides support in how to start a business, how to get financing and information for entrepreneurs. (European Commission 2014b) What is innovative in the UK is that they have a platform where social enterprises can report their own social impact called NatWest SE100. (British Council 2015) NatWest measures the growth of UK social enterprises they have a data set of 1244 social ventures (The Natwest SE100 2015).

Other actors that support the social enterprise sector in the UK are UnLtd and the British council (UnLtd website, The British Council website). UnLtd is a the leading supporter of social entrepreneurs in the UK, they invest directly in individuals giving them resources, networking possibilities, advice and support in practical matters. (UnLtd website) Whereas The British Council
works with cultural relations in the UK, with languages, art, education and society. They promote the concept of social enterprise and social investment; they provide consulting, training, finding investment and funding, networking. They also arrange other types of events, research and discussions that support the development of the social enterprise sector. (The British Council website) Social enterprises in the UK also have their own media which spreads knowledge about them they have an online newspaper and also a lot of space in media regarding the whole third sector. (British Council 2015) Also the known media The Guardian has a social enterprise blog, however it was last active in 2014 no posts since July 2014 (The Guardian 2016).

UK social enterprises also get support from the international network of social entrepreneurs called Ashoka, which takes place in almost 70 countries and is therefore the largest network for social entrepreneurs. Finland is not yet a part of Ashoka. (Ashoka website)

Finnish WISES also have a separate support organization, Vates foundation which coordinates a network that aims at supporting the development of the employment of disabled, including the development of Work integration social enterprise operations (Vates webpage). Whereas CICs in UK have their own regulatory body the Regulator of Community Interest Companies, they decide who can become a CIC. They offer people support and advice on how to set up CICs (Regulator of Community Interest Companies, webpage). WISES in the UK, also called social firms, have separate support organizations called Social Firms England and Social Firms Scotland. (British Council 2015)

4.8.4 Social Enterprise Mark

The Finnish social enterprise Mark was discussed in the literature review by Wilkinson et al. (2014), namely that it provides social enterprises with visibility and recognition. In Finland the social enterprise mark is awarded by the Association of Finish Work who also awards the Design from Finland mark and the “Key flag (Avainlippu) mark”, it tells that the enterprise has been established to benefit a societal goal and the biggest part of the profits are channeled to creating societal good. The mark aims at increasing the awareness of social enterprises, giving them a reliable brand that will associate them to their values. (Suomalaisen työn liitto 2016) The first certificates were awarded to social enterprises in 2012. The social enterprises that have the mark can additionally to being able to use the logo, get training seminars, help with marketing and be part of touring events that aim at promoting the enterprises. (Sayej 2014)
In the literature review it is mentioned that UK has a social enterprise mark and certification scheme, that similarly as in Finland, aims at giving the sector recognition and visibility (Wilkinson et al. 2014). The social enterprise accrediting the mark, is called the Social Enterprise Mark CIC, they give out an internationally available accreditation for social enterprises. (Social Enterprise Mark CIC webpage, European Commission 2014a) The certification requires strict standards on social enterprises; which are mentioned already in the Definition chapter 4.1 (Community Interest Companies & Social Enterprise Mark CIC 2013.) The idea is to grow the awareness and understanding of UK social enterprises and create a guarantee of value and that the organization is a legit social enterprise (British Council 2015)

4.8.5 Education

In addition to organizations and networks supporting social enterprises in the UK, there are many educational actors directed at social enterprise in the UK (British Council 2015, European Commission 2014a.) The School of Social Entrepreneurs is commonly the first ones to come up when looking for education regarding social enterprise (Cahalane 2011, Razavi 2015, European Commission 2014a.) The School for Social Entrepreneurs (SEE) is a registered charity that offers courses for people to get started on setting up and running social enterprises (School of social entrepreneurs, website). In addition there are several master level programs of social enterprise in the UK, you can get a MBA that include social enterprise in their program from multiple universities (British Council 2015). And various schools offer courses in social enterprise (Cahalane, The guardian 2011). The Higher Education Funding Council of England (HEFCE) has launched a program that aims at supporting the learning of social enterprise in colleges and universities across England. According to the British Council (2015) study around 60 universities have signed up for this program and taking steps towards taking in social enterprise in their operations. Also especially in Scotland they have tried to incorporate the idea and possibility of social enterprise into education already at a young age. Kids are encouraged to think entrepreneurial for a social cause. (British Council 2015)

In the theoretical chapter it is argued that public bodies and non-profit management schools are not taking social enterprises up for discussion enough and these different organs are not collaborating with each other (Somers 2005). Somers (2005) states that UK business schools are the ones taking a lead on the social enterprise dialogue and research were as the ones who act between the actual social enterprises and the universities in UK, are social enterprise development agencies. (Somers
2005) From the data it is can be concluded that the higher education of UK, is supporting the social enterprise concept. The (2014) EU report lists the researcher groups for social enterprises in the UK were of two are from universities and two that are set up by the government consisting of organizations, ministerial departments, institutions, funds and companies (European Commission 2014, Cabinet Office 2013, Big Society Capital webpage b).

According to the 2014 EU country report, no universities in Finland provide education that would be especially directed towards social enterprise. There are however Universities that involve research projects with social enterprise as the topic, these Universities are Diakonia University of Applied Sciences and Aalto University Small Business Center (European Commission 2014b). The Norden (2015) study says that there is little knowledge, little space in the academic university world for social enterprise. There exists no targeted educational programs for social enterprises but there are courses at individual universities and colleges. (Norden 2015)

### 4.8.6 Supporter chapter conclusions

The chart below summarizes the whole development base chapter, which was divided into six different supporters and different types of support for social enterprises.

<table>
<thead>
<tr>
<th>Supporters</th>
<th>UK</th>
<th>FINLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Governmental agenda to improve the ecosystem, financial support</td>
<td>No direct support or tax relief, except for WISES</td>
</tr>
<tr>
<td>Financial aid</td>
<td>Developed social investment market</td>
<td>Creation of a social investment market taking first steps</td>
</tr>
<tr>
<td>Support organisations</td>
<td>Various actors, active field</td>
<td>Various actors, active field</td>
</tr>
<tr>
<td>Social Enterprise Mark</td>
<td>Social Enterprise Mark CIC</td>
<td>Association of Finish Work</td>
</tr>
<tr>
<td>Education</td>
<td>Universities, business schools, The School of Social Entrepreneurs, individual courses, early education</td>
<td>No targeted educational programs, individual courses</td>
</tr>
</tbody>
</table>

Figur 13 Summary of the different supporters of the social enterprise sectors in UK and Finland.
It was concluded in the theoretical framework that social enterprises in UK are getting support both from the governmental side, universities and social enterprise networks. The same applies after analyzing the data gathered from the internet search, the support for social enterprises in the UK is strong. The government has played a great part as has the support organizations and networks; also education around social enterprises is growing. The fact that was not mentioned in the literature review were the social investment markets that now seem to be the center of the social enterprise development. The government has clearly focused on the development of the ecosystem surrounding social enterprises and especially the financial markets.

In the case of Finland the conclusions from the theoretical chapter were limited support from the government and support through the Social Enterprise Mark (Pänttäniemi 2008, Wilkinson et al. 2014) The data showed a much more positive picture of the support social enterprises in Finland are enjoying, an ecosystem consisting of multiple different actors, aiming at helping social enterprises in different ways. Even though data suggested that there are no social investment markets in Finland, some actors aiming at social financing could be identified. This looks like a social investment market is on the rise in Finland, but is still taking its first steps and has a long way to get to the stage of UK.
5 BARRIERS AND DRIVERS OF FUTURE DEVELOPMENT

In this chapter the factors that affect positively and negatively the future development of social enterprises in Finland and UK are discussed. Each section in the previous chapter is discussed in relation to either hindering or furthering the development of the social enterprise sectors in Finland and UK. This chapter starts with discussing barriers of opportunity and then drivers of opportunity.

5.1 Barriers of Opportunity

In this chapter the abovementioned data is further analyzed to identify barriers or hinders for further development for both the social enterprise sector in Finland and in the UK. Below how the 8 different factors processed in this study; definition, role, scope, reputation, focus area, legal structure, organizational form and supporters of development, possibly hinder the development for the Finnish and British sectors, is studied. These factors stem from the information gathered in the study. This chapter takes up problems that came up in the data and possible hinders identified through the analysis.

5.1.1 Definition

In the case of Finland there are opinions that the social enterprise concept itself is standing in the way of future success. The concept social enterprise has its roots in many different sectors of society and therefore the concept is difficult to define. They are small and there are little resources, new players are just trying to stay alive, not even thinking about profit. (Houtbeckers 2014) As the term social enterprise is still so lucid and not well defined, it leads to the fact that research can’t be compared, as different definitions have been used. Also as it is so unclear it is difficult to market the concept. That the term is so confusing, is seen as a one of the reason why the phenomenon is still so small in Finland (Widgrén & Kotisranta 2015.) From the definition chapter it becomes clear that the Finnish definitions are quite different, they all have some criteria that do not appear in the other definitions.

The dual responsibilities and hybrid nature, that stems from the definition of social enterprises as entities with a social mission that survives of trading activities, has been discussed in the UK context. Economic efficiency, being commercial minded, making business plans or taking loans are behavior picked up from the business sector, among UK social enterprise managers there are those
that are in favor and those who are not. As many social enterprises are supported by the state, there is a fear that the more commercial social enterprises will become the surviving ones if state-sponsored support will drop. (Pinch & Sunley 2015) The fact that social enterprises both should have a social mission but sustain themselves through trading activities brings contradiction to their work. I interpret that the negative feelings towards social enterprises using business sector tools stems from the fear that social enterprises could lose their track of the social mission as they are becoming more commercial minded in order to survive competition.

This correlates with the scare discussed in the theoretical framework by Defourny & Nyssens (2010a), that social enterprises will start addressing those social issues that can generate the most income, not the ones that need help the most. This is however not mentioned in any of the data found in the internet search. And I do believe that the systems developed for social enterprises themselves works towards eliminating the possibility of abandoning the social goal. The social investment markets are built upon the fact that social enterprises measure their social impact, if you can not demonstrate what social good you have done then you will not receive investment. Also regulations around the CIC model and the social enterprise mark require that the enterprise has their social mission written in their governing documents which binds them to their mission. However no data found would require that social enterprises are limited on how to choose their targets or operating areas, which leaves them the possibility to choose targets which will bring in more money.

In the theoretical framework an unclear identity and hybrid nature were seen as problems for the success of social enterprises (Mason 2012, Costanzo et al. 2014, Pinch & Sunley 2015). This is in disagreement with the criticism the social enterprise mark has received, according to an article in the Guardian, the social enterprise definition in UK is too narrow (Patey 2011). For the UK Social Enterprise Mark many legit social enterprises that by logical reasoning would be classified as social enterprises however would not make the demands. The criticism lays on the fact that the most used definitions on social enterprise separates social business and social enterprise completely and therefore do not in any way add social purpose into traditional business. (Patey 2011)
5.1.2 Role

Regarding the role of social enterprises in each country, no straight-out negative sides that would act as a barrier for the success of the sectors could be found in the internet search. It was concluded in chapter 4.2 that social enterprises in UK and Finland have roles they are expected to take and there are holes in the society that they could fill. However it was also concluded in the chapter that Finnish social enterprises do not have a strongly established role yet and they appear in two different roles, the traditional role of the provider of public services challenged by a wave of innovative startups. It can be interpreted that the fact that the role of the Finnish social enterprises is not established yet, can affect it’s possibilities to develop as a sector, as the dual role brings confusion and might make it more difficult to grasp the sector and develop new regulations around it.

The role of Finnish social enterprises as a wave of start-ups was discussed in the earlier chapter, this contradicting the traditional role as a provider of public services. If their role as a provider of public services is strengthened this might affect the opportunities of small startup social enterprises. If the government starts to deliberately adapt support and frameworks to social enterprises working with public services. No negative sides of the UK social enterprise’s role could be identified in the theoretical framework or from the analysis of the data collected in the internet search.

5.1.3 Scope

Out of the data gathered no fears of the scope of the sectors affecting their future could be found. A clear difference in the size of the social enterprise sectors of UK and Finland was demonstrated however I do not interpret that the difference in size could be an issue for the future of either sector. The fact I interpret that can become an issue for both sectors is the variation between estimates in both countries. This stems from loose and various definitions already discussed above, researchers have been using different definitions when conducting their measurements. That the size of the sectors have been difficult to estimate and the estimates vary greatly, could affect the development of the sector, in the case of support and regulations.

5.1.4 Reputation

“The term ‘social enterprise’ itself isn’t well known yet,” says Tykkyläinen, the development manager at the Association of Finnish Work, in the interview for the This is Finland site (Sayej 2014). The value of social enterprises and the concept of the enterprises themselves are still not well
known in Finland. (Uusyrityskeskus 2012, Widgrén & Kotisranta 2015) Finland is lagging behind many other European countries, even if we have built a security net for our enterprises (Uusyrityskeskus 2012). According to an interview in Taloussanomat (2012) the biggest issue is that the decision makers in Finland do not know about social enterprises well enough. According to Stenman, a specialist researcher for Sitra, who is interviewed in the article; “in the Finnish Schools of Economics they don’t even tell that there exists a business model like social enterprise” (Keppola 2012)

The promotion of social enterprises in Finland has also met resistance as the supporters of the traditional business idea think that the core of every business should be profit maximization (Widgrén & Kotiranta 2015.) Between the years 2009-2011 the Ministry of Employment and Economy worked on a project to promote social enterprise, however the project was dropped in 2011 due to resistance by the convenient for employees and entrepreneurs (Läärä 2014.) According to Laiho, the Economic Development Director from the Ministry of Employment and the Economy and Syrjä, the Professor of Lappeenranta University of Technology, who are interviewed in the article for Helsingin Sanomat 9.8.2016; labor market organizations have resisted social enterprises and slowed down their development (Läära 2014). They say time is still not right for this phenomenon. They say that the discussions around welfare are based in the 1960-70s where they still think that only the municipalities can arrange welfare services. (Läärä 2014.)

As was seen in chapter 4.4 Reputation, the Finnish social enterprise sector has a divided reputation. The negative aspects come from the concept not being so well known, people do not fully understand the concept and the it has met upon resistance from people that think social enterprises should not get special treatment and should be on the same lines as all other businesses.

No negative aspects of the UK social enterprise’s reputation could be identified in the theoretical framework or from the analysis of the data collected in the internet search.

**5.1.5 Focus area**

A fear discussed by Wilkinson et al. (2014) in the theoretical framework that Finland’s social enterprises are too dependent on the state as a customer, as the biggest part of sales of social enterprises go to the public sector, did not come up in the data search. In the data search the public sector was identified as one customer for social enterprises among others, actually the private consumers were seen as the biggest customer; however municipalities were identified to use social
enterprises for providers of public services (EU country report 2014). In Finland the production of public services is a major focus for social enterprises, therefore they are closely interlinked with the state and could become vulnerable because of the lack of diversification. However a wave of different focus areas for social enterprises was also identified as well as a wave of start-ups differing from the traditional view of social enterprises as providers of public services.

In the chapter 4.5 Focus area, it was mentioned that of social enterprises in the UK more than half have at least one person working for them who is disadvantaged in the labor market (Social Enterprise UK 2015). A fear that social enterprises are compromising their economic value by employing individuals with a disadvantage in getting jobs and by not employing the most efficient human resources was discussed in the theoretical framework (Costanzo et al. 2014.) This was not mentioned in any of the reports for social enterprises, however I could not find any special support directed towards social firms (UK WISES) that employ disadvantaged persons. This again can be linked to the discussion earlier about the nature of social enterprises being a problem for the future development of the concept that the social mission and trading activities do not go hand in hand and might work against each other.

What differed between Finland and UK when comparing target groups was that UK social enterprises mostly focused on the most disadvantaged and underprivileged communities, whereas the target groups for Finnish social enterprises were said to be different socioeconomic groups, not only the most disadvantaged (Social enterprise UK 2015, European Comission 2014b.) Narrowing down your target groups already narrows down options and the most disadvantaged communities are most probably the most difficult to work with, makes competing and surviving harder for UK social enterprises.

5.1.6 Legal Framework

According to the Norden (2015) study there is a need for further legal framework regarding social enterprises in Finland, to develop a new ways of doing business (Norden 2015). Also in the theoretical framework of the study, having no specific policy reform for social enterprises was identified as a barrier for further success of the sector (Wilkinson et al. 2014). There are thousands of enterprises that define themselves as social enterprises, they are major employers, have great financial but also societal potential; however they are not well known and have little political visibility. Which can largely depend upon the fact that they have not been taken seriously, their
impact has not been made visible definition unclear (Widgrén & Kotiranta 2015). A hinder for further networking for social enterprises is the fact there is not much co-operation at national, local and administrational area in Finland (Norden 2015).

The existing legal frameworks in in Finland could not be identified to slow down or limit the growth of social enterprises. However the law has narrowed down the term “social enterprise” to mean WISES which highly confuses the term and in Finnish the word “societal enterprise” is used for social enterprises in general, I would believe this could be a factor that leads to confusion on the concept in Finland.

In the case of UK no negative sides to the already established legal formats for social enterprises could be identified, neither could there be found a need for further legal regulations or frameworks regarding social enterprises.

5.1.7 Organizational form

No straight-out problems mentioned in the data could be linked to the organizational forms of either UK or Finland. However it could be argued that the fact that the range of formats social enterprise can take in, each country is so wide and therefore further confuses the concept and makes it harder to create legislation or different supports directed towards social enterprises, as all existing enterprises are so different. In the theoretical part of the study Spear et al. (2009) argue that the different self-labelled forms of social enterprises in UK have quite overlapping structures, which means they can have two or more structural descriptions and are formed quite complicated.

5.1.8 Lack of support

Most of the possible barriers of future success were found to be linked to the support social enterprises in both UK and Finland are getting, or the support they still are lacking. The support chapter 4.8 was divided into support from the government, financial aid, support organizations, the social enterprise mark and education.

The main barrier for success repeatedly reported among UK social enterprises is difficulties finding finance (British Council 2015). The findings of the (2014) EU country report and the State of Social Enterprise Survey (2015) support this claim, they also report that the lack of funding is the greatest problem regarding future sustainable business and setting up for social enterprises (Social
Enterprise UK 2015). The Cabinets office report (2016) also adds that social enterprises are reportedly having more difficulties finding finance, compared to managers of small and medium sized companies, with whom they are compared to in the report (Cabinets office 2016). The same applies for the special format of CICs, the biggest reason why social enterprises in the form of CICs have to dissolve has been the lack of funding. However the reason for the lack has not been as much the CIC model not being interesting for investors but the fact that you have to meet certain requirements by funds. (Regulator of Community Interest Companies 2015)

One of the problems for social enterprises in UK is that seek funding is that they seek too small amounts of finance, below the minimum amount for many funds and social investors. The social investment market is looking for larger deals. The financial structure is not in balance with a sector of a lot of young and small social enterprises. What they would need is smaller scale investments. (Social Enterprise UK 2015)

According to the Norden (2015) study the biggest problem for social enterprises in Finland is the lack of good enough financing instruments (Norden 2015.) The (2014) EU country report states that the lack of data of their financing is great it and it is quite impossible to measure the financing social enterprises in Finland get as they are regarded the same as traditional businesses (European Commission 2014b.) The ETLA research is on the same tracks arguing that the problem of social enterprises in Finland is a lack of outsider financing and the fact that few of the social enterprises in Finland actually measure or report their social impact. The measuring is important now when new financials models that would suit social enterprises, are inspected. Impact investing has become more and more popular abroad; this would be a way to grow the financing for Finnish social enterprises. Right now their biggest finance source is the public sector; the private sector requires more verified impact and therefore more measuring. (Widgrén & Kotiranta 2015). If the social impact would be measured more it could also be a competitive advantage when it comes to public procurement. However the social aspect still plays only a minor role in these situations. Especially in the social- and health care fields, financial aspects overrule the social impact. (Widgrén & Kotisranta 2015)

One reason why funding is hard to get for social enterprises in Finland is because the concept is not fully understood also because they are not seen as attractive investments. Social enterprises are seen as risky investments, where the risk profile is not adequate to the returns, believed to offer no or limited returns therefore they are seen as risky investments, commercial banks think the same. This
is one reason why there are no specific investment markets aimed at social enterprises, the other reason is the fact that there is the belief in Finland that social enterprises should be treated like any other business in fear of market distortion. The interest to invest in social enterprises is lacking among national authorities in Finland. (European Commission 2014b) Biggest problems with financing social enterprises; for the public sector is that they do not want to support social enterprise directly as they fear distortion, which is a scare that has mainly been supported by federations of employees and businesses as well as different interest groups. (Kostilainen and Pättiniemi 2013) Traditionally welfare markets get funding from Finnish Slot Machine Association, RAY, however they only fund when they feel that there won’t be any distortion of competition (European Commission 2014b.) There were exceptions to social enterprises which did not have financial issues these are: wholly owned subsidiaries of Foundations. Their financial needs were met by their owner (European Commission 2014b).

There would be interest among non-profit organizations in Finland to increase fund-raising however knowledge is lacking, is said in the article for Helsingin Sanomat 3.9.2014. (Niemeläinen 2014) According to the Norden (2015) study there is a need for a center of expertise, right now expertise is really low in the field of social enterprise in Finland. There would be a need for a forum where social enterprises, voluntary organizations and municipalities work for solutions together. There is a need for advice about business, legal and social perspectives (Norden 2015.) In the case of UK faults in the social enterprises own knowledge, lack of skills like marketing and branding, technical skills, including how to handle taxes, technology and regulations were also be identified as problems regarding development (European Commission 2014a, Social Enterprise UK 2015).

In Finland one of the major weaknesses of the social enterprise sector is that there is no incentive to be identified as a social enterprise. This was also discussed in the theory section, according to Pänttiniemi (2008), Defourny & Nyssens (2010), there are low benefits of registering as a social enterprise, and therefore not many have registered. Also Pänttiniemi (2008) believes that the reason for social enterprises only having a limited effect in Finland might be because they are not receiving much support at all. This agrees with the data from the theoretical framework, arguing that there is no support from the government and being labeled a social enterprise may even limit funding, as there are no funds specially directed towards social enterprises (European Commission 2014b, Widgrén & Kotiranta 2015.) There are not many services where to get help and advice, being a social entrepreneur has not been made so attractive. And the amount of registered enterprises in the MEE register has actually been decreasing (Widgrén & Kotiranta 2015). This is due to less new enterprises being created and because the ones existing on the register quickly have move off. Also
they have gone through the register and decreased the amount and less new enterprises have emerged due to an increase in labor costs when you register and the risk in relation to returns. (Grönberg & Kostilainen, 2012)

Some of the support schemes for the social enterprise sector in the UK have also gotten critique for not being as good as they could. In the theoretical part of the study social enterprises not handling the competition of public procurement was mentioned as a major issue by Defourny & Nyssens (2010), Borzaga & Defourny (2001), Defourny (2001). Among other issues that came up in the data like lack of understanding of social enterprises in general in the UK, among the financial world and by support organizations, cash flow, taxation, poor local conditions, heavy bureaucracy and procurement in public services being a problem, especially for small social enterprises, was reported from multiple different sources (European Commission 2014a, Social Enterprise UK 2015 & Cabinets Office 2016.) The program that has gotten critique is the Social Value Act. By asking social enterprises in the UK if they have seen social aspects on the rise in public tenders the State of Social Enterprise Survey (2015) concluded that the Social Value Act has still not been implemented properly and there is further work to do on that front. (Social Enterprise UK 2015)

Also the measuring of social impact in the UK has been criticized; the biggest problem has been lack of consistency. And the way of measuring has been hoped to become more unified. Even though there have been complains that not one model can fit all different types of enterprises still the main reasoning behind the criticism has been that without a unified system, value can not be compared between enterprises. (Social Value UK webpage)

Also the social enterprise mark has got some critique in the UK, whether or not it adds any further value to the social enterprises bearing it (European Commission 2014a). There are not so many social enterprises that have the Social Enterprise Mark, argued that it can be because of the high cost of seeking it or because enterprises do not see enough benefits in seeking it (European Commission 2014a, British Council 2015). It is argued in the (2014) EU country report that membership in one of the bigger support organizations for social enterprises would allow the same label of being a valid social enterprise (European Commission 2014a.)

Regarding the Social Enterprise Mark in Finland, there has been some doubt and confusion surrounding the mark, which is still not that well known among the general public. It would need to get into new industries, more promotion and marketing. There are social enterprises in Finland that
already have such a respected and well-known brand that they have not sought for the Social Enterprise mark, as they haven’t seen any further value in acquiring it. (Kucinska 2014)

One criticism against the government action in the UK, is that it has mostly benefitted the once who trade with the public sector not as much the once trading with the private sector or people in general (British Council 2015). This critique was not mentioned in the theoretical framework, however a fear for dependency on public support was discussed, the fear that only the more commercial social enterprises will survive if state support drop (Costanzo et al. 2014, Pinch & Sunley 2015.) In the theoretical framework an overall feeling that the government was minoritizing social enterprises in the UK was mentioned (Spear et al. 2009, Mason 2012). This I feel is not the case when looking at the support the UK government is providing for the development of the social enterprise sector. As the investment markets are being developed and largely due to the governmental support more and more social enterprises are going to become more commercial minded and need less support from the government. Therefore, I believe that it is true that only the more commercial social enterprises will survive as the sector evolves, however this is a deliberate direction from the government.

5.1.9 Summary

In this chapter the findings of the negative impact that the 8 different factors had on the future of the social enterprise sectors in both Finland and UK is summarized into two different figures. The pictures show all 8 factors and whether or not they could possibly affect the opportunities for the social enterprise sectors negatively. The arrows in the pictures are divided into two different kinds, the thick ones demonstrating impact that came up in the data from the internet search and the dotted lines stand for possible impact derived to by analysis of the earlier data.

Figur 14  Negative impact on the future of the Finnish social enterprise sector
For Finland possible hinders of development could be found in all 8 categories, some more severe than others. Many issues seemed to stem from the actual definition or lack of a uniform one. Other issues that came up in the data were the negative spin on the reputation of the Finnish social enterprises and the lack of political visibility and adequate regulations and legislation. In the case of focus area the fear of the Finnish social enterprises relying too much on the public sector came up; however the results showed a variation of different target areas and customers, hence it can be interpreted that this is not one of the greater issues the sector faces. Most severe issues arose in the supporters of development category, lack of financing and adequate knowledge as well as inadequate supporters were the topics that came up. By analyzing the data in the earlier chapters Role, Scope and Organizational form possible issues could be identified, as a dual role and a wide variety of organizational structures could lead to confusing the concept, were as big differences in estimates could make the sector difficult to grasp and make the development of adequate regulations and support, harder.

For the UK possible hinders of development could be found in only five categories, three that came up in the data and two that could be identified to have an impact through the analysis of the earlier chapters. The mixed structure of the core definition of social enterprise brought up issues in the UK sphere. Also the focus on disadvantaged communities and the employment of disadvantaged workers were seen to contradict the economic aspects of the social enterprises. However, like in the case of Finland the most severe issues came up in the discussion about the supporters of development or the lack of them. Lacks in the government’s actions and lacks in the social enterprise Mark and first and foremost lack of finance and adequate financing models. Same as for Finland the estimates with huge variation in the scope chapter were interpreted as a problem regarding future development of the sector also the wide range of different organizational forms used were seen as a possible issue as it makes the sector even more confusing.
The different issues that came up in both countries are summarized into figure 16.

**Figur 16  Summary of different barriers of opportunity in UK and Finland**

### 5.2 Drivers of Opportunity

In this chapter identified factors that might promote further development for both the social enterprise sector in Finland and in the UK are discussed. These factors stem from the information gathered in the study. In this chapter how the 8 different factors processed in this study; **definition, role, scope, reputation, legal structure, organizational form and supporters of development**, possibly help furthering the development for the Finnish and British sectors, is identified and studied. This chapter takes up opportunities that came up in the data and factors that lead to advancing of the sectors, identified through the analysis.

#### 5.2.1 Definition

In the theoretical framework the unclear identity was seen as a barrier for success for the UK social enterprise sector (Mason 2012). However according to the (2014) EU country report the loose
definition on social enterprise is suitable as it allows the field to develop freely and new business models to come forward. There is no need for more strict or additional criteria, the important factors like autonomy, transparency, social mission, trading and profits to social good are already core of most of the definitions (European Commission 2014a). By looking at the definitions in the chapter 4.1 it was clearly visible that the UK definitions were quite uniform, the same aspects of social mission, trading activities and limited profit distribution appear in most of the definitions. Above that the same limitations for minimum of trading activities and profit limitations are used in the definitions. As it was identified in the case of Finland that a variety of definitions that differ from each other could be seen as a possible barrier of future development the fact that the UK social enterprise definitions are more uniform is interpreted to lead to furthering the development of the field. The more all definitions are alike, the easier it is to grasp the sector, to study it and develop further frameworks regarding it, for both government and support organizations.

Regarding the Finnish definitions no separate reasons could be identified how they would further the development of the sector.

### 5.2.2 Role

There have been hopes that social enterprising would help the economic burden of the Finnish government, especially helping with social- and healthcare (Keppola 2012). “Finland needs new solutions to fight economic problems, important to make way for new business, that creates jobs and promote the objectives of the whole society”, states a headline on the pages of the Association for Finnish Work (Lausala 2015.) In Finland there seems to be a market for social enterprises, the government is battling with the costs of public services, a creative way to solve societal problems is needed. According to the (2014) EU country report a history of strong help traditions, an increase in demand for welfare services and an ageing population are going to help the social enterprise sector develop. There definitely seems to be a role for social enterprises in Finland and holes that they are expected to be able to fill. The role of the social enterprise in Finland as a provider of public services is most likely going to help the sectors development as it will engage the government in growing the sector.

In the case of UK, from the Role chapter it could be concluded that their role is more established, they are viewed as pioneers in their field, their role helping to make communities better however also contributing to the country’s economy. Social enterprises in the UK have an important role in
the country, an established role likely to help the sector develop as they have been placed in the society, the concept of social enterprise becomes easier to grasp, when you know what they do and how they can help. This can also further the development of the social enterprise concept, how it is defined and how it can be further advanced. I interpret that an established role will also help decision makers when developing the ecosystem surrounding social enterprises.

### 5.2.3 Scope

About the actual scope of both countries social enterprise sectors no specific factors that would lead to opportunities for the sector could be found. However positive aspects could be found. The estimates of the sectors sizes in both countries varied notably, yet the numbers were significantly bigger than the number of identified social enterprises, this shows that there could be great potential in the sectors as employers and when it comes to bringing money to the economy. In the case of Finland it was mentioned that the social enterprises in Finland are a bigger employer than earlier thought (Widgrén & Kotiranta 2015). This shows that the sector has been underestimated, and there might be more scope to it than earlier thought. A truly positive finding was that, when asked about the future social enterprises, in both countries, they seemed to have a positive outlook. The scope chapter showed us positive aspects of the social enterprise sectors in both countries; however these factors are not interpreted as factors that would help them develop in the future.

### 5.2.4 Reputation

According to a blogpost on the site of the Social Entrepreneurship Support Network of the Baltic Region, the passion in making a social impact is growing in Finland (Tirronen 2016). In the reputation chapter the positive reputation of social enterprises in Finland was identified, the knowledge of the field is growing and it is trendy especially among youth (Keppola 2012.) The fact that social enterprises are seen as a positive force when it comes to social impact, will give them huge possibility to develop as a concept as it becomes more known.

In the UK the reputation for social enterprises was overall positive, social enterprise as the way of the future and a social angle and social impact are seen as positive (Razavi 2015, Pozniack 2013) Social enterprise is said to be a trend driven by conscious millennials (Cabinet Office & Wilson 2016) I think UK social enterprises will continue to benefit from their good reputation. For both countries the fact that social enterprise is a trend among youth will be one factor that could affect their future development in the positive way, today’s youth are the ones starting up and running
future companies, if the values of social enterprises correlate with theirs this is a concept that they could be willing to develop.

5.2.5 Focus area

In both countries the focus areas were found to be broad, with many different activities, different types of customers and in the case of Finland a variety different target groups. In both cases healthcare and care for disadvantaged, especially by employment, came up as main activities for social enterprises. As was said in the case of Finland in the theoretical part of the study, social enterprises are taking care of public services or services that traditionally have been neglected by the government (Borzaga & Defourny 2001). In both countries social enterprises are facing, what I interpret as grave social issues, like unemployment, exclusion and healthcare. Many of the activities that came up in the Focus area chapter traditionally fall under the government. Therefore I believe that social enterprises in both countries have found their niche where they can ease the burden of the government. In the UK the support from the government was visible in the Support section, it can be interpreted that the UK government realized the potential of social enterprises easing their burden and therefore took the development of the sector as their concern. As the Finnish social enterprise sector is focusing on similar areas in Finland, similar development as in the UK could be possible. I believe that in both countries social enterprises will benefit from spreading out on different areas and from support from the government and local municipalities if they manage to prove their worth in the areas crucial to them.

5.2.6 Legislation

By looking at the figures in the Scope chapter, it can be concluded that registered WISES in Finland, have not been a popular concept among social enterprises. In the case of the existing legislation no separate factors that would lead to furthering the sector in Finland could be found. This does not mean that it is not positive that the legal structures exist, however on the basis of the data I can not conclude how the existing legal frameworks could promote the social enterprise sector in general. The law on WISES is narrowed down to a certain type of social enterprise.

As the estimates of the UK social enterprise sector vary, it is not possible to say how big of a part of the sector has registered as CICs, however the amount is significantly greater than registered WISES in Finland. I identify a couple of perks in the CIC model that make it a useful format for social enterprises and could lead to increased usage of the format and thereof also the development
of social enterprises in general. First of all the format is not limiting the social enterprises operations or mission in order to say what activities they should engage in, which is done by the CIO model in UK. Also the CIC model binds enterprises to a social mission it has to be stated in their governing documents and reported upon every year, the perks of this is that social enterprises using the CIC model become reliable in the way of actually sticking to the creation of social good, which could be believed to attracts social investors. For social investors CICs are safer to invest in than social enterprises taking all different kinds of organizational forms, as CICs are more strictly regulated. As the more social enterprises would be using this format, it would make social enterprises easier to grasp as a concept and easier to make legislation and direct support for social enterprises.

5.2.7 Organizational form

In both countries the variation of different formats to choose for social enterprises is wide. They can choose from corporate and incorporate formats and choose between different ownership structures. As a field this makes it easy for all different kinds of actors to become social enterprises. As was said earlier, the social enterprise model interests’ entrepreneurs, third sector organizations and established businesses in Finland (Uusyrityskeskus 2012.) As the forms for social enterprises to take are so different all of these actors can establish social enterprises that suit their operations. I believe the case is the same in both countries; the variation of the different organizational forms available, is a factor that might help the sector develop as actors of all sizes and different backgrounds can establish social enterprises. In the theoretical chapter Spear et al. (2009) admits that the variety of different organizational forms have been a useful starting point for the UK social enterprise sphere.

5.2.8 Support

Like the case of the barriers to success, most factors that would lead to future development and opportunities were linked to the supporters of development. According to the (2014) EU country report one thing that is going to help the social enterprise sector in Finland to develop, is an enthusiastic stakeholder group (European Commission 2014b). In the support chapter it became visible that the social enterprise sector in Finland has many supporting actors that provide them with training, networking and support. Also in the UK active collaboration between different stakeholders is improving the sector and bringing it many positive aspects such as collaboration, learning, connections and awareness (European Commission 2014a).
A way to create demand for social enterprises in Finland was identified to be taking social aspects into consideration in public procurements. (Uusyrityskeskus 2012, European Comission 2014) By including social criteria, like social impact, in public procurement decisions the public sector could support the growth of social enterprises in Finland. (European Commission 2014b) A reform was made on public procurement in order to simplify the measures of the process. Better implementation of social aspects, employment and health are applied to the new rules. The MEE sites said that also the bidding procedures will be made easier for small and medium sized businesses and the Act on public contracts will be reformed on the basis of directives announced in 2014 (Työ ja elinkeinominsiteriö 2014). According to a blogpost on the sites of the Association of Finnish work, the reform in the procurement law allows municipalities to take greater advantage of the positive impact of social enterprises. (Lausala 2015)

In UK an active role of the government is one factor that will support the development of the social enterprise sector. In a press release by the Cabinet Office (2016) it is said that the Minister for Civil Society has put in motion a review that examines what has to be done in order for the mission-led business sector to be doubled in the next decade and increase the social impact and economic value. (Cabinet Office & Wilson 2016) The government has also put forward the aspects they want to work on in the future; they will work for integrating social aspects into all levels of investment decisions as well as further developing the investment markets. (Cabinet Office & Wilson 2016b)

Another aspect that I believe is creating enormous possibilities for UK social enterprises is the fact that the investment markets in the UK seem to be already really advanced. In the UK they have social investment banks, tax reliefs and the government has created 32 SIBs and multiple funds, the UK social enterprise sphere is even attracting investors from abroad. (Foreword from the Minister for Civil Society HM Government 2016 Rob Wilson MP, HM Government 2016) The governmental measures the Social Value Act and the Big Society Capital will also help further develop the sector, help it access finance and public services (European Commission 2014a) The government is also hoping to develop the field in the future and they will try to make it happen that that you could choose that a part of your pension could be invested in social investments. They work to integrate social aspects into all levels of investment decisions as well as further developing the investment markets. Programs that would allow small sums to be invested, would allow even everyday investors to help local causes. (Cabinet Office & Wilson 2016b) This shows that the governmental support for the future development of the sector is strong.
In the past many CICs had difficulties finding funding or investments. In 2014 the dividend cap rules were relaxed by the regulatory. The same year a Social Investment Tax Relief was launched (Regulator of Community Interest Companies 2015). The Social Investment Tax Relief (SITR) is expected to make a great change for the social enterprise sector. Even though it has had a slow start and met some critique it has potential. According to the CIC annual report, “SITR provides a mechanism that reduces the cost of capital for social enterprises without having to risk diluting the ownership of the organization to unknown parties - a key concern for mission-focused enterprises." (Regulator of Community Interest Companies 2015)

As the government has worked for more social investment markets this has also led to social enterprises in the UK starting to measure their impact and social value. (British Council 2015) According to the Social Enterprise UK (2015), from SEUK, 76% of social enterprises measure their social impact (Social Enterprise UK 2015). The interest has been rising from the social enterprise sector but also the investment side, as investors have been interested to grasp the social return on investment (European Commission 2014a). Investors, the government and commissioners are requiring more evidence of the actual social impact, therefore the measuring of social impact among social enterprises has increased, and the Social Value act has further increased the interest in measuring impact among social enterprises. Social enterprises in the UK use many different ways to measure their impact, there is no official way to measure, however Social Return on Investment (SROI) is the most common measurement. A great amount of organizations offer tools, advice and support in the UK when it comes to measuring social impact. (British Council 2015, European Commission 2014a) According to the (2014) EU country report it is positive that the social enterprise sector in the whole is supporting and developing the measurement of social value, further measurement will help the sector by demonstrating its value and therefore allow social enterprises better access to public services and finance. (European Commission 2014a)

In the study made by the Cabinets Office (2016) it became clear that UK social enterprises were more optimistic about the future than the country’s businesses in general (Cabinets office 2016). Also the (2014) EU country report ranks the future for social enterprises in the UK as positive. Active collaboration between different stakeholders is improving the sector and bringing it many positive aspects such as collaboration, learning, connections and awareness (European Commission 2014a). The results in the cabinets office (2016) study show that most of the social enterprises that responded to the study felt that they are strong in areas of; operational improvement, taxation, business plan and strategy (Cabinets office 2016). The fact that the UK social enterprise sector has
shown to be mutually supportive, which was discussed in the Support chapter, is a factor that I identify as a driver of future success. Social enterprises can learn from each other and come together to fight bigger competitors as well as compete for bigger deals when it comes to public tenders.

5.2.9 Summary

In this chapter the findings of the positive impact that the 8 different factors had on the future of the social enterprise sectors in both Finland and UK, is summarized into two different figures. The pictures show all 8 factors and whether or not they could possibly affect the opportunities for the social enterprise sectors in a positive way. The arrows in the pictures are divided into two different kinds, the thick ones demonstrating impact that came up in the data and the dotted lines stand for possible impact derived to by analysis of the earlier chapters. Even though there are aspects that do not have any arrows it is not an implication that they would be of value for the social enterprise sector of each country, it only signifies that no visible way of how they could impact the sectors future development positively, could be identified in analysis.

![Diagram of factors impacting social enterprises]

**Figure 17  Positive impact on the future of the Finish social enterprise sector**

The aspects that came up in the data and were identified as drivers of the future for the Finnish social enterprise sector were linked to the categories role, reputation and supporters. Social enterprises in Finland are seen to have a place in the society and tasks that they could fulfill; the fact that there is a void in the society that social enterprises could fill is definitely a driver of opportunity. When it come to the reputation of social enterprises, the knowledge of the concept was seen to be growing, social enterprises were regarded trendy and many regarded social enterprises positive because of the social mission. The supporting sector for social enterprises was identified as active and enthusiastic and the government has introduced social values to public procurement, both
aspects functioning as tools for the further advancement of the sector. Through analysis of the earlier chapters it could be interpreted that also the possibility to choosing between multiple different organizational forms can be a key to development for the social enterprise sector in Finland, as well as the wide range of different focus areas, that I interpreted correspond with the social needs in the country.

Figur 18  Positive impact on the future of the British social enterprise sector

By looking at the figure seven out of eight aspects could affect the future of the UK social enterprise sector positively. Definition, reputation and supporters where the areas, that directly could be linked to drivers of future success, the definition being uniform, the reputation overall positive and the support strong among stakeholders as well as a developed financial market and a growth in measurement of social impact. Through analysis of the earlier chapters it becomes visible that also the other factors; role, organizational form, legislation and focus area include aspects that could positively impact the future of UK social enterprises. There seem to be a role for UK social enterprises to fill, a wide variety of organizational forms allows the sector to develop freely, the CIC model has many perks and therefore could attract investors and the focus areas correlate with the ones were social enterprises are needed.
The different issues that came up in both countries are summarized into figure 19.

![Figure 19: Summary of different drivers of opportunity in UK and Finland](image)

5.3 Conclusions

In the previous chapter the information from the internet search was presented and analyzed. The social enterprise sectors in Finland and UK were compared side by side throughout the chapter. First eight different aspects of the sectors; definition, role, scope, reputation, legislation, organizational form, focus area and supporters of development, were studied. These where molted from Kerlins (2010) framework presented in the theoretical framework. Then possible barriers of success and keys to development for both countries deriving from each of the eight chapters were identified. In this concluding chapter the interrelation between the different chapters is first summarized were after the then the overall findings are concluded.
The interrelation between the ten different chapters can be viewed in the figure below, illustrating how the different factors can influence the future of the social enterprise sectors either positively or negatively in Finland and UK.

![Diagram showing interrelation between factors affecting the future of social enterprises in Finland and UK](image)

**Figure 20** Positive and negative impact on the future of the Finnish and UK social enterprise sectors

The arrows with dotted lines are aspects that possibly could affect the barrier of opportunity, analyzed from the text in the earlier chapters. The thick arrows are factors that came up in the data or theoretical framework either hindering or furthering the possibility to develop for social enterprise sectors.

From the figure you can see that all factors affect at least negatively or positively the future of social enterprises in each country. Some of the same factors could be identified to have similar impact in both countries. Supporters could be identified as the factor that affects both the Finnish and UK social enterprise sectors the most, mostly the lack of support leads to barriers of opportunity and active supporters as well as a developed support ecosystem, were seen to be the ones driving the keys to success. Definition was also one aspect in the case of Finland, that possibly could delay the development of the social enterprise field, in the case of UK there were different opinions about the definitions, the fact that they were loose enough and uniform gives space to development was seen as positive, were as the definitions also bind social enterprises to dual responsibilities and a contradictory mission, which argued by some weakens the concept.
In the case of Finland the role of social enterprises was unclear, however it was concluded that there are holes in the society that social enterprises could fill, thereof there is a place where they could establish themselves. For UK the role was seen as established and clear therefore leading to positive development. The scope of each country was roughly estimated which was interpreted to lead to barriers of development, as it is difficult to develop the sector when the estimates of the size vary significantly. The fact that the sectors seemed to have size, potential and a positive outlook was seen as positive, however this could not be identified as a driver of further success. The reputation of the Finnish social enterprises was contradictory both negative and positive, whereas for UK no negative aspects could be found and the positive reputation is working to the advantage of social enterprises.

Regarding legislation, the lack of further regulations was seen as a barrier of opportunity in the Finnish data, whereas a functioning format for social enterprises, possibly attracting investors, was interpreted to lead to furthering the social enterprise sector in the UK. The organizational forms that social enterprises could take were various in each country, this was interpreted to work in the favor of the social enterprise sectors, as a possibility for different actors to start social enterprises and a possibility to grow in different directions. However the same fact was also argued to work against them, as the multitude of different types of enterprises is confusing and makes it difficult to direct regulations and support to such a variety of different actors.

The multitude of different focus areas was seen as a key for further growth in both countries, as well as the fact that social enterprises are addressing important social issues in both countries. In the case of UK it came up that the focus areas of social enterprises might compromise their economic value, whereas in Finland the fear of being too dependent on the government appeared, however this was overruled by information that the Finnish social enterprise sector is actually more diverse than what appeared in the theoretical framework.

Each chapter in the analysis has been followed by a concluding chart, summarizing the most significant findings of the chapter. These charts have now been molded into one; here the whole comparison between the Finnish and the UK social enterprise sectors can be seen side by side.
<table>
<thead>
<tr>
<th>Definition</th>
<th>UK</th>
<th>FINLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Unified</td>
<td>Differ on many levels</td>
</tr>
<tr>
<td>Operational issues</td>
<td>Operational issues</td>
<td>Operational issues, Social mission bound to operations, trading limitations</td>
</tr>
<tr>
<td>Stage</td>
<td>Established</td>
<td>Unclear</td>
</tr>
<tr>
<td>Tasks</td>
<td>Improving communities/economy</td>
<td>Providers of public service, entrepreneurial innovation</td>
</tr>
<tr>
<td>Size of sector</td>
<td>70 000- 741 000 enterprises</td>
<td>2 500-19 000 enterprises</td>
</tr>
<tr>
<td>Identified</td>
<td>10 250 enterprises</td>
<td>141 enterprises</td>
</tr>
<tr>
<td>Size of entities</td>
<td>Micro or small</td>
<td>Small or medium</td>
</tr>
<tr>
<td>Employees</td>
<td>1 million – 2.7 million</td>
<td>126 000-129 729</td>
</tr>
<tr>
<td>Future Outlook</td>
<td>Positive</td>
<td>Positive</td>
</tr>
<tr>
<td>Attitude</td>
<td>Positive</td>
<td>Contradictory</td>
</tr>
<tr>
<td>Attributes</td>
<td>Social angle good, way of the future, trendy</td>
<td>Interesting, trendy not well known, resistance, confusingion</td>
</tr>
<tr>
<td>customers</td>
<td>General public, low degree private companies</td>
<td>General public, private companies, municipalities</td>
</tr>
<tr>
<td>Target groups</td>
<td>Disadvantaged communities</td>
<td>Different socioeconomic groups</td>
</tr>
<tr>
<td>Type of offering</td>
<td>Services, products, products &amp; services combined</td>
<td>Mostly services &amp; product</td>
</tr>
<tr>
<td>Focus area</td>
<td>Almost any activity; Heal, Supporting disadvantaged, Environment, local communities, Supporting NGOs, Retail &amp; wholesale</td>
<td>Multiple activities; Social &amp; health care, Supporting disadvantaged, Environment, Culture &amp; Sports, local communities</td>
</tr>
<tr>
<td>Legal framework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>CIC, CIO</td>
<td>Act on Social Enterprise</td>
</tr>
<tr>
<td>Type</td>
<td>Formates for social enterprises</td>
<td>Type of social enterprise</td>
</tr>
<tr>
<td>Restrictions</td>
<td>Trading area limitations, profit limitations, registration required</td>
<td>Employment requirements, registration required</td>
</tr>
<tr>
<td>Corporate format</td>
<td>Limited by guarantee, cooperatives, self-labelled</td>
<td>Limited companies, co-operations</td>
</tr>
<tr>
<td>Incorporated format</td>
<td>Sole trader, charity, trust, unincorporated association</td>
<td>Foundations, third sector organizations, associations</td>
</tr>
<tr>
<td>Employees</td>
<td>Paid Workers</td>
<td>Paid Workers</td>
</tr>
<tr>
<td>Government</td>
<td>Government agenda to improve the ecosystem, financial support</td>
<td>No direct support or tax relief</td>
</tr>
<tr>
<td>Financial aid</td>
<td>Developed social investment market</td>
<td>Creation of a social investment market taking first steps</td>
</tr>
<tr>
<td>Support organisations</td>
<td>Various actors, active field</td>
<td>Various actors, active field</td>
</tr>
<tr>
<td>Social Enterprise Mark</td>
<td>Social Enterprise Mark CIC</td>
<td>Association of Finish Work</td>
</tr>
<tr>
<td>Education</td>
<td>Universities, business schools, SSE, individual courses, early education</td>
<td>No targeted educational programs, individual courses</td>
</tr>
</tbody>
</table>
### Summary of the Finnish and UK social enterprise sectors.

<table>
<thead>
<tr>
<th>Barriers of opportunity</th>
<th>UK</th>
<th>FINLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Contradictory, dual responsibilities, social mission might be compromised</td>
<td>Too loose, unclear, definitions differ</td>
</tr>
<tr>
<td><strong>Role</strong></td>
<td>No issue found</td>
<td>Unclear</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>Great variation in estimates</td>
<td>Great variation in estimates</td>
</tr>
<tr>
<td><strong>Reputation</strong></td>
<td>No issue found</td>
<td>Concept not known, resistance</td>
</tr>
<tr>
<td><strong>Legislation</strong></td>
<td>No issue found</td>
<td>Need for further legislation, current legislation confusing the term</td>
</tr>
<tr>
<td><strong>Organizational form</strong></td>
<td>Wide range of formats confusing</td>
<td>Wide range of formats confusing</td>
</tr>
<tr>
<td><strong>Focus Area</strong></td>
<td>Compromising economic efficiency</td>
<td>Dependency on state</td>
</tr>
<tr>
<td><strong>Supporters</strong></td>
<td>Lack of finance, inadequate finance models, lack of knowledge, inadequate implementation of public procurement act, criticism against government and Mark</td>
<td>Lack of finance, regarded as regular business, lack of knowledge, low benefits, criticism against mark</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Drivers of opportunity</th>
<th>UK</th>
<th>FINLAND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Not too strict, uniform</td>
<td>No issue found</td>
</tr>
<tr>
<td><strong>Role</strong></td>
<td>There is a need for social enterprises</td>
<td>There is a need for social enterprises</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>Positive outlook on the future</td>
<td>Positive outlook on the future</td>
</tr>
<tr>
<td><strong>Reputation</strong></td>
<td>Way of future, trendy, social mission positive</td>
<td>Knowledge growing, trendy social mission positive</td>
</tr>
<tr>
<td><strong>Legislation</strong></td>
<td>CIC regulated, attract investment, easier to support</td>
<td>No issue found</td>
</tr>
<tr>
<td><strong>Organizational form</strong></td>
<td>Wide range of formats leads to opportunities</td>
<td>No issue found</td>
</tr>
<tr>
<td><strong>Focus Area</strong></td>
<td>Wide range, focus on the areas where work is needed</td>
<td>Wide range, focus on the areas where work is needed</td>
</tr>
<tr>
<td><strong>Supporters</strong></td>
<td>Active stakeholders, developed financial market, measuring impact growing</td>
<td>Active stakeholders, social aspects in public procurement</td>
</tr>
</tbody>
</table>
The chart on the previous pages shows all ten chapters and the main implications of each chapter. This figure is based on the model adapted from Kerlins (2010) characteristics which was developed in the theoretical framework. Through analysis some factors were added to the framework and some taken away. To each main factor several subcategories were established. The final conclusions of the analysis are summarized below.

When looking at the chart it becomes quite clear that the Finnish and UK definitions for social enterprises are similar, regarding the core on how to define social enterprise the countries are on the same lines, the details in the definitions are the ones that vary. In Finland the problem was identified to be that the definitions are not unified, all of the different definitions identified in the study had some criteria that did not come up in any other definition. If looking at UK they have one restriction more in their definitions, namely minimum of income generated through trading, which showed up in only one Finnish definition. The UK definitions lack most of the criteria on how to manage or regulate social enterprises. The loose definition was argued to be positive, allowing the field to develop freely. The most important criteria of the UK definitions were argued to be autonomy, transparency, social mission, trading and profits to social good. Not including responsible operations or fair management at all. Most of the Finnish definitions included some criteria regarding management or responsible operations, however all focusing on different aspects. The UK social enterprise definitions were more unified, which was also argued to be their strength when it comes to developing the social enterprise sector and the opposite the weakness of the Finnish sector.

The role of social enterprises in the UK is quite established, in contrary to Finland were social enterprises are still trying to find their place, which lead to Finnish social enterprises having a dual role of an innovative wave of startups and the traditional role of providers of public services. For both countries social enterprises are functioning as a bridge between different sectors and filling holes in the societies that others have not been able to fill. From the analysis it was concluded that in both countries there is a place for social enterprises, which is regarded as positive considering their future.

Which sector of society social enterprises would fit into was discussed in the theoretical part of the study; however little information about this was found in the internet search, therefore the category was dropped. By looking at the data it became visible that there is not one single sector were social enterprises could be placed in either UK or Finland. In both countries they were regarded as a
bridge between the third and the public sector, when it comes to their traditional role of providers of public service. In this role they are acting like businesses, taking care of tasks normally belonging to the public sector. Earlier researchers have not either agreed upon the placement of the UK social sector. In the study by Nicholls (2006) social enterprises would be placed in the between all three society sectors the market. In the case of Finland Nicholls (2006) would have located Finnish social enterprises between the market and the state. In the case of this study I would place social enterprises between all different society sectors, which sector has the strongest influence depends upon the tasks of the enterprise. For example when it comes to WISES I could place these between the business and public sector, were as social enterprises that do not engage in public services could be placed between the third and private sector. Overall the influence of the private sector seems to be strong on social enterprises in both Finland and UK. In the theoretical chapter the special characteristics that set social enterprises apart from businesses were discussed among these the ability to use a mix of paid employees and voluntary workers (Defourny 2001). Neither in Finland or UK the use of voluntary workers is common. This is one indicator of how strongly social enterprises in both countries are run like businesses instead of third sector organizations.

The scope of the social enterprise sectors in both countries varied significantly between different estimates; however the difference in size between the two countries was clearly visible. The Finnish sector is only a fraction of the UK sectors size. Interesting information in the Scope chapter was also the fact that the identified enterprises made up such a small amount of the whole sector. Both the legal structure WISE in Finland and CIC in the UK, have restrictions which entail that they do not suit all types of social enterprises, especially WISES in Finland are created for a certain purpose and therefore only make for one type of social enterprises. However the figure of identified social enterprises also comes from the enterprises accredited the social enterprise marks in both countries and the members of the Arvo-association in Finland. This shows strongly that for some reason it has not been worthwhile to register as a social enterprise, to gain the benefits of being assured the credibility of a social business.

In both countries the social enterprise marks were critiqued regarding the fact that they add no further value to social enterprises, in the UK high cost of seeking it has also been criticized and in Finland the fact that the mark is not well known and people in general do not recognize it. Thereof one great concern should be the visibility and reputation of social enterprises, if it is at all worthwhile for anyone to register as a social enterprise. In Finland it has much to do with the concept not being known, visible or understood. Also the fact that there are few carrots to sign up as
a social enterprise, as the governmental support is lacking. Additionally the negative reputation for social enterprises in Finland could have an effect. Regarding WISES it was said that the aspect of being a social enterprise is not always promoted, as customers in their field care more for the quality of the service or product than the social good the company brings about. This can be linked to the dual responsibilities of social enterprises, customers being scared that the value of the service or product is compromised if the employees are not the most efficient or most adequate for the task.

The reputation of the social enterprises in general in each country was good, social mission was regarded as a good thing, social enterprises as trendy and the way of the future. However in the case of Finland there were doubts about the concept, if it is an unnecessary concept that will not function properly due to its mixed structured, compromising economic value. Or if it is a treat to the already existing forms of entrepreneurship and business, if social enterprises start getting preferable treatment from the government. There were ideas that all businesses are creating social good by adding economic value to country, therefore social enterprises should not be favored. However in the UK this did not come up, that the concept would have met upon resistance, fear maybe regarding the dual responsibilities, but not resistance, which seems to be an indication of the fact that the sectors is established and functioning properly.

In the theoretical chapter it was discussed by Defourny (2001) that legislation regarding social enterprises is usually formed when the social enterprise model varies so much from the traditional business model that they can not follow the same regulations. In the case of UK and Finland, this has been identified; however in different ways, in Finland the law on WISES, a separate type of social enterprises was created to ease the problem of unemployment especially among disadvantaged people. In the UK social enterprises have been addressed two new legal formats that they can take, one derived from the corporate format the other from the charity format, they noticed that separate formats could be more suitable for social enterprises than the traditional ones. However like stated in the theoretical framework by Defourny & Nyssens (2010) social enterprises usually take traditional private or third sector formats even if legal structures are available, this happening in both UK and Finland was visible in the data. The most common formats in both countries were limited companies and co-operations, which among associations were mentioned as the most common formats for social enterprises in different countries (Defourny & Nyssens 2010a.)

According to Wilkinson et al. (2014) WISES are the most common social enterprises in Europe, which entails that in some countries this is the only type of activity social enterprises are linked to.
In Finland this is partly the case, the law on social enterprises limits the name “social enterprise” to WISES and no regulations exist for other types of social enterprises, and even the social enterprise mark has employing disadvantaged as a secondary criteria for acquiring the mark. However in Finland a sector of different types of enterprises has evolved, a new name “societal enterprise” was developed and the overall definitions do not require social enterprises to be WISES. By looking at the numbers of estimated social enterprises and registered WISES it becomes clear that the sector is much bigger than only WISES.

The focus areas of both countries were found to be similar, focusing mainly on social issues, care of disadvantaged and other public services. These are areas were work is needed in both countries, areas that have traditionally fallen on the government, these are areas were social enterprises have the possibility to grow if their value is comprehended. In both countries the focus areas almost completely correspond with the most common areas for social enterprises discussed in the theoretical chapter, like work-integration for long time unemployed or disabled, personal-services, cultural arts, education, elderly care, facilities for young children and aid for disadvantaged people, community development, recycling, low cost transports, infrastructure & subsidized housing (Defourny 2001, Domenico, Haugh & Tracey 2010.) In the theoretical framework a common type of social enterprises was identified to be those that take care of areas usually handled by the state (Thomson 2008). In both UK and Finland public services are the main area for social enterprises. Thomson (2008) argued that these types of enterprises could not be classified as social enterprises due to the fact that they are only taking over tasks from the state and lacking the innovation aspect that represents social enterprises. However in the case of UK and Finland these are the enterprises that make up for the traditional role of social enterprises and basically constitute the whole concept.

In the theoretical framework it was discussed by Di Domenico et al. (2010) that social enterprises on purpose look for markets, neglected by others, that do not function properly which becomes one of their main challenges. This was especially identified in the case of the UK, as the fact that UK social enterprises target the most unprivileged and disadvantaged communities. However this also relates back to the dual responsibilities, social enterprises main goal is to do social good whereas they simultaneously use business activities to achieve this goal. In the UK also a scare of the opposite that social enterprises will choose the areas that give them most economic profits came up in the data. I see no reason why this same scare could not be translated to the Finnish sector. This fear once again, translates back to the dual responsibilities of the social enterprise, that social mission would be compromised by economic efficiency.
The role of the different supporters of the development of the social enterprise sectors in both countries was concluded to be essential considering the future of the sectors. For the Finnish sector the lack of governmental support is a severe issue for its development. Especially in the amount of support organizations and networks and the far developed support ecosystem surrounding the UK social enterprise sector tells about its established role in the society. In comparison the Finnish support systems are still early in their development the same goes for the social investment market.

What was regarded important in the aspect of UK was the mutual support social enterprises enjoy from each other and most of all the trust of the government, who has taken it as their agenda to develop the economic markets specialized in social investment. An aspect like public procurement had been taken into consideration in both countries, as public services is where social enterprises in UK and Finland act the most, new incentives will give them a better chance to compete against traditional businesses. Education is one aspect far more developed in UK than Finland, which is only one more example of how more established the UK sector is.

Out of the data a couple of main conclusions can be drawn, first of all the UK social enterprise sector is more established than the Finnish one. Not only the sheer size of the UK social enterprise sector indicates that it is more steadfast and further developed than the Finnish sector, the more established role, unified definitions, good reputation and wide support ecosystem surrounding the field, gives it away. The established role also affects which areas become the ones of opportunity and what makes the barrier of opportunity for UK social enterprises. The problems of the UK sector were found to be more focused. Secondly the Finnish social enterprise sector is still looking for its place in the society, which also shows in how most of the different areas still proved to have some problematic sides that need to develop in order for the sector to grow. And finally it could be reasoned that most of the issues that have come up in the analysis derive from the core of the social enterprise concept, from its dual structure, social mission achieved by economic activities.
6 DISCUSSION

The purpose of this study was to compare the Finnish and UK social enterprise spheres in order to give more insight into differences that can lead to showing possible opportunities or barriers of opportunity. And to increase the understanding of what the social enterprise sectors in these countries looks like today. Social enterprises have developed as a response to the multitude of social issues our welfare systems face today. Social enterprises fall between the traditional sectors and take influence from both the third and private sector, often dealing with issues that have been the responsibility of the public sector. The concept social enterprise has only been around for a couple decades and is still under development, the research on the matter is still emerging. From earlier literature it became clear that the shapes of social enterprises and their whole sector vary significantly between countries. In order to be able to further develop social enterprise sectors there is a need to understand them and gather information about what they actually look like. Studies of Finland and UK have been conducted separately on a country specific basis; however an inclusive comparison of the two has not been made. By studying and comparing both the social enterprise sector in UK and Finland, this study aimed at answering the questions; How does the social enterprise sector look in Finland and the UK? What are the opportunities and barriers of opportunity for the countries social enterprises? How do they compare? The aim was answered through a literature study which took the shape of the theoretical framework, consisting of a discussion on social enterprises in general and earlier research on the social enterprise sectors of UK and Finland, followed by an internet search on social enterprises in both countries and a comparative analysis of the findings.

The results show that the social enterprise sectors of Finland and UK are quite similar. Even though the other is far more established the similarities in activities, definitions, organizational structure and role in society are clear. In both countries social enterprises function mainly in the field of public services, but also in other areas like culture, environmental conservation and recreation. Social enterprises are seen in really similar ways, social enterprises are identified as actors with a private or third sector structure that aim to solve social issues through trading activities that should use the majority of their profits for the benefit of the social mission. In both countries the social enterprises stem from the traditional role of WISES, social firms and providers of public services, however the field has grown to include a wave of innovation, startups and being a trend especially among youth. In both countries an ecosystem has evolved around social enterprises including, support organizations, the government and local municipalities, actors on the social investment
market. In UK the ecosystem has spread even further to include universities, business schools and international support organizations.

What gives away the fact that the UK social enterprise sector is further in their development more than the mere size of it is the fact that the surrounding ecosystem is far more advanced, a multitude of support organizations, a government deeply invested in furthering the sector and a social investment market specially with many actors trying to cover the financial needs of the UK social enterprise sector. For the Finnish sector the same aspects are on the rise, support organizations and networks have been developed and the first steps into creating a social investment market have been taken. The government and municipalities have taken interest in social enterprises as providers of public services, the new act on public procurement will probably, includes social aspects into these decisions and can possibly benefit social enterprises in the future.

The opportunities and barriers of opportunities for the social enterprise sectors of Finland and UK, showed many similarities but also some differences. Here it could clearly be seen that the Finnish sector is less developed than the one of UK. For the UK, aspects like role of social enterprises and reputation were not identified as problematic, were of in the case of Finland these were still contradictory and therefore considered to possibly hinder the development of the sector, if not improved. The aspects that were really similar were the organizational forms that social enterprises take in each country and the focus areas that they address; the variation of both was identified as a strength considering future development, the possibility to develop in many different directions. However in the case of organizational forms, this was also seen as a negative, adding to confusion and dilution of the concept.

Overall many of the possible barriers identified in both countries did stem from the same source, the core of the social enterprise, their dual responsibilities and mixed structure. Many of the issues named stemmed from the fear of compromising either the economic efficiency or social mission. In the case of Finland also the fear of social enterprises getting preferred treatment and distortion of the competition are something that deeply affects the sector, as this is the basis for the governmental decision on no special support for social enterprises in general. As many of the issues social enterprises face, can be traced back to the core of the whole concept, this makes one question the concepts itself. However the fact that social enterprises have succeeded in gaining such an established role in the British society it shows that the concept social enterprise has potential and should not be dismissed because of flaws or doubters.
An interesting aspect of the study was that innovation, which in the theoretical framework was argued to be a central characteristic of social enterprises, did not have a big role in the rest of the study (Haugh 2005, Defourny 2001, Dees 1998, Laedbeater 1997). Innovation and social enterprises being the way of the future was mentioned when social enterprises role in the two societies was discussed, however their role as providers of public services was highlighted before this one. This can be linked to the discussion by Thomson (2008) that argued that social enterprises only taking care of activities usually run by the government lack the aspect of innovation and therefore can not be classified as social enterprises. However it was highlighted in the analysis that this format of social enterprises is precisely the one that in Finland and the UK is regarded as the traditional model for social enterprises. Also as the study is conducted from an outsider perspective, this might affect the aspect of innovation in the findings, as I have not been watching separate social enterprises closely, maybe this would have been a characteristic that they themselves would have promoted.

Another aspect that came up while doing the internet search, was the fact that the term used was mostly social enterprise, not entrepreneur or entrepreneurship, which is why also this study is characterized by term social enterprise. This complies with what was already discussed in the theoretical chapter, that the European countries are characterized by the collective, not lifting up the individual which is more common in American literature (Defoury & Nysses 2008). Not only the term enterprise ahead of entrepreneur tells about the preference of the collective, also social enterprises in both countries were all about enhancing the collective, the common good, public services and helping communities. Most of the activities social enterprises in either Finland or UK were engaged in were such that they will benefit the whole society, like housing, education or helping unemployed back to the workforce.

6.1 Implications for Finland

The goal of this study was to in the end be able to give directions and recommendations to the development of the Finnish social enterprise sector. In this chapter recommendations for developing the social enterprise sector and especially the crucial areas to take into consideration in Finland, are discussed.

One of the main issues in Finland was identified to be the uncertainty of the actual concept social enterprise. The definitions on social enterprise in Finland differed on multiple levels, for the sake of the development of the sector the different actors of the social enterprise sector should agree upon
one unified definition. Most importantly the governmental definitions should correlate with the one of the Association of Finnish work, who accredits the social enterprise mark, with the Arvo-association the national Finnish social enterprise association and ETLA who conducts research on Finnish social enterprises. There are a couple of reasons why the definitions in Finland should be more unified, which first of all has to do with research. In the analysis it became clear that the estimates of the scope of the Finnish social enterprise sector varied a lot, this is mostly due different definition having been used for the measurements. The fact that different definitions are used makes it difficult to compare information and data. When research can be conducted more securely, this will help the creation of accurate support, regulations and possibly legislation directed towards social enterprises. Another aspect that needs a solid definition is marketing of the sector, as the concept can not be grasped completely due to its loose and unstructured definition; it makes promoting social enterprises hard.

The aspects in the Finnish definitions that should be further specified have to do with the responsible operations of the enterprises, if their operations should be autonomous and to what extent stakeholders should be engaged in the management. The aspects of social goal, trading activities and limitations on profit distribution are clear. For the Finnish definitions a decision has to be made on what aspects to include, when it comes to responsible operations of the enterprises, all of the following aspects appear in one or two definitions; to include the requirement of autonomy, employees in decision-making, demonstrating reliability, responsible operations, good governance, measuring social impact and employing disadvantaged, a decision about which ones to include and which to exclude should be made. The definition should not be too inclusive as was said about UK autonomy and transparency where regarded as important aspects, not limiting further allows the definition to develop in the direction that is needed. One of the difficulties of social enterprises is their dual role in the Finnish society; the definitions on social enterprise should fit social enterprises as innovative startups but also as providers of public services. Therefore, a less inclusive definition with only the main characteristics would allow the sector to develop by its own weight.

One limitation that appeared in the UK, namely the income that comes from trading activities had to be at least 50% of the organizations income, is only mentioned by Arvo-association in Finland. This is a criterion that could be possibly be added to the definitions by the other actors in Finland. This would further the fact that social enterprises actually have to function as businesses and further them from traditional third sector organizations, as trading activities is mainly what sets social enterprises apart from third sector organizations. A change like this could of course make it harder
for social enterprises dependent on outside support or those whose finances have been taken care of by the owner.

One aspect regarding the definition on social enterprise discussed by the ETLa research institute was whether businesses that do not have a social mission in their operations, but donate more than half of their operations to a social cause, could be regarded as social enterprises. One of the definitions discussed in the analysis rules this aspect out according to the Arvo-association social enterprises solve social issues through their operations. It is difficult to say what should be decided upon in this situation; however it was discussed already in the analysis that including these to the social enterprise concept, would allow businesses whose operations have the opposite but a social good to be classified as social enterprises. Therefore, I would suggest classifying social enterprises as the ones whose core operations aim at benefiting social good. This kind of a limitation would restrict out traditional ethical businesses, entities that act ethically but whose main goal is still profit maximization. In the case of UK the social enterprise mark was criticized to be too strict and separating social enterprise completely from ethical businesses. However excluding companies whose operations do not benefit social goals, even if they donate their profits to the benefit of social goals would make the social enterprise sector a bit stricter and therefore easier to grasp. A separation of social enterprises and traditional ethical businesses would also help limit the concept of social enterprise and thereof making it easier to understand but also regulate.

It emerged in the analysis that the organizational forms for social enterprises in Finland varied from different corporate formats to incorporated ones. It was also concluded that this has potentially both a positive and negative effect on the future development of the sector. Therefore, it can not be said from the basis of this study if social enterprise should be narrowed down to a specific type of organizational format. I would recommend not to, as the same appeared in the UK, and it was argued that this gives the sector possibility to grow in different directions and creates an opportunity for all different kinds of actors to start social enterprises.

The legislation on Finnish WISES actually separates them from other social enterprises, as discussed in the last chapter of the analysis there are different opinions on if WISES actually can be counted as social enterprises, were as others define the whole concept social enterprise as WISES. However it was concluded that in Finland the social enterprise sector extends beyond WISES, even though social enterprises generally are linked to this special type of social enterprise. As the social
enterprise sector in Finland evolves, the possibility of creating a special legal format for social enterprises in general, not for WISES, should not be out ruled.

As the Finnish and British economic systems are different I do not advice to take full on copy from the CIC model, however it has some great advantages that Finland could take inspiration from. The CIC is built upon the corporate limited company model, as this is the most common format for social enterprises in Finland as well, it could be a natural development to build the structure from there. What I see as the perks of the CIC model is the regulation, the fact that you have to register your social mission in your governing documents, and report upon the mission each year. Therefore CICs are bound to the social mission and profit limitations stronger than other social enterprises as they lose their CIC status if they do not follow the regulations. Which makes CICs a good investment object, investors can trust that this is really a social enterprise that sticks to its social mission, not a company that only by their own definition is creating social value. Having a separate legal format for social enterprises that legally sets them apart from traditional businesses and binds them to limited profit distribution and a social mission, could first of all make social enterprises easier to understand but could possibly also decrease the resistance as the concept becomes more regulated and therefore less bound to cause distortion of competition.

There is a possibility that further regulations could clear boundaries of what social enterprises are, make the concept easier to grasp and possibly make it easier to become a social enterprise, which would help establishing the role of social enterprises in the Finnish society. However from the study it became clear that the concept is not really understood yet by decision makers, and what Finnish social enterprises primarily need is visibility and understanding among politics.

In the study a problem to acquire finances and funding was interpreted to be an issue for social enterprises in both UK and Finland. The UK social enterprise sector is further developed and provides us with examples of functioning investment models such as SIBs and crowd funding. Finland is far behind therefore an aspect that should be developed in Finland is social investment markets and first of all measuring the social value of social enterprises. When social enterprises can prove their value in not only monetary term but in social impact, they will be more preferable for investment. Measurement is important when inspecting new financial models for investment, which is what is needed to grow the social investment markets in Finland. It was said in the study that impact investing is big abroad, if Finnish social enterprises managed to prove their impact, they could possibly attract foreign capital into Finland in the future.
In the area of measuring social impact UK is more advanced than Finland, however even in the UK it is still a new phenomenon and not one correct way of measuring social impact exists. Therefore, one of the issues with measuring social investment in the UK was identified to be the lack of consistency. There is one measurement that is more common than others which is SROI social return on investment. Consistency is something that the Finnish sector, now coming in to this area of social investment, should immediately think of before encouraging social enterprises to start measuring their impact. Without consistency in the ways of measurement, the results are not comparable. If no better alternative than the SROI is available, it could be wise to follow the footsteps of the UK sector, for the reason to be able to compare with UK social enterprises. If this is the most common measurement there, this is the social investors know in the UK, this way Finnish social enterprises are comparable with the ones of UK and also might have a possibility to seek investment from abroad.

One issue that came up in the analysis about UK, was the problem with investment and public procurement, the fact that the existing models did not fit the size of the social enterprises, which in the UK are really small and young enterprises. For funding they were found to seek smaller sums than the minimum allowed. This is something that should be taken into consideration in Finland when developing social investment markets and when public procurement decisions are made. In Finland most of the social enterprises are small or medium sized. The types of funding models that are developed need to match the actual types of enterprises seeking it. Regarding public procurement the new reform aims to make the bidding processes easier for small and medium sized companies, as social enterprises are mostly small to the size this could possibly benefit them greatly.

For support organizations, getting social enterprises ready for investment should be a main concern, to train and help when it comes to measurement of social impact. In the case of UK CICs the foremost reason why they did not receive finances was the fact that they did not fill the requirements of the investors not the fact that there would not have been finance available or that they would have been an unattractive investment. Therefore, support is needed to get social enterprises ready, to fill the requirements of investors. The School of Social entrepreneurs in the UK, could be a model to learn from, the SEE offers courses on how to get started with social enterprise and how to run them, this type of training could be valid in Finland as well. The former Academy for Finnish Social Entrepreneurship, now called Kasvuhuone offers training for social
enterprises in Finland, therefore there could be learning from the SEE for them. Above the need to get ready for investment, social enterprises in Finland said that they lacked skills on multiple different levels such as business, taxation and social mission.

I predict support organizations are going to be of significant importance for the development of the social enterprise sector in Finland, when the governmental support is limited the importance of other actors is highlighted. Their role in building networks, advising, training and overall functioning as a voice for the sector is crucial. What we can learn from the UK sector is mutual support within the whole sector, I interpret that sharing knowledge and best practice will help the sector which is still under development to find the best ways of functioning.

Regarding governmental support and market distortion, it is difficult to say on the basis of this study what should be done and should social enterprises be regarded as traditional businesses in the eyes of the government or not. The government has showed interest in social enterprises in the form of WISES, the new regulations on public procurement and also the financial funds identified to work for inclusion of social aspects into investment are actually public funds. In the case of UK the government has realized the potential for social enterprise to help the government not only with important welfare services but economically as well. Welfare services in Finland are a great burden for the government. If social enterprises could get more political visibility and understanding, a decision could more fairly be made about how the government should act towards social enterprises. A decision needs to be made to keep treating social enterprises the same as all other businesses or separating them as a special format that needs support or separate boundaries and thereof regulating the sector in order to not cause market distortion.

A concern regarding governmental support is, if government decides to support the social enterprises as providers of public services are also other social enterprises that are not in this role, going to benefit from increased governmental attention or support. In the UK this was argued to be an issue that only the ones trading with the government would benefit from governmental support. If the Finnish government decided to give further attention, direct support or special tax reliefs to social enterprises trading with the public sector, this would further the gap between the two roles social enterprises have in Finland. However the concept is still so new and social enterprises in general are still looking for their place in the society; therefore it can still take many different directions. If this would become the case, an active stakeholder group becomes essential for social enterprises not providing public services.
One alarming issue that came up in the study was the fact that there was not much incentive to be registered as a social enterprise with the Association of Finnish Work or overall being recognized as a social enterprise. In order for the sector to develop there needs to be more encouragement to be identified as a social enterprise. The start of building a positive brand for social enterprise is to grow the sector in recognition and visibility, if more people understood and knew about the concept of social enterprises; it is likely to rise in popularity. Ethical values and sustainable businesses are trendy, CSR is on the rise, companies are promoting sustainable values, therefore I believe that social enterprise could be a concept that consumers and the society in general could prefer if completely understood and viewed as a functioning concept. Social enterprises combine social values with another aspect I identify as trendy in Finland, namely entrepreneurship, Cinderella stories of innovative companies making it overnight and events like Slush for ground breaking startups are inspiring people. As social enterprises combine innovative entrepreneurship and ethical values, they have the possibility to grow also the other way from being regarded as providers of public services, to innovators regarding social business.

As concluded in the previous paragraph there is a need of more visibility and recognition among people in general and especially among decision makers. Visibility and foremost understanding can largely be brought around by education. When it comes to education regarding social enterprise Finland was proven to be largely behind the UK. Education would bring the concept forward, let people know about it but also develop the concept and educate people in starting social enterprises. Social enterprise could be inserted into business schools together with either studies on entrepreneurship or sustainable business studies. For social enterprises in Finland it would be important to understand what the possibilities for social enterprises are in the long run, how this format can be used in our society, research is a key to understanding these issues, and researchers can be found in the academia, in education.

Social enterprise in Finland was regarded as a trend among young; this should be salvaged by supporters of social enterprise the youth are the ones running the companies of the future. If they can be convinced about the concept, they will be the ones developing it forward.
The last figure summarizes the specific areas discussed in this chapter, where improvement or changes should take place for the sake of the future development of the social enterprise sector in Finland. The figure also shows briefly what could be done or what should be taken into consideration regarding these issues.

**Figur 22  Summary of areas to improve and recommendations for the Finnish social enterprise sector**

It is difficult to give straight out recommendations on what should be done to develop the social enterprise sector in Finland, on the basis of one study, however this chapter has pointed out the areas that could be improved in order for the Finnish social enterprise sector to develop and the issues that need to be improved for the sake of the sector's future. The key areas were identified to be: a unified simple definition, possibly creating further regulations, thereof learning from the perks of the CIC, developing social investment markets starting with measuring social impact as well as an active support organizations and a mutually supporting sector, who act as the voice of the sector, getting social enterprises ready for investment and training them in lacking business skills and lastly creating a positive brand starting with recognition and visibility, enhancing the role of social enterprise in education and remembering the important role of the youth.
6.2 Theoretical contribution of the study

In the methodological chapter it was stated that this study takes influence from Grounded Theory (GT), which aims at building theory rather than testing it (Strauss & Corbin 1990, Strauss & Corbin 1998). In this study a preliminary theory was presented in the theoretical framework and instead of focusing on testing this theory, the contribution of this study was to build new theory using the framework presented in the theoretical framework as a starting point.

The theoretical contribution of this study is visible in the development of figure 1, presented in the theoretical framework, to figure 21. A simple model of 7 categories, grown into a developed version with 10 core categories and 42 subcategories that was presented in the conclusions of chapter 5. Figure 21 is a framework developed from the simple model that was adapted from Kerlins (2010) categories, presented in the theoretical chapter. A framework developed by Kerlin (2010) to compare information, about social enterprises in seven different countries, presented in her book *Social Enterprise: Global Comparison* (2009). The model in the theoretical framework was based upon six categories presented by Kerlin (2010); *outcome emphasis, focus area, common organizational type, legal framework, sector of society and development base*, as well as an additional category *barriers of opportunity*.

Through the analysis of the collected data, the original model was developed into a more inclusive one. Some categories were dropped and some new categories came up in the categorization of the data. Overall figure 21 shows a framework with ten different categories and their respective sub categories which illustrate the summary of each category for both Finland and UK. The new categories that emerged out of the analysis were *definition, role, scope, reputation* and *drivers of opportunity*. These were added to the framework with the remaining categories: *focus area, common organizational type, legal framework, development base* and *barriers of opportunity*.

While comparisons of social enterprises in different contexts have been done (Kerlin 2009, Monroe-White et al. 2015, Grönberg & Kostilainen 2012, Davister, Defourny & Gregoire 2004, Defourny & Nyssens 2010a) no study, to my knowledge, has dimensionalised the categories to provide deeper insights to what extent different categories relate to each other and how strongly. Figure 20 in the current study, takes it one step further from only summarizing the most important findings of each category, presenting how they relate to each other. The two categories *barriers of opportunity* and
drivers of future success function as the cores of the model, whereas the remaining categories are related to these two factors. In figure 20 new theories regarding the relation between the different categories in each country are brought forward.

6.3 Ideas for future research

In this study the Finnish and UK social enterprise spheres were studied in order to give more insight into differences that can lead to showing possible opportunities or barriers of opportunity. And the aim was to increase the understanding of what the social enterprise sectors in these countries looks like today. This was done through looking at the eight aspects of Kerlins (2010) framework, it could be interesting to do the same study but looking at different aspects, even though the characteristics changed during the study it could have been interesting to see what kind of information would have been found if these characteristics had not been used as the basis for finding information. What if the study was made entirely on an inductive basis.

Another interesting aspect would have been changing the method of the study all together and conducting expert interviews instead of an internet search, changing the method from secondary to primary data. Or changing the viewpoint from which the study was conducted, in this case an external view of the sector was used, social enterprises could also be studied from the inside, from the enterprises own perspective. Already in the introduction the earlier research of social enterprises was discussed. According to Haugh (2005) the value and contribution of social enterprises has been studied, but there is a big lack of theories regarding management, performance and creation. These are aspects that could be studied form an enterprise point of view.

The national trade body of UK, the Social Enterprise, believes that in order to grow the social enterprise sector in UK, research on what is actually happening in the sector and the enterprises on the ground is essential for both understanding the field of social enterprise but also in order to be able to influence future government on policies and other decisions that regard social enterprise. (Social Enterprise UK 2015) As the study showed the scope of the social enterprise sector has only been estimated, and the estimates vary significantly, there is a need for a more inclusive mapping of the social enterprise sector in Finland and UK, research aiming to map the scope of the sectors and what kind of organization they actually include.
In the study the importance of social investment markets, regulations and support systems came up. Similar research could be done however paying special attention to social investment markets; they showed to have a great role in the development of the social enterprise sector both in Finland and UK. With a research deeper invested in social investment and measuring social impact recommendations for exactly how they should be developed, could be done. Same goes for legal regulations and different kinds of supports. This study was an overview of the whole sector in two countries and the aspects that may affect their future, as the study was so wide the depth of the different aspects had to be compromised.

Social enterprises in Finland could also be studied from the consumer perspective, especially when it comes to image and recognition this would be interesting. In this study I made the assumption that people care about social values and that entrepreneurship is trendy in our society, these assumptions are based upon my own experiences. It would be interesting to see what consumers actually think about the concept and weather they would be willing to buy services or products from social enterprises rather than traditional companies because of the social angle. Or whether the image of social enterprise actually can be negative as was discussed in the role of WISES, when they would rather not promote the aspect of being a social enterprise as the customers were believed to care more for the quality of the service or product and a fear excited that customers would believe the social aspect would compromise the quality of the offerings. An idea would also be to do a study on the social enterprise mark and its recognition and image, what do people associate with the mark and how would they regard enterprises that have acquired it.

This study was conducted between two European countries with quite similar social enterprise sectors, it would be interesting to do a cross Atlantic study. According to American researcher Wexler (2006), the social enterprise sector in United States is continuously growing and thriving.

The definition of social enterprises in the US is broad and divided (Kerlin 2006). The simple definition is that they are enterprises because they are revenue seeking, social because serve social goals (Wexler 2006). Traditionally the definition of social enterprise in the US is divided between two main schools of thought, the ones who see social enterprises as a non-profit activity (Kerlin 2009). These activities do not have to be linked to the mission of the organization; the meaning of the commercial activities is to earn income for the nonprofits to be able to fund social activities. (Thomson 2008) The earned income school of thought clearly varies from the European models and the EMES definition on social enterprise defined in chapter one, where trading activities are part of
the core of the organization and the social value is created through these activities (Defourny & Nyssens 2010b, Defouny 2001). The other school of thought regards social enterprises as an entrepreneurial activity where the format can vary between for profit business and non-profit organization (Kerlin 2009). This second model is closer to the ones seen in Europe and the EMES approach which was used in this study.

The USA sector is clearly different from the two countries studied in this paper, the fact that the social enterprise sector in the USA is far developed and has two very different schools of thoughts, one really unlike the European, makes it an interesting country to study. Even though the EMES framework binds the trading activities of the social enterprise to the social mission, this was questioned in the case of the Finnish definitions. It would be out of interest to study USA social enterprises where this is not required, to see if this could be a fitting model also for Finland as in this study on the basis of the information collected this angle of social enterprise was recommended to be ruled out.

Also the collective versus individual aspect on social enterprise conflicts between USA and the two countries UK and Finland. In both UK and Finland social enterprises had an important role as providers of public service, which is not the case in the USA, where social enterprises are either innovative startups or economic activities by third sector organizations. As Finnish social enterprises also had an identified role as a wave of startups it would be interesting to study how the USA social enterprises have developed without governmental support and if Finland could mimic this behavior.

If not choosing a country a cross the Atlantic it could be interesting to conduct the study on a neighboring country, like Sweden, someone with a more similar welfare system, even though UK and Finland are both European countries they have many differences in the political and economic models and stages.
7 SVENSK SAMMANFATTNING

Sammandrag


Syftet med detta arbete är att öka förståelsen för hur den sociala företagssektorn ser ut i Finland och Storbritannien idag, speciellt intresse läggs på de faktorer som möjligen inverkar på framtida möjligheter och hindrar utveckling. Idén är att kunna ge rekommendationer till den finska sektorn om vad som borde beaktas med tanke på utvecklingen.

Socialt företagande är ett rätt nytt begrepp. Konceptet har intresserat forskare, men trots detta finns det ännu luckor i tidigare forskning. Finlands och Storbritanniens sociala företagssektor har studerats var för sig, men däremot saknas en djupgående akademisk undersökning där Finlands sociala företagsektor jämförs med ett annat land och där data har samlats in via sekundära källor.

Avhandlingens litteraturgenomgång grundar sig på generell information om sociala företag; hur de definieras, vilka deras huvudsakliga egenskaper är och hur området begränsas samt på tidigare forskning om Finlands och Storbritanniens sociala företagssektor. Studien baserar sig på en kvalitativ undersökningsmetod, via en nätundersökning samlades det in texter som skapats utav berörda parter inom de sociala företagsektorerna i båda länderna.

Studiens resultat visar att Finlands och Storbritanniens sociala företagssektorer har många likheter. De Sociala företagen har liknande roller i båda samhällena, företagen har liknande uppbyggnad de har möjlighet att välja mellan olika företagsstrukturer samt liknande fokusområden, med stor fokus på att hjälpa missgynnade i de respektive samhällen. Dock har Storbritannien en mer utvecklad sektor, vilket syns på flera håll utöver den överlägset större storleken på sektorn. I motsats till Storbritanniens sektor visade sig den finska ha problem på nästan alla fronter och utrymme för utveckling identifierades. De flesta problem kunde härledas tillbaka till den tvåfaldiga strukturen hos de sociala företagen, som bildar kärnan i själva konceptet. Förbättringsförslag för den finska sociala företagssektorn var utvecklingen av en enhetlig och enkel definition av det sociala företaget, utvecklingen av sociala investeringsmarknader, en ökad mätning av social inverkan, ett starkt stödnätverk samt skapandet av ett positivt varumärke och image för sociala företag i Finland.

Dessa nya socialt drivna företag faller mellan de traditionella samhällssektorerna, deras mål att lösa sociala problem härstammar från den tredje sektorns icke-vinstdrivna organisationer medan de drivs likt traditionella företag från den privata sektorn. (Defourny 2001, Dees & Anderson 2003, Leadbeater 1997.) En av orsakerna till att sociala företag har ansetts vara en lösning på många sociala problem som våra samhällen möter på, är nyckelelementet innovation som kopplas ihop med sociala företag. Sociala företag har ansetts vara ledande aktörer i att skapa nya idéer samt sätt att använda resurser för att bättre kunna tillgodose sociala behov och nöd i världen (Leadbeater 1997.)

1.1. Problemområde


Tidigare studier av Finlands och Storbritanniens sociala företagssektorer har gjorts inom de enskilda länderna (Grönberg & Kostilainen 2012, Haugh 2005). Vad som förblir rätt outforskat är Finlands sociala företagssektor i jämförelse med andra länder. Ingen akademisk jämförande studie av Finland och Storbritannien har gjorts, även om Storbritannien ofta används som referenspunkt då det talas om sociala företag i Finland. Detta visar att det finns ett behov för en akademiskt strukturerad undersökning.

1.2. **Syfte**


Forskningsfrågorna för studien är:

- Hur ser sociala företagssektorn ut i Finland och Storbritannien?

- Vilka faktorer kan eventuellt leda till framtida möjligheter och vilka faktorer hindrar möjligtvis framtida utveckling för sociala företag, i båda länderna?
2. Litteraturgenomgång

Studiens litteraturgenomgång är delad i två olika delar. Först diskuteras sociala företag i allmänhet, hur de definieras och vad de kännetecknas av. Den andra delen behandlar sociala företag i Finland och Storbritannien och jämför olika aspekter av dessa sektorer.

2.1. Sociala företag: definition och karaktär


Innovation och flexibilitet är kärnegenskaper hos sociala företag (Laedbeater 1997.) Till skillnad från de traditionella aktörerna i tredje sektorn som tyngs ner av byråkrati har sociala företag möjligheten att använda entreprenörsstrategier för att nå sociala mål (Haugh 2005, Defourny 2001.) Sociala företag fungerar i samma områden som den tredje sektorns aktörer och offentliga auktoriteter. Exakt i vilka områden de fungerar beror på var staten och var den tredje sektorn traditionellt har varit starka i landet (Borzaga & Defourny 2001.) Många serviceområden som tidigare tagits hand om av staten har tagits över av sociala företag (Defourny 2001.) Vissa sektorer lockar sociala företag mer än andra; integration för långtidsarbetslösa eller handikappade, personliga-tjänster, kulturella områden, utbildning, äldreomsorg, anläggningar för små barn och stöd till mindre gynnade personer, samhällsutveckling, återvinning, infrastruktur och subventionerade bostäder, dessa är vanliga sektorer för sociala företag (Defourny 2001, Domenico, Haugh & Tracey 2010.)

2.2. Sociala företag i Finland och Storbritannien


I både Finland och Storbritannien finns etablerade juridiska ramverk som berör sociala företag (Kerlin 2010, Wilkinson et al. 2014). I Storbritannien tar det formen av ett företagsformat designat speciellt för sociala företag som kallas ”community interest company” eller kortfattat CIC


Sammanfattningsvis skiljer sig de sociala företagssektorerna i Finland och Storbritannien delvis. I Finland är synen på sociala företag mycket snävare än i Storbritannien. Dock har staten i båda länderna förstått potentialen i detta koncept och sociala företag har tagit itu med allvarliga sociala problem så som arbetslöshet i Finland och att hjälpa missgynnade i Storbritannien. Men Storbritanniens sektor verkar vara långt mer etablerad vilket är synligt genom mängden stöd som den brittiska sektorn får i jämförelse med den finska sektorn. I Storbritannien är det stödande ekosystemet runt de sociala företagen dessutom långt mer utvecklat.
3. Metod


Eftersom syftet var djupare förståelse, är det bästa sättet att kunna svara på detta syfte att använda sig av kvalitativa metoder för att nå djupare in om området. Metoderna som har använts för studien tar intryck av ”Grundad Teori” (GT) en metod först diskuterad av Clase och Strauss (Strauss & Corbin 1990). Målet med GT är att bygga teori istället för att testa redan befintlig teori. GT använder jämförande taktik för att sammanställa både induktiva och deduktiva aspekter i studien. (Patton 2002)

Data för denna studie består av sekundärdatal, vilket betyder data som redan existerar (Cowton 1998.) Sekundärdatal har redan samlats in av någon annan, för något annat syfte (Cowton 1998, Hoffereth 2005.) De sekundärdatal som används i denna studie har skapats utav berörda parter inom de sociala företagssektorerna i båda länderna. Dessa har klassificerats i källor från stöd organisationer, staten och media.


Samplingsmetoden som användes i denna studie var målmedveten sampling. Artiklar, notiser och andra texter valdes till studien eftersom de visade sig ha rikligt med vägandgare information för denna studie. Utöver målmedveten sampling användes snöbollssampling som en metod för att hitta vidare
texter att använda som källa för data. Då något intressant framkom i en text ledde det till vidare sökningar och därigenom styrdes den fortsatta datainsamlingen av de först insamlade data (Patton 2002.) Datainsamlingen slutade då vidare texter inte ledde till ny information och de insamlade data identifierades vara mättade. (Silverman 2011.)


4. Resultat

Resultaten av analysen visar att den finska sektorn för sociala företag är väldigt lik den brittiska sektorn. Fast det blev tydligt att den brittiska sektorn är långt mer etablerad, var likheterna i aktiviteter, definitioner, struktur på organisationer och rollen i samhället tydlig. I båda länderna fungerar sociala företag huvudsakligen inom offentliga tjänster, men även inom områden som kultur, miljövård och rekreation. Synen på konceptet sociala företag visade sig också vara lika i de två länderna. Sociala företag identifieras som aktörer med en struktur från antingen den privata eller tredje sektorn, vars mål är att lösa sociala problem genom affärsverksamhet och vilka använder majoriteten av sin vinst för att gagna sin sociala mission. I båda länderna härstammar sociala företag från den traditionella rollen som sociala företag som ägnar sig åt arbetsintegration och leverans av offentliga tjänster, men i både i Finland och Storbritannien har sektorerna vuxit till att inkludera även en ny våg av innovativa, nya uppstartade företag, och sociala företag har vuxit till en trend bland unga människor. I både Finland och Storbritannien har ett ekosystem vuxit upp kring
sociala företag. Ekosystem inkluderar stödorganisationer, staten och lokala myndigheter samt aktörer inom de finansiella marknaderna. I Storbritannien har detta ekosystem brett ut sig ännu längre, till att omfatta universitet, handelshögskolor samt internationella stöd organisationer.

Det som antyder om att Storbritanniens sociala företagssektor är längre i sin utveckling än vad den finska är, utöver överlägensheten i storleken på sektorn, faktumet att landets kringliggande ekosystem är längre utvecklat, med en större mängd stödorganisationer, en regering som är djupt engagerad i att främja sektorn och en utvecklad social investeringsmarknad med många aktörer som arbetar för att täcka de finansiella behoven av den brittiska sociala företagssektorn. När det kommer till Finland är dessa aspekter på väg att utvecklas. Stödorganisationer och nätverk har uppkommit och de första stegen för utvecklingen av en social investeringsmarknad har tagits. Staten och de finska kommunerna har visat intresse för sociala företag som leverantörer av offentliga tjänster och den nya lagen om offentlig upphandling, som inkluderar sociala aspekter i offentliga uppköp, kommer högst troligen att vara till förmån för sociala företag i framtiden.

De identifierade faktorerna som kan leda till framtidiga möjligheter och de faktorer som identifierades kunna hindra framtidiga möjligheter för de finska och brittiska sociala företagssektorerna, visade sig ha många likheter men även skillnader. Utifrån dessa aspekter kunde man klart härleda att den finska sektorn inte är lika utvecklad som den brittiska. För den brittiska sektorn var faktorer som roll och rykte inte identifierade som hinder för framtidiga utveckling, medan i det finska fallet visade sig dessa aspekter ännu vara motstridiga och därmed ansågs de möjliga kunna hindra framtidiga utveckling om de inte förbättras.

De aspekter som var liknande i båda länderna var organisationsformen som sociala företag tar i vartdera landet samt de områden som de fokuserar på; i båda fallen var en bred variation identifierad som en styrka och möjlighet att utvecklas i flera olika riktningar. När det kommer till organisationsformatet kunde en bred variation av olika typer även ses som negativt med tanke på framtidiga utveckling, då det kan tänkas orsaka förvirring och utspädning av konceptet.

Många av de faktorer som identifierades som möjliga hinder för framtidiga utveckling härstammar från samma källa, nämligen kärnan hos sociala företag, deras tvådubbla ansvår och blandade struktur. Många av problemen som kom upp i analysen härstammade från rädslan att föröra antingen den sociala missionen eller den ekonomiska effektiviteten. I Finlands fall kom även rädslan för att särbehandling skulle snedvrida konkurrensen, vilket starkt påverkar hela sektorn och är basen för att staten bestämt att inget specialstöd skall riktas till sociala företag. När flera av de
problem som sociala företag i båda länderna står inför kan härledas tillbaka till kärnan i begreppet, får det en att ifrågasätta hela konceptet. Emellertid det faktum att sociala företag har lyckats etablera en såpass stark roll inom det brittiska samhället visar emellertid att detta koncept har möjligheter och potential och inte direkt borde avslås på grund av brister och tvivlare.

4.1. Implikationer för Finland

Målet med denna studie var att ge direktiv och rekommendationer för utvecklingen av den finska sektorn för sociala företag. I detta delkapitel tas de områden som identifierades som speciellt viktiga för utvecklingen av sektorn fram och rekommendationer görs för att förbättra dem.

Ett av de identifierade huvudsakliga problemen i Finland var själva definitionen av sociala företag. Olika aktörer inom sektorn hade klart olika definitioner av konceptet och en mer enhetlig definition skulle behövas. Orsakerna varför en mer enhetlig definition skulle vara på sin plats har att göra med forskning. Eftersom ingen enhetlig definition finns, används olika definitioner av olika aktörer, vilket bidrar till att måtten på sektorns storlek och bredd varierat avsevärt, och i allmänhet gör det att forskningar som gjorts inte är jämförbara. Om en mer enhetlig definition diskuteras kommer forskningen att kunna göras på starkare grunder, vilket kommer att underlätta beslutsfattandet då det gäller vidare understöd och offentlig politik som kunde beröra sociala företag. En ostrukturerad definition gör att själva sektorn är svår att greppa och därmed även svår att marknadsföra.

De olika organisationsformerna visade sig variera starkt mellan olika sociala företag i Finland. Detta identifierades som både en negativ och positiv aspekt med tanke på sektorns framtid. Därför kan jag inte direkt rekommendera, utifrån denna studie vad som borde göras. Dock var det sagt i Storbritanniens fall att en bred bas av möjliga organisationsformat för sociala företag har gjort det möjligt för sektorn att utvecklas i olika riktningar och möjliggjort att olika typer av aktörer har kunnat ta sig in på denna marknad. Detta borde tas i hänsyn.

Den finska lagstiftningen gällande sociala företag begränsas till sociala företag som ägnas åt arbetsintegrering. I studien kom det dock fram att den finska sektorn består av mycket fler olika typer av sociala företag än bara dessa. Med andra ord kan det hända, när den finska sektorn för sociala företag växer, kommer det att det finns behov för vidare juridiska ramverk för sociala företag i allmänhet. Eftersom de finska och brittiska samhällena skiljer sig på många sätt, kan rådet inte vara att direkt ta modell från CIC-formatet som skapades i Storbritannien. Däremot har

I studien kom det fram att ett av de största problemen för sociala företag är avsaknaden av finansiering i både Finland och Storbritannien. I Storbritannien är den finansiella marknaden när det gäller sociala företag dock mycket mer utvecklad. Finland ligger långt bakom och utvecklingen av en social investerings marknad är avgörande för framtiden för den finska sektorn för sociala företag. En aspekt som borde leda utvecklingen är mätning av socialt värde, att sociala företag mäter det värde de producerar utöver monetära termer är ytterst viktigt för utvecklingen av nya finansiella modeller.

En aspekt som kom upp då Storbritannien diskuterades var att dess existerade finansiella modeller samt modeller för offentlig upphandling inte passar för storleken på sociala företag som oftast är små och unga företag. Detta är något som i Finland direkt borde beaktas då nya modeller utvecklas. Stödorganisationer för sociala företag borde ta som sin primära uppgift att börja förbereda sociala företag för investering och lära ut affärskunskaper som de ännu saknar, för att sociala företag skall kunna klara sig i konkurrenser.

Allmänt förutspås det på basis av denna studie att stödorganisationer kommer att ha en stor roll då det gäller den framtida utvecklingen av sociala företag i Finland. När det statliga stödet är marginellt blir vikten av andra aktörer större. Deras roll med att bygga nätverk, ge råd, utbildning och i allmänhet fungera som en röst för hela sektorn, är ytterst viktig. Vad den finska sektorn har att lära från Storbritannien är ömsesidigt stöd: en sektor där alla aktörer stöder varandra genom att dela med sig information och praxis kommer att gynna alla.

Eftersom den finska staten har en stark åsikt om att sociala företag borde behandlas som företag i allmänhet och det finns en rädsla för snedvidning av marknaden, är det svårt att säga om eller hur denna situation borde utvecklas. Finska staten har visat intresse för sociala företag i och med lagen om sociala företag som ägnas åt arbetsintegriering, och genom den nya förordningen om offentlig upphandling. I Storbritannien har staten förstått att sociala företag är en lösning på flera av landets
sociala problem men även dess ekonomiska situation. I Finland är välfärd en stor ekonomisk börda för staten och därför kan sociala företag möjligen vara till stor nytta för den finska staten om detta är ett koncept som de väljer att understöda. Vad sociala företag behöver är mera synlighet och förståelse inom politiken för att ett beslut om hur de skall behandlas kunde göras på en mer medveten grund.


Det är svårt att ge rekommendationer utifrån en studie. Det framkom dock flera områden där förbättringar kunde göras när det kommer till den sociala företagssektorn i Finland. De identifierade centrala områdena för utvecklingen av den sociala företagssektorn i Finland samt förbättringsförslagen var en enhetlig och enkel definition, utvecklingen av en social investerings marknad samt mätning av social inverkan, möjliga utveckla vidare förordningar, ett aktivt stödande nätverk av organisationer samt skapande av ett positivt varumärke och mer synlighet och öka sociala företags synlighet i utbildningen.
SOURCES


Thomson, J.L. (2008), Social enterprise and social entrepreneurship: where have we reached?, Social Enterprise Journal, Vol. 4 iss: 2, pp. 149-61.


Webpages


APPENDIX

Annex 1. Analysis for data of the UK social enterprise sector.

The data of the UK social enterprise sector consisted of 38 different internet articles, sites and protocols. The sources include 5 media articles, 12 sources that were provided from the government and 21 sources from different support organizations. Out of them 16 were text on homepages pages, 2 annual reports, 7 reports, 1 research paper, 1 guide, 1 memorandum, 2 Notes, 1 transcript of a speech, 1 press release, 4 newspaper articles and 2 blog posts.

The data goes from 2016 all the way back to the year 2012.

Sources:

1. Media.


2. Government:


Cabinet Office (2013). Background analysis on the UK social investment market.

Cabinets office (2016), Social Enterprise: Market Trends, Based upon the BIS Small Business Survey 2014. Cabinets office, 11.3.2016,

Cabinet Office (2016b). Social Value Act: information and resources. 23.1.2016, 


Edmonds T. (2015), Social Enterprise. UK house of commons standard note, 22.1.2015, 


Regulator of Community Interest Companies, webpage, Community Interest Companies. 
3. Support organizations


Social Enterprise Mark CIC webpage, Social Enterprise Trading for people and the planet


Annex 2. Analysis of data for the Finnish social enterprise sector

The data of the Finnish social enterprise sector consisted of 32 different internet articles, sites and protocols. The sources included 6 media articles, 9 sources that were provided from the government, 18 from different support organizations. Out of them 6 were reports, 1 law text, 1 book, 2 were study’s, 2 guides, 1 research paper, 7 media articles, 11 text on webpage and 2 blog posts.

The data goes all the way back to the year 2009 to 2016.

Sources:

1. Media


2. Government


3. Support organizations


Norden (2015) Social entrepreneurship and social innovation, Initiatives to promote social entrepreneurship and social innovation in the Nordic countries. By Nordic Council of Ministers countries


Annex 3. Validity, UK sources

UK Sources ranked in accordance to validity, starting with most valid and trustworthy to the last

<table>
<thead>
<tr>
<th>Government</th>
<th>Source</th>
<th>Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>The governmental data consisted of very different types of sources. They are all ranked more valid than the other sources because governmental bodies were assessed to be of higher quality. However some were seen as more valid than others, notes the most, followed by reports and guides where sources and writers are known, then reports which were lacking sources and writers, then press releases and written speeches and lastly text on webpages, where the writer is unknown.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edmonds T. (2015)</td>
<td>UK house of commons standard note</td>
<td>writer known, sources partially known</td>
</tr>
<tr>
<td>Cabinet Office (2012)</td>
<td>Procurement Policy Note</td>
<td></td>
</tr>
<tr>
<td>Cabinets office 2016</td>
<td>Report</td>
<td>writers unknown, sources published</td>
</tr>
<tr>
<td>(BIS) Department for Business Innovation &amp; Skills (2014)</td>
<td>Research Paper</td>
<td>working group, explains were the research results come from</td>
</tr>
<tr>
<td>Cabinet Office (2013).</td>
<td>Report summary</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Regulator of Community Interest Companies (2015)</td>
<td>Annual Report</td>
<td>could be positively angled</td>
</tr>
<tr>
<td>Cabinet Office &amp; Wilson R. MP (2016b).</td>
<td>Transcription of speech</td>
<td>Cabinets Office &amp; Rob Wilson MP published, Stated: Transcript of the speech, exactly as it was delivered</td>
</tr>
<tr>
<td>Cabinet Office (2016b)</td>
<td>Guide, text on webpage</td>
<td>no writers or sources</td>
</tr>
<tr>
<td>Regulator of Community Interest Companies</td>
<td>text on webpage</td>
<td>no writers or sources</td>
</tr>
</tbody>
</table>
Support organizations

The sources listed next are reports from support organizations, listed in accordance validity. The size of the organization, weather there are sources available, weather writers are known or if they explain how they got to their findings, are all aspects that have been taken into account in the ranking.

<table>
<thead>
<tr>
<th>Source</th>
<th>Type</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Interest Companies &amp; Social Enterprise Mark CIC (2013)</td>
<td>Memorandum</td>
<td>Published on the government sites</td>
</tr>
<tr>
<td>Social Enterprise UK (2015)</td>
<td>Report</td>
<td>no sources however explains were findings come from, no writers</td>
</tr>
<tr>
<td>British Council (2015)</td>
<td>Report</td>
<td>writers known, sources not available</td>
</tr>
</tbody>
</table>

Media

Media sources were ranked next, the order derives from the assumed quality of the media, also how the writers have found their information, if there is a feeling that the article presents social enterprises only in a positive light. And if the media uses sources either interviewees or otherwise tell from where they have found their information above which they make claims.

<table>
<thead>
<tr>
<th>Source</th>
<th>Media Source</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Razavi (2015)</td>
<td>The Guardian</td>
<td>Interviewing people that run social enterprises, researchers, people running support organizations. Refers to different reports and surveys</td>
</tr>
<tr>
<td>Cahalane C. (2011)</td>
<td>The Guardian</td>
<td>Interviews with workers, people taking courses at the SEE, multiple different interviews</td>
</tr>
<tr>
<td>Pozniack H. (2013)</td>
<td>The Telegraph</td>
<td>Interviewing people who run social enterprises, using business schools as sources and universities</td>
</tr>
<tr>
<td>The Guardian (2016)</td>
<td>Social enterprise blog</td>
<td>blog portal</td>
</tr>
<tr>
<td>Patey R. (2011)</td>
<td>Guardian social enterprise blog</td>
<td>blog post by founder of social enterprise</td>
</tr>
</tbody>
</table>
Support organizations

The rest of the sources that stem from different support organizations are declared the least valid, these are texts from the organizations homepages. The order is dependent on my assumption of the validity, the size of the organization and how well known the organizations are.

<table>
<thead>
<tr>
<th>Source and Notes</th>
<th>Details</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Natwest SE100 (2015).</td>
<td>Annual report</td>
<td>Explains were findings come from, positively angled</td>
</tr>
<tr>
<td>Ashoka webpage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Social economy alliance</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Social Enterprise UK (2016a).</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Social Enterprise UK (2016b).</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>The British Council, websites</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Big Society Capital webpage a</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Big Society Capital webpage b</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>ClearlySo, homepage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Social Enterprise Mark CIC webpage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Abundance webpage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>School of social entrepreneurs</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>UnLtd website</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Social Value UK webpage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Social Value HUB</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
</tbody>
</table>
Annex 4. Validity, Finnish sources

Finnish Sources ranked in accordance to validity, starting with most valid and trustworthy to the last.

### Governmental Sources

The sources of the government are assessed to be of the most valid, first of all published laws, followed by published reports that state who has written them and from where the material stems. Lastly come information reported on the websites of the Ministry, as there is no writer cited.

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
<th>Source Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act on Social Enterprises</td>
<td>Law No. 1351/2003</td>
<td></td>
</tr>
<tr>
<td>European Commission (2014b)</td>
<td>Report</td>
<td>writers and person who checked clear, published sources</td>
</tr>
<tr>
<td>Työ- ja elinkeinoministeriö (2011)</td>
<td>Report by working group</td>
<td>writers known, published sources</td>
</tr>
<tr>
<td>Työ ja elinkeinoministeriö (2010c).</td>
<td>Report</td>
<td>writers known, published sources</td>
</tr>
<tr>
<td>Työ ja elinkeinoministeriö (2010a).</td>
<td>Text on webpage</td>
<td>writer unknown</td>
</tr>
<tr>
<td>Työ ja elinkeino ministeriö (2010b).</td>
<td>Text on webpage</td>
<td>writer unknown</td>
</tr>
<tr>
<td>Työ ja elinkeino ministeriö (2014)</td>
<td>Text on webpage</td>
<td>writer unknown</td>
</tr>
<tr>
<td>Työ ja elinkeino ministeriö (2016).</td>
<td>Text on webpage</td>
<td>writer unknown</td>
</tr>
</tbody>
</table>

### Support organizations

The sources listed next are reports and guides from support organizations, listed in accordance validity Organized so that first article that fills academic standards, then published book, thereafter reports starting with the ones from more known organizations with published sources ending with lesser known organizations.

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
<th>Source Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Author(s) and Year</td>
<td>Source</td>
<td>Availability</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------</td>
<td>--------------</td>
</tr>
<tr>
<td>Kucinska A. (2014).</td>
<td>Social Entrepreneurship Network, Paper</td>
<td>Published sources</td>
</tr>
</tbody>
</table>

**Media**

The different media sources are organized according to assumed quality, the ones being the most valid first. The order stems from the type of the source but also how the data was gathered and how easily it was possible for the reader to know from where the information presented derived from.

<table>
<thead>
<tr>
<th>Author(s) and Year</th>
<th>Source</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Läärä K. (2014).</td>
<td>Helsingin Sanomat</td>
<td>Interviews, with owners of a social enterprise, professors, workers for the MEE ministry.</td>
</tr>
<tr>
<td>Keppola E. (2012).</td>
<td>Taloussanomat,</td>
<td>Interviews with experts from social enterprise stakeholder organizations, The Finnish entrepreneurs association, Demos Helsinki,</td>
</tr>
<tr>
<td>Järvinen M. (2015)</td>
<td>Helsingin Sanomat</td>
<td>Interviews with workers and coordinators of social enterprises</td>
</tr>
<tr>
<td>Niemeläinen J. (2014)</td>
<td>Helsingin Sanomat</td>
<td>Interview with Arvo-association managing director</td>
</tr>
<tr>
<td>Valkonen P. (2014)</td>
<td>Yle Uutiset</td>
<td>Interview with project manager of work integration social enterprise</td>
</tr>
<tr>
<td>Nortio J. (2014)</td>
<td>Ekonomilehti</td>
<td>Interviews with Aalto school researcher, managing directors of social enterprises</td>
</tr>
</tbody>
</table>
All the remaining sources from different support organizations in the social enterprise network, have been labeled the least valid ones. Most of the sources do not have writers, and they are from organizations that tell about themselves and their services on their webpages. These can easily be promotional texts were they want to show their organization in a good light. The most known and bigger organizations come first. On the bottom two blogposts take place, these are regarded the least reliable and valid because they are simply opinionated texts, representing only one or two peoples opinions on the matter.

<table>
<thead>
<tr>
<th>Source</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sayej N. (2014)</td>
<td>This is Finland, article on webpage</td>
<td>writer known, no sources</td>
</tr>
<tr>
<td>Sitra webpage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Suomalainen työn liitto (2016)</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Arvoliitto webpage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Finsern webpage,</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Epiqus webpage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Vates webpage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
<tr>
<td>Kasvuhuone webpage</td>
<td>text on webpage</td>
<td>no writers, no sources</td>
</tr>
</tbody>
</table>