The State of Social Entrepreneurship - Key Facts and Figures
About SEFORIS: Social Enterprise as FORce for more Inclusive and Innovative Societies

SEFORIS is a flagship multi-disciplinary, multi-method international research project on social enterprise funded by the European Commission. Through the generation of robust evidence and internationally leading research, SEFORIS aims to better understand the role that social enterprises play in the EU and beyond in the development and evolutions of inclusive and innovative societies.

SEFORIS will investigate key processes through which social enterprises deliver inclusion and innovation (spanning a range of domains, from organisation and governance, over financing and innovation to behavioural change) as well as the contexts in which social enterprises thrive. In terms of methodology, we will start from policy and social enterprise practitioner questions and challenges together with critically scrutinising existing academic literature. We use this first step to develop theoretical frameworks that then serve as a basis for thinking systematically about innovation and inclusion processes in context. This is followed by field and lab experimentation with social enterprises and in-depth case studies to expand and enrich our understanding of social enterprises. Unique longitudinal survey data will be collected across 9 distinct countries to test new (and at times counterintuitive) hypotheses to reach novel insights and generalizable conclusions. We engage policy makers and social enterprises throughout the research process to ensure that our research is relevant for them and can inform their practice.

The SEFORIS partnership

SEFORIS is a consortium of 12 organisations from 10 countries including Belgium, China, Germany, Hungary, Portugal, Romania, Russia, Spain, Sweden, and the UK.

Academic partners and research institutes:

KU Leuven (Belgium), Hertie School of Governance (Germany), Autonomous University of Barcelona (UAB, Spain), University of Aveiro (Portugal), Centre for Economic and Financial Research (CEFIR, Russia), Stockholm School of Economics (Sweden), Aston Business School (United Kingdom)

Social entrepreneur support and financing organisations

Oksigen Lab (Belgium), i-propeller (Belgium), Non-Profit Incubator (NPI, China), Nonprofit Enterprise and Self-sustainability Team (NESsT, Hungary & Romania), and The Foundation for Social Entrepreneurs - UnLtd (United Kingdom)

Advisors

Organisation for Economic Co-operation and Development (OECD, France), Harvard Business School (HBS, USA) and the European Venture Philanthropy Association (EVPA, Belgium)

Funder

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1. Belgium - Key facts and figures on social entrepreneurship

“Most of us started from social goals. We divided the support and growth came automatically. That time is over, we have to continue on our own. This we should do together as much as possible. But we also must dare to learn from regular companies. They can challenge us to change our thinking.”

- Danny Vercauteren, CEO of Kringwinkel Antwerpen (socialeconomie.be)

Definition and common understanding of social enterprise

- There exists no legal definition of social enterprise in Belgium. It is unlikely that this will change in the near future, as this is not a topic of public debate where public authorities see a priority need;
- Following elements are found to characterize social enterprises: primary social aim, self-generation of market income, at least 1 FTE employed, limits on distribution of profits and assets, independence and participatory governance;
- There is also no broad consensus on what type of organizations should be considered as social enterprises in Belgium. The least problematic are WISEs (work integration social enterprises), commonly classified as social enterprise;
- The concept of social enterprise is understood substantially different in the Belgian linguistic communities. The terms social enterprise and WISEs are often used interchangeably, especially in Flanders. In Wallonia, the concept of social economy is more widely used and specific references to social enterprises are very scarce.
- The term ‘social enterprise’ is most frequently used by academics. Public authorities use ‘social enterprise’ only sporadically while the concept of social economy prevails. Organisations recently interviewed, consider themselves as social enterprises but are not necessarily aware of the details of the on-going debate and what exactly such terms should imply.

Size of social enterprise

- As there is no legal definition of social enterprise in Belgium, there are also no comprehensive statistics. Recently an estimation has been made on the size of the total population: between 2210 and 3 170 social enterprises.
- The population of social enterprises is not brand-new: almost three quarter of the organizations interviewed have existed for more than 10 years.
- A fair spread of the sample across the different age groups suggests a renewal of the sector, though early-stage social enterprises seem to be present in Belgium at a lower rate than in the other EU countries surveyed (Spain, Hungary, Romania, Sweden, and UK).
- Social enterprises in Belgium are far from trivial economically speaking. This is readily apparent from their size, both in terms of their revenues and number of employees.

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Table 1: Key data on size of social enterprises

<table>
<thead>
<tr>
<th>Organizational age</th>
<th>Number of employees</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>72% older than 10 years</td>
<td>21% 1-10 employees</td>
<td>50% above 1M revenues</td>
</tr>
<tr>
<td>18% between 5 and 10 years</td>
<td>43% 11-49 employees</td>
<td></td>
</tr>
<tr>
<td>old</td>
<td>18% 50-249 employees</td>
<td></td>
</tr>
<tr>
<td>10% younger than 4 years</td>
<td>18% 250+ employees</td>
<td></td>
</tr>
</tbody>
</table>

Sectors and regions in which social entrepreneurs are active

Industrial sector

93% of the social enterprises do have more than one activity and in average 3.3 per organization. Moreover, their activities span in very diverse industries, ranging from health and social work, over wholesale and retail trade to construction. It is quite striking to note that 51% of our sample is actually present in at least two industry segments.

About the dominant industries, ‘business activities’ is to be considered through the large spectrum of activities that are listed in this category: recruitment/outplacement services, building maintenance like professional cleaning and gardening, IT management and software testing, audit/consultancy, print and mail, communication, marketing and advertisement services.

Finally the proportion of social enterprises active in the area of community and social services, and education is quite low, much lower than it is in other European countries.

Figure 1: Distribution of industry presence (N=78)

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Regional level
21% of the interrogated sample is active on Belgian national level; 58% of them are anchored and operational in one of the three regions (Flanders, Brussels, and Wallonia).

Recent developments in social entrepreneurship

• Still very limited but growing number of enterprises adopting the legal form “social purpose”
• (Mental) shift taking place towards (even) more market-orientation given budget constraints of public authorities
• Diversification of social economy, providing new opportunities for growth: e-commerce, recycling, highly creative projects, logistics and the ‘green’ economy.

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2. China - Key facts and figures on social entrepreneurship

Definition and common understanding of social enterprise

- There is no legal definition for social enterprise in China. Generally speaking, the practice of social enterprise is happening ahead of any formal theoretical studies on social enterprise in China.

- In China, the concept of social entrepreneurship began to surface in 2004, when it was first introduced through numerous symposiums and conferences. The phenomenon didn’t gain attention on a wider level until two years later, when two internationally bestselling books about social entrepreneurship were translated into Chinese: *How to Change the World* by David Bornstein and *Banker to the Poor* by Mohammed Yunus. Following the 2008 Sichuan earthquake and the expeditious response to the disaster by social entrepreneurs and nonprofits, social entrepreneurship further increased in prominence. Since then, the sector and its advocates—incubators, impact investors, the media and academic researchers—have expanded their influence in China.

- A concrete definition for social enterprise is about finding the right balance between economic and social value. In China, the debates on the precise definition of social enterprise rest on two factors: *organizational nature*—can social enterprises be registered and managed as NGOs or must they be for-profit, commercial ventures? *Income generation*—must social enterprises achieve financial sustainability through the sales of products and services to the market, or can they integrate resources from government contracts as well as grants?

Size of social enterprise

- As there is no legitimate definition of social enterprise in China, there are also no comprehensive statistics.

- According to the report “China Social Enterprise Report 2012”, social enterprises in China are in the early development stage. In 2012, 54% of surveyed social enterprises in China are under 3 years, of whom 21% being less than 1 year. 38% were more than 5 years old.

- Two-thirds of social enterprises are located in Beijing or Shanghai, and social entrepreneurs in rural and western areas are at a comparatively disadvantageous stage. Social entrepreneurs in this report were located in Beijing (50%), Shanghai (17%), and other cities including Shenzhen, Tianjin, Suzhou (17%) and others (17%).

- Social enterprises have limited potential for job creation. The majority of surveyed social enterprises are so small that very few of the social entrepreneurs are able to provide a significant number of direct jobs. 41% of respondents created a maximum of 4 jobs, 38% between 5 and 10 jobs, and only 21% have created more than 10 jobs.

- 71% of social enterprises generate less than 500,000RMB in annual revenues. Less than half of the surveyed social enterprises achieve fiscal sustainability. Only 42% of social enterprises reported being profitable, while 33% indicate that they break even.

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<table>
<thead>
<tr>
<th>Organizational age</th>
<th>Location</th>
<th>Job creation</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>54% under 3 years</td>
<td>Beijing</td>
<td>41% maximum of 4 jobs</td>
<td>71% less than 500,000RMB</td>
</tr>
<tr>
<td>38% longer than 5 years</td>
<td>Shanghai</td>
<td>38% between 5 and 10 jobs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shenzhen, Tianjin, Suzhou</td>
<td>21% more than 10 jobs</td>
<td></td>
</tr>
</tbody>
</table>

### Sectors and regions in which social entrepreneurs are active

#### Industrial sector

- According to the report “China Social Enterprise Report 2012”, the industrial sectors of social enterprises range from micro finance, handicraft jewelry handmade by rural artisans to private schools for migrant children.
- Social entrepreneurs in China work on education, economic development through fair trade and social inclusion of disadvantaged community groups.

### Table 2: Key focus of social entrepreneurs in China according to three different surveys and expert opinion (China Social Enterprise Report 2012)

<table>
<thead>
<tr>
<th>Survey Results</th>
<th>China Development Brief10</th>
<th>Xiaomin Yu11</th>
<th>Key Sectors Experts recommend(FYSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning &amp; Education(14%)</td>
<td>Rural development and poverty alleviation (12%)</td>
<td>Education (49%)</td>
<td>Energy</td>
</tr>
<tr>
<td>Fair Trade/Handicraft (12%)</td>
<td>Environment (11%)</td>
<td>Social service (18%)</td>
<td>Elderly Care</td>
</tr>
<tr>
<td>Disadvantaged Groups incl. Disabled,GLTG and the Elderly(11%)</td>
<td>Education (9%)</td>
<td>Healthcare (14%)</td>
<td>Recycling</td>
</tr>
<tr>
<td>Environment and water (10%)</td>
<td>Child welfare (7%)</td>
<td>Healthcare (14%)</td>
<td>Education</td>
</tr>
</tbody>
</table>

### Regional level

- Most social enterprises operate on a local level with limited economic impact. According to the report “China Social Enterprise Report 2012”, 63% of surveyed social enterprises in China operate at a city or village level, with 13% operating at the provincial level, 17% reaching national level and only 8% operating on an international level.
- Social enterprises working on youth development, disadvantaged groups, learning and schooling usually only operate at the city/village level. Social enterprises in the education sphere remain restricted in scope because working on education issues in China requires

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strong government partnerships, which have to be forged afresh for every indigenous community.

- Despite the cluster of social enterprises in city/village centers, social enterprises do not limit their operations to these areas, with two-thirds serving beneficiaries outside of the city they are located in, mostly in rural areas of China.

### Table 3: Geographical gap between social entrepreneurs in urban areas and those located in rural isolated parts of China (China Social Enterprise Report 2012)

<table>
<thead>
<tr>
<th>Location</th>
<th>East</th>
<th>West</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based in Beijing, Shanghai, Guangzhou, Shenzhen</td>
<td>Rural, remote provinces such as Yunnan, Guizhou, Sichuan</td>
<td></td>
</tr>
<tr>
<td>Knock on effects</td>
<td>Popping up in second tier cities</td>
<td>Grassroots and isolated</td>
</tr>
<tr>
<td>Access to social networks</td>
<td>Access to resources (conferences, foundations, mentors, training)</td>
<td>No or limited access to resources</td>
</tr>
<tr>
<td>Education level</td>
<td>Well educated; many with exposure to overs education; English speaking</td>
<td>Less educated; some with limited education; not English speaking</td>
</tr>
<tr>
<td>Awareness</td>
<td>Conscious of “social entrepreneurship” and chosen career path</td>
<td>Unaware of “social entrepreneurship” developing solution to a problem they are experiencing</td>
</tr>
</tbody>
</table>

**Recent developments in social entrepreneurship**

- As the Chinese government shifts from control-oriented administration to service-oriented administration, a large amount of public services will be provided by civil organizations. The flourishing of these NGOs may push bottom-up reform of the third sector, making registration easier and tax policy more favorable. This creates a potentially huge space within which social enterprises can operate.

- Recent developments have led many NGOs towards a path of marketization and commercialization, and many aspiring to become social enterprises. An increasing number of social entrepreneurs have also begun participating in the areas of education, environmental protection, fair trade, and poverty alleviation, helping to resolve many complex social problems.

At the same time, academia, media, and other social forces have all devoted unprecedented attention to social enterprise. A number of international conferences and forums have been held exploring means to import and localize this modern form of organization. The popularity of social enterprises has also begun attracting the attention of local governments.

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3. Germany – Key facts and figures on social entrepreneurship

Definition, common understanding of social enterprise

There is not yet a legal definition of social enterprise in Germany. However, there is a consensus that social enterprises are to be understood as enterprises that are clearly oriented towards solving social or environmental problems as a primary goal\textsuperscript{16}.

A recent study about Social Entrepreneurship conducted by the Center for Social Investment (CSI) Heidelberg\textsuperscript{17} has defined 3 key attributes of social enterprises:

- **Welfare orientation**: Improving (environmental or social) welfare (as a primary goal in the narrow definition, secondary goal in broad definition)
- **Innovation**: Innovation is particularly central for some of the organizations supporting social entrepreneurs such as Ashoka or the Schwab foundation. However, there is no clear consensus how innovation is defined in this context. In many cases, existing ideas are adopted to a new context or a new place. Innovations may also lie in the combination of social and economic goals or, new products, services or marketing strategies.
- **Earned income**: this characteristic is particularly important to differentiate social enterprises from common third sector organizations. However, in practice social enterprises do not always transcend the value capturing problem of generating (social) value that may not be directly transferable into financial returns. This is also closely linked with the particular sector social enterprises operate in. While enterprises active in the field of fair trade, alternative energy or sustainable agriculture may more easily capture financial value generated, enterprises working with homeless, elderly or children may have more challenges in capturing financial value from their activities.

The KfW program for financing of social enterprises defines social enterprises as "small and medium enterprises that aim to address social challenges in Germany by taking an entrepreneurial approach and using an innovative business model"\textsuperscript{18}

Size

Generally, social entrepreneurship is not a new phenomenon in Germany. Almost half of the social enterprises investigated in the Mercator study\textsuperscript{19} were more than 10 or up to over 30 years old. Turnover and number of employee tends to be significantly smaller than in traditional for-profit enterprises (see figure 1). However, it tends to increase with increasing age of the enterprise.

\textsuperscript{17} Ibid.
\textsuperscript{18} Deutscher Bundestag. 2012. Antwort der Bundesregierung auf die Kleine Anfrage der Abgeordneten Ulrich Schneider, Britta Haßelmann, Beate Walter-Rosenheimer, weiterer Abgeordneter und der Fraktion BÜNDNIS 90/ DIE GRÜNEN, GEM.
\textsuperscript{19} Jansen, Stephan A., Rolf G. Heinze and Markus Beckmann, eds. 2013. Sozialunternehmen in Deutschland. Springer: Wiesbaden
Sectors and regions in which social entrepreneurs are active

Social enterprises in Germany span across a variety of sectors such as

- Education and science (i.e. kindergartens, schools, qualification courses)
- Social services (i.e. addiction aid, counseling, children and youth, integration, social work)
- Work integration (e.g. for disabled, mentally ill, migrants)
- Societal inclusion (e.g. inclusion of disadvantaged groups)
- Regional development (e.g. regional currencies, strengthening of regional value chains)
- Alternative energy and environment (recycling and upcycling, environmental education, energy cooperatives)
- Sports, culture and recreation (i.e. reading clubs, tourism, access to cultural events, sports clubs)
- Health (i.e. medical care, translation of diagnostic findings, new treatments)
- Advocacy and democracy (i.e. intercultural exchange, initiatives against racism, strengthening of civil society, regional parliaments)
- Financing and consulting for social organizations (e.g. microfinance, fundraising, crowdfunding, volunteering, software development)
- Development cooperation (projects in the context of development cooperation, technology transfer)
- Sustainability / LOHAS (sustainable products and services, nutrition, certification, clothing)

Most social enterprises in Germany are active in the field of education, work integration, societal inclusion and social services while less are active in the regional development, environment. This has also an impact on the predominant legal form as socially oriented

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21 Ibid.
enterprises tend towards taking a third sector legal form (e.g. cooperatives, foundations) while enterprises in the field of recycling or alternative energies may tend to take a market based legal form. However, the lower prevalence of the latter may also be caused by a measurement problem as it is often difficult to distinguish between classical enterprises and social enterprises that take a for profit legal form.

Recent developments in social entrepreneurship

Social entrepreneurship and social enterprises are gaining importance in the German discourse although the rather institutionalized welfare state system has slowed down the rise of social enterprises compared to other countries with a more liberal welfare state system such as the UK. Further, the problem of how to clearly distinguish social enterprises from other non-profit or for-profit organizations in the social sector has not yet been solved.

An indicator of the increasing importance and of the political recognition of social entrepreneurship has been the “nationale Engagementstrategie” (national engagement strategy) that has committed to support social innovation and social entrepreneurship. In this vein, the KfW, a government-owned development bank has launched a “program for financing of social enterprises”.

Figure 2: Areas social enterprises in Germany are active in (N= 239)

Recent developments in social entrepreneurship

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23 Ibid.
4. Hungary - Key facts and figures on social entrepreneurship

“Social enterprises are the correction mechanism of the globalization.”
- Mihály Karácsony

“Over the past five years we have witnessed a number of initiatives in our country which aims to put the social enterprises into practice and raise awareness about them. These kind of enterprises don’t yet have a significant social and business role in Hungary, but a number of examples demonstrates that there are huge reserves in this area.”
- Attila Pethető: Beyond social responsibility: the social enterprise

Definition and common understanding of social enterprise

- Currently there is no legal definition of social enterprise in Hungary.
- The following elements are found to characterize social enterprises: limits on distribution of profits and assets; independence from the government; principle of volunteering and self-activity; self-government and institutionalisation.
- NESsT uses the term social enterprise to refer to a business that is created to address or solve a critical social problem in a financially sustainable (and potentially profitable) way.
- Although non-profit organizations started to show a growing interest in the self-financing and social entrepreneurship model, the concept still sounds unfamiliar to many people. One reason for that is that Hungary is still characterized by the rigid segregation of the non-profit and business sectors ignoring social enterprises operating in both fields.

Size of social enterprise

- Due to the lack of legal definition of social enterprise in Hungary, there are no comprehensive statistics. NESsT estimates that, according to its definition, there are 300-400 social enterprises in Hungary.
- The statistics mentioned below come from the European SELUSI framework.
- Social enterprises in Hungary are not very old. According to the SELUSI report their average age is 15.9 years and half of those organizations are 13 years old or younger. However, NESsT, according to its own stricter definition, considers that the first social enterprises appeared only some 16 years ago, so the average age is much younger.
- Half of the social enterprises in Hungary are small (1-10 employees) and only 12% has above 1M € revenues.

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28 SELUSI is a broad, multidisciplinary research initiative which has initiated Europe’s first panel database of 550 social businesses in five EU Member States: Hungary, Romania, Spain, Sweden and the United Kingdom. Two action / research experiments were implemented to test how social entrepreneurs’ skills can be coupled to a genuine need for innovation at a mainstream business. It also formulated policy proposals in the field of innovation, service provision and societal reform at local, national and European level. For more information see: http://www.selusi.eu.
Table 1: Key data on size of social enterprises (Source: SELUSI\textsuperscript{29}, 2012)

<table>
<thead>
<tr>
<th>Key Data</th>
<th>Organizational age</th>
<th>Number of employees</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60% older than 10 years</td>
<td>52% 1-10 employees</td>
<td>12% above 1M revenues</td>
</tr>
<tr>
<td></td>
<td>20% between 5 and 10 years old</td>
<td>28% 11-49 employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20% younger than 4 years</td>
<td>17% 50-249 employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3% 250+ employees</td>
<td></td>
</tr>
</tbody>
</table>

Sectors and regions in which social entrepreneurs are active

Industrial sector

76% of the interviewed organizations identified their primary business activities belonging to the following 5 industry sectors: Health and Social Work; Business Activities; Education; Community, Social and Related Services; and Wholesale and Retail Trade. The remainder was active primarily in: Personal Service Activities; Agriculture, Hunting, Forestry and Fishing; and Manufacturing.

72% of the interviewed Hungarian social ventures identified their primary social activities belonging to the following 8 social sectors: Social Services; Other Education (that is, not Primary, Secondary or Higher Education); Environment (including organic goods); Employment and Training; Recreation and Social Clubs (but not in Sports or Culture and Arts); Business and Professional Associations/Unions; Nursing Homes; and, Other Health Services. The rest were predominantly active in Economic, Social, and Community Development; Research; and, Hospitals and Rehabilitation.

Figure 1: Top Main Industrial Sectors (Source: SELUSI, 2012. N=104). We used the General Industrial Classification of Economic Activities (NACE)

Figure 2: Top Main Social Sectors (Source: SELUSI, 2012. N=104). We used the International Classification of the Nonprofit Organizations (ICNPO)

Regional level
The majority of social enterprises are present in Central Hungary (and Budapest) and the Region of Northern Hungary; there are significantly less in the Western and Central Transdanubia region.\(^{30}\)

Recent developments in social entrepreneurship
- The expression "social enterprise" is more and more known in the country although awareness-raising around the term and sector is still a crucial issue. The concept is becoming more and more popular among accelerators, NGOs, start-up communities, academics and students.
- Yearly event for the sector (Social Enterprise Day – organized by NESsT) with stronger and stronger interest.
- Within the last 5 years, for-profit social enterprises have also appeared and they have become stronger and stronger.

Strong governmental intentions to strengthen certain types of social enterprises, but unfortunately these programs are linked mainly to one single legal form: social cooperative. The majority of EU Funds directed to the development of social economy were used to support social enterprises, but some social enterprises were able to use grants under priority areas other than social economy of the EU Funds to launch or expand their activities.

\(^{30}\) GEM 2009 Report for Hungary.
5. Portugal - Key facts and figures on social entrepreneurship

Definition and common understanding of social enterprise

- There is no legal definition of social enterprise in Portugal. In 2013, the year when the law of social economy was promulgated, no explicit reference was included to social enterprises. According to the law, in Portugal, the following entities are considered part of social economy:
  - Co-operatives;
  - Mutual Societies;
  - Misericórdias (religious organizations);
  - Foundations;
  - Private institutions of social solidarity not covered by the previous categories;
  - Associations with altruistic purposes that operate in the cultural, recreational, sports and local development scope;
  - Other entities having legal personality that respect the principles of social economy presented in the Portuguese legislation.

- In Portugal, the term "social enterprise" is rarely used and frequently replaced by "social organization" usually associated to non-profit organizations. In the same way, the social entrepreneurship is frequently perceived as a practice of organizations from the third sector.

- Over the last years, the number of discussions around themes like social entrepreneurship, social innovation and social economy has been growing, bringing together people from different sectors. However, the meaning of these concepts seems not to be clear (or the same) for everyone. Also, the participation of academics and people from the third sector is still more representative than that from public and private sectors.

Size of social enterprise\(^{31}\)

- In 2013, the Social Entrepreneurship Institute launched the research project "Map of Innovation and Social Entrepreneurship in Portugal" with the purpose of identifying and mapping innovative initiatives, therefore aiming to build knowledge, using a methodology which closely involves local communities. The applied methodology focuses on the analysis of the competitiveness of the innovative business models identified, and on publishing and disseminating national and international success stories and best practices. The results of this work will be published until the end of the current year (2014). Until February 2014, in Portugal 216 initiatives were evaluated positively, i.e. holding potential for social innovation and entrepreneurship.

- It is not possible find explicit data related to the social entrepreneurs in Portugal. The only data available are the results of the pilot project of the Satellite Account of Social Economy published by the Statistics Portugal in 2010. In the report entities of Social Economy were classified in five main groups: co-operatives, mutual societies, misericórdias, foundations, associations and other social economy organizations (SEO).

- According to the Satellite Account, in that year the social economy in Portugal was constituted by 55 383 entities, that generated 2.8% of the national Gross Value Added (GVA) and 5.5% of the paid employment (full time equivalent) in Portugal.

Table 1: Key data of Social Economy Organizations (SEOs) in Portugal

<table>
<thead>
<tr>
<th>Type of organization</th>
<th>Count</th>
<th>%</th>
<th>GVA (10^6 euros)</th>
<th>%</th>
<th>Paid employment</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operatives</td>
<td>2260</td>
<td>4.1</td>
<td>749.2</td>
<td>17.6</td>
<td>31783</td>
<td>14.0</td>
</tr>
<tr>
<td>Mutual Societies</td>
<td>119</td>
<td>0.2</td>
<td>329.9</td>
<td>7.7</td>
<td>4537</td>
<td>2.0</td>
</tr>
<tr>
<td>Misericórdias</td>
<td>381</td>
<td>0.7</td>
<td>518.3</td>
<td>12.2</td>
<td>32493</td>
<td>14.3</td>
</tr>
<tr>
<td>Foundations</td>
<td>537</td>
<td>1.0</td>
<td>361.1</td>
<td>8.5</td>
<td>10765</td>
<td>4.7</td>
</tr>
<tr>
<td>Associations and other SEO</td>
<td>52086</td>
<td>94.0</td>
<td>2304.1</td>
<td>54.1</td>
<td>147357</td>
<td>64.9</td>
</tr>
<tr>
<td>Total of SEO</td>
<td>55383</td>
<td>100.0</td>
<td>4262.6</td>
<td>100.0</td>
<td>226935</td>
<td>100.0</td>
</tr>
<tr>
<td>Total of Portuguese Economy</td>
<td>-</td>
<td></td>
<td>151426</td>
<td></td>
<td>4138163</td>
<td></td>
</tr>
<tr>
<td>Weigh of the SE in Portugal</td>
<td>-</td>
<td></td>
<td>2.8%</td>
<td></td>
<td>5.5%</td>
<td></td>
</tr>
</tbody>
</table>

- The voluntary work was an important resource for this type of organizations, representing about 40% of the total employment in the social economy (expressed in FTE), according to the results of the pilot survey on Volunteer Work 2012.

Sectors and regions in which social entrepreneurs are active

Whereas there is no explicit data accounting for social enterprises, it is possible to identify a growing number of ideas and initiatives, with social goals, promoted by citizens, groups and some organizations (e.g. associations). The more popular domains of action seem to be related to the needs of an aging population, an important trait of the Portuguese population nowadays (i.e. health assistance, day-care). Other types of initiatives that are gathering the interest of the society are related to the valorisation and sustainability of traditional arts and crafts, as well as agricultural businesses (e.g. development of cooperatives to produce local varieties of products).

Industrial sector

The projects/initiatives of social entrepreneurship in Portugal are mostly directed to people with disabilities, children and youth, elderly and unemployed. It is possible identify a wide variety of social challenges addressed by these initiatives of social entrepreneurship in areas as health and well-being, environment preservation, unemployment, ageing and social exclusion.

Regional level

In Portugal, social entrepreneurs are concentrated in the two biggest metropolitan areas (Lisbon and Oporto), where also are concentrated the entities and structures that support those initiatives (Social Entrepreneurship Institute, financial players, spaces for incubation, etc.).
Recent developments in social entrepreneurship

- Last February 2013 the Social Investment Lab was launched, a project of the Portuguese Social Entrepreneurship Institute, that intends to be a knowledge center of reference in the area of social investment, seeking to disseminate international best practices and innovative financial instruments and studying its applicability to the Portuguese reality.

- There are some annual competitions to award individuals that have innovative ideas that can help to solve social problems (Ideias de Origem Portuguesa, Programa EDP Solidária, Programa de Empreendedorismo Social), that have a monetary recompense as prize and support in the development, test and implementation of projects.
6. Romania - Key facts and figures on social entrepreneurship

"Even though the social economy was recently rediscovered in Romania, the legal undertakings and the high number of researches on the sector, allows us to believe that we are gaining ground. Continuing the initiatives to support social economy development will allow Romania to become a country with a moderate acceptance of the social economy in a short time frame."

- Simona Maria Stanescu, Sociologist, Research Institute for Quality of Life, Romanian Academy

Definition and common understanding of social enterprise

- Social economy is a broad, complex concept which is still the basis of a variety of debates. NESsT was one of the first entities to introduce the social enterprise concept in Romania, by providing capacity building and funding to CSOs launching these income generation activities.

- Social entrepreneurship as a concept first appeared in the 19th century and it was first used in literature on social change. However, it became more popular with Charles Leadbeater’s publication of “The Rise of the Social Entrepreneur”. The aim of social entrepreneurship is to promote the cause of social and environmental goals that have long lasting impact.

- In Romania currently social enterprises are seen by the general public and key stakeholders (government, non-profits, social entrepreneurs) as a way to promote economic and social inclusion. In general, a major challenge perceived by stakeholders is the lack of a clear legal and regulatory framework for social enterprises. There are several definitions of social enterprises or derivative concepts and names inspired from international definitions and/or other European legislative models.

- As of early 2014, a draft law is under debate in the Romanian Senate.

- The main regulations of the above mentioned law aim:
  To define the social economy as activities organized independently of the public sector, whose purpose is to serve the general interest, the interests of one collectivity and/or non patrimonial personal interests, through the growth of the employment rate for persons that are part of vulnerable groups;
  To establish the principles and associated concepts of social economy;
  To define and differentiate the concepts of „social enterprise” and „insertion social enterprise”;
  To establish state mechanisms of support for the development of social enterprises;
  To set up a National Register for social enterprises.

- The European Social Fund had a significant impact on social enterprise growth in Romania. The availability of large EU grants determined many CSOs to develop social economy projects and create social enterprises.

- Consistent EU funding in the social economy field has led to the development of a large number of projects designed to promote the concept of social enterprise through activities such as creating various websites, physical or online resource centres, domain specific conference, information campaigns etc. While the increased availability of information had positive results in raising the visibility of social enterprises in Romania, many projects –

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32 Raport de recomandări al economiei sociale: România 2013 / Simona Maria Stănescu (coord.), Romeo Asiminei, Daniela Vîrjan. - București : ADD Media Communication, 2013
and enterprises created through such projects - do not seem to have realistic sustainability strategies that would ensure their long-term survival past EU project funding has ended.

Size of social enterprise

- In the absence of a common definition of what a social enterprise is and of a legal framework, it is difficult to get objective, accurate and up to date numbers. However, according to the most recent statistics realized by National Statistics Institute and the Ministry of Labour, Family, Social Protection and Elderly, the social economy in Romania includes a number of approximately 70,000 registered organizations, out of which about 25,000 have been identified as active organizations, registered in the National Statistics Institute.

- Associations and Foundations are the most representative segment of social economy in Romania, both numerically (more than 23,000 active organizations in 2009) but also from the income point of view or the number of people employed.

- Even though it represents only 11% of the total number of nongovernmental organizations, organizations that have economic activities total 44% of the income, and 47% of the activities of the nongovernmental sector. The income that comes exclusively from economic activities (direct sales or public contracts) experienced constant growth, reaching a value of 792 million lei at the end of 2009. Economic activities therefore represent 18.5% of the total income of nongovernmental organizations.33

- Although we have this data about social economy and income generating activities of nongovernmental organizations, we can’t conclude that these are all social enterprises. In other words, not all association and foundations provide products and services continuously in a financially sustainable manner; some have occasional economic activities with the main purpose to generate revenues. Furthermore, this approach does not consider other types of entities that social enterprises might take such as in the case of for profits.

- One statistic we can use is the number of social enterprises created through EU funded projects. From 2011 till 2012, there were 261 new social enterprises created through EU funds. These generated 4,684 jobs.34

Table 1: Key data on size of social enterprises (Source: SELUSI, 201235)

<table>
<thead>
<tr>
<th>Key Data</th>
<th>Organizational age</th>
<th>Number of employees</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>cca 60% older than 10 years</td>
<td>61% 1-10 employees</td>
<td>9% above 1M revenues</td>
</tr>
<tr>
<td></td>
<td>cca 40% between 5 and 10</td>
<td>30% 11-49 employees</td>
<td>41% less than 80,000 EUR revenues</td>
</tr>
<tr>
<td></td>
<td>years old</td>
<td>9% 50-249 employees</td>
<td></td>
</tr>
</tbody>
</table>

33 INS data found in Atlasul Economiei Sociale, FDSC, 2011
34 http://www.ies.org.ro/info-stiri/vrs/lDstire/854/t/dmi-6-1-dezvoltarea-economiei-sociale
Sectors and regions in which social entrepreneurs are active

Industrial sector

The distribution of CAEN codes (NACE-Classification of Economic Activities in the European Community) emphasizes the fact that social enterprises in Romania operate in a multitude of fields with the most representative from a statistical point of view being the following: cultural activities (including sports and religious activities), activities of service delivery, health, education and financial intermediaries.

![Activity Fields](image)

**Figure 1: Social enterprises – activity fields (NACE sections)**
*Source: National Statistics Institute, 2011*

Regional level

According to the National Statistics Institute, social economy entities, including social enterprises, are present in all areas of Romania; associations and foundations have a wider presence in the regions which are better developed (centre, Bucharest-Ifov or North-West) whereas cooperatives are better represented in areas that are fairly underdeveloped (North East and South East).
Figure 2: Regional distribution of social economy in Romania in 2009
Source: National Statistics Institute, 2011

Recent developments in social entrepreneurship

- Even though cooperatives seem to be decreasing in number, the social economy sector presents overall positive growth over time.

- Interest in the sector is reflected in the growing number of applications received in dedicated programs such as the NESsT Social Enterprise Competition and Fabricat in Tara lui Andrei, the biggest Social Enterprise Competition powered by Petrom in partnership with NESsT. In 2013, there were almost 600 applications received for these two programs. At the end of both programs there were 12 social enterprises awarded with a grant to start or develop their business.

- Even though the concept of social enterprise is still under debate and there is no legal framework for this field in Romania, from NESsT experience working in this area since 2007 both as a practitioner and thought leader, new social enterprises initiatives demonstrate increasing quality. This is due to the increasing information about the concept, the training programs available through EU funds and the showcasing of concrete practices presented by key players in the field, through both local and foreign examples.
7. Russia - Key facts and figures on social entrepreneurship

Definition and common understanding of social enterprise

- The concept of social entrepreneurship was introduced only recently into the discussion in Russia.
- Currently social entrepreneurship in Russia is going through a transition. Social entrepreneurs are becoming aware of the concept and start identifying themselves as part of this movement. Also in general, social entrepreneurship is gaining popularity.
- The notion of social entrepreneurship has attracted some attention in Russian society. However there is no common understanding of what it is, either among the general public or in legislation, and therefore there is no common definition.
- Experts believe that following the strict definition of social entrepreneurship from the literature could result in finding no social entrepreneurs in Russia at all. They suggest relaxing the criteria that are included in the definition.

Size of social enterprise

There is no reliable statistical information on social entrepreneurship in Russia, as the notion is very new for Russia and there is no consensus on the definition. However there are some estimates based on sample surveys.

- Size of the sector
The level of social entrepreneurial activity in Russia is among the lowest, compared to other countries, only 1.2% of the adult population undertake it.

- Organizational age

Table 1: Social Entrepreneurship Prevalence Rates as a Percentage of the Working Population in 2009, by Region and Enterprise Maturity

<table>
<thead>
<tr>
<th>Enterprise Maturity</th>
<th>Prevalence Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early stage social enterprises</td>
<td>0.86%</td>
</tr>
<tr>
<td>Out of which:</td>
<td></td>
</tr>
<tr>
<td>Nascent social enterprises</td>
<td>0.39%</td>
</tr>
<tr>
<td>New social enterprises</td>
<td>0.46%</td>
</tr>
<tr>
<td>Established social enterprises</td>
<td>0.38%</td>
</tr>
<tr>
<td>Social enterprises, total</td>
<td>1.23%</td>
</tr>
</tbody>
</table>

As in other countries the share of new and early stage social enterprises in Russia is higher than the share of established social enterprises.

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• **Number of employees**\(^{38}\)

Average number of employees is 33, however this number is probably biased due to the very small sample size of the survey.

• **Revenues**

Due to a lack of data no information on revenues is available.

• **Other information**\(^{39}\)

Unlike most other countries, in Russia women are more likely to start a social venture than men.

**Sectors and regions in which social entrepreneurs are active**

• **Sectors**

Due to a lack of data no information on sectors is available.

• **Regional level**\(^{40}\)

Surveys show that there are social entrepreneurs in various regions of Russia (i.e. Samara region, Kaluga region, Voronezh region, Permskiy kray, etc.). However there is no information yet on their distribution.

**Recent developments in social entrepreneurship**

• The notion of social entrepreneurship has only recently been introduced in society and is now in the process of development.

• Some funds, supporting social entrepreneurship in Russia, have appeared. Their aim is to reveal the existing social entrepreneurs, to support starting projects and the popularization of the concept.

• There is a rise in the discussion of related topics, such as inclusive education and access to buildings and organizations for the disabled.

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8. Spain - Key facts and figures on social entrepreneurship

Definition and common understanding of social enterprise

- For the last four decades, the term of “social economy” (economía social) was generally used to refer to income-generated business with social purposes, such as cooperative firms, voluntary organizations, foundations and pure not-for-profit organizations;

- The Spanish government has played an important role in promoting social economy, by creating key-institutions, like the General Directorate for the Promotion of Social Economy and the European Social Fund and by formalizing agreements on social economy with each of the 17 autonomous communities. At the regional level, there have been recorded activities to raise awareness on this topic. For example, in Catalonia, the regional government (Generalitat de Catalunya) represents an active actor in identifying and supporting social entrepreneurs, aiming to scale up the social enterprise activity in this region. Recently, many financial institutions (banks like LaCaixa, BBVA – Momentum Project, Banesto) have developed projects to promote and sustain social entrepreneurship;

- The 2011 Law on Social Economy[^41] (No. 5/2011) defines social enterprise as part of social economy and not as a distinctive institutional form. According to this law, social enterprises should be guided by the following principles: (1) primacy of mutual or public benefit (social) statutory goals over generating profits; (2) democratic, transparent and participatory governance; (3) benefits generated from the organization’s economic activity principally distributed based on the work performed and services rendered by their members, or based on public benefit (social) goal of the organization, where appropriate; (4) independence from public authorities (i.e. voluntary, private legal entities); (5) commitment to internal and external solidarity, local development, social cohesion, inclusion and sustainability[^42];

- The Spanish legal framework for social enterprise distinguishes between 3 institutional forms: Social Initiative Cooperatives, Labor Insertion Companies and Public Benefit Organizations. Nevertheless, there are many types of legal entities that act under these three main legal forms;

- Nowadays, the term of “social entrepreneurship” (emprendimiento social) is being used by different actors from academics to public institutions or financial institutions. There are an increasing number of studies and projects designed to enrich the understanding of this concept, such as the SELUSI and WILCO FP7 projects.

Size of social enterprise

- According to the data gathered by CIRIEC International[^43] (2012), for the project “The Social Economy in the European Union”, there are approx. 200,768 social economy organizations, Spain ranking 3rd in the European Union, with a social entrepreneurship employment share between 2% and 5%.[^44]

- According to GEM, in 2009, Spain recorded one of the lowest rates of social entrepreneurship among adult population (0.53%).

[^41]: This was the first European law on Social Economy.
[^43]: International Center of Investigation and Information on Public, Social and Cooperative Economy
[^44]: Social economy and social entrepreneurship Social Europe guide | Volume 4
Table 1: Social Entrepreneurship Rates in Spain (GEM report on Social Entrepreneurship)

<table>
<thead>
<tr>
<th>Spain 2009 - Social Entrepreneurship Prevalence Rates as a Percentage of the Working Population</th>
<th>Nascent Social Entrepreneurship</th>
<th>New Social Entrepreneurship</th>
<th>Early-Stage Social Entrepreneurship</th>
<th>Established Social Entrepreneurship</th>
<th>Total Social Entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.37</td>
<td>0.19</td>
<td>0.55</td>
<td>0.39</td>
<td>0.91</td>
</tr>
</tbody>
</table>

Table 1: Social Entrepreneurship Rates in Spain (GEM report on Social Entrepreneurship)

- According to the SELUSI project, the majority of the social enterprises active in Spain are mature organizations and 33% of those function on a small personnel basis, employing less than 10 FTEs.

Table 2: Key data on size of social enterprises (SELUSI Project, N=136)

<table>
<thead>
<tr>
<th>Key Data</th>
<th>Organizational age</th>
<th>Number of employees</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.48% - less than 1 year</td>
<td>33% - less than 10 FTE</td>
<td>54% above 1 mil € revenues</td>
</tr>
<tr>
<td></td>
<td>9.55% - between 2 and 4 years</td>
<td>27% - 10 to 49 FTE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>23.52% - between 5 and 10 years</td>
<td>20% - 50 to 250 FTE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31.61% - between 11 and 20 years</td>
<td>20% - more than 250 FTE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>33.82% - more than 20 years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sectors and regions in which social entrepreneurs are active

**Industrial sector**

According to the data gathered during the SELUSI project, Spanish social enterprises identify their primarily business activities with three main industrial sectors: business activities, health and social work and education services. 94% of the organizations interviewed declared that they have more than one activity. Almost 22% declared having up to 4 main activities.

The “business activity” and “health and social work” sectors are on top for social enterprise activity amongst all the countries included in the SELUSI project (United Kingdom, Sweden, Romania and Hungary).

As we see from the SELUSI data, many social enterprises belonging to the “business activities” sector channel their activities towards social or environmental goals such as: recycling cooking oil, commercializing ecologic products, selection and waste management, gardening and socio-ambient care or legal consulting.

47 Idem (N=139).
Social sector

22% of social enterprises interviewed are active in employment and training sector. The high level of unemployment (especially youth unemployment and long term unemployment) and the large number of immigrants Spain has been facing during the economic crisis have led to an increase of the number of work integration-based organizations.

Before the crisis, Spain was confronting with a high level of school drop-outs (young people who were dropping school to go work in constructions). According to a CCOO\(^\text{48}\) study: the dropout rates have lowered: for 18-year-olds it went down from 25.5% to 15.7% between 2008 and 2012, and for 24-year-olds, it went from 34.3% to 31.2%. Therefore, more and more centers for employment and training have been opening.

Regional level

There are 17 autonomous communities in Spain, each with significant social enterprise active organizations present. Nevertheless, it seems that the most active regions are: Cataluña, Madrid, Andalucía and País Vasco\(^\text{49}\).

Recent developments in social entrepreneurship

*I believe it is very important to be able to exchange experiences, knowledge and wisdom ... it would be great to know how other entities work and be able to learn from them. There is a need for a transnational and European knowledge exchange."

- SELUSI interview (2010)

- The 2011 law on social economy provided a legal framework for social enterprises to operate and at the same time, recognizing that there are also other institutional forms of

\(^{48}\) Confederacion Sindical de Comisiones Obreras.

\(^{49}\) According to several articles and checking their level of representations for Momentum Project, Obra Social LaCaixa.
choice for social entrepreneurs, apart from cooperatives. Still, a specific regulatory framework for social insertion companies at the national level is needed.

- At the end of 2011, UpSocial, together with a number of organizations and institutions, presented to all representative parliamentary groups a proposal regarding the legislation for social entrepreneurs and for the promotion of innovation. The text included three recommendations:
  - The creation of an institutional form, Sociedad Limitada de Interés General (Limited Society of General Interest) as a new juridical form that combines the advantages of a traditional Limited Society regarding access to financing and capital, with the fiscal advantages of entities with social goals.
  - The creation of fiscal incentives for “impact investors”, in order to transform them into a catalyst for social entrepreneurship and social innovation.
  - The creation of a fund destined to finance social R&D in Spain, in areas such as employment, health, education or social inclusion.

- There has been an increasing interest in social entrepreneurship from public authorities, especially at a regional level. Several communities, like Cataluña (“Emprenduría social”) or the Basque Country (“Silicon Valley of Social Innovation”) have developed ongoing projects aiming to identify and connect social entrepreneurs.

- Moreover, academics and researchers have been designing master’s programs and curriculum in order to address the concept of social entrepreneurship and to get a better understanding of its actors and landscape. Some examples:
  - the project “Doing good, doing well”, by IESE
  - the foundation of the Social Innovation Institute, by ESADE
  - the MBA on Social Entrepreneurship, by UOC (Open University of Catalonia).
9. Sweden - Key facts and figures on social entrepreneurship

"We have a word for social entrepreneurs in Sweden. They’re called ‘Stipsters’ — it means startup hipsters”

- Johan Wendt, the entrepreneur behind world-leading Scandinavian social enterprise Mattecentrum (The Guardian, 12th of March 2014)

Definition and common understanding of social enterprise

• There is currently no legal definition in Sweden for “social enterprise”. The legal form “Aktiebolag med Särskild Vinstutdelningsbegränsning” (henceforth SVB), translated as: “Limited company with a special dividend restriction” is not typically used.

• Social entrepreneurship is twofold in Swedish and consists of “Samhällsentreprenör” and “Social Entreprenör”. The first, ‘Societal Entrepreneur’ describes someone who takes an innovative initiative to enhance society in any way. The second word focuses more purely on the term ‘Social’ and denotes innovations that aim to improving the society for people. By definition, the latter comprises a subset of the first.

• Interestingly, the commonly interchangeable use of the terms social enterprise and WISE come from two separate developments in Sweden: Firstly, the renaming of historical workers’ cooperative; and secondly the effort to catalogue Work Integration Social Enterprises (henceforth WISE) (Swedish: Arbetsintegrerande Sociala företag) initiated by Tillväxtverket (the Swedish Agency for Economic and Regional Growth).

• Although the terms (i.e.: social enterprises, social entrepreneurship and innovation) are newly introduced and sometimes confusingly used in media and political discourse, there is a common understanding among those active in the field (within social enterprises, their networks and public agencies, etc.) regarding their meaning.

Size of social enterprises

• There are no all-encompassing official statistics of social enterprise in Sweden. It is therefore not possible to provide exact numbers. In Sweden, social enterprise exists and emerges at the intersection of three recognised traditional sectors (i.e. the Public sector, and the Non-profit and Commercial Sectors), forming the “fourth new sector”.

• Tillväxtverket counted that there are now 310 WISE by 2013. There has also been a substantial decadal growth in numbers.

• There are considerable differences in the number, size and organisational age of social enterprises across the regions in Sweden. There is a tendency to spread the concept over the country where small new players are spinning-off geographically rather than one expanding in a given location (with regional subsidiaries). This, together with an overall rejuvenation of the sector, has explained the general trend of new small social enterprises.

• The vast majorities of young social enterprises (1-4 years old) are very small or have no revenue as of yet, with just one or two Full-Time Equivalent workers (henceforth FTE).


• The number of employed and associated volunteers likely varies widely across the industrial sectors. The social sector involves more volunteers per FTE.

Table 1: Stylized Facts (key data extracted from SELUSI report, 2010)

<table>
<thead>
<tr>
<th>Organizational Age</th>
<th>Number of Employees</th>
<th>Total Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>44% older than 10 years</td>
<td>n=93</td>
<td>52% less than 10 FTE n=89</td>
</tr>
<tr>
<td>29% between 5-10 years</td>
<td></td>
<td>11% more than 50 FTE, where 3% have more than 250 FTE</td>
</tr>
<tr>
<td>27% younger than 5 years</td>
<td>Mean age: 16.4 year</td>
<td>40% made more than 1M EUR n=83</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28% made less than 80k EUR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Median revenues: 476 390 EUR</td>
</tr>
</tbody>
</table>

Table 2: Tentative recent changes (Impressions from interviews in March, 2014)

<table>
<thead>
<tr>
<th>Organizational Age</th>
<th>Number of Employees</th>
<th>Total Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewal of the sector with many social enterprises forming in the last 2 years; many still under umbrella organisations (likely not yet visible in official statistics).</td>
<td>Current change towards small social enterprises with 1-2 FTE.</td>
<td>Trends in smaller revenues due to renewal of the sector.</td>
</tr>
</tbody>
</table>

Sectors and regions in which social entrepreneurs are active

• Differences in societal issues shape the sectors in which social enterprises are active across the nation.

• From the SELUSI (2010) project:
  o 76% of the 94 respondents were active in 5 main industry sectors52: Agriculture, Hunting, Forestry and Fishing (34%); Construction (18%); Community, Social and Related Services (17%); Education (16%); Health and Social Work (15%).
  o The top Social Sectors in Sweden are: Philanthropic intermediaries and Voluntarism promotion; Environment (including organic goods); Economic, Social and Community Development, all comprising almost a quarter of the Social Sector respectively.

• Notably, the “other Education” and “other Health services” also constitute a rather small share of the total social sub-sector (10 and 5 percent, respectively). However, given the recent availability of initial seed-money, the Environment and the Philanthropic sub-sectors may decline proportionally relative to the Social and Community Development sector and the innovative educational sub-sector.

• At the national level, governmental support has targeted the Health- and Work Integration Sector with special attention to marginalised groups’ and youth unemployment.

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52 percentage within the 5 main sectors
• Social enterprises are still overrepresented in the bigger Swedish cities and vicinities (Stockholm, Gothenburg and Malmö). However, a recent strong emphasis in several other regions has led to thriving social innovation and social entrepreneurship there. Examples include the increasing prevalence of social enterprises in Norrköping, Skåne, Värmland and Blekinge. Several municipalities in the northern parts of Sweden have successfully promoted WISE (e.g in Gällivare and Älvsbyn).

Recent developments in social entrepreneurship

There is currently an explosion of social enterprise initiatives in Sweden. Swedes are usually said to be “trend-sensitive”, and it is certainly trendy to be a social entrepreneur in Sweden at the moment. There has been both a widening and deepening of the field in the past 4 years. Below are some of the most important latest developments:

• There has been a recent increase in the number of support-organisations for social enterprises. These organisations can be seen as intermediaries, where they link the social enterprises to potential investors or financiers; create networks, platforms and organise seminars, support with business and operational models, offer incubator programs or evaluate social impact. This makes the social enterprise sector more of a full-fledged sector. It is now possible for established intermediaries (in the field for more than 10 years) to support social enterprises with a Swedish rather than an international focus. The middle-aged intermediaries are now starting to be able to evaluate their first wave of projects and are taking advantage of their competencies and national and international networks. The new intermediaries are benefiting from the experience made by these organisations and usually specialise in one specific area. For example, helping social enterprises sell their services to the Public Sector (e.g. Inkludera Invest), creating networks for sub-groups such as second-hand shops (Ideell Second Hand), creating incubator programs for very young social enterprises (CSES) or helping social enterprises create operational business models or social impact indicators (Social Initiative). Many of the intermediaries also constitute a hybrid between universities that undertake studies and policy discussions in their specific field, business coaches and umbrella-organisations. We are aware of at least 10; LUSIC, Sfinx, Tillväxtfaktor-x, and Glokala folkhögskolan are just some of them.

• The inclusive business register (Företagsregistret) managed by Statistics Sweden is a database coded by the main industry of production comprising near all companies and organisations in Sweden. Yet no attempt has been made to enable extraction of social enterprise. Recently, there have been a few data-collection-oriented projects in Sweden. Statistics Sweden (SCB), Tillväxtverket (the Swedish Agency for Economic and Regional Growth) together with research-fellows from the Stockholm School of Economics will complete a project in 2014, aiming to map and make visible many more of the social enterprises active in Sweden.

• We see a renewal of the sector; both in terms of rejuvenation of entrepreneurs behind the social entrepreneurs and in the ways in which the enterprises are operating. This is evident from the interest among young entrepreneurs with no history in any sector.

• Many new sources of financing are currently developing in Sweden, while previously there were few. Discussions about current alternatives include: Crowd-Funding, Impact Investment, Micro-funding, Regional Investment funds, and Social Impact bonds. Few financing solutions still come from the purely private sector.

• There is a general trend to focus on Swedish problems rather than on International aid and poverty issues.

Measurement of social impact is still debated and pragmatic approaches are used meanwhile, since the process has been slow in reaching any consensus on this topic.
10. UK - Key facts and figures on social entrepreneurship

Definition and common understanding of social enterprise

- Two elements generally characterise social enterprises regardless of legal form: the focus on predominantly social or environmental objectives and acting in an entrepreneurial manner through generating at least part of the organisations' income from trading.
- The term “social enterprise” is widely used in the UK by public authorities, academics, media outlets and the general public to refer to a variety of organisations focused on creating social impact or delivering public services. Other terms used to refer to social enterprises are community enterprise, CIC (community interest company), mutual, and social venture.
- The Department for Trade and Industry (DTI) first defined the term “social enterprise” in 2002 in a more specific manner 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 maximise profit for shareholders and owners.”
- Social Enterprise UK, the national body for social enterprises, defines “social enterprise” as an autonomous, transparent and accountable organisation with a clear social and/or environmental mission that generates majority of its income through trading and reinvests majority of its profits.
- There are a variety of legal forms that social enterprises in the UK adopt. The legal form specifically designed for social enterprises is community interest company (CIC). However, social enterprises also operate under eight other legal structures or use combinations of them. These legal structures include being a sole trader or partnership (i.e. not incorporated), incorporated as a limited company or company limited by guarantee, as independent provident society (either for mutual benefit or community benefit), trust, charity, or as a subsidiary of a charity.

Size of social enterprises

- The number of social enterprises in the UK is ambiguous for two reasons. First, social enterprises operate under a variety of legal forms. Second, the DTI definition of social enterprise has been operationalised differently in four government-sponsored studies.
- Based on the 2012 Small Business Survey, which only includes commercial businesses and not charities, the Cabinet Office estimates that the number of social enterprise employers is between 57 400 and 82 700. Social enterprises defined this way are mostly micro or small enterprises, however, they are a significant economic actor. Including sole traders, social enterprises employ over 2 million people and their turnover is over £169bn.
- Based on a national representative sample, the Global Entrepreneurship Monitor, an international research consortium, estimates that about 4.2% of the UK adult working population is actively involved in socially entrepreneurial start-up activities.
- Based on a national representative sample, the RBS Enterprise Tracker survey, in association with UnLtd, suggests a fifth (19%) of aspiring entrepreneurs would chose to start a social enterprise.53

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In 2009 the UK SELUSI survey adopted an inclusive definition of social enterprises, i.e. independent of legal form, and surveyed organisations with a social objective that were also actively trading in the marketplace. It confirmed that social enterprises are a diverse set of organisations ranging from small to large in size with substantial employment generation and annual revenues (see table below). It showed that there is a substantial number of mature organisations operating at scale.

Table 1: Key data – Age, size and revenues of social enterprises in the UK (SELUSI, N=168)

<table>
<thead>
<tr>
<th>Organisational age</th>
<th>Number of employees</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% younger than 4 years</td>
<td>52% 1-9 employees</td>
<td>12% under 80 000 EUR</td>
</tr>
<tr>
<td>34% between 5 and 10 years</td>
<td>34% 10-49 employees</td>
<td>27% 80 000 – 199 999 EUR</td>
</tr>
<tr>
<td>36% older than 10 years</td>
<td>8% 50-250 employees</td>
<td>27% 200 000 – 499 999 EUR</td>
</tr>
<tr>
<td></td>
<td>18% 250+ employees</td>
<td>15% 500 000 – 999 999 EUR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>19% 1M+ EUR</td>
</tr>
</tbody>
</table>

Sectors and regions in which social entrepreneurs are active

**Industrial sector**

Sixty-eight per cent of the social enterprises in the SELUSI survey reported primary revenue generating activities in various service sectors including financial and real-estate, business-related, health, social and community services and education (see graph below).

Figure 3: Revenue generating activities of social enterprises in the UK by sector (SELUSI, N=168)

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55 Ibid.
Social enterprises in the SELUSI survey focused their social impact activities across a wide range of social sectors (see graph below).

![Figure 4: Impact generating activities of social enterprises in the UK by sector (SELUSI, N=168)](image)

**Regions**

- Social enterprises are more likely to be found in the deprived or rural areas of the country, according to the State of Social Enterprises Survey 2013 conducted by Social Enterprise UK.\(^\text{56}\)

- The relationship between social entrepreneurship activity and deprivation is not straightforward and some evidence shows that setting up social enterprises in the most deprived areas of the country is still challenging.\(^\text{57}\)

- Geographically, there is a higher proportion of social enterprises in London, the North East and the South West.

- Majority of social enterprises work locally: 23% in their community; 15% in one local authority; 15% in several local authorities; 21% on a national level; and 11% export or licence their offering.\(^\text{58}\)

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Recent developments in social entrepreneurship

- The implementation of the Public Services (Social Value) Act began in January 2013. The Act requires that all public authorities consider how their procurement might improve the social, environmental and economic well-being of their communities, thus increasing demand for the offering of social enterprises. The Act will also put pressure on social enterprises to demonstrate their social impact in clear terms.

- Support for social enterprises is becoming more specialised and focused on different regions (e.g. North of England); sectors (e.g. education, technology, health, public services, corporate social venturing); and types of social entrepreneurs (e.g. women and youth). Similar specialisation is occurring in the social impact investment market. This demonstrates that the field is maturing and support organisations and the market are recognising its diversity.

- The UK government has introduced a 30% tax relief to encourage investment in social enterprises. In particular, it is intended to stimulate unsecured investments to asset-locked bodies (such as charities and community interest companies). Alongside this tax relief, the government also reformed the CIC limited by shares legal structure, removing the dividend cap and leaving just an aggregate cap that limits total dividend payments to 35% of profits. This is intended to enable CICs to reward investors whilst ensuring a large majority of profits are retained and used for their social purposes.

- A growing number of policies and initiatives encourages public service spin-offs: 65 spin-offs currently deliver around £1bn of public services. These spin-offs are often employee-owned mutuals, and thus another example of the diversity of the field and the inclusive and participatory practices of social enterprises.\(^{59}\)

- Universities are increasingly more involved in the field. Social entrepreneurship is covered in a variety of relevant modules and some universities are working on embedding social entrepreneurship across the curriculum. Universities also provide support services to social entrepreneurs from their student bodies and communities.

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