3 A New Typology of Social Enterprise in Finland

Capturing the Diversity

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Introduction¹

Research on social enterprise (SE) is often introduced by referring to different schools of thought (Defourny and Nyssens 2010); other analyses refer to different models, either within a country (Kerlin 2006) or within and across countries (Defourny and Nyssens 2017). Such analyses enable comparisons between regions and discussions about developments in the SE field; however, they might not capture the diversity within regions. This paper aims to capture the diversity of contemporary social enterprises in Finland by analysing to what extent Finnish social enterprises correspond to SE models identified in previous research and to what extent they represent reactions to changes in the institutional environment and to new types of socio-ecological challenges.

In order to answer these research questions, we review the institutionalised and non-institutionalised forms of social enterprise in Finland. They are influenced by social-economy traditions, changes in SE-related legislation and recent developments in the understanding of the role of businesses and the economy in general. To illustrate our findings, we present four concrete examples—cases illustrating the new typology of social enterprise in Finland that we had put forward in a previous publication (Kostilainen *et al.* 2016) and on which we base our analysis here. The proposed typology includes four categories: (1) social enterprises providing public (welfare) services; (2) emerging alternative economic initiatives; (3) impact businesses and “smart-ups”; and (4) social-impact redistributors. We argue that this newly developed typology reflects the diversity in the contemporary field of Finnish social enterprises in more detail than earlier categorisations did.

This chapter proceeds as follows. First, we review the context in which social enterprises operate in Finland. We then provide an overview of the institutionalised and non-institutionalised forms of social enterprise in the country. In the third section, we present the new typology of social enterprise in Finland, as well as four emblematic examples illustrating the different types of social enterprise. In the fourth section, we discuss

social-value creation in different aspects of social enterprises' activity, before analysing our typology in relation to the findings generated by the ICSEM project.

3.1 The Finnish Context for Social Enterprises

Finland is one of the North European welfare states—the others being Denmark, Iceland, Norway and Sweden. The Nordic countries are known for their universalist welfare states, which guarantee equal opportunities for all citizens. According to Hjorth (2008), the characteristic elements of the Nordic welfare states include high women representation in the national parliaments, compared to other European countries; a wide offer of government services, enabling citizens' individual independence; and higher birth rates than in Southern Europe, due to government support for parenthood.

As in other Nordic countries, in Finland, the government has had—and still has—a central role in providing services for its citizens. These services are funded through taxes, which are legitimised by the wide-ranging availability of public services. This welfare-society policy is one of the reasons that can account for the slow development of social enterprise in the country; the state—rather than social enterprises—has been taking care of services to its citizens. There has been a strong political will to promote education, health care and equal opportunities, with an emphasis on the state and municipalities as producers of these services.

3.1.1 Social-Economy Organisations in the Finnish Welfare State

In Finland, there exists a long tradition of social-economy organisations—that is, cooperatives, mutual societies, associations and foundations—carrying out economic activities; this tradition can be traced back to the late 19th century (Pättiniemi 2006). The role of traditional social-economy organisations has been—and still is—strong and recognised, *inter alia* through legal frameworks² and dedicated financial instruments, such as the Funding Centre for Social Welfare and Health Organisations (STEA), whose predecessor, Finland's Slot Machine Association (*Raha-automaattiyhdistys*, or RAY), was established in 1938 to finance social and health-care associations (Kostilainen and Pättiniemi 2013: 40).

The traditional forms of social-economy organisations fought inequality and fostered social and economic development. Social-economy organisations emerged where there was a lack of vital services and resources were scarce. The role of social-economy organisations changed when the welfare state emerged, developed and matured, in the period that extended from the 1940s to the 1980s. Some social innovations implemented by these

traditional social-economy organisations were transferred to the municipalities, which took over the responsibility of organising and financing most of the universal welfare-service functions, while traditional social-economy organisations maintained their role as service providers to meet various specific needs of different vulnerable groups, such as people with hearing, speech or a visual impairment, disabled war veterans, people with respiratory problems and several other groups (Kostilainen and Pättiniemi 2016: 60).

3.1.2 Evolution of New Social Enterprises

There is no common definition of social enterprise in Finland. The different types of social enterprise, as well as their activities and tasks, have been evolving in the welfare state since the recession that hit the country in the beginning of the 1990s. Kostilainen and Pättiniemi (2016) identified four phases of social enterprise's recent evolution in Finland: (1) social enterprises as a social movement; (2) social enterprises as a labour-market measure; (3) social enterprises as a vehicle for renewing welfare-state services; and (4) institutionalisation of SE concepts. The institutionalisation was achieved through the Act on Work-Integration Social Enterprises and the implementation of the so-called "Social Enterprise Mark" (see section 3.2). Social enterprises are now expected to combine the business skills of the private sector with a strong social mission, producing social innovations that might play an important role in delivering public (welfare) services and in labour-market integration.

After the turn of the millennium, a social enterprise started to raise more interest. Some consider social enterprises as potentially more appropriate service providers than private companies (see, e.g., Bland 2010). Especially in health and social services, where national and local governments are reducing their own production of services, the need for alternatives has become intense. The target being improved efficiency, the services are outsourced to non-governmental organisations and private companies. According to critics, this trend towards outsourcing to private companies is problematic, in that it makes it possible to redistribute the profits generated to the shareholders at the expense (at least to some extent) of citizens and taxpayers. In comparison to purely market-oriented providers, social entrepreneurship is thus seen as a better solution, since social enterprises may include clauses limiting profit distribution and consequently ensure that profits are used for developing the social mission of the organisation.

It could thus be considered that the provision of welfare services is now "returning" to the civil-society organisations that had previously developed and taken care of these services. However, the public sector has changed, and so have civil society and the private sector.

Social entrepreneurship is also seen as a means to enhance sustainability in deprived urban and rural areas. These areas may suffer from depopulation and diminishing employment possibilities. The local activities aiming to fight these trends mobilise the local people and empower them to contribute to their own community (Pearce 2003). However, critics point out that rural areas, which are not densely populated, may not offer the necessary conditions for any commercially related activity to be sustainable without government support (Pihlaja 2010). At the moment, the 311 Finnish municipalities are responsible for organising health and social services; the government (2015–2018) had committed that, in connection with the health and social-service reform, this responsibility would be transferred to the counties. As part of this reform, clients' freedom of choice would have been increased—"freedom of choice" refers to the fact that clients have the right to choose where to get health and social services, by using, for example, service vouchers and personal budget. The planned reform also provided that publicly funded health and social services would be provided by public, private and third-sector operators, such as associations and foundations; such marketisation of public social and health-care services would open up chances for different types of enterprises to become service providers. The reform also concerned business advice and employment services. Although the reform finally did not take place, the measures that it foresaw will most likely serve as a basis for further negotiations in the future. Experiments are currently being conducted to apply social-impact bonds and social clauses in public procurements. Social enterprises are also trying to find their niche in this marketisation of welfare and employment services.

In Finland, the growing body of small enterprises and entrepreneurs see business opportunities in solving contemporary complex socio-ecological problems (Houtbeckers 2014). For some, social entrepreneurship is a more meaningful career choice than the work in large, established organisations, whose activities may be seen as unethical or where work contracts can be unstable (Demos Helsinki 2010). Additionally, working as a social entrepreneur or having a job in a social enterprise constitutes ways through which the workers can contribute back to society (see, e.g., Elkington and Hartigan 2008).

3.2 Institutionalised and Non-Institutionalised Social Enterprises

Based on our understanding of the field, we divide Finnish social enterprises into two major categories: institutionalised and non-institutionalised social organisations. Institutionalised (see table 3.1) social enterprises include work-integration social enterprises and organisations that have been awarded the "Social Enterprise Mark" label. Work-integration social enterprises (*sosiaalinen yritys*) offer employment to the disabled and the long-term unemployed; they are regulated by Act 1351/2003. The second

Table 3.1 Key figures about institutionalised social enterprises
(November 2019)

	No. of enterprises	Total turnover	No. of employees
Work-integration social enterprises ³	26	About €9 million	About 100 target beneficiaries
Social enterprises with the Social Enterprise Mark label ⁴	240	About €5.2 billion	About 23,600

group is formed, as just mentioned, by the enterprises that have been granted the Finnish Social Enterprise Mark (*yhteiskunnallinen yritys*) label; this label is intended for businesses that aim to address social or ecological problems and which promote social aims, reinvest the majority of their profits to promote their social or environmental aims, and have an open and transparent business model.

Given the needs of Finnish society and the priorities according to which available funding is allocated, the government’s focus in terms of SE development has been on work-integration and welfare services provision. Simultaneously, social enterprises are diversifying their activities and finding new fields of action.

There are reliable data only on institutionalised forms of social enterprise in Finland: the register of work-integration social enterprises is updated frequently by the Ministry of Economy and Employment, and the Association of Finnish Work holds an up-to-date register of Social Enterprise Mark organisations. By contrast, criteria and data about the non-institutionalised spectrum of social enterprises—initiatives producing social value through their products or services, mostly in the field of social services and welfare—and their impact remain insufficient, thus resulting in the “invisibility” of these organisations and in ignorance of their specific features and needs.

Non-institutionalised forms of social enterprise include new cooperatives, private work-integration organisations, social- and welfare-service organisations (owned by associations and foundations), and soci(et)al-impact-oriented small businesses (“smart-ups”). The Research Institute of the Finnish Economy conducted a comprehensive survey (Kotiranta and Widgrén 2015) to analyse the state of social enterprise in Finland; the study estimated that there were around 19,000 self-identified social enterprises in Finland, employing about 125,000 persons. Despite the lack of institutional support for these organisations, practitioners and researchers consider them to be part of the SE field in Finland, for reasons explained below.

The old cooperative movement has a distinct history in Finland, which we do not cover here; it should however be mentioned that “old”

cooperatives can also be—and usually are—considered as social enterprises. Compared to “old cooperatives”, “new cooperatives”, which emerged in the early 1990s, played a more important role in providing employment to the unemployed during the economic crisis that hit the country at that time (Pättiniemi 2004: 5) and thereafter. There are about 1,600 new cooperatives in the country (Pellervo 2015: 67). New cooperatives also play a role in many sparsely populated areas and villages, organising services (e.g., for the elderly) and offering work opportunities to farmers in their spare time and to the unemployed. Some cooperatives are established to offer work opportunities to different groups in culture and arts. Various cooperatives are set up by young people interested in social media and information technologies (Moilanen *et al.* 2014: 105–7). There are about 1,500 water and sewage cooperatives that provide fresh water, mainly to households and farms, and play an important ecological role, protecting the environment. Although new cooperatives are marginal compared to the overall number of companies in Finland, their work seems to be meaningful in their local areas (Pihlaja 2010).

In the Finnish inclusive welfare system, there are some “special-need areas”, in the fields of social, welfare and work-integration services, where the provision is ensured by specific associations and foundations. These organisations have been established to provide services to their members and/or target groups. They have emerged in three waves: first, during the early urbanisation and industrialisation stage, from 1860 to 1920 (Nygård 2001: 182–9); secondly, after World War II, from 1945 to the 1960s (Nylund and Yeung 2005: 45–6); and finally, from the 1990s up to the present (Kostilainen and Pättiniemi 2013: 43–6). These periods correspond to times of change and fast-growing social needs (Kostilainen and Pättiniemi 2013: 44). In recent years, some of these organisations have separated their voluntary activities from their professional activities by establishing social enterprises, with a view to professionalising their business activities to adapt to ongoing public-sector reform.

Social- or societal-impact-oriented small businesses refer to activities that are legally organised as businesses (limited-liability companies or even publicly listed companies), but which pursue the goal of generating positive social or societal impact. In Finland, there is a growing body of small enterprises and individual entrepreneurs who see business opportunities in solving complex contemporary problems and envisage adopting the legal form of a business organisation as a means to achieve positive social or societal impacts (Houtbeckers 2016a). It is argued that young Finnish professionals in particular want to contribute to solving pressing global problems (Demos Helsinki 2010).

Social entrepreneurs active in sectors dealing with contemporary issues (such as veganism, up-cycle design or open software development) seem to avoid the institutionalised forms of social enterprise (Houtbeckers 2016b). Instead of following the institutionalised models, these social

entrepreneurs choose to work outside such forms; and instead of seeking continuous growth or economic success, they try to balance social and ecological impacts with economic ones.

3.3 New Typology of Finnish Social Enterprises and Illustrative Examples

In this section, we present the new typology of social enterprises in Finland put forward by Kostilainen and his colleagues in a previous publication (Kostilainen *et al.* 2016). The different types of social enterprise identified in this new typology were (1) social enterprises providing public welfare services, which offer a wide range of social-welfare and health-care or employment services; (2) emerging alternative economic initiatives, which are part of the growing sharing-economy trend; (3) impact businesses and smart-ups, some of which are supported by the Slush Global Impact Accelerator programme⁵ and by +Impact by Danske Bank;⁶ and (4) social-impact redistributors, that is, organisations that manage capital to create measurable social and environmental impact alongside financial return.

Between 2016 and 2018, we carried out a study using the analytical framework designed by the International Comparative Social Enterprise Models (ICSEM) Project: we used the ICSEM questionnaire to conduct interviews with the managers of 19 Finnish organisations and matched the interview data with publicly available data. For the purpose of the present chapter, we then chose four organisations (all presented under a pseudonym), each of which is representative of one of the categories of the new typology. The characteristics of these four organisations are summarised in table 3.2. We selected them because their activities adequately reflected the spirit of the category they represented. Moreover, at the time of the writing of the present chapter, they had all been granted the Social Enterprise Mark label; they were thus fairly stable and all belonged to the category of institutionalised Finnish social enterprises—so their SE status was clear.

3.3.1 *Social Enterprises Providing Public (welfare) Services*

Overall Description

Most institutionalised social enterprises—that is, organisations included in the register of work-integration social enterprises maintained by the Ministry of Employment and Economy and those that have obtained the Social Enterprise Mark label—belong to this category. Many non-institutionalised enterprises can also be classified in this category, which has developed due to the transformation of welfare-service provision and to the emergence of a “welfare mix” in the provision of various public services. The public sector (and in particular municipalities) provide the

Table 3.2 Illustrative cases of organisations according to the typology

<i>Typology categories</i>	<i>First type: public-service providers</i>	<i>Second type: alternative economic initiatives</i>	<i>Third type: impact businesses</i>	<i>Fourth type: social-impact redistributors</i>
Illustrative cases (pseudonyms)	Charitable Foundation	Wind Energy Ltd	Employee-owned Interpreters' Cooperative	Impact Investor Ltd
Year of establishment	1867	1998	1999	1940
Organisational form	Foundation founded by a philanthropist	Ltd owned by a group of citizens	Worker cooperative	Ltd owned by the Finnish government
Institutional support	Social Enterprise Mark	Social Enterprise Mark	Social Enterprise Mark	Social Enterprise Mark
Size	Large company	Medium-sized enterprise	Medium-sized enterprise	Large company
Social value⁷	Output-related	Output-related	Output-related	Distribution-related
Mission, products and services and target group	Health and social services for those at risk of social exclusion Housing, rehabilitation, employment support/coaching Drug or alcohol abusers, elderly people, voluntary workers	Production and promotion of wind energy Crowdfunding shareholders/users of wind energy	Enhancing equality Interpreting and sign-language services, online training in sign language People with communication disabilities, interpreters	Organising gaming and lotteries in order to promote and finance Finnish social and health associations, culture and arts, sports, science, services for war veterans, youth work and horse sports
Total assets	~ €275,000,000 (2017)	~ €4,900,000 (2017)	€880,000 (2016)	€1,344,773,577 (2017)

market for organisations in this category through public procurement, service vouchers and other types of contracting. These organisations work mainly in the field of welfare services, but also in work-integration and capacity-building activities.

An Example: “Charitable Foundation”

Charitable Foundation, established in the mid-1990s, forms, together with its subsidiaries, an SE group providing a range of social and health-care services, as well as educational services. The social-value creation of the SE group lies in providing specialised social and health services to the public sector. The group has been granted the Social Enterprise Mark label and it identifies itself as an expert and leader in tackling difficult social issues in the major cities in Finland.

The group’s business model is based on the mission defined by Charitable Foundation’s owner—namely to create new solutions in parts of society where, for one reason or another, people are in danger of falling beyond the reach of conventional services. The social objective of the group is to uphold human dignity by providing help to people at risk of social exclusion.

The foundation operates in accordance with the Finnish Foundation Act (109/1930, amendments up to 487/2015) and its subsidiaries follow company law (Act 349/2017). The SE group is an active player in local, national and international networks, and these are important for the realisation of the group’s mission.

According to the company’s latest available financial statement (2017), the total assets of the SE group amounted to almost €275 million. The profits were around €87 million, mainly due to the fact that the foundation sold one of its subsidiaries to the largest health-care service company in Finland. The group employs about 1,000 professionals and over 2,000 volunteers and people providing peer support to clients.

3.3.2 Emerging Alternative Economic Initiatives

Overall Description

Organisations in this group aim to introduce alternative economic models for providing services that have social impacts or contribute to social change. This group consists mainly of new cooperatives and associations with values related to community development, equality and ecological sustainability. The chosen organisational model is closely linked to the values of these initiatives, although some cooperatives have grown economically strong, compete with private-sector firms, and thus may have fewer connections to the grassroots actors than what used to be the case.

An Example: “Wind Energy Ltd”

In the late 1990s, a group of environmental activists established Wind Energy Ltd, the first Finnish nationwide customer-owned green electricity company producing wind power. Today, it has more than 1,200 shareholders, including private citizens, companies, societies and local communities.

This social enterprise creates social value by producing green energy that is sold only to its shareholders. The company has been granted the Social Enterprise Mark label and it identifies itself as a forerunner promoting sustainable-energy solutions through its unique customer-ownership concept.

The development of the company’s ethical business model was made possible by the liberalisation of the Finnish electricity market. The company’s mission was to create new sustainable solutions to provide green energy. It was achieved by building wind generators and by raising awareness about and advocating for wind-energy experiences among the general public and decision-makers. The growth model has been based on a combination of different funding measures, including *inter alia* crowdfunding and bonds.

The enterprise operates in compliance with company law (Act 349/2017) and it is active in the national network of wind-energy producers. According to its by-laws, the company allocates its surplus to investments in new wind-energy generators. According to the enterprise’s latest available financial statement (2017), the total assets of the social enterprise amounted to almost €5 million, and the profits were around €95,000.

3.3.3 Impact Businesses and “Smart-Ups”

Overall Description

This group consists of organisations with a for-profit legal form—including limited-liability companies, cooperatives and sole proprietorships—that aim for social value or social impacts. While many of these enterprises’ values echo those of emerging alternative economic initiatives, organisations in this third group differ from those in the second category to the extent that they rely on models enabling the accumulation of wealth by a limited number of people, since they do not all have asset locks nor limits on the distribution of profits (the cooperative model being an exception in this regard). In practice, only few of these organisations have become economic success stories; most of them employ and thus support only a limited number of people. This model enables the emergence of new, experimental, and often cross-disciplinary professions via entrepreneurship; such positions would not be supported or would be limited in the public sector or in large organisations.

An Example: “Employee-Owned Interpreters’ Cooperative”

Employee-owned Interpreters’ Cooperative enhances equality by producing interpreting, sign-language-related services to hearing-impaired people, who have a subjective right to receive these services covered by the government. The staff founded the cooperative in order to create a safe, pleasant and innovative working community, in addition to securing a regular income for themselves. All terms and conditions of work are defined in an extensive collective agreement. As one of the largest small-scale cooperatives in Finland, Employee-owned Interpreters’ Cooperative operates efficiently, employing over a hundred interpreters organised in teams.

Employee-owned Interpreters’ Cooperative strives for profitability and follows cooperative law. The enterprise invests in the training and welfare of its staff, and it aims to deliver the best possible quality of work. According to this organisation, decision-making in the annual general meeting is democratic, each member has one vote, and the company operates in accordance with the international cooperative principles, with the aim of actively and legitimately developing the entire interpreting field. Every employee and cooperative member has the possibility to influence the company’s operations. The cooperative has obtained the Finnish Social Enterprise Mark label.

According to the latest available financial statement (2017), the turnover of the enterprise amounted to €4,662,000, and the profits were around €14,000.

3.3.4 Social-Impact Redistributors*Overall Description*

Social-impact redistributors are income generators for social-impact-oriented social organisations belonging mainly to the category of social enterprises providing public (welfare) services (described in subsection 3.3.1). Social-impact redistributors operate solid businesses, generating profits which they re-invest into their other (innovation-oriented) social objectives.

An Example: “Impact Investor Ltd”

Impact Investor Ltd is a Finnish betting limited-liability company. It is owned by the Finnish state and is subject to regulations on limited-liability companies and to the State Shareholdings and Ownership Steering Act (1368/2007). The company’s operations are regulated by the Lotteries Act (1047/2001), according to which the company has an exclusive legal betting license on lotteries and sports betting in the country.

The company’s task is to operate betting in such a manner that the legal protection of those engaging in betting activities is guaranteed,

abuse and criminal activity are prevented, and any economic, social and health-related problems are prevented and reduced.

Betting is estimated to generate nearly €1 billion a year in Finland. The revenue is used for the benefit of Finnish society in its entirety. Beneficiaries are active in the fields of culture, sports, science, youth work, social welfare, health and the equine industry. The funds are distributed to the beneficiaries by the relevant ministries; for example, the Ministry of Social Affairs and Health operates the Funding Centre for Social Welfare and Health Organisations (STEA), which manages the funding granted to projects which are non-profit by nature and promote health and well-being.

The social enterprise creates social value by distributing profits to social-impact-oriented organisations. According to the latest available financial statement (2017), the turnover of the social enterprise amounted to €1,344,773,577, and the profits were around €1 billion.

3.4 Findings

In this last section, we discuss the results of our analysis, based on the four emblematic cases presented above and the survey conducted in nineteen Finnish social enterprises. Out of these nineteen cases, seven organisations can be considered as public-service providers; three, as alternative economic initiatives; four, as impact businesses; and five, as social-impact redistributors. Fifteen of the nineteen studied organisations had obtained the Social Enterprise Mark label.

After analysing the creation of social value by these enterprises, we compare the Finnish examples to ICSEM findings.

3.4.1 Social Value: Input, Output, Process and Profit Distribution

When we consider the collected data, there seems to be a division between large, well-established initiatives, on the one hand, and small, more contemporary organisations, on the other hand. The former organisations have a healthy balance sheet, while small organisations have small revenue streams and less assets.

Regardless of their size, social enterprises create different kinds of social value in the areas of input, output, process and profit distribution (Alegre 2015; Kostilainen and Tykkyläinen 2015). Input-related social-value creation refers to social enterprises having a social focus on input in the production process—for example, fair-trade businesses. Output-related social value is created when the social value is embedded in the product or service, as this is for example the case for social services. Process-related social-value creation occurs in enterprises having a social focus on the process part of the production, as for example, work-integration social enterprises. Finally, distribution-related social value is

created by businesses that generate profits to support the social mission of other social enterprises.

Our findings align with previous research about social-value creation in the Finnish context: social-impact redistributors (fourth type), as could be expected, mainly focus on social-value creation linked to profit distribution. Social enterprises providing (public) welfare services (first type) focus on the outputs. However, work-integration social enterprises, which we consider as initiatives belonging to the first type as well, focus on process-related social-value creation. Emerging alternative economic initiatives (second type) seem to be interested in output-related social-value creation combined with process-related social-value creation. Finally, impact businesses and smart-ups (third type) seem to constitute the most diversified group in reference to the social-value-creation models presented above: while some enterprises in this category emphasise inputs, others focus on outputs, and others still on processes.

3.4.2 Comparing Finnish Typology to ICSEM Models

The ICSEM Project has put forward a typology including four major models of social enterprise, namely the entrepreneurial non-profit (ENP), the social-cooperative (SC), the social business (SB) and the public-sector social enterprise (PSE) models (Defourny and Nyssens 2017). In this section, we offer a brief overview of possible correspondences between this typology and types of Finnish social enterprises.

The role of entrepreneurial non-profit (ENP) social enterprises in Finland is connected to the ongoing reform of public-sector service provision. Traditional social-welfare associations and foundations react to increasing competition and the opening of welfare and employment markets by adopting more market-oriented behaviours. They also seek to “complement public grants and donations with new sources of funding” (Defourny and Nyssens 2017: 2480).

In the Finnish context, public-sector social enterprises (PSE model) refer to enterprises owned by municipalities or the government. Often, they focus on work-integration activities or social services.

Our example illustrating the social-impact redistributor type of social enterprise in the Finnish typology can be considered to share traits with both the PSE and the ENP models. This reflects the ideas of new public management and the changes that have occurred in terms of responsibility for organising public services in Finland. Non-profit organisations increasingly apply business approaches in their activities, while they are expected to take more responsibility in the production of public services. Such social-impact redistributors, combining traits of the ENP and PSE models, seem to constitute an example of a unique form of social enterprise in Europe.

In Finland, although the characteristics of cooperative-type social enterprises (SC model) are reflected in the description of the category of

emerging alternative economic initiatives in our typology, cooperatives are actually met across all types, as shown by the illustrative example of the category of impact businesses. Overall, in the country, there is a long tradition of employee-owned cooperatives in Finland. However, emerging alternative economic initiatives and new cooperatives seem to lack institutional support.

The category of social business reflects the philosophy of the Finnish Social Enterprise Mark label, which emphasises a view of social enterprises as businesses. The organisations which we classified, in our typology, as impact businesses and “smart-ups” share with social businesses an emphasis on scalability and innovations. Some Finnish cases highlight heroic social entrepreneurs who are believed to change the world through their unique social business.

Conclusion

In this chapter, we attempted to capture the diversity of SE models in Finland. We examined to what extent contemporary Finnish social enterprises follow the traditions of social enterprises identified in previous research, and to what extent they represent reactions to the changes in the institutional environment and to new types of socio-ecological challenges. We conclude that different understandings of the institutional development of social enterprises interact with one another. Social enterprises, whatever the extent of institutional support they receive, need to adapt to the changing environment.

The Finnish business environment is characterised by the fact that it makes the limited-liability company the preferred legal form among enterprises. This results in a narrow conception of possible forms for enterprises, let alone social enterprises. While the start-up hype, including the start-up event Slush, has increased awareness about developing new businesses, there is still a little emphasis on developing social enterprises. Rather, the focus is on (high-)growth businesses. As a result, actors in the SE field experience that there is little reputational and no “governmental” benefits to be gained from launching and operating a social enterprise. Moreover, some actors in the field report opposition toward social enterprises on the part of some entrepreneurship and innovation organisations, which (falsely) argue that social enterprises get more government support than other enterprises.

From a plural-economy perspective, such an opposition between social and “regular” entrepreneurship is unnecessary. Different categories of enterprises, such as “start-ups”, “growth enterprises”, or “social enterprises” have different activities, impossible to summarise under one heading without analysing the activity. In a toolbox approach developed by Gibson-Graham *et al.* (2013), labour, enterprise, transactions, property and finance may all have capitalist, alternative (to capitalism) and non-capitalist orientations. For instance, an organisation may obtain its funding from the mainstream market while relying on waged or subsidised labour, such as work for welfare, and

using open-access property, such as wind. This results in navigating these different orientations when it comes to organising labour, enterprise, transactions, property and finance.

As a result of such “navigation”, organisations may pursue their goals in different ways. Likewise, social enterprise, as an organisation, can be encountered in various settings. Therefore, social enterprises have various legal forms. Some use the form of a limited-liability company, while others adopt cooperative, association or foundation models. Such diversity is welcomed, and it can be observed in the contemporary field of social enterprise in Finland. This diversity is difficult to capture in any typology or model.

Despite the neutral—and sometimes even hostile—environment, there exist social enterprises in Finland. Some of them are well established and financially stable, while others struggle to maintain their activities. The latter category would no doubt benefit from more institutional support. Given the scarcity of institutional support for all social enterprises, it seems obvious that actors in many social enterprises must be highly motivated to carry on and develop their initiatives’ activities. For example, some non-profit organisations have successfully used social enterprise as a model for business activities. The changes in the institutional environment have also opened up possibilities for social enterprises and diverse forms of economic activity. Time will tell how organisations seize these opportunities.

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Notes

- 1 This book chapter is partly based on Kostilainen Houtbeckers and Pättiniemi (2016).
- 2 Cooperative Law of 1902 (latest amendment in 2014); Law on Association of 1919 (latest amendment in 1989); Foundation Law of 1930 (latest amendment process completed in 2015). Mutual (insurance and financial) companies are regulated by the Cooperative Law and the Insurance Company Law.
- 3 Information collected from publicly available databases on economic information (www.is.fi/yritykset) and from the register of work integration social enterprises (<https://tem.fi/rekisteriin-merkityt-yritykset>, accessed on November 22, 2019).
- 4 Information from the Association of Finnish Work (accessed on November 22, 2019) and database of the Association of Finnish Work (<https://suomalainentyo.fi/tietoa-meista/jasenyritykset/#merkki/yhteiskunnallinen-yritys>, accessed on November 22, 2019).
- 5 See www.slush.org/gia/.
- 6 See <https://plusimpact.io/>.
- 7 Alegre (2015); Kostilainen and Tykkyläinen (2015). For an explanation of the different kinds of social value, see section 3.4.1 in this chapter.

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