

# Study on the social enterprises ecosystem in Örebro County, Sweden

September 2017

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<b>1. Definition and Criteria in the regional context</b>	<b>03</b>
<b>2. Characteristics and development of social enterprises</b>	<b>05</b>
<b>3. Needs assessment and main challenges for scaling social enterprises</b>	<b>09</b>
<b>4. Ecosystem of business support tools and instruments</b>	<b>15</b>
<b>5. Gap analysis and policy recommendations</b>	<b>25</b>

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# 1. Definition and Criteria in the regional context

# DEFINITION AND CRITERIA IN THE REGIONAL CONTEXT

## THE STRONG PUBLIC SECTOR – THE NORDIC MODEL

There are few social enterprises in Sweden. One important explanation is the long tradition of a strong public sector in the country. The state, the county councils and regions as well as the municipalities are all equally important in delivering public services to the citizens.

There is also a long tradition of local self government giving municipalities, county councils and regions responsibilities for different services in the society. Elected representatives in municipalities, county councils or regions take decisions about the services that are closest to the citizens and they have independent powers of taxation. The possibility of decision-making based on regional and local conditions is known as local self-government and is enshrined in the Swedish constitution.

Compared with other EU member states, Swedish municipalities, county councils and regions have wide-ranging responsibilities. They largely finance themselves by means of local and county council taxes and the fees paid by the citizens for various services. Taxes are levied as a percentage of the inhabitants' income. The municipalities, county councils and regions decide on their own tax rates.

- <https://www.skl.se>

# DEFINITION AND CRITERIA IN THE REGIONAL CONTEXT

## A FOCUS ON WORK-INTEGRATED SOCIAL ENTERPRISES

To a large extent discussions on social enterprises have been focused on work-integrated social enterprises. Work integrated-social enterprises can be organized in several different ways. Still, they have some common features that unite them.

Together with representatives from social enterprises, advisors and other authorities, the Swedish Agency for Economic and Regional Growth has developed the following criteria that define a work-integrated social enterprise. Work-integrated social enterprises are companies that conduct business activities (produces and sells goods and/or services):

- With the overall purpose of integrating people who have great difficulty in obtaining and/or retaining a job, in working life and society. This means that the companies try to create new jobs but also offer job training and rehabilitation.
- Which empowers employees through ownership, contractual or otherwise well-documented ways. Perhaps the company operates as a cooperative, but it offers opportunities for every employee to participate in the business decisions and in their own development/progress.
- Which mainly reinvest their profits in their own or similar activities. This means that profits (surplus) are used to hire more staff, develop the business, offer skills development or to develop new social enterprises.
- Is organizationally independent from the public sector. This means that the enterprise are not owned by municipalities or other public bodies.
- <http://www.sofisam.se>

# DEFINITION AND CRITERIA IN THE REGIONAL CONTEXT

## FRAMEWORKS AND ORGANISATIONAL FORMS

There is no specific regulatory framework or any particular organisational form for work-integrated social enterprises in Sweden. However, the national government decided on an Action Plan for Work-Integrated Social Enterprises on April 22, 2010, referring to the definition above.

The definition lists the criteria that must be met for the company to be defined as a work-integrated social enterprise. Authorities and municipalities can use the definition to support work-integrated social enterprises in policy documents, procurements or in other ways cooperate with the enterprises.

There are many other enterprises with social goals. These enterprises can also create jobs for vulnerable groups but are not defined as work-integrated social enterprises.

## Social enterprises in each municipality in Örebro county

Municipality	# of social enterprises
Askersunds municipality	1
Degerfors municipality	0
Hallsberg municipality	2
Hällefors municipality	2
Karlskoga municipality	3
Kumla municipality	0
Laxå municipality	0
Lekeberg municipality	0
Lindesberg municipality	1
Ljusnarsbergs municipality	0
Nora municipality	0
Örebro municipality	7

## 2. Characteristics and development of social enterprises

# Different organisational forms

## COOPERATIVES – THE MOST COMMON ORGANISATION

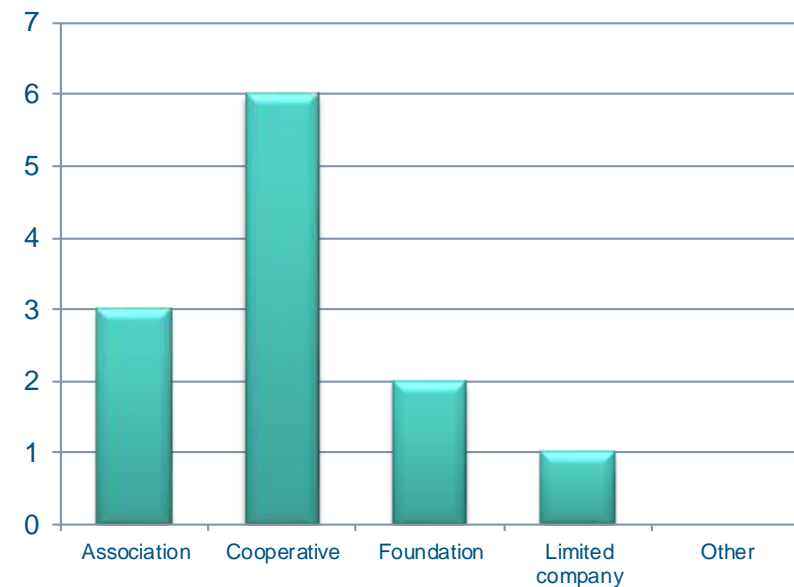
There are 16 work-integrated social enterprises in Örebro County.

Thirteen of the sixteen social enterprises have answered our questionnaire. However, one organisation is running two social enterprises and they decided to answer the questionnaire jointly for the two enterprises. Hence, there are only 12 respondents in the study.

As described above there is no legal form specifically designed for social enterprises. The diagram to the right describes the distribution of legal forms for the 12 respondents. 50 % of the social enterprises are cooperatives.

The second most common form is the association.

Legal form



1 response per social enterprise



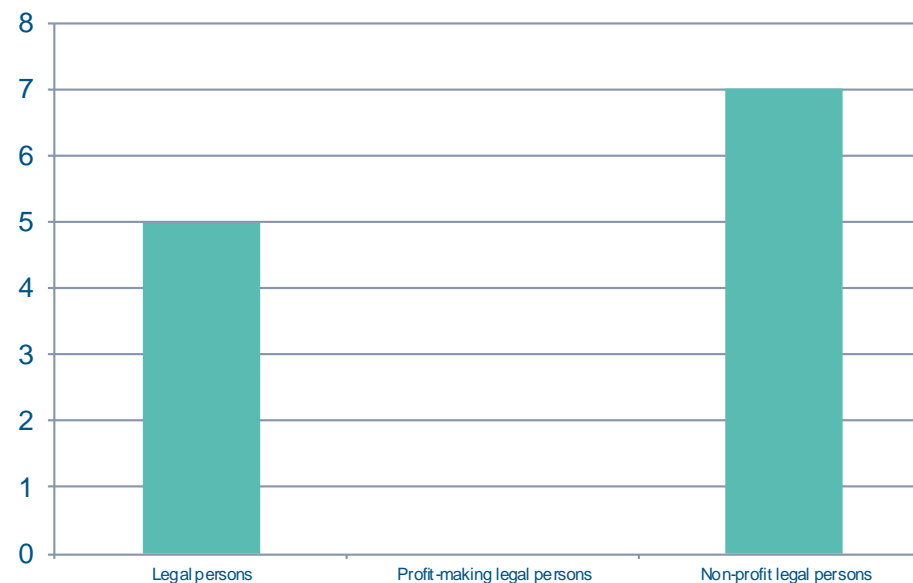
# Ownership

## NON-PROFIT LEGAL PERSONS IN MAJORITY

This figure shows the distribution of majority ownership in the social enterprises.

Since the definition of work-integrated social enterprises in Sweden include a criteria of a high degree of profit reinvestment, it is expected that few profit-making legal persons are involved in social enterprises. The majority of the social enterprises in the county are non-profit legal persons.

### Majority organisation's ownership



1 response per social enterprise

# Policy of profits' reinvestment

## REINVESTING THE PROFIT

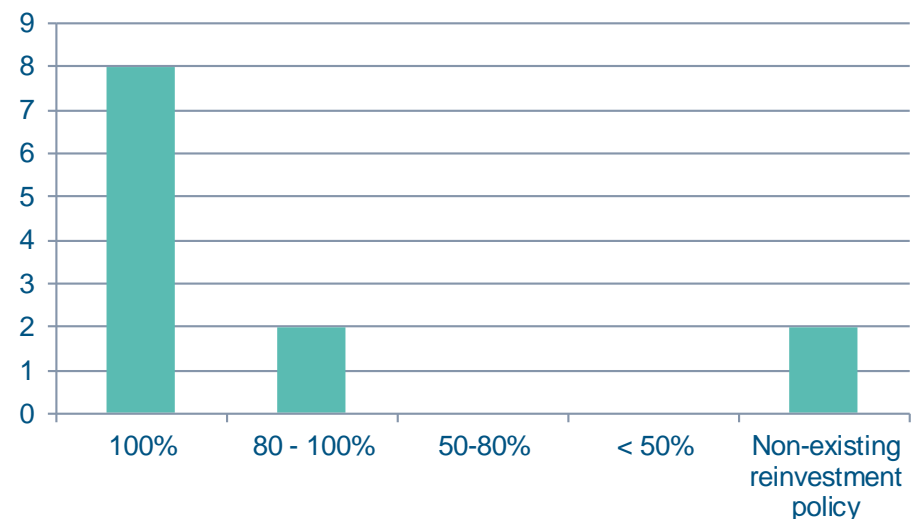
The definition of work-integrated social enterprises includes the criteria of a high degree of profit reinvestment.

This figure shows the distribution of profit reinvestment among the respondents in the study. Eight social enterprises in Örebro County (67%) reinvest their total profit.

Two enterprises reinvest a large portion of the profits. One of these also donates parts of the profit to activities in other parts of the world.

Two social enterprises points out that they do not have a reinvestment policy, which requires a comment. The respondents have probably misunderstood the question. Even if they do not have a formal and official document on how to reinvest profit, we know that both of them reinvests most or their profit.

### Policy of profits' reinvestment



1 response per social enterprise

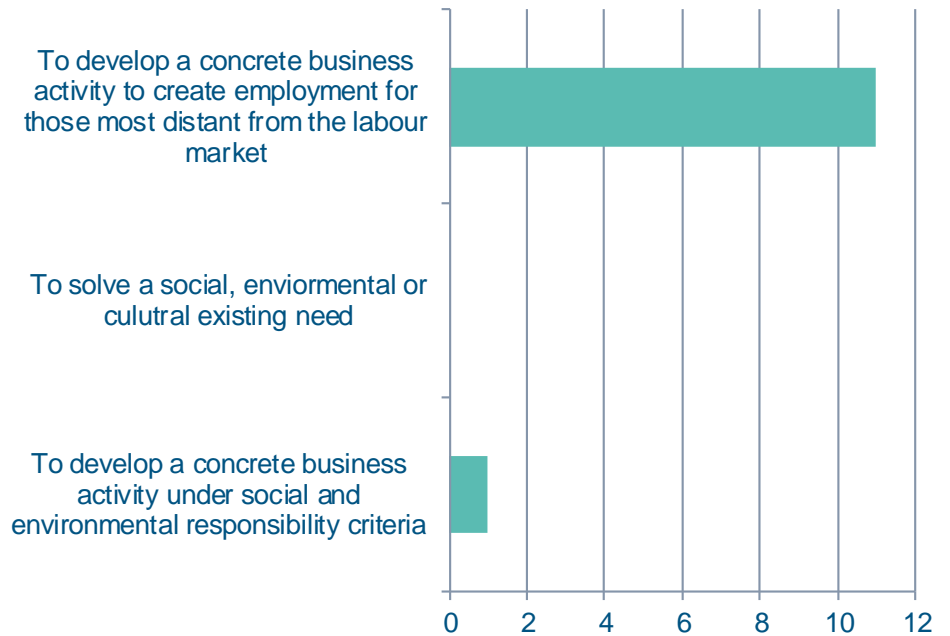
## THE MAIN OBJECTIVE

Because of the Swedish focus on work-integrated social enterprises we have added one alternative response item to the questionnaire regarding the question on objective:

“To develop a concrete business activity to create employment for those most distant from the labour market.”

11 respondents chose this response item. Only one enterprise indicated their objective as “To develop a concrete business activity under social and environmental responsibility criteria.”

### The organisation was founded with the objective of



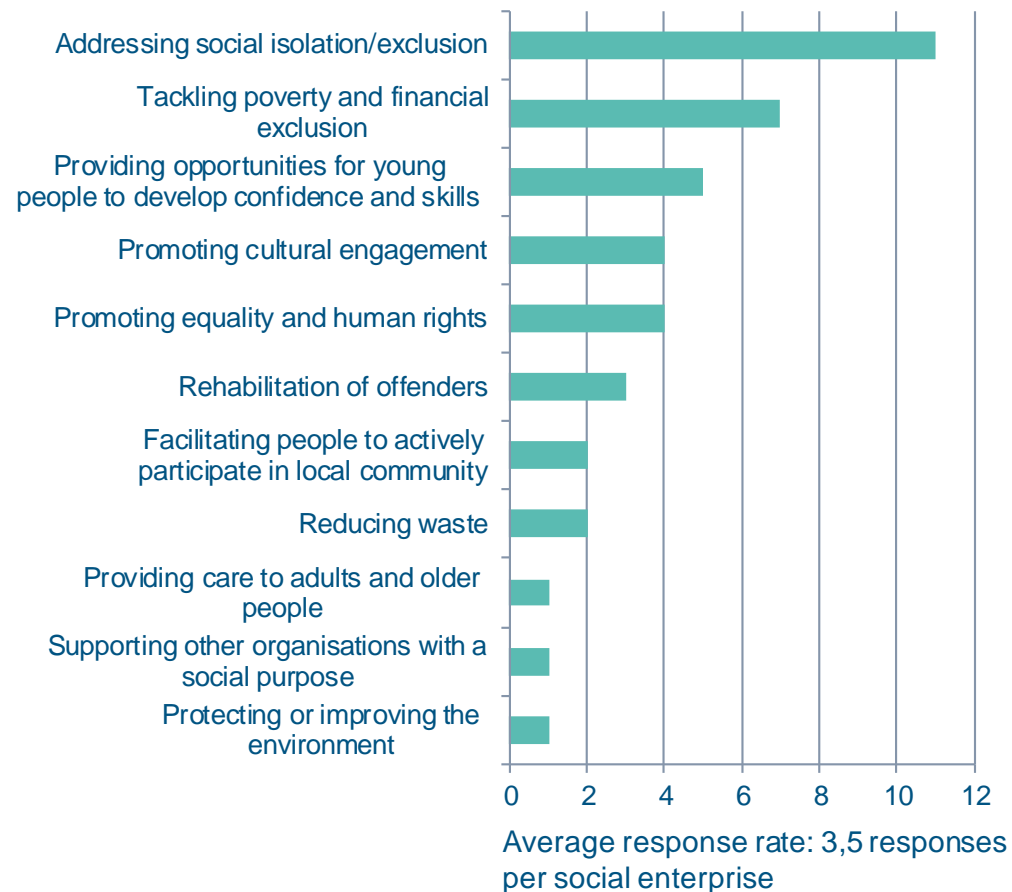
1 response per social enterprise

## Objectives

This is the result from a multiple choice question. The diagram shows that almost all of the social enterprises in the county was founded to address issues on social isolation/exclusion. 7 of them were founded with the objective of tackling poverty and financial exclusion.

Six response items were not used when the social enterprises answered the questionnaire: Producing renewable energy, Promoting rural development, Improving urban neighbourhoods, Providing affordable housing, Improving health and wellbeing and Supporting children in their early years.

## The organisation was founded with the objective of



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## Social impact

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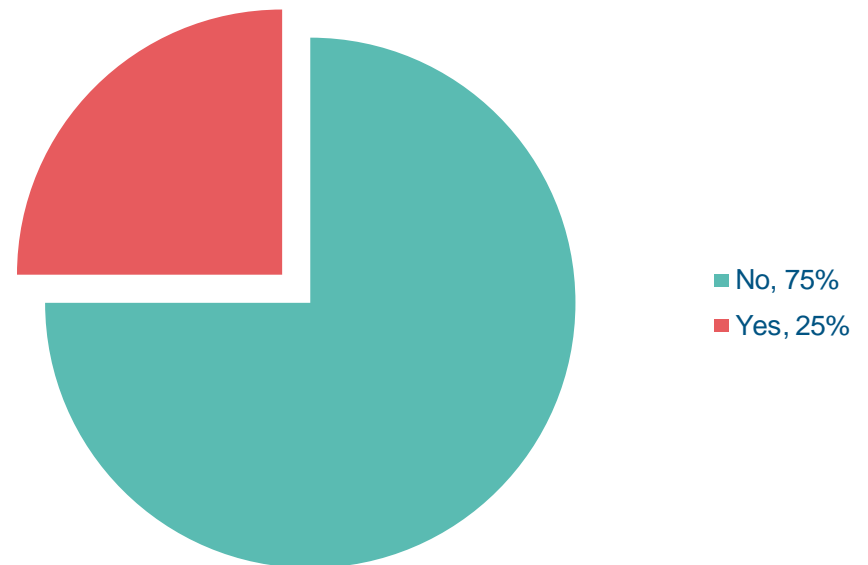
75 % of the social enterprises does not measure social impact, while 25 % answer that they do.

Two enterprises answered the question in the following way:

- We use socioeconomic closures in our projects
- We use internal qualitative and quantitative monitoring

Many of the smaller enterprises seem to lack resources and/or know how to measure social impact.

### Does your organisation currently measure its social impact?



1 response per social enterprise

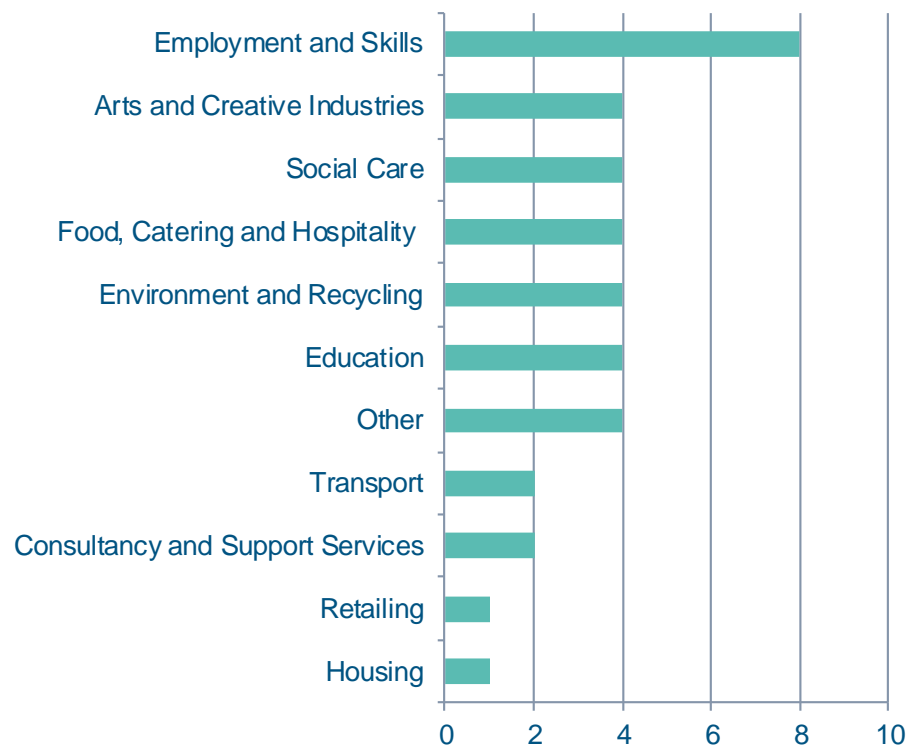
## Sectors

Two thirds of the social enterprises in Örebro County responded that they work in the Employment and skills sector.

Six response items were not used when the social enterprises answered the questionnaire: Childcare, Commercial Property and Workspace, Financial Services, Health Care, Sport and Leisure and Travel and Tourism

In the table below the answer “Other” is further specified

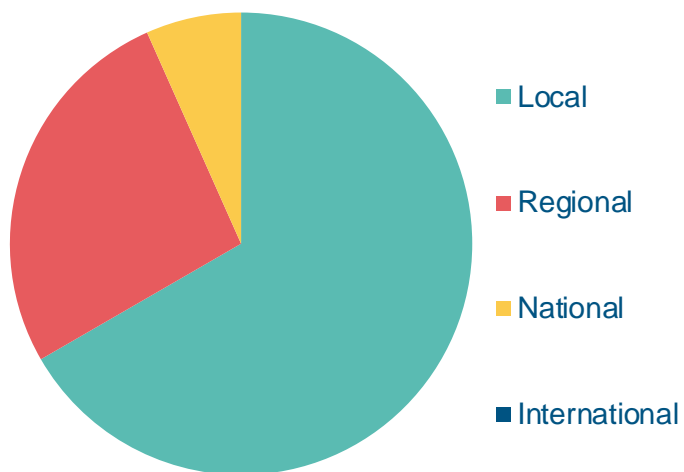
<b>Other</b>
Janitorial services
Sewing
Second hand
Children's activities



Average response rate: 3,2 responses per social enterprise

## Areas of activities

### Area of activity



Average response rate: 1,25 responses per social enterprise

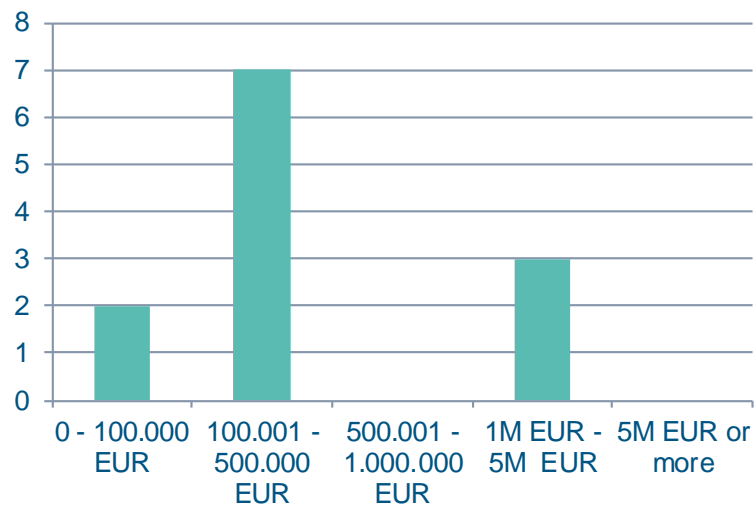
### Types of trading activity



Average response rate: 1,5 responses per social enterprise

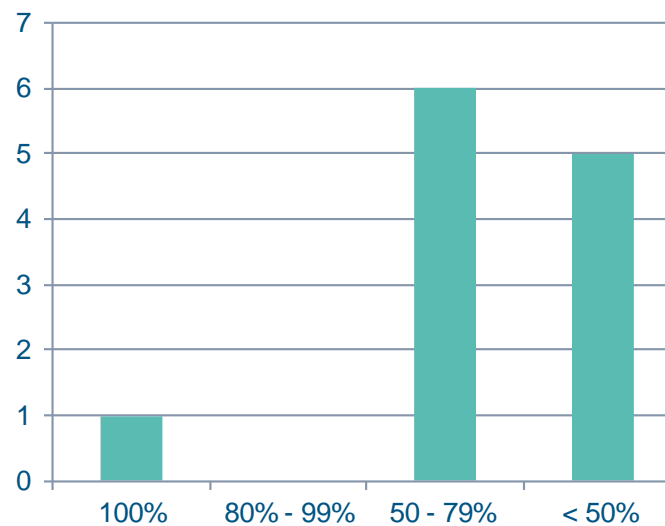
## Income

Total income in 2016 (€)



1 response per social enterprise

Proportion of income from trading/contracts

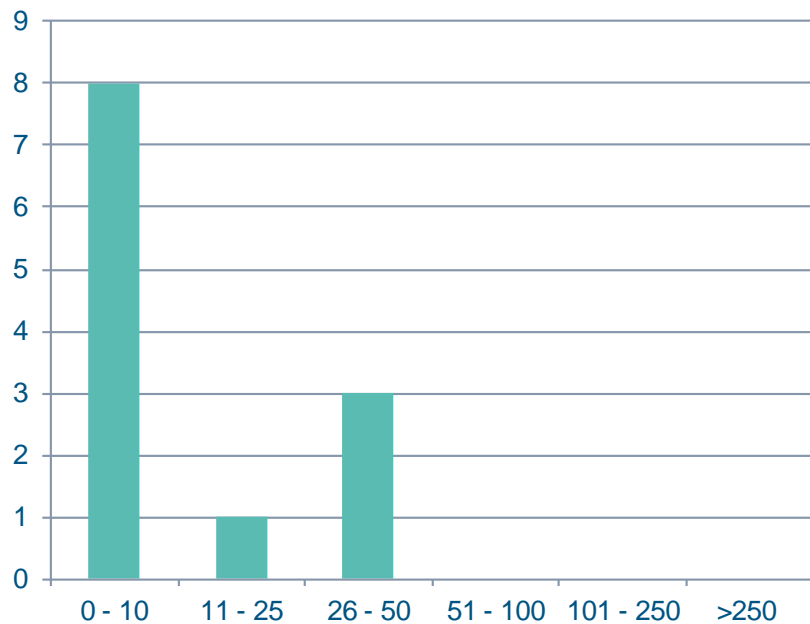


1 response per social enterprise



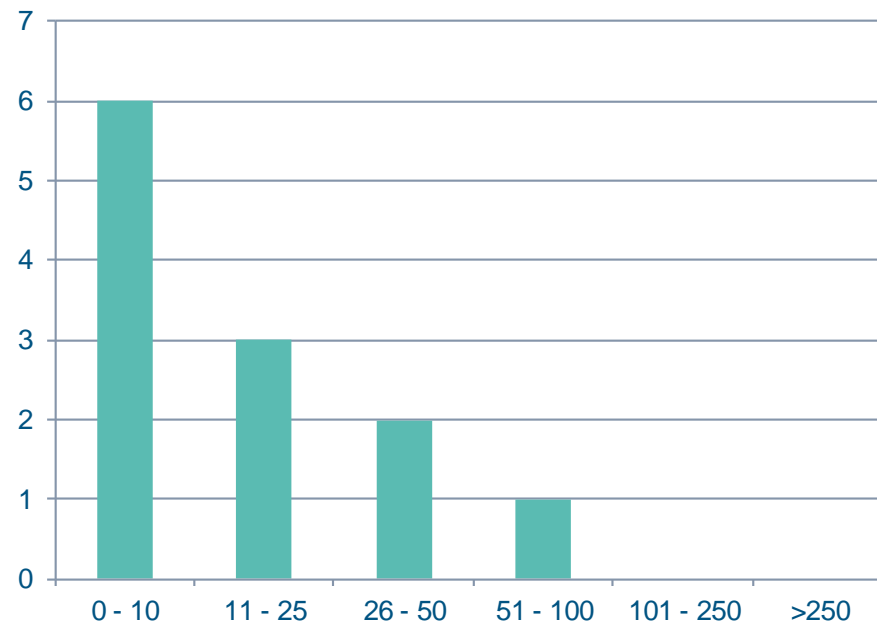
## Employees and persons occupied in labour market programmets

Total number of employees



1 response per social enterprise

Total number of persons occupied in labour market programmes



1 response per social enterprise

# 3. Needs assessment and main challenges for scaling social enterprises

### Main barriers/obstacles



Two response items were not used when the social enterprises answered the questionnaire: "Recruitment and retention difficulties" and "Difficulty complying with regulations or legislation"

In the table below the answer "Other barriers/obstacles" is further specified

#### Other barriers/obstacles

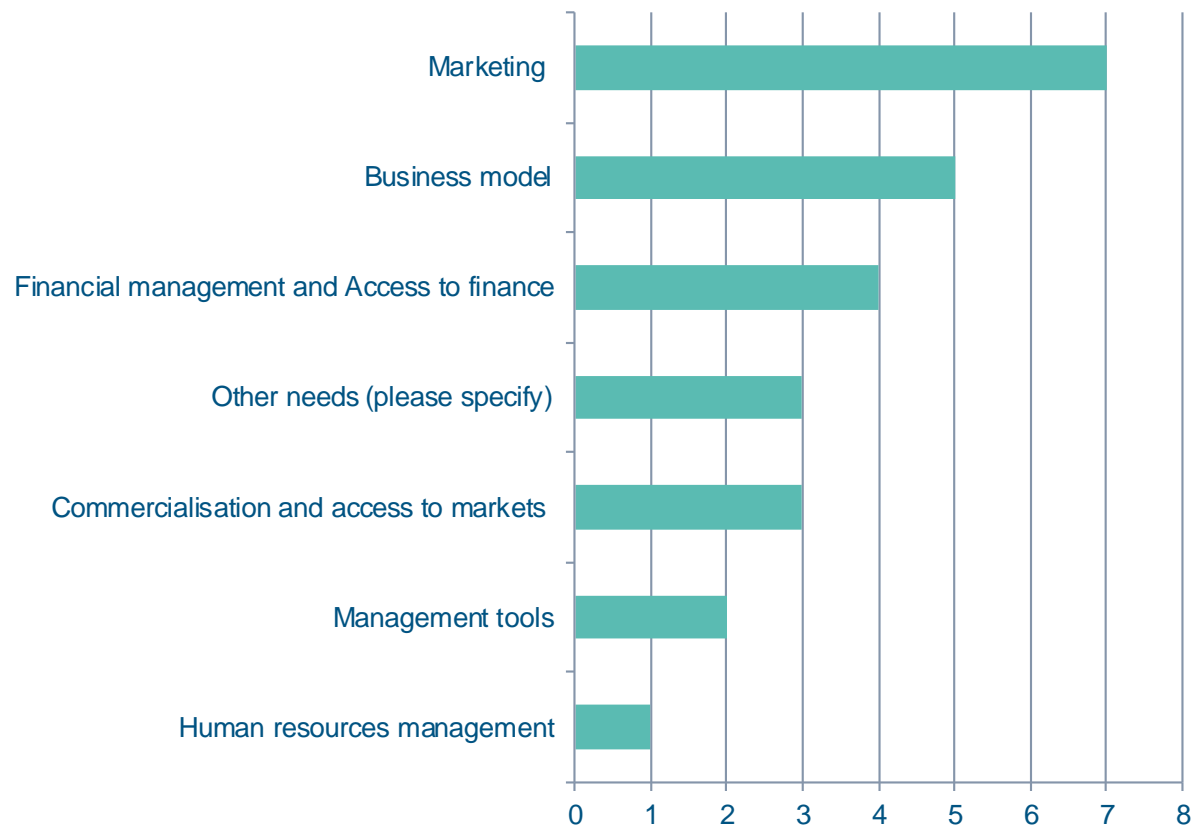
Dependence on political decisions and changes in the public organisation buying our services

Problem accessing qualified and motivated administrative staff. There is a lack of understanding of social enterprises.

Average response rate: 3,6 responses per social enterprise

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### Main strategical identified needs



7 of 12 social enterprises indicated that marketing is a main strategical need. Existing support organisations for social enterprises does not currently provide support in marketing.

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**Other (specified)**

Management. Our company is managed on a voluntary basis.

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Average response rate: 2,1 responses per social enterprise

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# 4. Ecosystem of business support tools and instruments

# Ecosystem

## ORGANISATIONS AND NETWORKS



NyföretagarCentrum

**ALMI**  
FÖRETAGSPARTNER

 STARTcentrum

The support structure for the for-profit sector is well developed in Sweden. Organisations such as *Nyföretagarcentrum*, *Almi*, *Startcentrum* etc. all helps in supporting business initiatives.

- [www.nyforetagarcentrum.se/orebro/](http://www.nyforetagarcentrum.se/orebro/)
- <https://www.almi.se>
- <http://www.startcentrum.se>

**COOMPANION**  
KOOPERATIV UTVECKLING

The support structure for social enterprises is considerably more limited. The main support organisation for social enterprises is *Coompanion*, a nationwide organisation based in 25 different locations in Sweden. The aim of Coompanion is to provide information, advice and training to people who wants to realize ideas together, based on their individual requirements. Coompanion has large focus on cooperatives. The support from Coompanion is free for cooperatives in Sweden.

- <http://mitt.coompanion.se>

# Ecosystem

## ORGANISATIONS AND NETWORKS



*The Partnership for Social Innovation in Örebro Region is a network of 29 organisations from the public sector, the university and the social economy. The Partnership is a unique network of organisations supporting social enterprises and others interested in developing new ideas on how to deal with social challenges.*

- [www.so-in.se](http://www.so-in.se)



# Ecosystem

## TOOLS AND INSTRUMENTS FOR SOCIAL ENTERPRISES



Vinnova (Sweden's Innovation Agency) has launched *Innovation Cheques*. The cheque helps cooperatives to try out an idea that otherwise would not be further developed. The cheque is valid up to 100 000 SEK (appr 10 500 Euros). The cheques, administered by Coompanion, can be used to purchase external expertise in examining innovative and new business models, products, services and processes. It can also be used to create new organisational solutions and partnerships, social innovations, new strategies, concepts or ideas that have a novel impact on the needs of the society. The cheques can not be used to finance day to day activities.

- [www.vinnova.se](http://www.vinnova.se)



Region Örebro County has initiated the annual *Social innovation call* giving organisations (e.g. a social enterprise) an opportunity to develop new innovative solutions to social challenges. If granted, the organisation can receive a financial support up to 200 000 SEK (appr 21 500 Euros).

- [www.regionorebrolan.se](http://www.regionorebrolan.se)



# Ecosystem

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## TOOLS AND INSTRUMENTS FOR SOCIAL ENTERPRISES



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*The Micro Fund in Örebro County gives cooperatives, associations and other activities in the social economy an opportunity to apply for smaller credit guarantees and capital investments.*

- [www.mikrofonden.se](http://www.mikrofonden.se)

## Business services for social enterprises

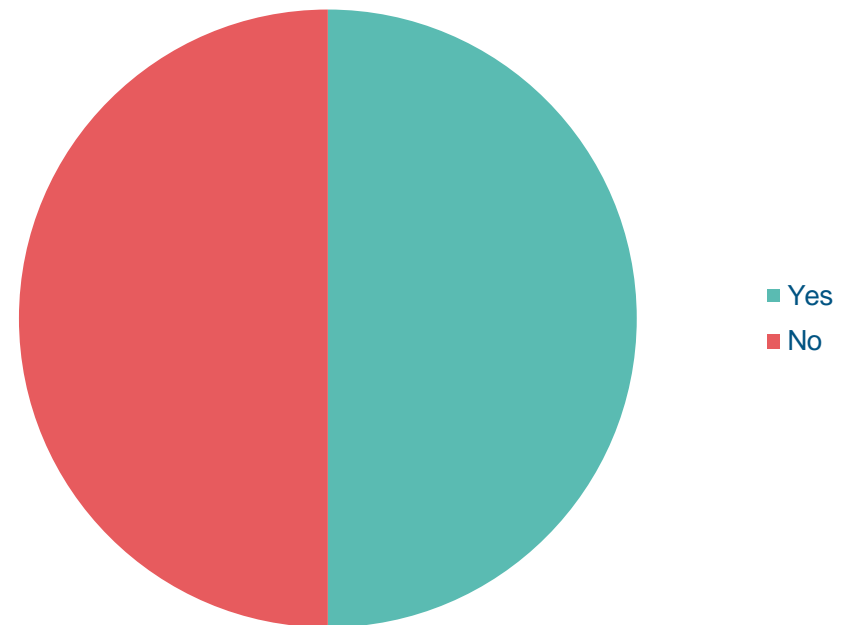
### If 'yes', please describe the service/instrument used and the institution offering it

- Counselling and education from Coompanion
- Swedish Agency for Economic and Regional Growth (Socioeconomic closure and marketing)
- Counselling from Coompanion
- Participated in Coompanion activities
- The National Board of Health and Welfare's funding for social enterprises
- Counselling from Coompanion

### If 'no', please indicate why

- Do not know of any such support
- Until today we have not seen the need for the service. We want to recruit instead of using an external service. We are currently recruiting.
- Never heard of this kind of service
- We have applied for a business development grant and received a preliminary positive response. We have not been aware of or had the knowledge of these possibilities.

### Have you used any public or private business service/programme/scheme/instrument which supports specifically social enterprises?



## Business support for enterprises in general

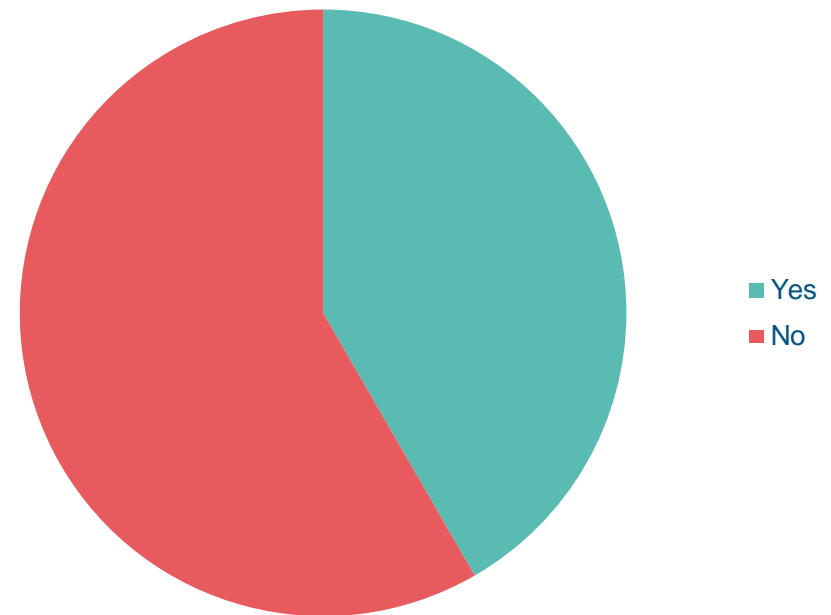
### If 'yes', please describe the service/instrument used and the institution offering it

- "New job programme" from Arbetsförmedlingen (National Employment Agency)
- Almi's mentorship programme and Almi's programme on promotion of Women's Entrepreneurship.
- Wage subsidies
- We are members of an enterprise association and take part in its networking activities
- Counselling and support from Coompanion. We participate in ALMI's project focusing on developing skills and competence in micro businesses
- Counselling from the municipality

### If 'no', please indicate why

- Do not have time at the moment
- Not heard of this kind of support
- Was not aware of this kind of support
- Do not know

### Have you used any public or private business service/programme/scheme/instrument which supports enterprises in general?



# 5. Gap analysis and policy recommendations

# Gap analysis and policy recommendations

## SURVEY QUESTION ON AREAS THAT NEED PUBLIC SUPPORT

The social enterprises in the county have identified the following of areas where they need support from public organisations:

- Access to markets
  - Support in creating networks with private business
  - New types of financial support – better, larger and more contracts
  - Support in strengthening social enterprise management
  - Marketing
  - Cooperation with other social enterprises
  - Information on social enterprises to public sector
- Building up systems for certification/licensing of different occupational groups

# References

- 
- [www.skl.se](http://www.skl.se)
  - [www.sofisam.se](http://www.sofisam.se)
  - [www.nyforetagarcentrum.se/orebro](http://www.nyforetagarcentrum.se/orebro)
  - [www.almi.se](http://www.almi.se)
  - <http://www.startcentrum.se>
  - <http://mitt.companion.se>
  - [www.so-in.se](http://www.so-in.se)
  - [www.vinnova.se](http://www.vinnova.se)
  - [www.regionorebrolan.se](http://www.regionorebrolan.se)
  - [www.mikrofonden.se](http://www.mikrofonden.se)

Anders Bro  
PhD, Development Manager  
anders.bro@regionorebrolan.se



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