

Mutual Learning Programme Database of National Labour Market Practices

Finland - Finnish Social Enterprise Mark

This database gathers practices in the field of employment submitted by European countries for the purposes of mutual learning. These practices have proven to be successful in the country concerned, according to its national administration. The European Commission does not have a position on the policies or measures mentioned in the database.

Source of national practice	Mutual Learning Programme, DG Employment, Social Affairs and Inclusion, Peer Review on
Title of the policy or measure (Original language)	Yhteiskunnallinen Yritys-merkki
Title of the policy or measure (English)	Finnish Social Enterprise Mark
Country	Finland
Name of the responsible body	The Association for Finnish Work
Geographical scope of the responsible body	National
Name(s) of other organisations involved (partners/sub-contractors)	Ministry of Economic Affairs and Employment
Start year of implementation	2011
End year of implementation	Ongoing
EU policy relevance	Concerning the European Employment Strategy, the policy is highly relevant to Guideline 4 "Fairness, combating poverty and promoting equal opportunities for all" and 3 "Better functioning of the labour markets, with a specific focus on reducing labour market segmentation and improving active labour market measures and labour market mobility".
National labour market context	<p>The Finnish government is in the process of reforming the way of organising employment and welfare services. The focus of social enterprise development has been on work-integration and welfare services provision. However, social entrepreneurial activities are diversifying and finding new grounds.</p> <p>So far government support to social enterprises has been limited mainly to the European Social Fund and to the recognition of a social enterprise business model, by i) approving the law for Work Integration Social Enterprises (WISEs) which offers employment to persons with disabilities and long-term unemployed and are regulated by law (Act 1351/2003 revised 924/2012), and ii) launching the Social Enterprise Mark, awarded to businesses aiming to address social or ecological problems and which invest the majority of their profits in promoting social or environmental aims. This business model features openness and transparency.</p>

Policy area	Job creation, Labour market functioning and segmentation, Prevention of poverty through inclusive labour markets
Specific policy or labour market problem being addressed	<p>Similar to many other countries, during the last century, Finland developed a rather large public sector, providing among other things, social welfare and employment services to its citizens. These services were mainly provided by the public sector, only leaving a complementary role to private sector. However, during the last decade, there has been a rapid shift towards an increasing number of welfare and employment services being provided by private for-profit and non-profit actors.</p> <p>The Finnish government is also in the process of reforming the way of organising publicly funded employment and welfare services, and have shown interest towards social enterprise solutions. Developments in this area have taken place, within a socio-economic and political context dominated by the economic crisis and the pressure to find ways to reform and upgrade general interest services and develop sustainable work-integration solutions for disadvantaged groups.</p> <p>The mark increases public awareness of social enterprises by communicating that the company has been set up to solve societal challenges.</p>
Aims and objectives of the policy or measure	<p>The purpose of the Finnish Social Enterprise mark is to help social enterprises to distinguish themselves from other businesses and demonstrate that the enterprise applies the Finnish Social Enterprise business model.</p> <p>To give (positive) brand identity to social enterprises, to differentiate them from traditional enterprises and, in more general terms, to raise awareness of the social enterprise business model.</p>

<p>Main activities/actions underpinning the policy or measure</p>	<ul style="list-style-type: none"> • A working group was established by the Ministry of Economic Affairs and Employment in 2010 to explore the need to develop a business model and legislation for social enterprises in Finland. • The Finnish Social Enterprise Mark was launched in December 2011. The Mark is granted and administered by the Association for Finnish Work. Established 100 years ago, the association is a politically independent non-profit organisation, which raises most of its revenues from membership fees. • The Social Enterprise Mark is a stakeholder-driven label without legal regulation. Based on extensive consultations with the relevant stakeholders, the criteria for the Social Enterprise Mark were drawn up and published at the end of 2011. The mark of certification is awarded to social entrepreneurs “if they promote well-being, limit their distribution profits and offer transparency of their business operations.” (after: Peer Country Comments Paper – Finland by Harri Kostilainen). To be eligible for the label, the organisation should meet the following three primary criteria: The primary purpose and objective of the social enterprise is to contribute to social good. The social enterprise is engaged in responsible business activities. Restricted distribution of profits. The social enterprise uses most of its profits to contribute to social good in accordance with its business idea, either by developing its own operations or donating the profits in accordance with its mission. Openness and transparency of business activities. • In addition to the above-mentioned key characteristics, a social enterprise must meet one or more of the following secondary criteria: Participation and influence of employees in the enterprise’s decision making, including employee ownership. Measuring of social effectiveness and the generated social impact. Employment of persons with a weak position in the labour market. Adoption of innovative service and operational models within the organisation’s field of work. The Social Enterprise Committee makes further enquiries where necessary
<p>Geographical scope of policy or measure</p>	<p>National</p>
<p>Target groups</p>	<p>Small and medium-sized enterprises (1 - 249 employees)</p>

Outputs and outcomes of the policy or measure	<p>By early 2020 a total of 244 organisations have been awarded Social Enterprise Mark. Almost half of all organisations that have been awarded the Mark are non-profit associations or foundations that run commercial activities in their business sector. (European Commission (2019), Social enterprises and their ecosystems in Europe. Country report – Finland)</p>
Management and implementation arrangements	<ul style="list-style-type: none"> • The board of the Association for the Finnish Work nominated a committee of experts, which grants the Social Enterprise Mark based on applications from enterprises. The committee meets four to six times per year. Each company hoping to obtain the mark must submit a written statement of social and business goals, and focus on developing the local economy, minimising environmental and health hazards, and prioritising vulnerable groups. • The applicant of the Mark must be a member of the Association for the Finnish Work or apply for membership at the same time. • The committee grants the Social Enterprise Mark for a three-year period, after which the enterprise must apply again. However, the committee can grant the mark for one year if an enterprise is in its first financial year, for instance. <p>The membership fee is tied to the turnover of the social enterprise i.e. the fee is 0.01% of turnover. Additionally, there is a payment limit of EUR 5 000. (European Commission (2014), A map of social enterprises and their ecosystems) The logo can then be used on their company website. Marketing perks, training seminars and touring events that showcase and promote their businesses are also provided.</p>

Key challenges	<ul style="list-style-type: none"> • Social enterprises in Finland and their ecosystems have been developed within the frameworks and funding from the European Social Fund. Maintaining and developing these enterprises after funding from these sources stops is a key challenge. • Social enterprise is a relatively new concept in Finland, and as such there is a low public awareness and confusion on the social enterprise business model. • While reform of public welfare and employment services creates opportunities for different types of enterprises to become service providers, it also places risks on the social enterprises operating environment. The main constraining factors for the growth of social enterprises includes a lack of conducive policy framework for social enterprise, under-developed social investment markets and more generally, a lack of understanding of the specific characteristics of social enterprises and the impacts and social value they create. Most of the social enterprises have difficulties in proving the value of their 'impact'. Data is scarce and, in many cases, difficult to translate into monetary terms. • Social enterprise development measures and activities have suffered from a lack of national vision or of a strategic approach to their role in Finnish society. Furthermore, the government's programme-based approaches mean that goals and missions of social enterprises are subordinated to the tasks that the administration has allocated to them i.e. to further employ those in weak labour market positions and to take care of the marginalised people through measures such as the provision of welfare services in remote areas. • Better visibility for social enterprises, more clarity on different business models of social enterprises and improved capacities to take social impact into account in public procurement, by both sellers and buyers, might lead to new opportunities for social enterprises.
Key conditions for success	<ul style="list-style-type: none"> • Visually appealing Social Enterprise Mark label accompanied marketing materials and events promoting the enterprise among the general public. • The growing interest in the award might be due to perception of the Mark as an advantage when competing in open social and health service sectors.
Method of assessment	Internal monitoring, External academic study
Type of assessment	Qualitative and quantitative assessment
Duration and frequency of the assessment	The recipient companies are monitored annually and have to redo their application every third year.

Further information on the assessment	Not available
Links to the website, background information and assessment material	Association of Finnish Work https://suomalainentyo.fi/en/services/finnish-social-enterprise/
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Keywords	Finland; social enterprise; employment and welfare services; work integration solutions; disadvantaged groups; social value; responsible business activities; social effectiveness; social impact; employee participation; employee ownership