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Written report

# Transnational Knowledge Report of the Conditions for Rural Social Enterprises in NPA Regions 2025

## Comparison between Finland, Iceland, Ireland, Norway and Sweden

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MERSE partners, associate partners and social enterprises

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## Table of content

<b>1. Introduction</b>	<b>4</b>
1.1 The MERSE-project	4
1.2 Social entrepreneurship and social enterprise	4
1.3 Problem discussion	5
1.4 Purpose of the transnational knowledge report	7
<b>2. Methods for the comparison</b>	<b>7</b>
2.1 Organisations and social enterprises cooperating across borders	7
2.2 Method - Mapping country ecosystems	8
2.3 Method - Literature study	8
<b>3. Overview of the Conditions for SE</b>	<b>11</b>
3.1. Mapping country ecosystems	11
3.1.1 Social enterprise characteristics	12
3.1.2 Key actors	14
3.1.3 Policy schemes and strategies	14
3.1.4 Public procurement	15
3.1.5 Networks and support mechanisms	15
3.1.6 Research, education and skills development	16
3.1.7 Finance	17
3.2 Literature study	18
3.2.1 An overview of the papers included in in study.	18
3.2.2 Research aim	19
3.2.3 Data collection	20
3.2.4 Social impact	20
3.2.5 Funding	21
3.2.6 Type of Organisation and Business models	21
3.2.7 Barriers and Enablers	22
3.2.8 Business support	23
3.2.9 The rural area	24
3.2.10 Summary of previous research in the five countries	25
3.3 Survey- social enterprises	26
3.3.1 Characteristics of the respondents	26
3.3.2 Beneficiaries	27
3.3.3 Country differences – Primary sources of financing	27
3.3.4 Obstacles	27
3.3.5 Measuring social value	29
3.3.6 Significant received support	29
3.3.7 The rural context	32
3.4 Survey- support organisations	36
3.4.1 Characteristics of the respondent	36
3.4.2 Knowledge of SE	36
3.4.3 Kind of support	37
3.4.4 Obstacles for social enterprises	38
3.4.5 The rural area	41

<b>3.5 Interviews- decision makers</b>	<b>43</b>
3.5.1 List of respondents	43
3.5.2 Knowledge about SE	43
3.5.3 Number of SE	44
3.5.4 Task and services that are or could be performed by social enterprises	45
3.5.5 The value of SE	46
3.5.6 Competition between public and private sector	48
3.5.7 Established strategies or action plans for social enterprises	48
3.5.8 Support to social enterprises	49
3.5.9 Use of reserved procurement or IOP	50
3.5.10 Measurement of social value	51
3.5.11 Arenas for knowledge exchange	52
3.5.12 Plans to increase collaboration with SE	53
3.5.13 Further support to SE	55
3.5.14 Summary	58
<b>3.6 Workshop online conference</b>	<b>58</b>
3.6.1 What do SE needs	58
<b>4. Comparing Five Rural NPA Regions</b>	<b>60</b>
4.1 Opportunities and Obstacles	60
<b>5. Conclusion and Implications</b>	<b>64</b>
<b>References</b>	<b>66</b>

# 1. Introduction

## 1.1 The MERSE-project

The project Business Models Empowering Rural Social Entrepreneurship – voicing the rural norm (MERSE) is a three-year collaborative project involving 18 partners and associate partners from Finland, Iceland, Ireland, Norway and Sweden. Included in the collaboration are participants from municipalities, social entrepreneurs/enterprises, business support organisations, interest groups, NGOs and academia. We are working together to increase the knowledge, understanding and development of business models for social entrepreneurship in rural areas. The purpose of MERSE is to make it easier to start and develop social enterprises (SE) in rural Northern Periphery and Arctic regions (NPA). There is a need for simple, easily adapted tools to make the social enterprises' (SE) social impact sustainable and to legitimate SEs as local value contributors. The focus of the project is to 1) transfer and develop better adapted business models, support structures and conditions for rural SE, 2) enhance transnational knowledge and learning of SE, and 3) create networks to better connect social entrepreneurs with the support structures. The project will lead to better adapted conditions and support systems to facilitate social entrepreneurs' opportunities to participate in long-term and robust development for regions in the Northern Periphery. The project will lead to a) increasing the awareness of business models adapted for social enterprises in rural areas, b) acknowledge the importance of and roles for social enterprises in remote rural areas, and c) show the effects of social activities, products and services provided by social entrepreneurs in the local community. The project generates methods, models and tools needed to better support systems and social entrepreneurs both in-person and digitally.



Figure 1. Five NPA regions in collaboration on the conditions for social enterprises

## 1.2 Social entrepreneurship and social enterprise

Social entrepreneurship and community-based social entrepreneurship denote entrepreneurship (innovation and action) with a social responsibility which, like a commercial (business-related) entrepreneurship, takes place on market terms but which has societal and

social benefit as its main purpose. The basis for social entrepreneurship and a social innovator is that the business has a social purpose as a point of departure and foundation. Operations are conducted on business-economic premises, i.e. a need to generate income, but at the same time to always have social benefit in focus. Social innovation is, in this project, the result of the entrepreneurial processes that can be realized through a social enterprise or through cross-border collaboration processes.

In the project social entrepreneurship is the entrepreneurial activity in society that are not driven by personal gain and conduct activities that are designed to solve social problems. This includes several dimensions of society and not only the economic dimension that we usually encounter when using the term entrepreneurship in everyday speech. Social entrepreneurship refers to "all entrepreneurial activities in society that are not driven by personal gain, but are activities designed to satisfy various needs in society" (Bjerke, 2013, p. 119).

Social enterprises include an entrepreneurship that pursue humanistic, social and commercial dimensions in the business. The European commission mean that: *the Commission does not seek to provide a standard definition which would apply to everyone and lead to a regulatory straitjacket*" (European Commission, 2020, p. 28). However, the European Commission (2020) uses the term 'social enterprise' to cover the following types of businesses:

- Those for who the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation.
- Those whose profits are mainly reinvested to achieve this social objective.
- Those where the method of organisation or the ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice.

There is no single legal form for social enterprises and many social enterprises operate in the form of social cooperatives, some are registered as private companies limited by guarantee, some are mutual, and a lot of them are non-profit-distributing organisations like provident societies, associations, voluntary organisations, charities or foundations.

### 1.3 Problem discussion

The effects of structural change processes vary in different parts of the world and globalisation in society has made it even more important to discuss the conditions for sustainable regional and local development. Rapid urbanisation in many respects, together with a strong market economy, has brought challenges for successful local development especially in places in the northern European peripheral regions (NPA regions).

The NPA regions has met an uneven distribution of living conditions as the conditions for working and living is more challenging for people who live and work in rural areas. The services provided by social enterprises in remote rural areas have been shown to improve both the living conditions of local people and the quality of the visitor experience (European Union, 2025). Access to services around food, healthcare, water, schooling, energy, housing, work and culture, etcetera are essential basic needs for everyone, but private sector market

failure and the inelasticity of public sector funding often means these basic services are not always available in rural areas.

Community-led social enterprises can provide services for the community, designed and delivered by the community. To enhance their effectiveness, these social enterprises and their leaders need bespoke support around leadership, enterprise and impact measurement. However, recent studies show that the current advisory system is not adapted to fit the needs of social enterprises due to a general lack of awareness in society about the diversity of business models available to 'for purpose' enterprises in relation to the more established 'for profit' enterprises (Dalborg & von Friedrichs, 2021). Such ignorance has consequences for entrepreneurship and employment opportunities, which in turn affects welfare development robustness and economic prosperity in rural areas (European Commission, 2025; Government Office, 2018). In many rural municipalities there is an increasing need for skills provision at the same time as many people are far from the labour market and have difficulty finding employment. By being innovative, commercial as well as social enterprises can create jobs and employment and thereby contribute to developing both rural and metropolitan regions.

Recently, the view of the company's area of responsibility has changed, from being primarily an economic pillar in society, to being an environmentally and socially responsible actor to achieve common societal goals. Previous research shows that a broader view of entrepreneurship, than the one-dimensional ones that has for a long time dominated the research, can act as a leverage to meet society's demands for a more sustainable development (Mair & Martí, 2006). Interest has therefore come to be directed towards entrepreneurship concepts that better capture economic as well as environmental and social values (Pike, Rodríguez-Pose & Tomaney, 2007; Porter, 2011). As a result, social entrepreneurship, social enterprises and social innovation has received attention in a relatively short time. However, lack of knowledge and understanding among stakeholders in the entrepreneurial ecosystem on how the social entrepreneurship promotion of societal value leading to long-term savings in society, limits the social entrepreneurs' opportunities on the market. It is shown that the socially responsible social enterprises often find it difficult to find a balance between the basic pillars in the business model i.e. social value creation and long-term financial sustainability. Due to that social enterprises are purpose-driven rather than profit-driven, business models that also include public engagement is as well often necessary for these ventures.

Consequently, the increasing interest in the social enterprises' role in society has underpinned the need to develop business models and tools that are better adapted to the social enterprises' business concept (Seelos & Mair, 2005). This means that new business models are needed, better adapted to social enterprises and social entrepreneurs, which include the components and elements that constitute a prerequisite for changes in the social system to take place and which include resources and financing opportunities. It is shown that even if social enterprises take on entrepreneurial approaches to meet societal challenges the corporate support for social entrepreneurship in rural areas is very limited in many countries (Allinson, 2011; Diaz Gonzalez & Dentchev, 2021). One explanation of this could be that support systems for entrepreneurship is adapted to companies whose primary objective is to maximise monetary profit (Magretta, 2002) and to enterprises in urban contexts. Consequently, the lack of understanding and awareness of the need for business models adapted to the growing prevalence of purpose-driven entrepreneurship has become an obstacle to sustainable regional and local development in rural areas.



## 1.4 Purpose of the transnational knowledge report

The purpose of this report is to increase the knowledge about the conditions for rural social enterprises in NPA regions.



Figure 2. Social enterprise leadership programme meeting, Galway, Ireland, 2024

## 2. Methods for the comparison

To fulfill the purpose of this report different methods to collect and analyze data have been used.

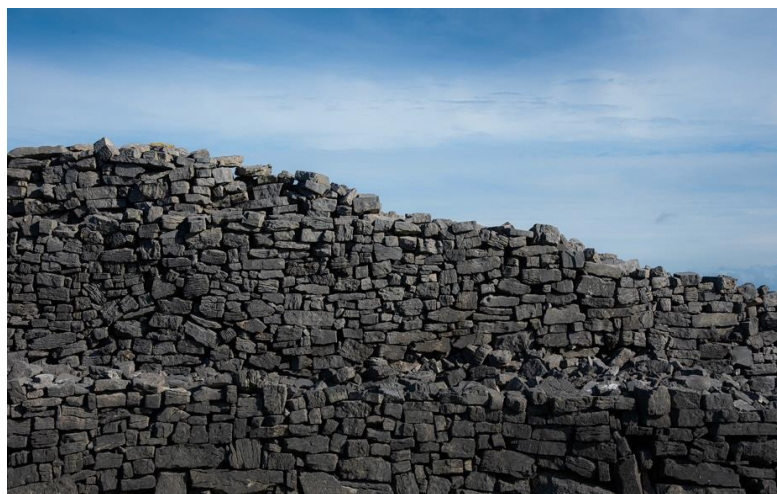


Figure 3. Knowledge puzzle, Aran islands, Ireland, 2024

### 2.1 Organisations and social enterprises cooperating across borders

The transnational cooperation between the regions in the five countries Sweden, Finland, Norway, Iceland, Ireland has made it possible to exchange and compare country specific knowledge and experiences on regional conditions for social entrepreneurship and social enterprises in a rural context. In this report six different sources of data have been used in the comparison. We have search for gaps in knowledge that can be filled through learning about the respective partners' unique models and practices. By sharing and co-creating learning

about context-dependent practices and analysing similarities and differences between the five project partner regions, we will contribute to better knowledge about theories and practices for social entrepreneurship and social enterprises. By comparing the conditions for SEs in the five partner regions we aim to contribute to better support and place-based conditions for social entrepreneurship in remote rural areas.



Figure 4. Kick-off partner meeting, Östersund, Sweden, 2023

## 2.2 Method - Mapping country ecosystems

In spring 2024 Mid Sweden university conducted a review of the report 'Social enterprises and their ecosystem in Europe', conducted by the EU Commission in 2019 (European Union, 2020). The aim of the review was to compare the five partner countries' ecosystems for SEs from the previous survey conducted five years earlier. Since there were large differences in the knowledge of SEs among project partners, we believed that it would facilitate the continued mapping with a common knowledge base based on the previous survey. The five different country reports from Finland (Kostilainen, 2019), Iceland (Hrafnisdóttir & Kristmundsson, 2019), Ireland (O'Shaughnessy, 2020) Norway (Kobro, 2019) and Sweden (Gawell, 2019) were reviewed. The study was based on the following seven components: *Social enterprise characteristics, Key actors, Policy schemes and strategies, Public procurement, Networks and support mechanism, Research, education & skills development, Financing.*

## 2.3 Method - Literature study

During spring 2024 we carried out a literature review with the aim to find out what previously has been written in the field of social entrepreneurship in the five project partner countries. We found previous research by using Scopus indexed research publication (Scopus, 2024). We used different terms in order to find previous research about entrepreneurship that create social value. The following keywords were used; "*social entrepreneurship*" or "*social entrepreneur*" or "*social enterprise*" or "*social business*" or "*rural entrepreneurship*" or "*rural entrepreneur*" or "*societal entrepreneurship*" or "*community entrepreneurship*" or "*community-based entrepreneurship*".

This first search resulted in 211 papers/books/book chapters. As shown in table 1 below, 69 papers were considered as not relevant based on the abstract. Additional 13 papers were sorted out when reading the full paper, which means that the literature review was initial based on 129 papers. 10 of these were co-authored and turned up in more than one country.



When this was considered, 119 unique contributions remained to be analysed in depth. Most of them, 96 papers, was published as papers in peer-reviewed journals. The analysis also included 2 books and 21 book chapters. Henceforth, all contributions included in the literature review will be referred to as *papers*.

Table 1. Search results and selection of paper

Country	In total	Excluded / Not relevant abstract	Excluded / Not relevant article	Used	Co-authored	Unique
Finland	47	-14	-3	30	3 (S, Ir, Ic)	27
Iceland	4	-1	0	3	0 (Sx2, F, N)	3
Ireland	56	-19	-4	33	1 (F)	32
Norway	32	-8	-5	19	2 (Ic, S)	17
Sweden	72	-27	-1	44	4 (F, N, Ix2)	40
	211	-69	-13	129	10	119

## 2.4 Method - Survey to social enterprises

In spring 2024 we prepared and distributed a survey by e-mail to social enterprises in the five partner regions. The aim of the survey was to ask social enterprises and social entrepreneurs about their perception of their opportunities to run social enterprises in their regions as well as what obstacles there are to starting and developing such enterprises in a rural context. A questionnaire in English was developed and the MERSE partners collaborated to find email addresses to social enterprises in the respective country, and to translate the questionnaire into their own respective language.

The first mailing was made on May 15. After four reminders in June, August and September, we finally received 93 responses. The goal was to have 30 responses from each country, but that was only achieved in Sweden (table 2).

Table 2. Response rate - Social enterprises

Finland	Iceland	Ireland	Norway	Sweden	All
20	9	14	8	42	93

## 2.5 Method – Survey to support organisations

In spring 2024 a questionnaire was developed to be distributed to business support organisations in the five partner countries. The aim of the survey was to ask business support organisations about their knowledge and support to rural social enterprises. The partners in MERSE collaborated to achieve email addresses to business support organisations, and to translate the questionnaire into respective language. Some of the project partners had difficulties to find the business support organisations in their country and therefore the questionnaire was distributed to an uneven number of possible respondents from each country (table 3).

Table 3. Response rate - Business support organisations

Finland	Iceland	Ireland	Norway	Sweden	All
23	2	3	7	26	61

## 2.6 Method – Interviews with representatives from the municipalities

In spring 2024 all six partners were assigned to interview municipal and regional representatives and decision makers from the respective region. The aim of the survey was to ask decision makers about their knowledge, policies and strategies for social enterprises. Interviewees were 28 decision-makers in the municipalities and regions (table 4). The aim was to investigate the knowledge, policies and support of social enterprises. A questionnaire in English was developed and distributed to all partners in April. The interviews were conducted during spring and autumn 2024.

Table 4. Number of interviewees

Finland	Iceland	Ireland	Norway	Sweden	All
8	2	2	2	14	28

## 2.7 Method – work shop online conference

In December 2024 during an on-line conference organised by MERSE the 92 participants were invited to discuss the following question “*What is needed to make it easier to start and develop sustainable social enterprises in rural areas?*” The participants came from all five partner countries with stakeholders from the business sector, support organisations, interest and voluntary organisations, government/regional/municipality organisations, the university and educational sector.



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ONLINE CONFERENCE

### What is needed to make it easier to start and develop sustainable social enterprises in rural areas?

An international online conference comparing the conditions for social entrepreneurship in five European countries.

**Date:** Wednesday 11 December 2024  
**Time:** 10.00-12.00 (CET)  
**Place:** Zoom <https://miun-se.zoom.us/j/66119391791?pwd=Fd91Xjrs1LfxwiGpD5aTgzellXb7hW.1>  
**Charge:** The conference is free of charge

The Interreg project Business Models Empowering Rural Social Entrepreneurship – voicing the rural norm (MERSE) within the Northern Peripheral and Arctic programme (NPA) invite you to a conference about the conditions for rural social entrepreneurship and social enterprises in Iceland, Ireland, Finland, Norway and Sweden. The purpose of the MERSE project is to facilitate the establishment and growth of social enterprises in rural NPA areas.

Come and be inspired by social entrepreneurs, business support organisations, decision makers and researchers who share knowledge and give their views on what it takes to make it easier to start and run rural social enterprises in five European countries.

We warmly welcome you to exciting two hours!

[Sign up here](#)

Figure 5. Programme for online conference, 2024

## 3. Overview of the Conditions for SE

### 3.1. Mapping country ecosystems

Previous studies show that the nature and structure of entrepreneurship vary across countries and over time and further that the differences could partly be explained ‘*by the marked interdependencies between economic development and institutions*’ (Acs et al., 2011:393). Entrepreneurial ecosystems have gained attention to better understand the complex socio-economic structures and processes with many interactive elements that emphasize the interdependence between actors and factors, where entrepreneurship is regarded as the production of the entrepreneurial ecosystem (Acs et al., 2017). As entrepreneurship ecosystems take place in localities it is to be understood as involving local resources, institutions and networks (Malecki, 2018), meaning that entrepreneurship could be both enabled and constrained by its context (Acs et al., 2017).

The underlying idea in the ecosystem, as a metaphor for the entrepreneurship environment, lies in the fact that entrepreneurship's success or failure depends, in addition to its own actions, on several factors outside its own operations (Acs et al., 2017; Malecki, 2018). Factors that have a direct or indirect impact on entrepreneurship results could be e.g. institutions and resources (Stam & van de Ven, 2021) as well as the spatial infrastructure, knowledge dissemination and the spread of human capital and the effects of networks (Audretsch et al., 2018). Hence, the entrepreneurs become embedded in systems of facilitating or inhibiting elements. From the ecosystem perspective, entrepreneurship is formed by the factors that are outside the business, but companies in turn shape these factors through their activities. As a result, any such ecosystem can be considered unique but previous studies show that there are some common key areas that interact in unique and complex ways and that affect the entrepreneurial ecosystem. Isenberg (2011) means that these key areas are: leading politics (leadership and governance), markets (early customers and networks), finance (financial capital), human capital (labour and educational institutions), culture (success stories and social norms), and support (infrastructure, advisors and non-governmental institutions).

The first phase of the mapping process was subjected to map previous knowledge about SEs. Hence, as a start we included a study of the country specific social enterprises ecosystems in Finland, Iceland, Ireland, Norway and Sweden conducted by the EU Commission who investigated the social enterprise ecosystems in European countries in 2019-2020 (European Union, 2020). The study was based on the following seven components: Social enterprise characteristics, Key actors, Policy schemes and strategies, Public procurement, Networks and support mechanism, Research, education & skills development, Financing (figure 6).

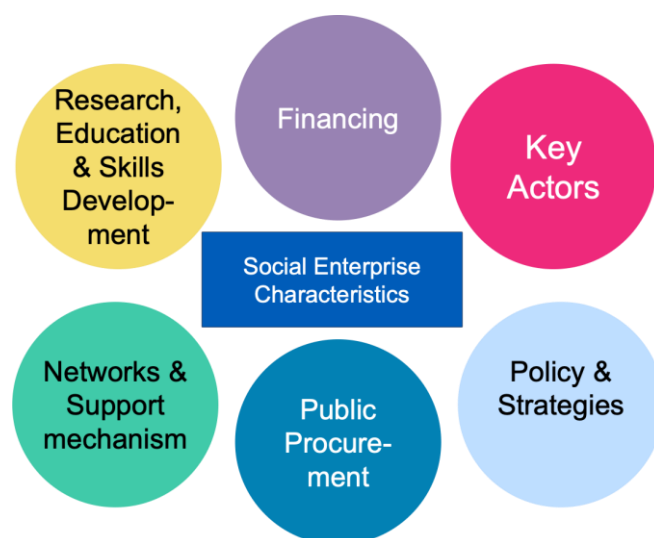


Figure 6. Factors included in the social enterprise (SE) ecosystem mapping

Below we compare the factors that are included in the mapped ecosystems in the five MERSE partner countries based on the EU Commissions' country-specific report results in “*Social enterprises and their ecosystems in Europe*” (European Union, 2020).

### 3.1.1 Social enterprise characteristics

#### *Description of SE*

Almost all countries have founded their notion of social enterprises (SEs) on the definition based on the Social Business Initiative (SBI, 2011) promoted by the European Commission (table 5). In Iceland the concept of SE was not very common. Ireland is the only country that, at the time, include trading on an ongoing basis in their definition.

Table 5. Description of SE

Country	Description of SE
Finland	The general goal of social enterprises is to create public benefit. Its founding principle is to solve social problems and to strive for social goals. In order to meet these goals, a social enterprise uses over a half of its profits to promote its aims and to develop its ways of action. In addition, the characteristics of a social enterprise include also openness, client centric approach, transparency of business and generating social impact” (Laiho et al. 2011).
Iceland	The term social enterprise is not generally used, and there are no official data on social enterprise and no research available.
Ireland	An enterprise whose objective is to achieve a social, societal or environmental impact, rather than maximising profit for its owners or shareholders. It pursues its objectives by trading on an ongoing basis through the provision of goods and/or services, and by reinvesting surpluses into achieving social objectives. It is governed in a fully accountable and transparent manner and is independent of the public sector. If dissolved, it should transfer its assets to another organisation with a similar mission (DCRD, 2019: 8).
Norway	A social enterprise is an undertaking whose primary objective seeks to achieve social impact rather than generating profit for owners and shareholders; > which uses its surpluses mainly to achieve these social goals; > which is managed in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity. (SBI, 2011)
Sweden	A social enterprise is an undertaking whose primary objective is to achieve social impact rather than generating profit for owners and shareholders; > which uses its surpluses mainly to achieve these social goals; > which is managed by social entrepreneurs in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity. (SBI, 2011).



### Number of SE

The number of SE varies between the countries. All countries have challenges in estimating the number of SEs due to lack of comprehensive statistics and a suffer of nonreliable data. While Iceland and Norway estimated under 300 SEs in their countries, Ireland and Sweden reported about 3400 and 3000 SEs, Finland's estimation was around 19 000 self-identified SEs (table 6).

Table 6. Numbers of SE

Country	Numbers of SE	
Finland	A total of 214 SEM label Estimated around 19,000 self-identified SE	There are reliable data on Finnish institutionalised forms of social enterprises (WISE and SEM), non-profit welfare organisations (associations and foundations) and cooperatives. However, there is insufficient knowledge and data about organisations that are self-identified as social enterprises.
Iceland	Estimated amount in 2017 258 SE	The term social enterprise is not generally used, and there are no official data on social enterprise and no research available. Due to lack of comprehensive statistics and research it is impossible to estimate the number of social enterprises.
Ireland	1,420 2011; 3 376 rural based 2016	Unreliable data without consensus about the size of the sector. The existing measures are not reliable depending on uncertainty in the selection of companies in the studies.
Norway	An estimated minimum total of 295 social enterprises	Some uncertainty in identifying the number of social enterprises in Norway. One source of bias is that not all social enterprises consider or label themselves as such.
Sweden	approximately 3,000	Challenges in currently identifying social enterprises in a statistically reliable way in Sweden. This report focuses on some indicators that can illustrate part of an emerging social enterprise sector in Sweden.

### Social impact

As shown in the table below the social entrepreneurs' social impact is very heterogeneous but the involvement in activities to deliver social and welfare services in different ways is the common ground for the ventures (table 7).

Table 7. Social impact

Country	Social impact
Finland	Delivery of social and welfare services, Work integration, The promotion of initiatives that develop rural areas, Arts and culture, The start-up of companies promoting SDG that undertake socially-oriented business.
Iceland	SE in Iceland have the aim to solve some identified needs and social problems, often in a welfare context. The initiatives are often aimed at integrating disadvantaged groups in society, such as disabled people, elderly people, poor people, migrants, youth etc. without a profit-making aim.
Ireland	Job creation, Social integration, Service provision to disadvantaged communities, Environmental services, Social capital through volunteerism, Improved local governance, Tackle social, societal and environmental challenges.
Norway	Norwegian social enterprises are spread across many industries and sectors such as transport, handcraft, forestry, hospitals, primary schools/education, and in many areas of social care. They also serve a wide range of target groups: children, the elderly, refugees, drug abusers, patients, the homeless, etc. A trend seems to have developed towards the development of work integration in the Norwegian social enterprise landscape
Sweden	Social enterprises in Sweden constitute a heterogeneous group of ventures. Some have strong influences from the Swedish non-profit association tradition (the popular mass movement ideals), the cooperative movement and cooperative principles, or business practices. The 'core group' of social enterprises that used the term early on, have found a niche related to work integration and especially work training and adjustment for people facing long-term unemployment.

### Business models

In the Nordic countries (Iceland, Finland, Norway, Sweden) social entrepreneurship is most often accomplished in close cooperation with the public sector, particularly the local authorities. In the traditional Nordic welfare system made up of three welfare production sectors: private, public and voluntary, the social enterprises strive to find their position. The Irish SEs operating primarily as a delivery agent of public sector services and in markets without commercially viable solutions (table 8).



Table 8. Business models

Country	Business models
Finland	Social enterprises are finding their niche within welfare and employment service marketisation. Business model's definition should be developed to recognise the specific characteristics of social enterprises as distinct from corporate social responsibility and charity.
Iceland	Lack information
Ireland	The typical business models adopted by Irish social enterprises (Forfas, 2013:15): <ul style="list-style-type: none"> <li>• trading in a service or product that offers a social good and a high potential income generation capacity,</li> <li>• working with individuals who are marginalized and disadvantaged and seeking market opportunities in suitable sectors and industries for their labour,</li> <li>• identifying a gap in infrastructure or services where the private sector has not been able to develop a commercially viable solution;</li> <li>• operating primarily as a delivery agent of public sector services (often, but not always to individuals and groups who are not in a position to pay full commercial rates for services).</li> </ul>
Norway	Lack information
Sweden	Several social enterprises and key stakeholders emphasise difficulties in developing long-term sustainable business models.

### 3.1.2 Key actors

Key actors are the multiple actors that contribute to the social enterprise ecosystem include policy makers and those performing regulatory functions, customers, those who deliver business support, providers of education and training, sources of finance, and those involved in researching and monitoring the sector (Lyon et al., 2019). In table 9, the five countries highlight slightly different key actors.

Table 9. Key actors

Country	Key actors
Finland	Governmental departments/ institutions; Authorities designing, enforcing and implementing public procurement legislation; Authorities designing and enforcing legal, fiscal and regulatory frameworks; Interest group and lobbying organisations; Financial intermediaries for social enterprises and support infrastructures:
Iceland	Lack of information
Ireland	Key actors include national, regional and local policy-makers, research and education, social enterprise networks and financial intermediaries.
Norway	Lack of information, The investor company Ferd acts as one of the most dominant organisations in Norway providing private support to social enterprises.
Sweden	Public authorities, Business advisors, Financial intermediaries, Interest organizations, Education and research institutions are identified.

### 3.1.3 Policy schemes and strategies

At the time of the EU mapping, 2019-2020, it was only Ireland and Sweden that had a national policy or strategy for social enterprises (table 10).

Table 10. Policy schemes and strategies

Country	Policy schemes and strategies
Finland	In general there are no specific policy or support measures for Finnish social enterprises.
Iceland	The concept of SE has in general not been embedded in public policy in Iceland. Social enterprises have no legal structure nor specific regulation in the country. There is legislation on self-governing foundations and cooperatives.
Ireland	National Social Enterprise Policy 2019 by the Department of Community and Rural Development (DCRD) to Building awareness of social enterprise; growing and strengthening social enterprise; achieving better policy alignment.
Norway	Norway lacks legal and institutional frameworks and supportive strategies for social enterprise although seven ministries are working together in a coordinated unit led by the Ministry of Labour and Social Affairs
Sweden	Important in Sweden is the ' <i>competitive neutral policies</i> '. In 2018, the Swedish government launched a new strategy for social enterprise, social entrepreneurship and social innovation (Regeringen, 2018).

### 3.1.4 Public procurement

Ireland was the only country that in 2019-2020 had implemented EU directives on public procurement and the possibilities to reserve particular contracts for social enterprises (table 11).

Table 11. Public procurement framework

Country	Public procurement framework
Finland	There is a need to develop public procurement schemes that prioritise social value instead of the cheapest price, at least in terms of social and health and employment services. A pilot experiment is being trialed in major cities to develop public procurements that set out employment criteria in different ways.
Iceland	Lack information
Ireland	Two EU directives on public procurement were transported into Irish law in 2016. It includes a provision for the possible ring-fencing or reserving of particular contracts for social enterprises under certain conditions.
Norway	A New Public Management praxis of contracting-out social service delivery by public agencies has also grown over the past decades. Public procurement, however, is often regulated in ways that favours big professional enterprises, and general demand for higher efficiency and professionalism in public care leads to the commercialisation and outsourcing of welfare provision
Sweden	Public procurements must be announced through official channels and uphold a threshold value. laws and the routines for public procurements greatly affect both public and private actors. The market for private welfare services has increased– including those sold by social enterprises. Policies, procurements and different client choice models have not been limited to certain types of private initiatives. Social enterprises do therefore compete on the same market as non-profit organisations (NPOs) and conventional enterprises.

### 3.1.5 Networks and support mechanisms

In 2019-2020 there were no specific policy or support structure for SEs in Iceland, Finland, Norway and Sweden. Ireland had a grant and support scheme developed for SEs (table 12).

Table 12. Networks and mutual support

Country	Networks and mutual support
Finland	Finnish Social Enterprise Coalition 'Arvo-liitto ry' (ARVO); The Finnish Federation for Social Affairs and Health (SOSTE); The VATES Foundation; Coop Center Pellervo.
Iceland	In Iceland there are two networks that are tailored to social enterprises: The Association for Icelandic Third Sector Organisations, Almannaheill, which is an umbrella organisation for public-benefit organisations in Iceland. Kveikja is a newly established volunteer-led organisation whose aim is to understand the social enterprise landscape in Iceland and to be the leading organisation in the field of social enterprise in Iceland.
Ireland	Networks and advocacy organisations have grown. Examples: The Irish Social Enterprise Network, The Social Enterprise Task Force, Irish Local Development Network, Social Entrepreneurs Ireland, Rethink Ireland, The Weel.
Norway	Social enterprises in Norway are identified through a combination of information from various relevant public and private organisations—including umbrella organisations—and surveys. These organisations working with or for social entrepreneurs, regionally and/or nationally include: Ferd Social entrepreneurs, The Crown Prince's Fund (Kronprinsparets fond), SoCentral, Prospera, Innovation Norway (Innovasjon Norge), Uni Reseach Rokkansenteret, The Norwegian Directorate of Health (Helsedirektoratet), and an open social web-network where social enterprises could self-register (this resource is no longer accessible).
Sweden	Several different networks and mutual support mechanisms bolster social enterprise in Sweden. Coompanion, Famna, Folkbildningen, Forum, Ideell Arena, Mötesplats social innovation, Social Entrepreneurship Forum, Skoopi, SOFISAM, Verksam.se, Private and public actors participating in international networks, e.g. related to and/or funded by the EU, Academic institutions, Private consultants that engage in the social enterprise field.

Ireland was the only country that in 2019-2020 had different kinds of support directed to social enterprises. In the other four countries there were no special support to social enterprises and the support was directed to entrepreneurship in general (table 13). Subsidies for employing people with reduced working capacity were available in Sweden, and social enterprises, as well as all other types of organisations could apply for this support.

Table 13. Support system

Country	Support system
Finland	In general there are no specific policy or support measures for Finnish social enterprises.
Iceland	There are no specific policy or support structures for social enterprises in Iceland. There are many initiatives and political interest with regard to entrepreneurship in general, usually linked to technical solutions, but there has been little political interest in social enterprise.
Ireland	Social Enterprise Grant Scheme; Wage Subsidy Scheme; EU Programme for Employment and Social Innovation (EASI) and Microfinance; Social Enterprise Measure of the Dormant Account Fund (DAF); Community Foundation for Ireland (CFI); Social Inclusion & Community Activation Programme (SICAP); Community Services Programme (CSP).
Norway	Political and financial support to private welfare service delivery (social enterprise included) falls into a broad, complex and rather intense debate about the role of commercial actors in the Norwegian welfare system. Voluntarism and non-profit objectives, on the other hand, receive support from all political parties and the general public. However, the fact that social enterprises combine both social/non-profit and commercial objectives generates some confusion.
Sweden	Policies aim to treat different types of organisations or enterprises neutrally. Social enterprises therefore receive no different treatment than other organisations. However, different types of support for social initiatives do exist, such as subsidies for employing people with reduced working capacity. Social enterprises and other types of organisations, enterprises or public actors can tap into these subsidies.

### 3.1.6 Research, education and skills development

In Ireland there were university-based programs about community and voluntary sector. A research community was engaged in and offered courses in the fields of cooperatives, social economy and social enterprise. Iceland lacked education and research in the field and in Sweden training programs were offered by interest organisations and consultants (table 14).



Table 14. Research, education and skills development

Country	Research, education and skills development
Finland	The research community FinSERN, Finnish researchers and eight organisations; The Co-op Network Studies (CNS), offers multidisciplinary, web-based, minor subject courses and modules related to the cooperative sector, social economy and social enterprise.
Iceland	There is in Iceland a lack of education on social entrepreneurship, social enterprises and social innovation at university level. The Faculty of Social Work of the University of Iceland (UI) teaches the only course in social entrepreneurship and welfare technology in the country. However, there are also courses in general entrepreneurship and innovation at the University of Iceland, University of Reykjavik, University of Bifröst and University of Akureyri.
Ireland	University-based programmes (on distance and blended learning) targeting the community and voluntary sector.
Norway	Lack information
Sweden	Interest organisations and consultants run different types of training programmes. Coompanion and Skoopi have run training programmes for social enterprises in procurements, social auditing etc. Many of these programmes have formed part of projects funded by the Swedish ESF Council. Trainings are conducted by project owners, partners themselves or consultants

### 3.1.7 Finance

There were challenges in all five countries for SEs to finance their operations in a sustainable manner. The SEs are in a high degree dependent on public funding but no special funding programs for SEs had been set up in the countries (table 15).

Table 15. Finance

Country	Finance
Finland	The funding channels for social enterprises are in principle the same as those for mainstream enterprises. No investment market exists as such and no specific public or private specialist fund has been set up to finance just social enterprises.
Iceland	Social enterprises are very strongly connected to the public sector, and although they have a mixed revenue basis, they are mainly financed by grants and service contracts with public administrations. However, donations, membership fees (in some cases) and sales of products and services can also be considerable
Ireland	Difficulties experienced by the sector in accessing, and securing, finance from mainstream and public funding institutions many have become reliant on a range of funding sources including individual contributions, foundation grants, user fees, fundraising and government payments
Norway	The investor company Ferd acts as one of the most dominant organisations in Norway providing private support to social enterprises.
Sweden	Financing social enterprises varies depending on size, age, etc. Some relatively large and well-established social enterprises have generated assets over the years like real estate or shareholding as well as developed business models providing sustainable platforms. Many smaller and younger social enterprises face considerable financial challenges of cash flow and relatively small investments. Social enterprises finance in many ways connects closely to public policies and procurements as well as grants from Swedish ESF Council and Swedish Inheritance Fund. But some ordinary banks, niche banks such as Ekobanken, local or regional investment funds, credit unions, micro funds, private investments and donations come to use in various ways

## 3.2 Literature study

The literature study cover research about social entrepreneurship that have been conducted in the five MERSE partner countries until spring 2024.

### 3.2.1 An overview of the papers included in in study.

The majority of the 119 papers (74 %) about social entrepreneurship are published 2016 or later (figure 7).

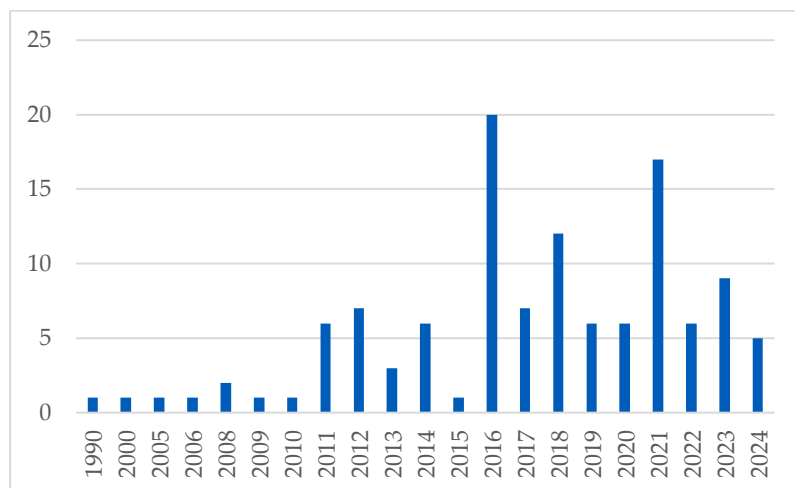


Figure 7. Number of papers per year

When comparing the five NPA countries, Sweden has been the leader in research on social entrepreneurship until the 2020s, when interest in the field declined in the country while interest increased in Ireland, which has since shown an increasing number of publications (figure 8). In Iceland, the notion of social entrepreneurship, and thus also the research around it, is relatively new.

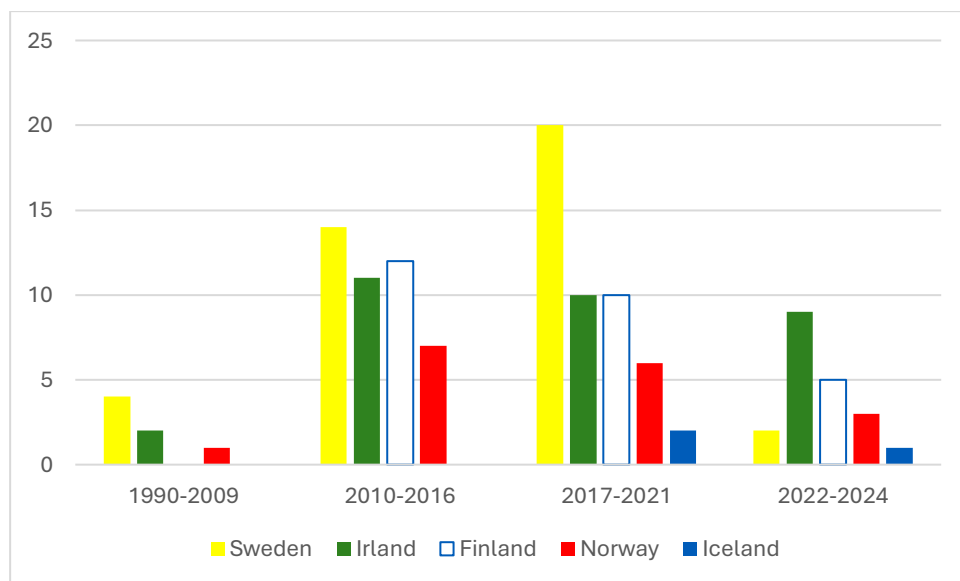


Figure 8. Number of papers per period and country



The following keywords formed the basis for the review of the content of the papers: *Research aim, Data collection, Social impact, Funding, Type of organisation, Business models, Barriers and Enablers, and Business support.*

### 3.2.2 Research aim

We started to explore the research aim in all papers. This was done through a thematization of the papers' expressed purpose. After a while, a pattern was identified, of the following categories (table 16).

Table 16. Thematization of research aim

Research aim	
Characteristics/ Determinants	32
Eco-system/ Supportsystem/ Fostering SE	18
Community-based entrepreneurship	18
Social impact	15
Sport activities as SE	10
Policies for sustainability	9
Social impact of WISE	7
Policies in general	7
Measurement of social impact	2
Procurement	1
<b>Total</b>	<b>119</b>

The most common content was about characteristics or determinants for social entrepreneurship. For example: *“This paper aims to interrelate social, civic, community, and other entrepreneurs in search of a more unifying concept of societal entrepreneurship for Sweden and beyond.”* (Lundqvist & Middleton, 2010, p. 24), or *“In this chapter, the evolution of the Finnish concept of social enterprise and the institutionalization of the phenomenon is analysed”* (Kostilainen & Pättiniemi, 2016, p. 39).

No significant differences could be identified regarding country and purpose, see figure 9.

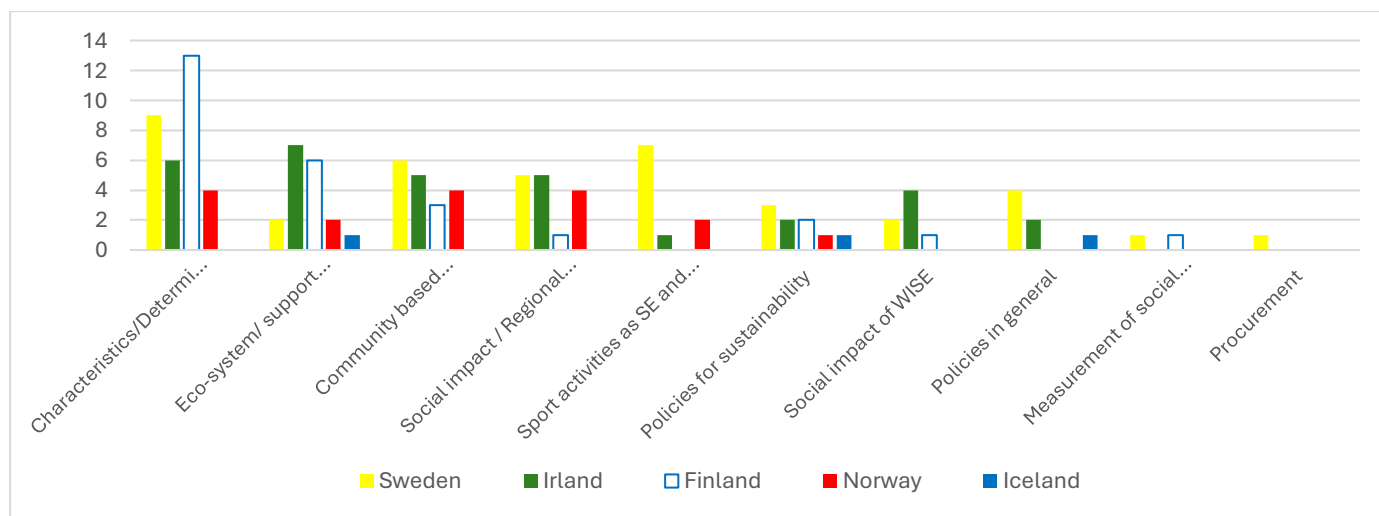


Figure 9. Research aims and country (number of papers)

### 3.2.3 Data collection

A lot of papers are presented as *qualitative case studies* (49) often conducted via interviews or qualitative mixed methods (figure 10). A few papers, around 10 percent, have been conducted by quantitative data collection either with available databases, or by own data collection via questionnaires. Approximately 15 percent of the papers are based on previous studies (literature or document studies).

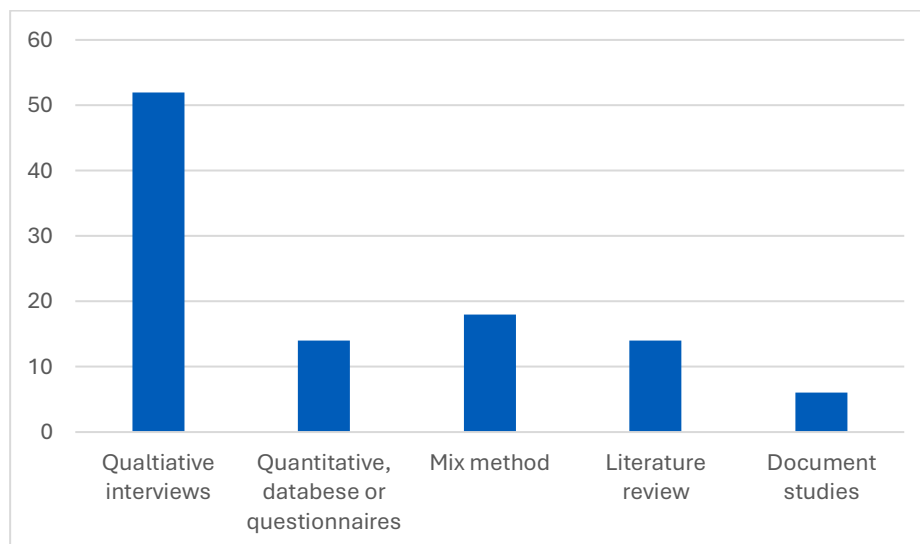


Figure 10. Data collection (number of papers)

### 3.2.4 Social impact

Just about a third of the papers highlights the social impact of the explored area (figure 11), for example: “Findings demonstrate how community-based social enterprises can act as enablers and supporters of local markets, channels of redistributive resources and coordinators of local reciprocity, thus, contributing to “institutional thickness” within their localities” (Olmedo et al., 2024, p. 82), or: “The participants perceived that working in the WISE gave them a feeling of freedom and increased their self-esteem because of the possibility to earn an income. Also, they were satisfied with their job (e.g., regarding work quality and flexibility) and believed that their work contributed to society” (Macassa et al., 2023, p. 1).

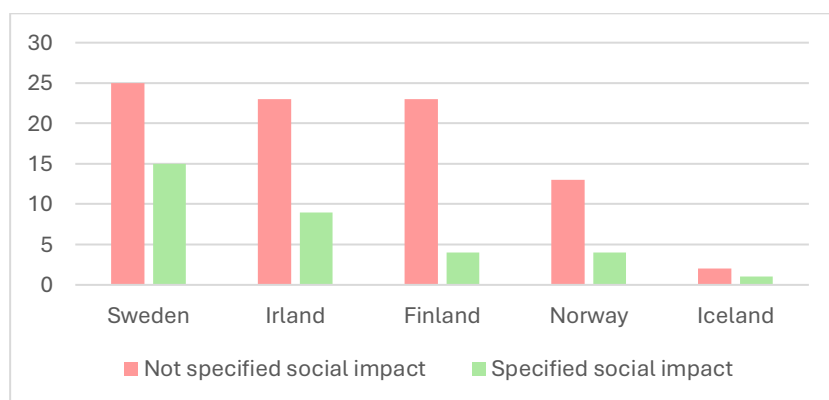


Figure 11. Numbers of papers that highlight the social impact of SE

### 3.2.5 Funding

Very few (8%) previous papers in the literature review are about funding (figure 12).

One exception is as follows: “DBTK has successfully combined commercial activities with social objectives, relying on both EU regional development funds and revenues from their own commercial enterprises. This hybrid funding model has been crucial to their sustainability” (von Friedrichs & Wahlberg, 2016, p. 201).

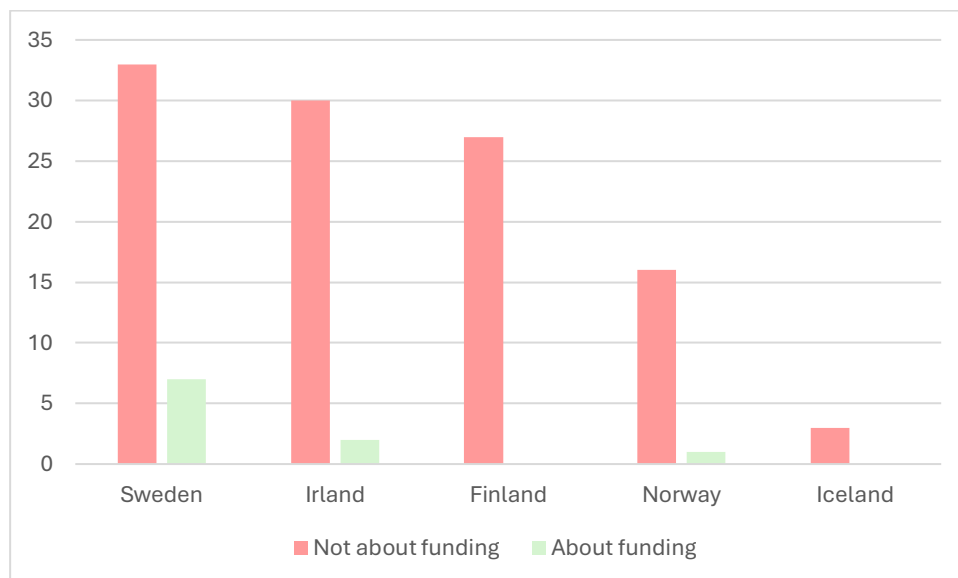


Figure 12. Numbers of paper that highlight SE funding

### 3.2.6 Type of Organisation and Business models

Previous research shows that social enterprises often have more than one legal form (Dalborg & von Friedrichs, 2021). One focus in the literature review is therefore on type of organisation. However just a few (8%) papers have written about this. Papers that highlight the hybridity in social enterprises, often also describe a “broad” business model that are used. For example, Tykkyläinen & Ritala (2021, p. 693) say: “Our results confirm that social enterprises rarely have just one business model that integrates social and business logics but deploy several activity sets involving different configurations of logics”. The authors also highlight that “business model innovation in social enterprises can involve various forms of hybrid logic that combine social and financial outcomes, either sequentially or in parallel over time, and in a path-dependent and gradual manner or in a more radical and discontinuous leaps.

In the literature review, 13 papers (11%) wrote about business models used in the social enterprises (figure 13).

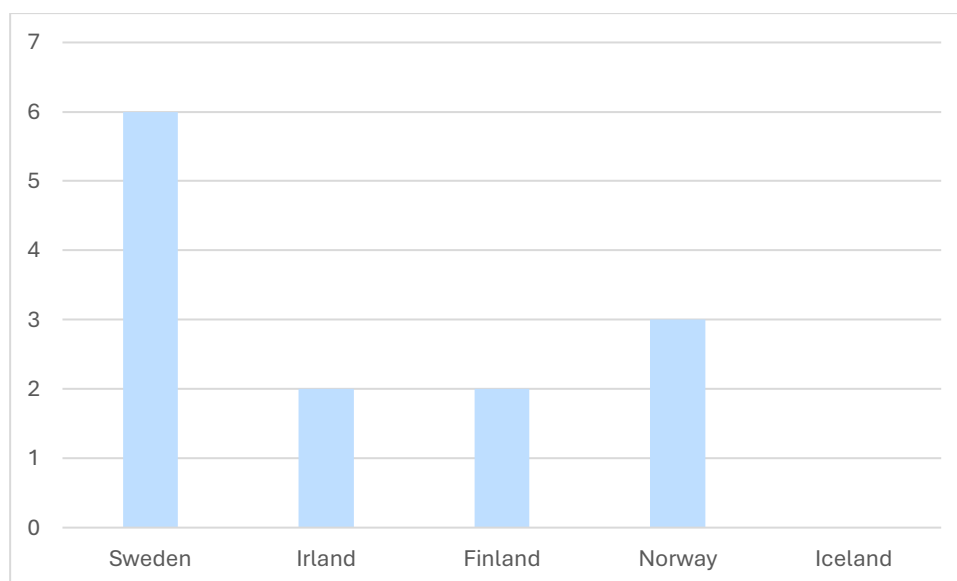


Figure 13. Numbers of paper that have written about business models

### 3.2.7 Barriers and Enablers

Many papers highlight barriers, as well as enablers that social enterprises face. In the literature review we could see that 42 papers wrote about this (figure 14).

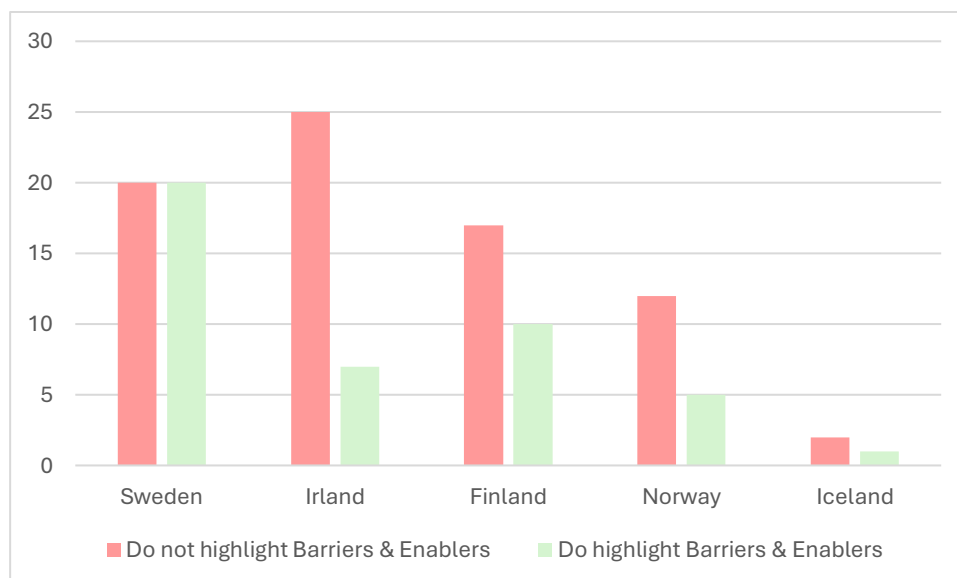


Figure 14. Numbers of paper that highlights Barriers and Enablers

Example of content within this area:

Finland: *“The following bottlenecks were identified: preconceptions and prejudice - mainly from the outer world - as a factor that people in SEs have to struggle with in everyday work; concretisation of projects and ideas constructed around one active person or a few people, making the organisations rather “vulnerable”; and problems in networking with “normal” companies.”* (Melkas, et al., 2017, p. 68).

Iceland: *“The terms “social enterprise”, “social innovation” and “social entrepreneurs” have rarely been cited in Icelandic public policy. There is no special policy or support structure aimed at social enterprises. Iceland lags behind many European countries in implementing specific large-scale policy initiatives to support and strengthen social enterprises, social entrepreneurs and social innovation” (Hrafnisdóttir & Kristmundsson, 2021, p. 108).*

Ireland: - *“One of the most significant challenges facing these rural-based social enterprises is the uncertainty surrounding future state support” (O'Shaughnessy & O'Hara, 2016, p. 232).*

Sweden: *“Shifts in policies throughout the Swedish development of the welfare state have had major impact on social enterprises - their sustainability and which kinds of social enterprises that emerge. There is a wide political agreement to promote and support social enterprises, but different views occur about what role in the welfare triangle they should have (which affect social enterprises position in it due to current government/political settings). This leads to that problematic paradoxes occur” (Gawell, 2021).*

Sweden: *“[...] the absence of sustainable business models, the lack of financial resources and the existence of municipal monopoly are identified by the advisers as challenges” (Dalborg & von Friedrichs, 2021, p. 280).*

Sweden: *“The policy area has so far been weakly institutionalized. The involved actors in the implementation structures are given high discretion to design their principles and working methods. As a result, policy intentions and decisions weakly guide those who implement the policy. Current policies supporting innovation in the region are identified as having a weak support structure for entrepreneurs who have a solid social commitment but lack the abilities and knowledge to start and run businesses. Therefore, the developed strategy is to prioritize entrepreneurs who are not usually part of the support structure within business and growth policies” (Johansson & Gabrielsson, 2021, p. 15).*

Norway: *“[...] community entrepreneur has to be familiar with a broad set of resource factors and see how these add up to a complete venture. Within the ventures in this study a frequently practiced strategy was the use of existing organizations and networks as a platform in the start-up phase. The community entrepreneurs are characterized not only by a strong will and ideology towards common goods and welfare, but they also possessed a strong action capability. Further, they needed able skills in legitimizing the project and creating informal institutional platforms within the society. The mobilization capability depends much on the community entrepreneurs giving a lot of themselves in this process” (Borch et al., 2008, p. 120 ).*

### 3.2.8 Business support

Previous research in the five NPA countries shows that there often is a lack of a support system specifically adapted to social enterprises. In all countries there are business support organisations that offer a range of services, including funding, mentoring, networking, and capacity building, not only to social enterprises but to all kind of enterprises.

Results from the literature review, about business support, is presented below:

Finland: *“The Swedish-speaking regions might provide certain key benefits to SEs, and enable, for instance, access to many formal and informal networks that provide mutual support. The recognised existence of social capital among the Swedish speakers may provide a valuable basis,*



*but to be able to reach more social entrepreneurial activity in these regions, better visibility, management support, funding sources and various communication and training efforts for various parties still appear to be needed.” (Melkas, 2020, p. 113).*

Iceland: *“In 2015, the Ministry of Welfare implemented a special policy on innovation in welfare services and technology. As part of that policy, the Ministry established a social-innovation fund to promote social entrepreneurship and social innovation; both municipalities and other entities providing social services are eligible for application. In April 2017, the first Icelandic business accelerator for social innovation was launched, in cooperation with various universities and official bodies. The endeavour is meant to strengthen diversity in Icelandic innovation and create a forum for social entrepreneurial activities” (Hrafnisdóttir and Kristmundsson, 2021, p. 109).*

Ireland: *“The adoption by successive Irish governments of a labour market integration approach, to supporting the development of the Irish social economy, since the early 1990s, has shaped the sector and contributed to the emergence of one dominant social enterprise type, the WISE” (O’Shaughnessy and O’Hara, 2016, p. 462).*

Norway: *“It is a challenging task to adapt and develop support tools that work well in the specific context [community entrepreneurship]. The flexibility, development, and adaptation of government support tools “tailored” to the characteristics of the rural communities are of importance” (Borch et al., 2008, p. 121).*

Sweden: *“[...] many advisers lack experience in social entrepreneurship, yet they consider that social enterprises are not “genuine” entrepreneurs, and that they, therefore, refer them to advisers focussing on co-operative enterprises” (Dalborg & von Friedrichs, 2021, p. 280).*

### 3.2.9 The rural area

A special research interest was directed to the rural context that is a characteristic for the most regions in the included NPA regions. The literature review highlights particularly contributions that take into account a rural context and the consequences that it brings.

*Table 17. Social entrepreneurship and rurality*

Country	Papers	About Rurality	About Rurality
Finland	27	3	11%
Iceland	3	0	0%
Ireland	32	16	50%
Norway	17	6	35%
Sweden	40	9	23%
	119	34	29%

Table 17 displays that there are significant differences in previous research about SE in combination with rurality. Previous research from Ireland and Norway has in a high degree taken the rural context into account while research from Finland and Sweden only in a low degree has this focus. The scarce research from Iceland excludes a rural focus.

Some examples of social enterprises and rurality:

Okuneviciute Neverauskiene and Pranskeviciute (2018, p. 14) argue that: “. *Social enterprises emerge in areas which are not reached by the state and are not interesting to businesses due to their low profitability. Social enterprises bring entrepreneurship into deprived areas, which is crucial for regional development*”.

Ireland: “*There are specific local circumstances that contribute to success and create challenges, but it is the human resources of leadership, strategic and entrepreneurial focus and how they generate the activities that appear to be the common factors. These need to be borne in mind in any consideration of replication potential. [...] A key success factor in these five rural-based social enterprises is their effectiveness in mobilising and harnessing a variety of resources through the state, market, philanthropy and volunteers. [...] Local development companies have been very significant in stimulating, supporting and promoting these rural-based social enterprises. They have responded to the varied and distinctive support needs of these businesses by providing a range of hard and soft supports including capital financial assistance; business mentoring; leadership and governance training; marketing support; and facilitating networking events* (O'Shaughnessy & O'Hara, 2016, pp.231- 232).

Sweden: “*The results of the cases presented show that there are no quick fixes; that community-based entrepreneurship implies long-term oriented activities, which must be integrated in each local context. Decisions to make the work successful must be primarily taken in each local community, since the knowledge and understanding of possibilities and limitations can only be found in the community in question*” (von Friedrichs & Lundström, 2016, p. 158).

### 3.2.10 Summary of previous research in the five countries

The literature review shows that previous research in the five NPA countries has been conducted to varying degrees. In Sweden we find the oldest studies, dating back to the 1990s and early 2000s, and it is also in Sweden that the most publications have been identified. For Iceland, SE is a very new research area, and the three papers included in this review were all written between 2020 and 2022. In recent years 2022-2024, Ireland has published most papers and also most publications about rural SEs. A large proportion of previous research deals with characteristics and determinants of social enterprises. A lot of previous research also highlights barriers and enablers in the social entrepreneurship area. The publications reveal that the support systems are not yet developed specifically for social enterprises in the countries, except for work-integrated social enterprises.



Figure 15. The Blue bank, Píngeyri, Iceland, 2024

### 3.3 Survey- social enterprises

#### 3.3.1 Characteristics of the respondents

The 93 social enterprises in this study have operations in various sectors and many of them (49 %) operate in more than one business area (figure 16), this is especially stated by the social enterprises from Norway. The Norwegian enterprises mainly combine local development, with health, schools and elderly care. In Iceland most companies (90%) operate within the cultural area in combination with local development. All enterprise from Ireland state that their enterprises operate within the local development area, in combination with for example environmental issues. In Sweden the companies are active in various areas, such as local development, culture and social service. In Finland a lot of companies operate within the social service area as well as with work integration.

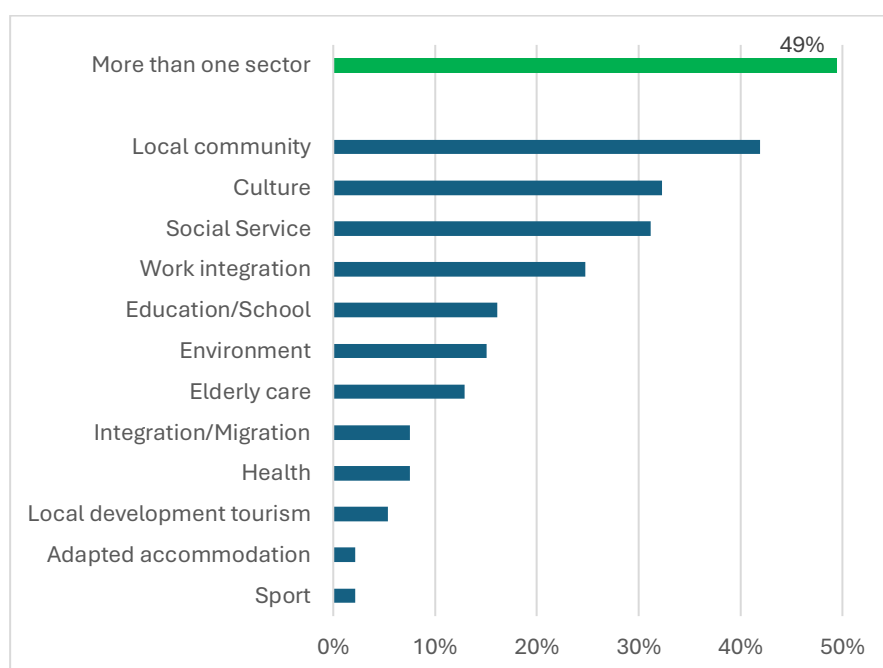


Figure 16. Business sector(s)

- The majority of the businesses in the study are more than 10 years old.
- Median age of the business owners (respondents) is 52 years.
- 72% of the respondent are women.
- Most of the SEs have employees, median = 5 employees.
- The majority have a turnover less than 100 000 – 500 000 Euro.
- Most SEs struggle with profitability
- Most SEs re-invest money in the company

We can see differences in the age of the companies between the countries. Iceland has the youngest companies, where the majority of SEs are 10 years or younger, while Finland and Ireland have the oldest ones, where the majority of SEs are more than 20 years old. The companies from Norway and Sweden are mainly between 10 and 20 years of age.

### 3.3.2 Beneficiaries

The main target group for the social enterprises in the study is the local community, followed by young, and elderly people (figure 17).

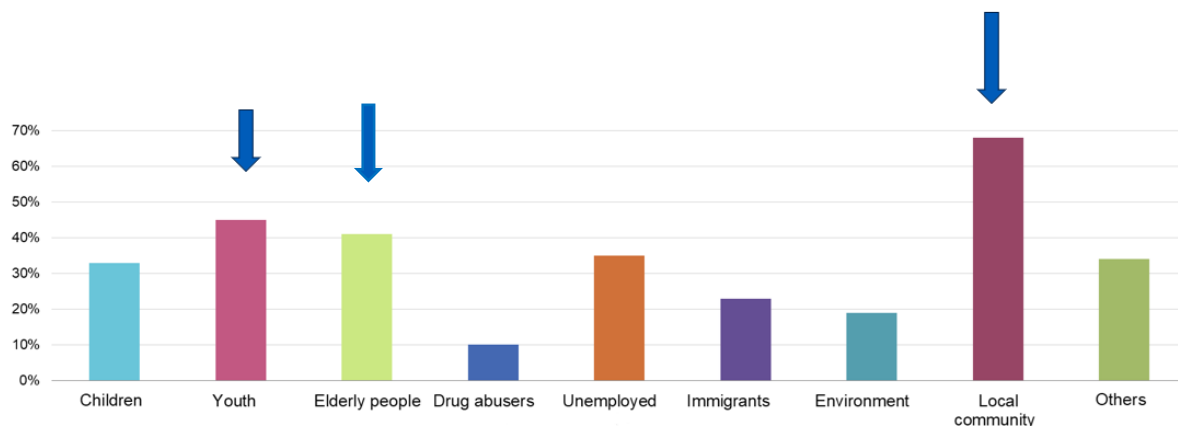


Figure 17. Beneficiaries

### 3.3.3 Country differences – Primary sources of financing

Even if there are expectations that social enterprises should have revenues from trading, a lot of companies in the study stated that trading was not a primary source of their financing (figure 18). It was more common with public grants.

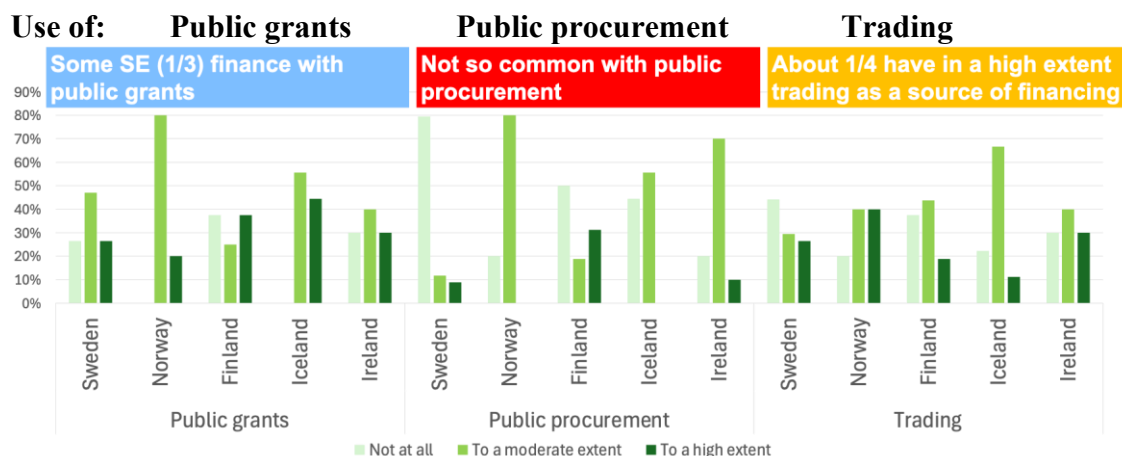


Figure 18. Example of financing

### 3.3.4 Obstacles

The most common obstacles highlighted by the social enterprises are: 1) insufficient funding, followed by 2) difficulties to create visibility and awareness, 3) difficulties to demonstrate the value, and 4) difficulties to reach relevant markets (figure 19).

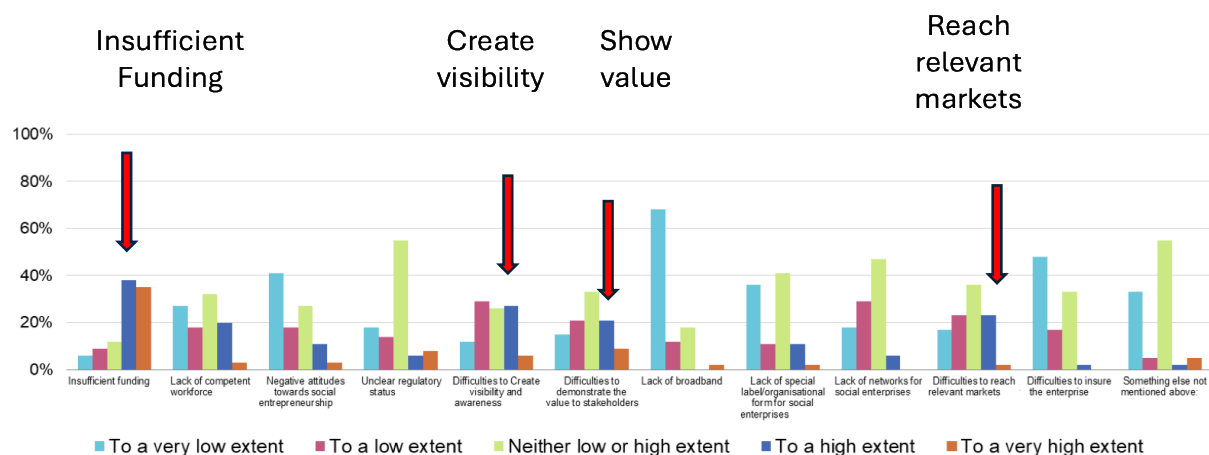


Figure 19. Main obstacles

Lack of funding is a common challenge for all five countries (figure 20).

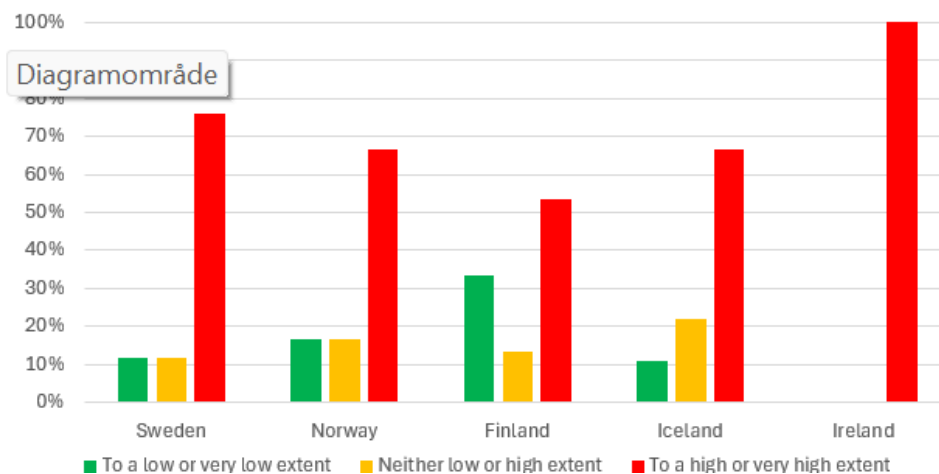


Figure 20. Insufficient funding- country differences

In Sweden and in Iceland the respondents seem to have difficulties to be visible for their stakeholders while respondents from Norway, Finland and Ireland does not have this problem (figure 21).

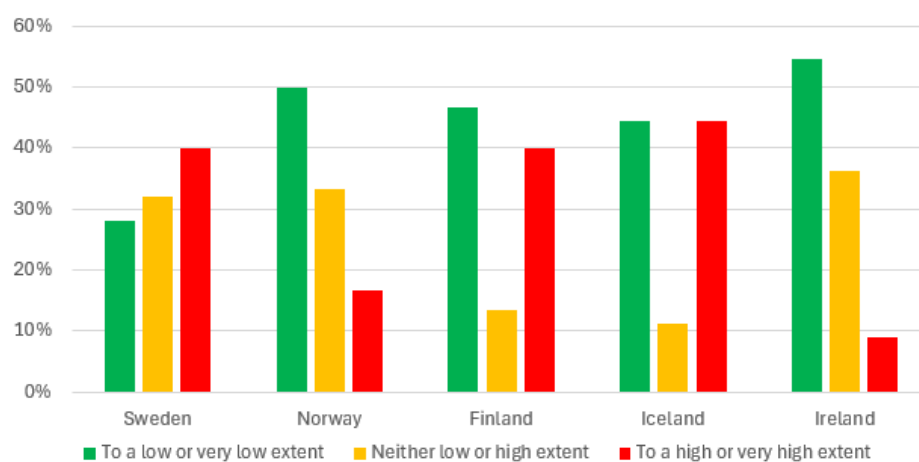


Figure 21. Create visibility and awareness



Reaching relevant markets is of essence for any company. Most difficulties to reach the needed customers is experienced by the SEs in Finland while the Irish SEs have no problem to reach their markets (figure 22).

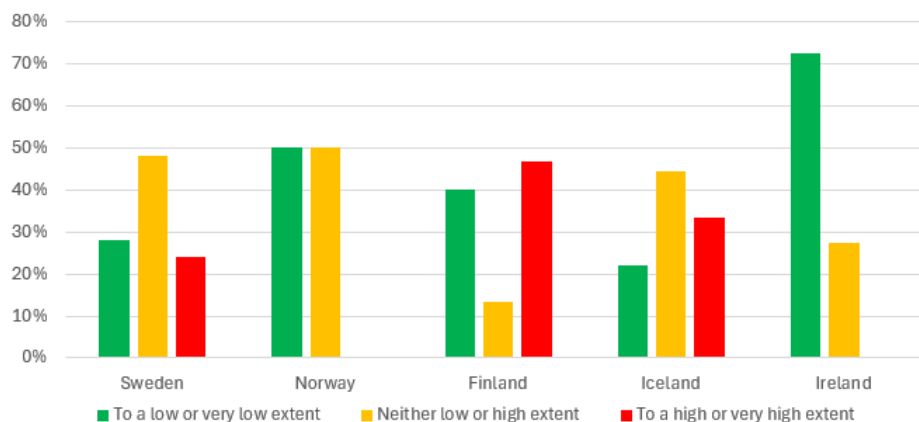


Figure 22. Reaching relevant markets

### 3.3.5 Measuring social value

It is only in Ireland that most of the SE's report that they measure the social value of their venture. In Sweden, Norway, Finland and Iceland there are few SEs that measure the social value of their operation (figure 23).

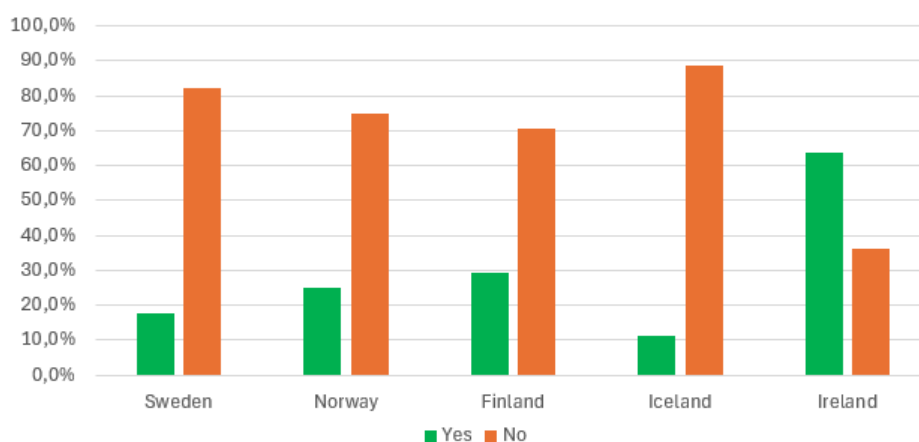


Figure 23. Social impact measurement

### 3.3.6 Significant received support

Financial support, followed by support in form of networking and collaboration, and local community support are considered as most significant for the social enterprises (figure 24).

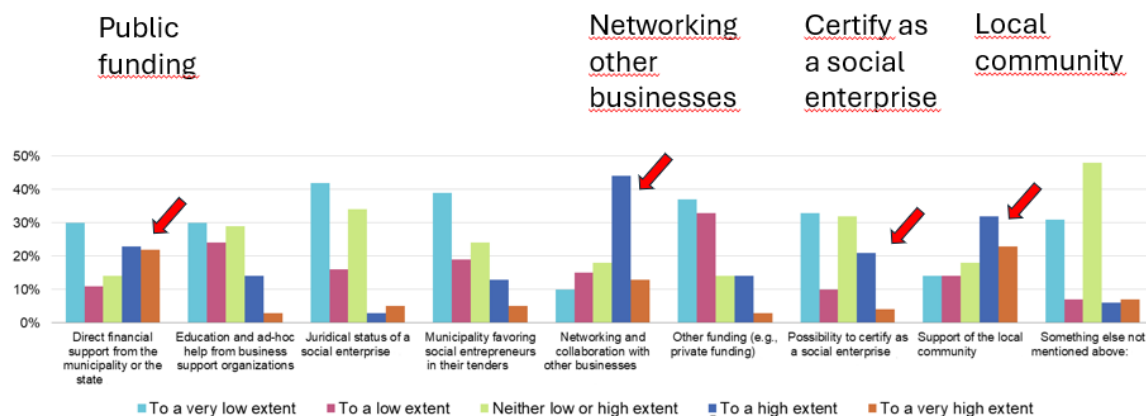


Figure 24. Received significant support

The results show some country differences when it comes to received support. For example, Sweden, Finland, Iceland and Ireland highlight that direct financial support from the municipality or the government has been significant for them, while Norway instead answers that this kind of support has been significant to a very low extent (figure 25).

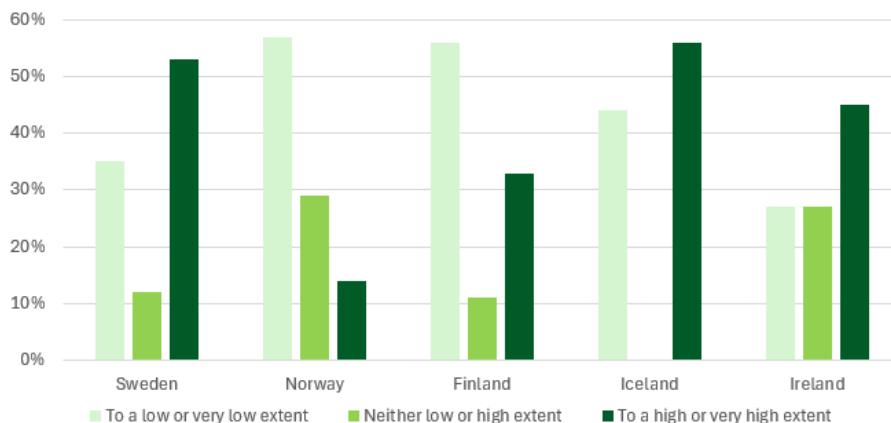


Figure 25. Significant received support - Public financial support

In Iceland and Norway, a relatively high percentage of the social enterprises think that support from business advising organisations has been a significant support from them. Respondents from Finland and Sweden do not consider this in the same way (figure 26).

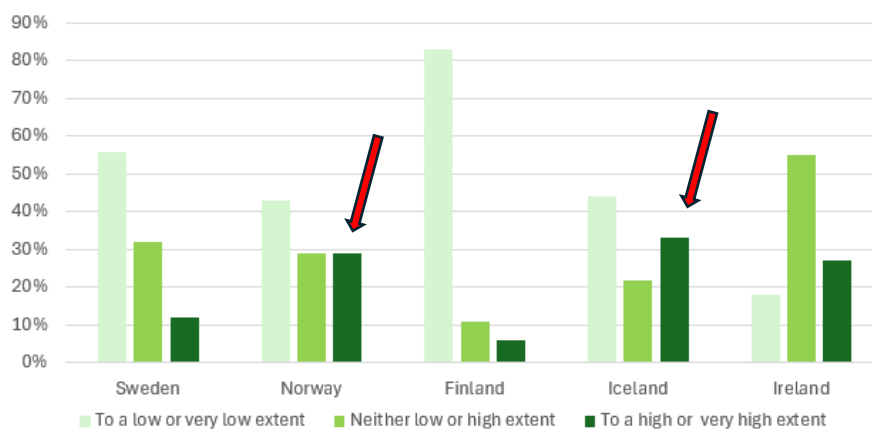


Figure 26. Significant received support - Business support organisations

An important support for social enterprises could be that they are recognized in public procurements (figure 27). Public tenders are something that companies from Norway believe has been of significant support for them. However, respondents from Finland and Sweden do not consider that their social enterprise have been favored in public procurement in the same way as Norway.

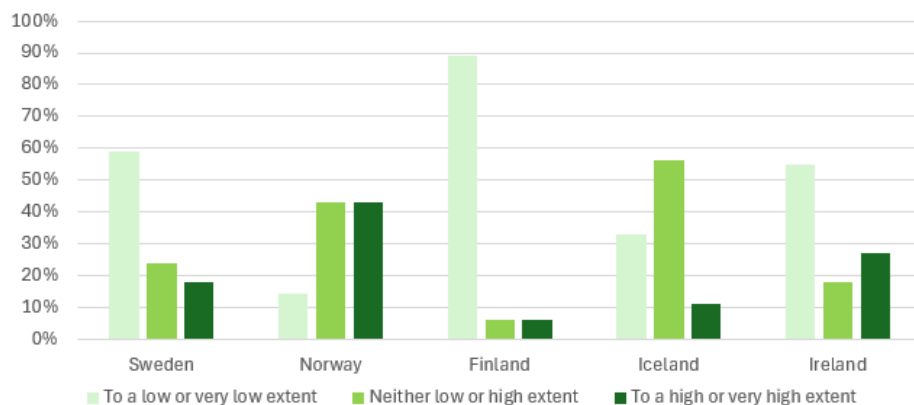


Figure 27. Significant received support - Municipality favoring social entrepreneurs in their tenders?

Previous research often highlights the importance of networking between businesses. Figure 28 highlights that most of the respondents agree with this as the result from this study shows the same significance.

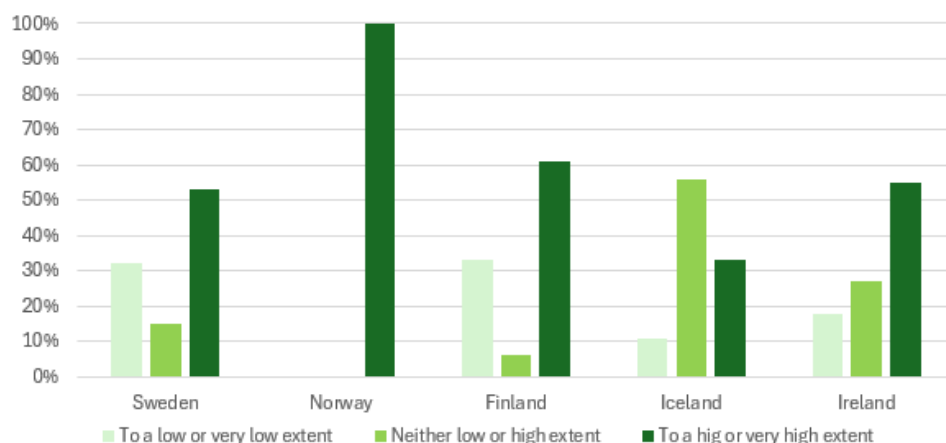


Figure 28. Significant received support - Networking and collaboration with other businesses

Received support from the local community is also shown to be significant for the SEs in most of the countries, except from the respondents in Finland (figure 29).

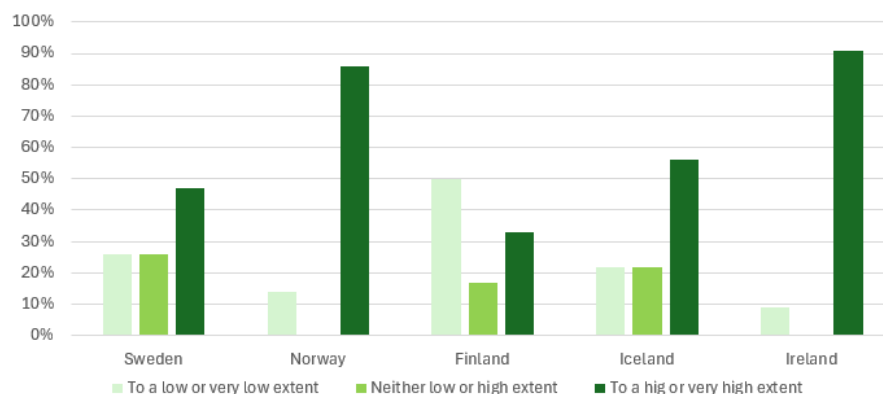


Figure 29. Significant received support - Support from the local community

External support mechanisms that the enterprises had hoped for but did not have were public financial support and that the municipality favoring SE in their tenders. No country differences in these wishes.

### 3.3.7 The rural context

Since all respondents operate within five rural regions, they share common features such as low population density, low accessibility and low economic diversity, but they also often have abundant natural resources. This unique combination of features results in shared challenges and shared opportunities where social entrepreneurship and community engagement can play a vital role.

Almost all enterprises highlights that they are affected in a high or very high manner due to the location of the company, however the results show some country differences (figure 30).

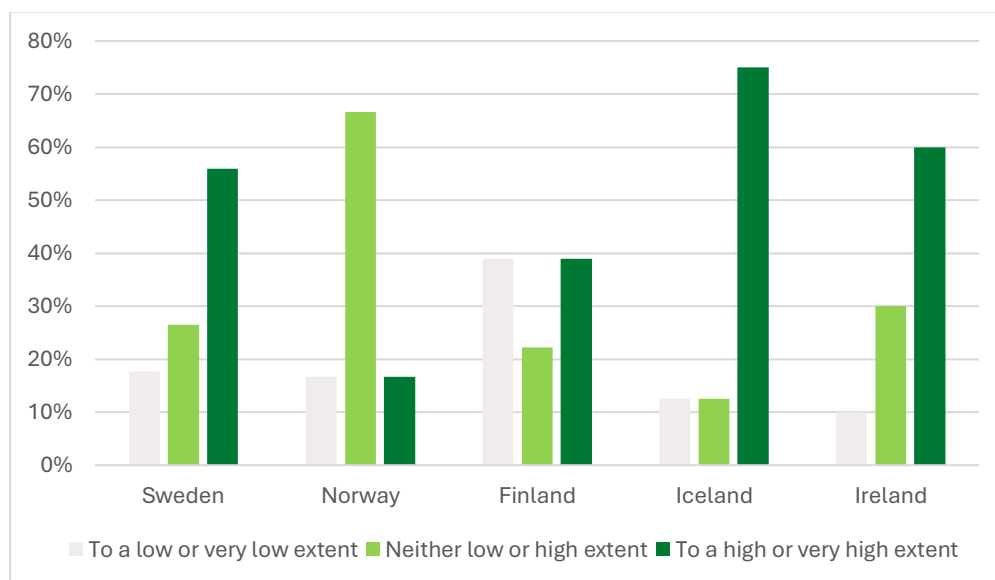


Figure 30. How the rural context affects the mission of the enterprise

The results show that it is often a personal choice of the entrepreneur to live at the countryside in Norway, Iceland and Sweden, while in Ireland and Finland that is not always by choice (figure 31).

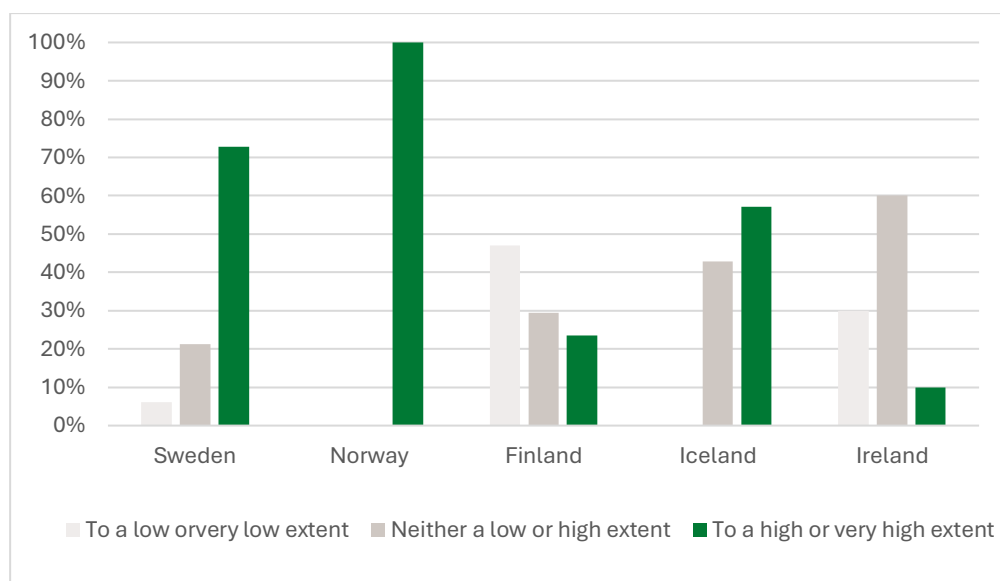


Figure 31. The rural context is the entrepreneur's personal preference

Norway and Iceland are positive regarding that the rural context offer a favorable local political environment that work as an enabler to their business (figure 32). These preferences are not shared by the respondents in Sweden and Ireland.

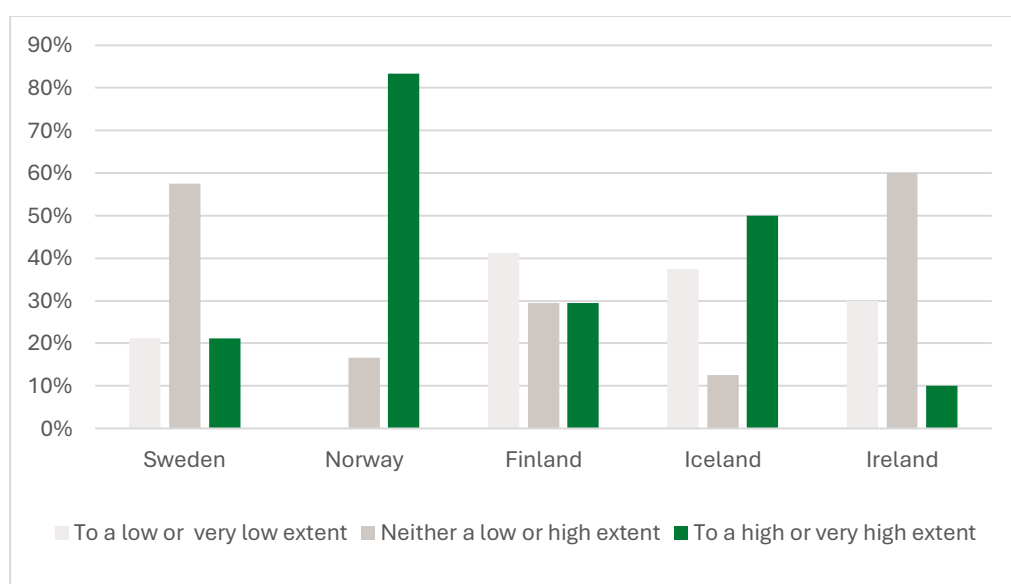


Figure 32. How does the rural context work as enabler to your business regarding favorable local political environment

The social enterprises could also leave open answers on how the rural area affected their operations. Below the obstacles that were mentioned in each country is listed.

### Finland

- Availability of smooth network connections is poor despite being located in the municipal center



- Customers are fewer and far away.
- Customer accessibility compared to competitors is poor
- Decrease in population, emigration, mortality
- Distance to customer groups makes sales difficult, getting a skilled workforce is not always easy
- Lack or limited public transport connections, should be taken into account in pricing, purchases should be made elsewhere because the service/product is not available in the locality, getting a workforce
- Meeting people who promote our goals is more difficult
- Problems to get employees/ workforce
- Small market area.

#### Iceland

- Expensive to drive to the capital to carry out projects, weather can also hinder travel.
- Weather and transportation are the main challenges in getting people to use the space.

#### Ireland

- Increasing cost of providing accessible transport
- Isolated area, Lack of services, Lack of housing, Lack of Infrastructure
- Lack of core funding has left us chronically insecure financially. Biggest challenges are reluctance of contractors to come to the islands. Also, big challenge with ESB networks limitations, and the limitation of the undersea cable to mainland. Planning permission is also a huge challenge.
- Lack of government funding
- Lack of young people, lack of workers but mainly lack of long-term accommodation
- Many organisations offering support but no single department/section dealing with Community Social Enterprise in the Rural Gaeltacht and thus creating a lot of paperwork to get supports such as legal, financial, marketing and training.

#### Norway

- Access to customers
- Bus service

#### Sweden

- Access to labor, long distance to jobs.
- Bank's high interest rate on our loan and that they do not lend to people who want to move here.
- Delivery difficulties
- Difficult to find premises
- Difficult to network due to long distance, entrepreneurs are not used to collaborating
- Difficult to reach those in power at government level

- Distance to customers means that we cannot take on as much work
- External education is largely held far away
- Financing of the business in rural areas, envy in some cases
- Limited public transport
- Little basis for cooperation - difficult to find partners etc.
- Long distance to clients, need to finance a lot of time to take on an assignment
- Long distance, high petrol prices
- Low work force with adequate competence in art and culture. Including knowledge from politicians and culture bureaucrats to give adequate support to the art institutions and art practitioners in the area.
- Public transport, travelling from abroad
- Societal challenges,

However, some SEs also highlighted the opportunities that the rural area entailed.

*“The fact that it is a rural context is our strength and advantage that underlies all our services”*  
(SE from Norway).

*“We are rural and we highlight all the positive things that come with it. Jobs, housing, schools, services, outdoor activities, etc.”* (SE from Sweden).

### 3.4 Survey- support organisations

#### 3.4.1 Characteristics of the respondent

The 61 support organisations included in the study support different types of companies, and not only social enterprises. Most common is support to start-ups and growing companies in general. For example:

- “We are a broad-based company and do not have an industry-specific target group”
- “The main target group is start-up companies, which are mainly one-person businesses”
- “We have a special focus on the hospitality industry”
- “Our services are mostly aimed at new entrepreneurs and companies who need help with development, funding (we help them search for funding but do not fund companies) and ownership questions, usually at a time of a new generation taking over the business”.

The support is most often free of charge for the enterprises. In Finland, Ireland and Sweden, the majority of the support organisations answered that the customer does not at all pay themselves, while in Norway the customers partially pay themselves. In Iceland it varies.

The size of the support organisations does not differ much between countries. Most support organisations have between 3-5 employees.

#### 3.4.2 Knowledge of SE

The majority of the support organisations (70%) do not know how many social enterprises there are in the region. This is true for all countries, except from Ireland who to a greater extent indicated how many social enterprises existed in the region. However, the majority of the respondents in the business support organisations mean that they have knowledge about social enterprises (figure 33).

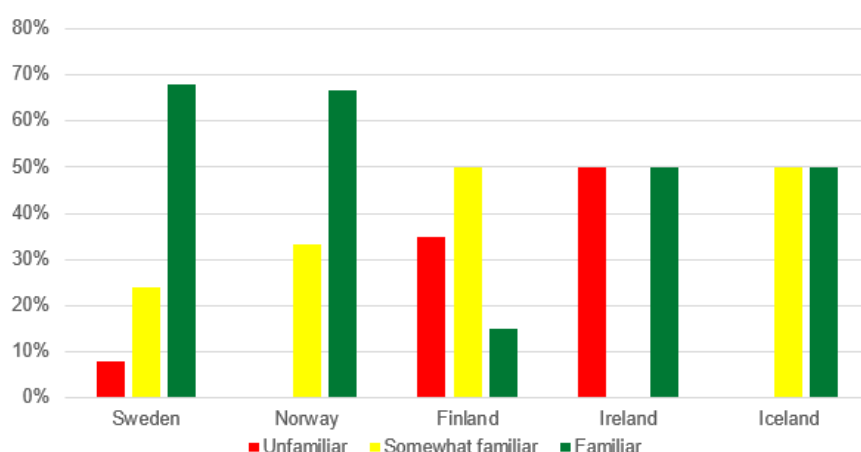


Figure 33. Knowledge about social enterprises

Despite the relative high degree of knowledge about social enterprises among the respondents, the results show that the majority of the businesses support organisations do not at all give support to social enterprises (figure 34).

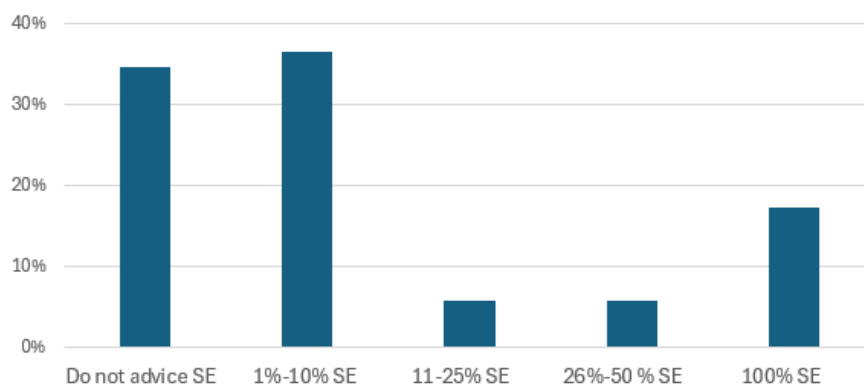


Figure 34. Extant of advising to social enterprises

### 3.4.3 Kind of support

The results show that the main issue that rural social enterprises need help with is the question about funding (figure 35).

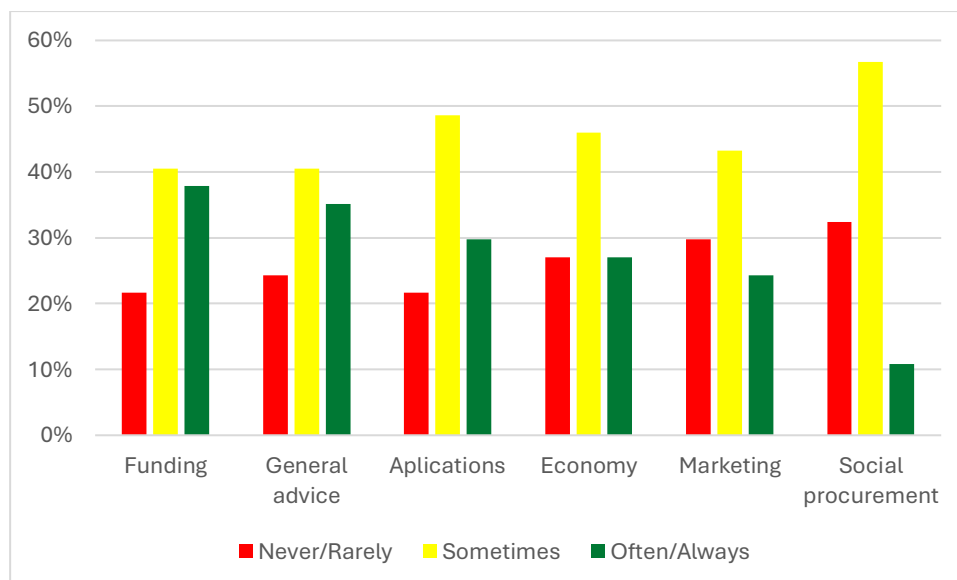


Figure 35. Kind of support that the enterprises demand in rural areas

Social enterprises often find it difficult to demonstrate the value of their activities and this is something that advisory organisations could provide guidance on. However, only a few business support organisations offer help with this problem (figure 36).

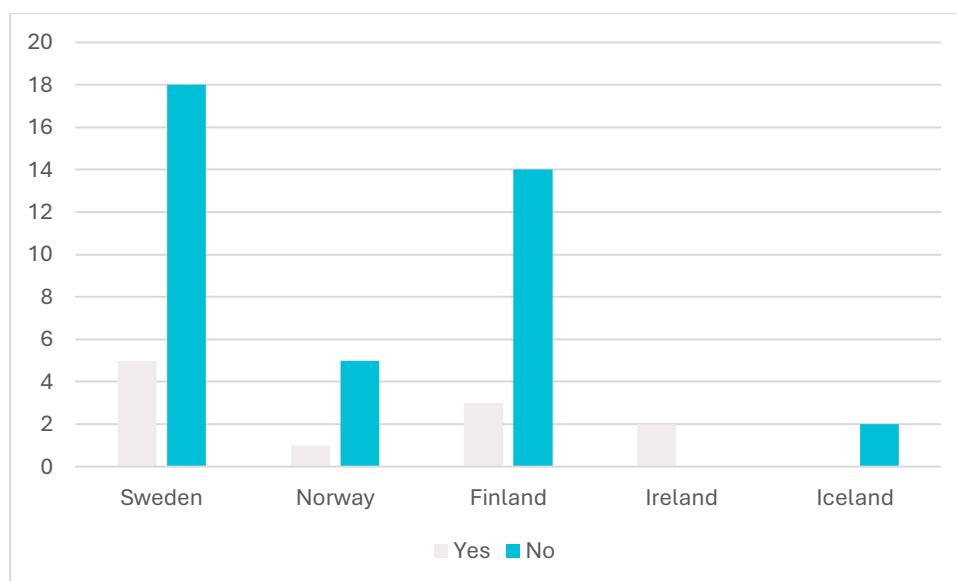


Figure 36. Numbers of organisations that give support in measuring social value

### 3.4.4 Obstacles for social enterprises

The biggest obstacles that social enterprises face, according to the support organisations, are about: 1) Insufficient funding, 2) Difficulties to reach relevant markets, and 3) Difficulties to demonstrate the value of the enterprise (figure 37).

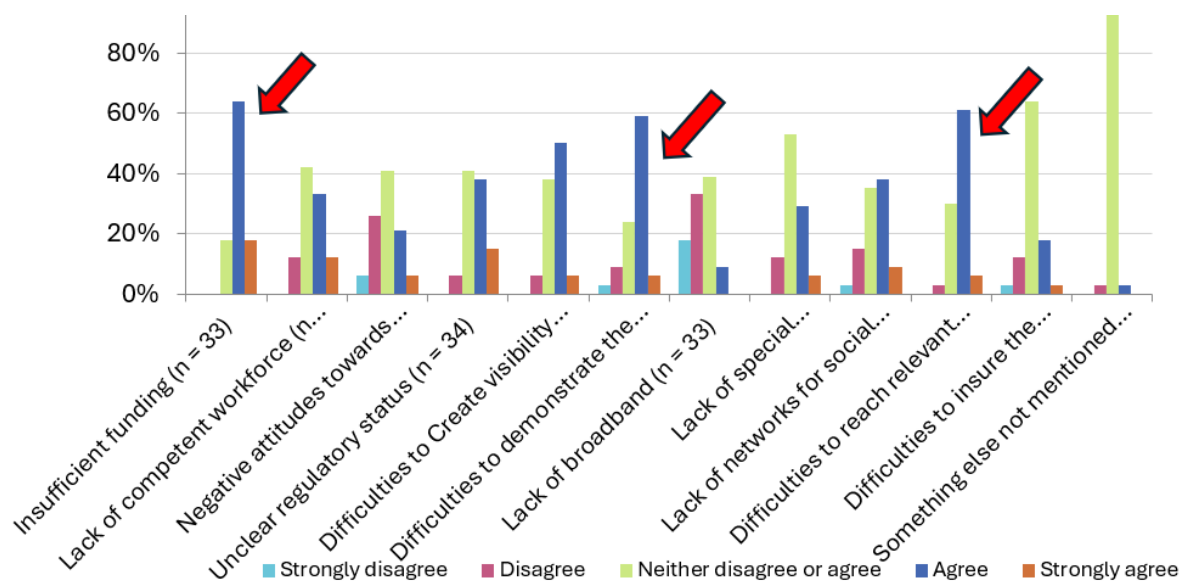


Figure 37. Obstacles in social enterprises

However, some country differences have been identified:

The majority of the respondents agree that funding is a major problem for social enterprises. Some support organisations from Sweden and Finland have a different view (figure 38).



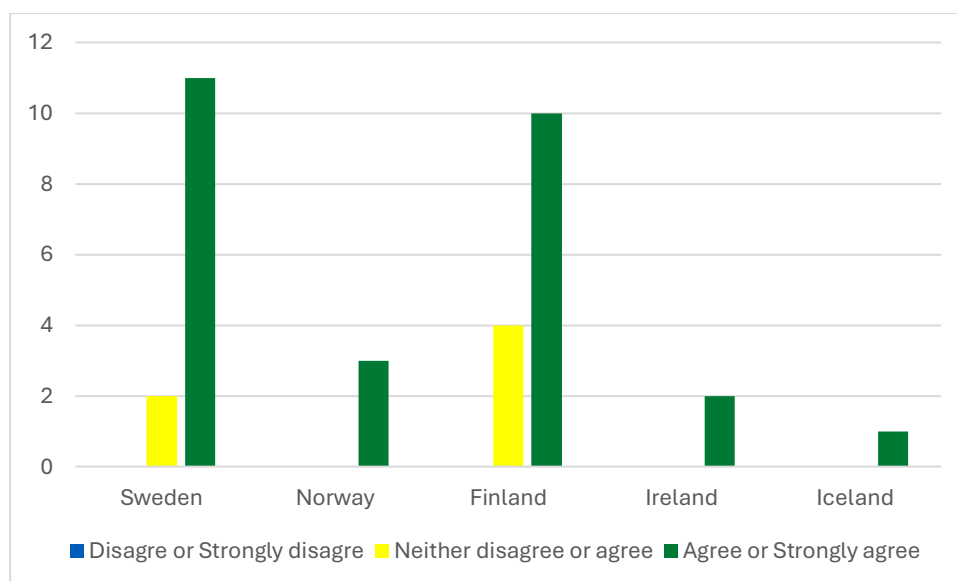


Figure 38. Obstacles - Insufficient funding (number of respondents)

The majority of the support organisations also believe that there is an unclear regulatory status for social enterprises, but the results show country differences in this question (figure 39).

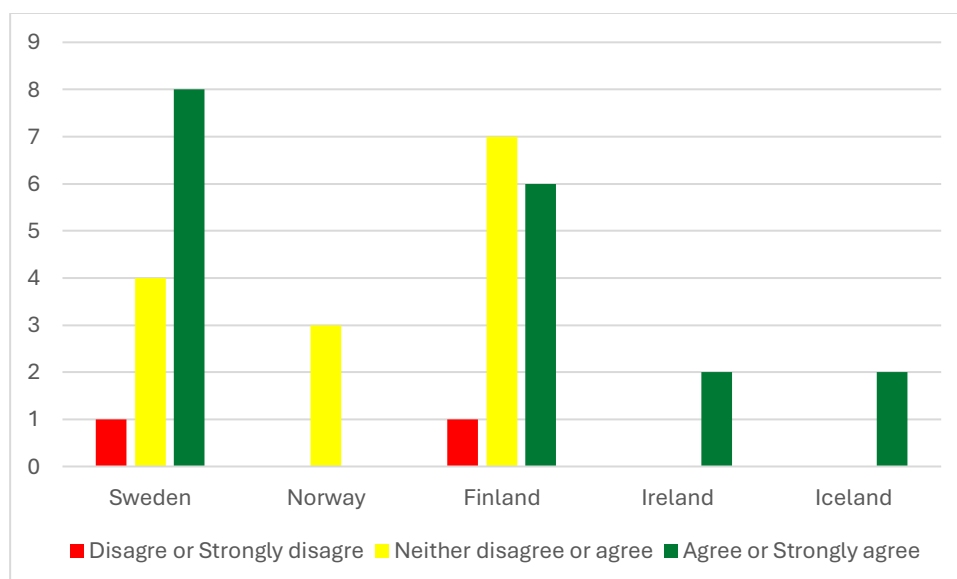


Figure 39. Obstacles - Unclear regulatory status (number of respondents)

Most respondents agree that social enterprises have difficulties in highlighting what kind of value the organisation provide (figure 40).

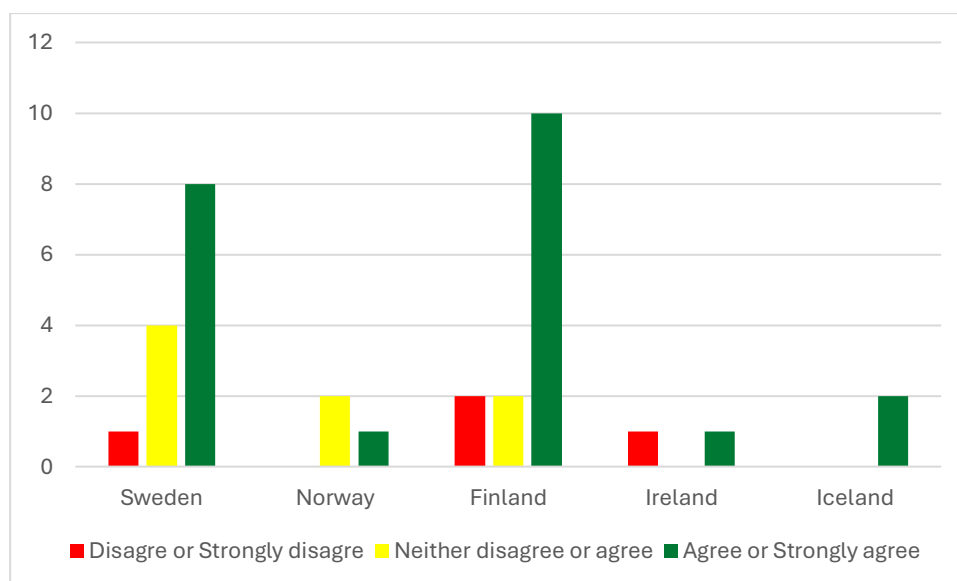


Figure 40. Obstacles - Difficulties to demonstrate the value to stakeholders (number of respondents)

In some countries (Finland, Iceland and Ireland) the respondents believe that it is a need to be able to label social enterprises as a special kind of enterprise (figure 41).

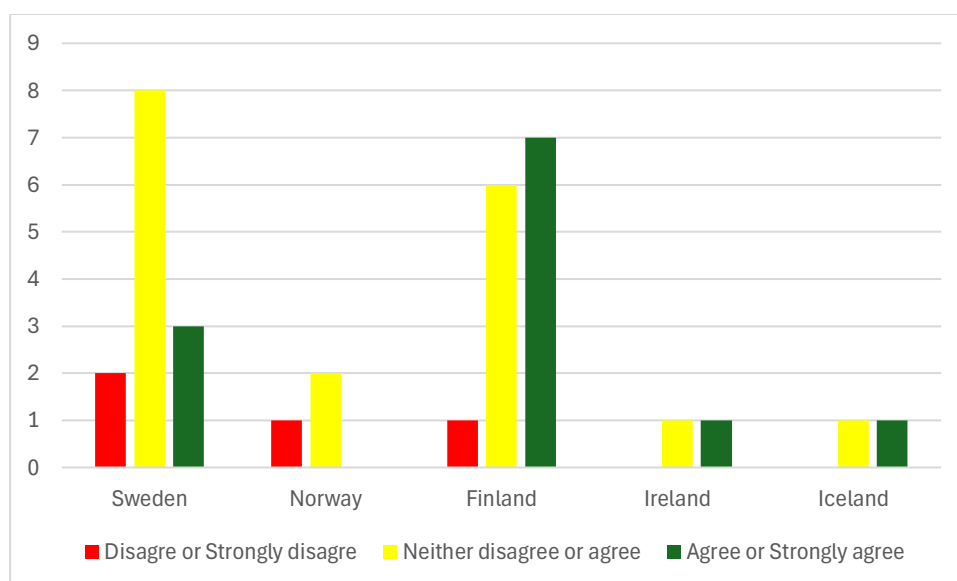


Figure 41. Obstacles - Lack of special label/organisational form for social enterprises (number of respondents)

There is some disagreement between countries about whether social enterprises lack networks. The respondents in Finland and Sweden believe that the lack of networks is an obstacle for SEs while it does not seem to be an obstacle for SEs in the other three countries (figure 42).

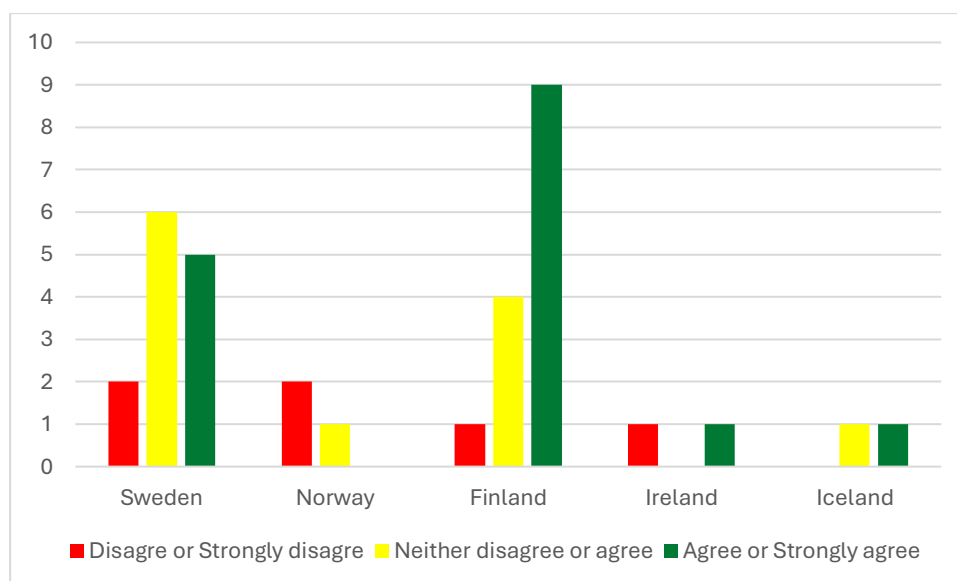


Figure 42. Obstacles - Lack of networks for social enterprises (number of respondents)

However, the majority of the respondents in the survey, regardless of country, agree that social enterprises have difficulties in finding relevant markets (figure 43).

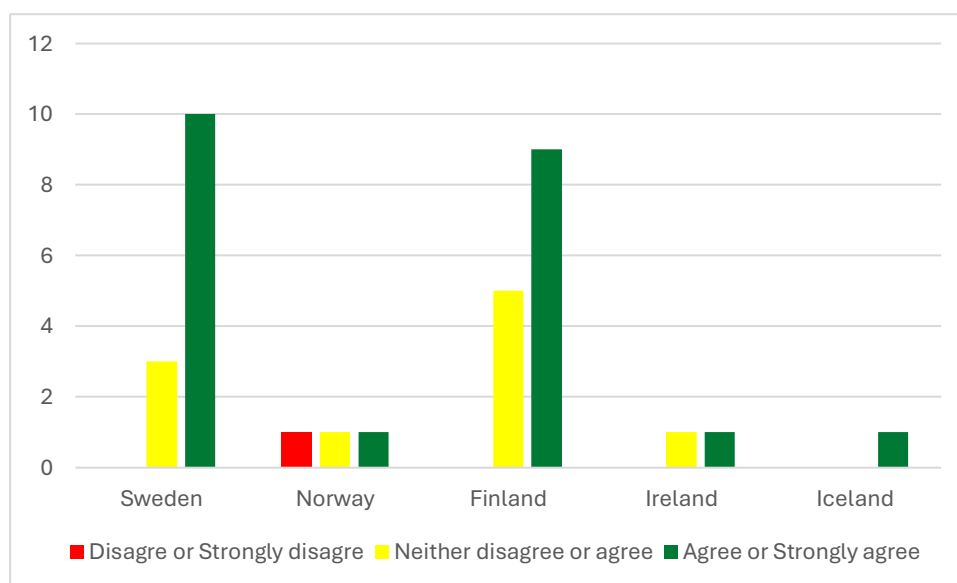


Figure 43. Obstacles - Difficulties to reach relevant markets (number of respondents)

### 3.4.5 The rural area

The rurality negatively affects the support organisations in many countries in terms of the ability to offer the same services (figure 44).

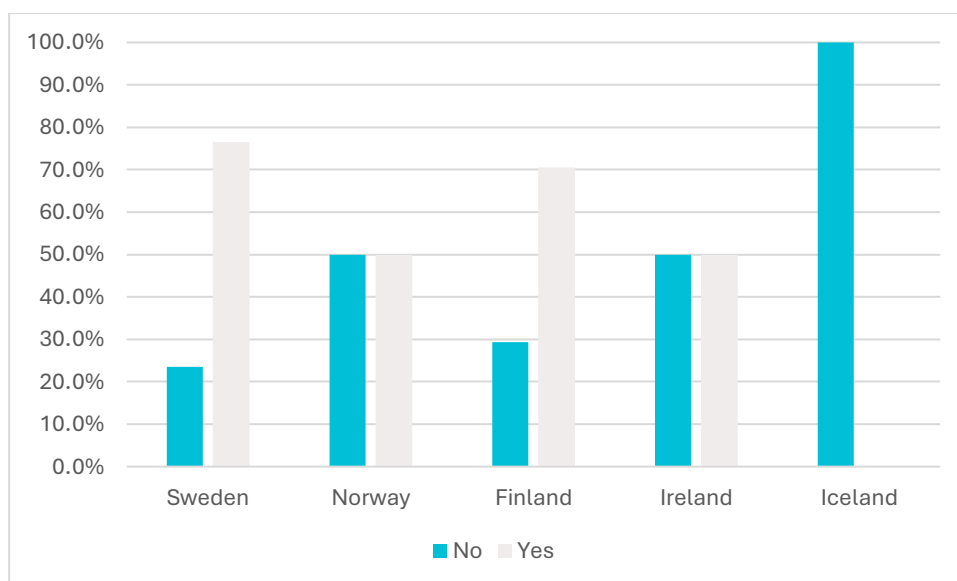


Figure 44. Rural context and possibilities to offer the same support to rural and urban enterprises

One business support organisation from Sweden makes the following summary:

*“It is difficult for many businesses to operate and develop in the sparsely populated regions. Lack of knowledge and understanding of social enterprises makes it even more challenging for that group. They have difficulty recruiting and retaining expertise. Limited access to networks and contexts and the support system lacks knowledge of the group and its value and effects for a vibrant rural area”.*

## 3.5 Interviews- decision makers

### 3.5.1 List of respondents

There were 28 respondents from the five countries who participated in the interview study (table 18). The number of respondents was not equally divided between the countries. In Iceland and Norway two decision makers or representatives from the municipality were interviewed. In Finland there were eight respondents and in Sweden 14 respondents. In Ireland there were no municipality representative interviewed, and the two interviewees were both employed by the Irish partner Údarás.

Table 18. List of respondents

No	Country	List of Respondents
1	Iceland	Major of Isafjordur
2	Iceland	Major of Vesturbyggð
1	Ireland	Development executive, Údarás na Gaeltachta*
2	Ireland	Employee, Údarás na Gaeltachta*
1	Norway	Head of business development in Inderøy municipality
2	Norway	Head of culture and industry, Stjørdal kommune
1	Finland	Director of Economic Development, Business Services, Pieksämäki
2	Finland	Municipal manager, Veteli
3	Finland	Director of Economic Development, Vitality Services, Iisalmi
4	Finland	Director of rural affairs, Rural Services, Saarijärvi
5	Finland	Director of Economic Development, Rautavaara
6	Finland	Vitality Developer, Mäntyharju
7	Finland	Mayor, Haapavesi
8	Finland	Vitality Director, Ii
1	Sweden	Business developer, Kramfors municipality
2	Sweden	Business developer, Sollefteå municipality
3	Sweden	Head of the Labor Market Unit, Ånge municipality
4	Sweden	Business developer, Timrå municipality
5	Sweden	Growth Strategist Business, Örnsköldsvik municipality
6	Sweden	Business development manager, Strömsund municipality
7	Sweden	Community Guidance Team Leader, Åre municipality
8	Sweden	Business developer, Krokom municipality
9	Sweden	Head of the Development Unit, Ragunda municipality
10	Sweden	Civil society coordinator, Östersund municipality
11	Sweden	Head of Department, Community Development and Sustainability Sundsvall municipality
12	Sweden	Business development manager, Berg municipality
13	Sweden	Rural developer, Härjedalen municipality
14	Sweden	Business developer, Härnösand municipality

\* Údarás aim is the promotion of the Irish language and culture and the development of Gaeltacht communities. Údarás is also a partner in the MERSE project.

### 3.5.2 Knowledge about SE

The knowledge of the concept of social entrepreneurship among the respondents varied and the definitions differed in some areas. While the respondents in Iceland and Ireland had good knowledge of the social enterprise concept the Norwegian interviewees were not very familiar with the concept. In some of the Finnish municipalities the knowledge of SE seemed quite good.



Municipalities aren't necessarily aware of their social enterprise status e.g. eight out of 14 respondents in Sweden stated that they had a fairly high level of knowledge about social entrepreneurship and the respondents listed several companies as SEs (table 19). However, not all of the listed companies were social enterprises per definition, which shows that there is a lack of knowledge about social enterprises.

Table 19. Knowledge about SE

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	Good knowledge	Works daily with local SEs	Not much knowledge	Good	Familiar
2	Familiar	Works daily with local SEs	No knowledge	Quite good	Familiar
3				Quite good	Not familiar
4				Quite good	Not familiar
5				Very good	Familiar
6				Quite good	Familiar
7				Good	Partly familiar
8				Quite good	Not familiar
9				Not good	
10				Very good	
11				Quite good	
12				Not good	
13				Quite good	
14				Quite good	

### 3.5.3 Number of SE

The respondents were asked how many SEs there were in the municipality (table 20). In the Iceland municipalities there were most SEs reported and Udarás in Ireland also work daily with a great number of SEs in the region. In Finland, Norway and Sweden there were a relatively small scale of social enterprises and hence a reason for the less knowledge about this kind of companies. When the scale of actions is small, municipalities and decision makers do not necessarily know what exactly is meant by a social enterprise and whether there are such actors in the municipality.

Table 20. Number of SEs in the municipality

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	>100	60-80	6	2	<5
2	A lot	Approx. 66	Don't know	3	None
3				1	Not sure -2?
4				2	-
5				4	2
6				Don't know	0
7				2	About 3
8				1	0
9				2	
10				11	
11				12	
12				6	
13				6	
14				4	

### 3.5.4 Task and services that are or could be performed by social enterprises

Social enterprises could be engaged in a wide range of projects, products and services. Common fields mentioned by the municipalities on what tasks or services that could be performed by SEs is recycling, environmental care, welfare services, job training, integration and cleaning (table 21). It was mainly small things that SEs could be involved in when the municipality lack own resources or when it is not profitable for a commercial company. The answers indicate that the products and services offered by social enterprises should not disrupt the public or the private market.

Table 21. Tasks/services that are or could be performed by social enterprises.

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	Circular economy, Waste, Welfare sector	Environmental and recycling projects, Transport local services, Digital hubs/remote working- managing, Tourism offices/ services, Care for the elderly projects.	When we don't have the resources to cover the function ourselves in particular health and care.	Production, outdoor environment e.g. street and parks	Different kinds of small things. Property maintenance and small construction tasks
2	If we do not already have a contract, are we open for discussion	Wide range of projects, products and services. E.g. service provision, employment, infrastructure, environmental opportunities related to policy priorities	Integration and reception, health and welfare	Immigration services, jobs to people with disabilities	Produce some kind of support services, environmental care, taking care of yard areas
3				Workplace integration, recycling, cleaning services of company cars, café and cleaning of dressing rooms at the community bath	Basic service-type activities that are not part of the city's core operations. It may not be financially profitable enough for a private company, but a small social enterprise with other agendas that the pursuit of profits would be able to run certain services
4				Not applicable. Job training	Care services, snow plowing, delivery of firewood, road maintenance, helping the elderly, maintenance of buildings

5				Shoveling, mowing grass, clearing	-
6				Shoveling, mowing grass	Related to the loneliness of the elderly, their health, community and these long distances, that travel
7				Recycling	What social enterprises could produce without disrupting the market like housekeeper services for elderly, recycling, hiring of labor
8				No knowledge about this	
9				Leisure activities	
10				Home care, indoor and outdoor maintainance, cleaning	
11				Security issues in the center and in traffic etc.	
12				Second hand, home care service shopping	
13				Recreation centers, school, assistance services	
14				All forms of services e.g. cleaning, deliver breakfast services, day care for dogs	

### 3.5.5 The value of SE

The respondents agree on that SEs is of great value and play an important role in the local community, especially in rural areas (table 22).

Table 22. The value of SE

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	Great value to the community especially in rural areas	Important role, provide local services, provide employment, reinvest their income locally	Best foundations for development and growth		Important work in getting back into working life

2	Important but difficult to measure in money	Central role in the development of municipalities and counties, particularly in rural areas. Provide essential services, generate jobs, address poverty and health disparities	Don't know		-
3					Lowering the threshold for people outside the labor market and society by bringing community and inclusion to the operating environment
4					Great value
5					Significant importance
6					-
7					Can be important in tackling and managing long-term unemployment. The working capacity of the partially able-bodied people should be utilized in the open market.
8					
9					
10					
11					
12					
13					
14					

### 3.5.6 Competition between public and private sector

None of the respondents think that there is any competition between the municipality's own operations and the operations conducted by SEs (table 23).

Table 23. Competition between public operations and private sector social enterprises

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	No	Not to any great degree. Udaras ensure no competition for the SEs they support. Duplicity is avoided.	No		No
2	No	Yes sometimes. Public and private SE operations rely on the same public funding and compete for limited funding from Government grants.	No, careful not to initiate things that can be perceived as competitive. We have different roles.		-
3					I don't think, more so that we will cooperate. Probably the boundary drawing is always sought, that we have certain service contracts
4					-
5					No
6					-
7					No
8					No
9					
10					
11					
12					
13					
14					

### 3.5.7 Established strategies or action plans for social enterprises

Údarás in Ireland is together with one municipality in Sweden the only ones that has an established social enterprise strategy (table 24). A few municipalities mean that they implicitly include SEs in their ordinary business plans.

Table 24. Established strategy or action plan for social enterprises.

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	No	Udaras have a social enterprise strategy.	No, SE will be included in a new business plan in 2025	No	No
2	No	Udaras developed the "Social Enterprise Development Strategy", for the Gaeltacht with the support of Method Consultants. The strategic objectives are aligned to: Building awareness of Social Enterprises; Growing and strengthening SE; Achieving better policy alignment	No	No	No



3				No	No
4				No	-
5				No	No
6				No	-
7				No	No
8				No	No
9				No	
10				No	
11				Yes	
12				No	
13				No	
14				No	

### 3.5.8 Support to social enterprises

The kind of support provided to SEs varies (table 25). Apart from Údarás who's aim is to support SEs there is very little, if any, support specially directed to SEs provided by the municipalities that was included in the study. Only a few of the respondents (in Sweden) use IOP, reserved procurement or agreements to support the SEs. Goodwill and assistance are also mentioned as support to SEs.

Table 25. Support to social enterprises

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	Goodwill and assistance	Údarás is responsible for supporting the Social Enterprise Sector in the Gaeltacht with operational funding, mentoring supports, training and education, consultancy and advice, feasibility and capital grants, employment schemes	750 000 NOK/year to projects applications, 500 000 NOK/year for innovations	Make no differences between commercial and social enterprises	On a project-specific basis, money is not distributed directly to any companies, sharing of know-how,
2	No	Grant aid, mentoring and training. Specific support for SE: helping fund a projects; funding the development of an idea of a SE; helping employ a graduate student that assist with the development of the social enterprise	Little support	No special support	-
3				No special support	No direct support
4				IOP with 2 SEs	-
5				No special support	No direct support
6				No special support	-

7				Support to those who tried to run social enterprises by helping to find individuals and viability e.g. finding funding sources	No
8				No special support	No
9				No special support	
10				Reserved procurements, try to identify SEs and make use of them, direct SEs to support organisation	
11				IOPs	
12				No special support	
13				No special support	
14				Job training agreement with SEs, support SE start-ups, own equipment to be leased by SEs	

### 3.5.9 Use of reserved procurement or IOP

A reserved procurement means that certain suppliers receive positive differential treatment. In short, the provisions mean that contracting authorities may, under certain conditions, give preferential treatment to certain suppliers who would otherwise have no opportunity to obtain contracts under normal competitive conditions. Reserved procurement could be used to support the integration of people with disabilities or people who have difficulty entering the labor market. An idea-based public partnership (IOP) is an agreement on collaboration between the public and idea-based sectors with the aim of achieving a certain public benefit societal goal. An IOP must be compatible with procurement and state aid rules. This means that an agreement on an IOP must not constitute an impermissible direct procurement or impermissible state aid.

Reserved procurement is only used by a few of the municipalities in Sweden, Finland and by Údarás in Ireland (table 26). It is mentioned that the EU Procurement Act restrict agreements like IOP and reserved procurement.

Table 26. Use of reserved procurement or IOP.

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	No	Yes, all supports approved are subject to the relevant procurement processes.	Don't know	Yes	The procurement law is the one that guides, it doesn't emphasize social enterprises or this type separately.
2	No	On occasion	Don't know	Don't know	No
3				No	Yes
4				Yes	Don't know, perhaps.

5				Don't know. Have assignment agreements with local actors	No
6				Don't know	No
7				No	No. The Procurement Act restricts it
8				Don't know	No
9				No	
10				Yes	
11				Yes	
12				No	
13				No	
14				Yes	

### 3.5.10 Measurement of social value

Since not many of the municipalities used the opportunities for reserved procurement, measurement of value was not something that was applied by the municipalities (table 27). Just a few said that they evaluate their agreements in terms of what was stated in the agreement.

Table 27. Measurement of results and effects

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	No measuring	Evaluations on regular basis, based principally on progress made in relation to the agreed work programmes and also financial reports.	Don't know	No	No
2	No	Monitor project outcomes with reports, documenting case studies and success of social enterprises supported, assessing the financial performance of social enterprises and community engagement.	No	-	-
3				No	Not really. There is an employment agreement with a foundation where they monitoring the numbers of employees, how much will be invested there, and the compensation is also based on that, and in a way, how they progress after the end of that period.

4				Yes, only what is stated in the IOP agreements	-
5				No	No
6				-	-
7				No	General for all businesses: advice events, business support and the total amount of investments For long-term unemployment: how the numbers of fines is developing.
8				-	No indicators in use.
9				No	
10				-	
11				No	
12				No	
13				No	
14				No	

### 3.5.11 Arenas for knowledge exchange

The results show that it in general was not many arenas and forums for knowledge exchange about social entrepreneurship known to the municipalities (table 28). The Irish partner Údarás was the only one who participated in national and international specific forums for SE to exchange knowledge in order to further develop the SE sector in the country. The rest of the 28 respondents in the other countries were not involved in, or did not know of, any regional, country or international forums to exchange knowledge and practice about SE. The result may be due to the fact that SE is a new type of business in some of the countries.

Table 28. Arenas for knowledge exchange about SE

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	Non known	National Forums and European Forums. The Údarás collaborate with several EU Programmes which are relevant to the development of the SE sector	No	<i>Local:</i> Several local area networks are available but no specific for SE <i>National/internat:</i> Swedish Association of Local Authorities and Regions.	No, quite a lot of different forums, but not specific for social enterprises.
2	Non known	<i>National:</i> Social Enterprise Ireland (SEI), <i>Regional:</i> Gaeltacht Social Enterprise Programme that supports the Gaeltacht community development organisations to exchange experiences	-	<i>Local:</i> None known <i>National/internat:</i> No idea	-

		and ideas; Irish Social Enterprise Network (ISEN)			
3				<i>Local:</i> No <i>National/internat:</i> No	No
4				<i>Local:</i> Local business support forum -Tuesday in Timrå. <i>National/internat:</i> No	-
5				<i>Local:</i> The coordination association <i>National/internat:</i> A national conference	No
6				<i>Local:</i> None known <i>National/internat:</i> Don't know	-
7				<i>Local:</i> A sustainability strategist in the municipality. Networking arena is Sustainable Åre. <i>National/internat:</i> a national conference	None related to social enterprises
8				<i>Local:</i> None known <i>National/internat:</i> None known	No
9				<i>Local:</i> No specific forum. <i>National/internat:</i> Know it exists but never frequently visited	
10				<i>Local:</i> No fixed forum. Contact with Coompanion. <i>National/internat:</i> Informal Swedish municipality network. Cooperations within an EU-project.	
11				<i>Local:</i> Goodmorning Sundsvall and Meet Sundsvall are local networking arenas for businesses, politician and civil servants. <i>National/internat:</i> -	
12				<i>Local:</i> Citizens' dialogue once a year where the districts get to tell us what they want to prioritize in the short term and in the long term, and then we work on those issues and adjust after a year. <i>National/internat:</i> Swedish Association of Local Authorities and Regions.	
13				<i>Local:</i> The business workshop that takes place for half an hour every three weeks. Service Z for commercial service. <i>National/internat:</i> None known	
14				<i>Local:</i> Coompanion <i>National/internat:</i> Don't know.	

### 3.5.12 Plans to increase collaboration with SE

From the beginning of 2025, the responsibility for organising employment and economic development services will be transferred from the central government in Finland to municipalities and, at the same time, the state's Employment and Economic Development Offices (TE Offices) will be disbanded. With the reform, TE services will become part of the statutory tasks of

municipalities and, consequently, part of the basic services of each municipality<sup>1</sup>. This reform wage subsidies will no longer come from outside the municipal sector. The results from the interviews show that some of the Finnish municipalities have started to think about new ways to operate their employment and development services and, in the wake of this, develop the collaboration with social enterprises (table 29). Also, some of the Swedish municipalities express that they have some plans to increase the collaboration with SE using IOPs or agreements.

Table 29. Plans to increase the collaboration with social enterprises

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	Keep supporting	Regular regional network meetings annually.	No	No	-
2	Keep supporting	Hosts information day events for the SEs and Community Co-operatives that are supported to promote collaboration between the Gaeltacht SEs by sharing ideas and knowledge.	Don't know. There are probably several strategies we need to look at, which will be important to deliver services in the future.	No	-
3				No	-
4				IOPs	We have a business service from the city of Saarijärvi and they have been given responsibility for development
5				No	-
6				No	We really have to start looking for new ways of operating here. We are at the point now where municipalities cannot continue the way we have been. This kind of activity would be exactly the kind of new activity that we have to be able to devote resources to.
7				-	The city has received wage subsidies from the state for partially able-bodied salaries, but it is really in

<sup>1</sup> Questions and answers about the TE services reform 2024, <https://tyomarkkinatori.fi/en/news/usein-kysytyt-kysymykset-te-palvelut-2024-uudistuksesta-pohjanmaan-te-toimistossa>.



					transition, with this reform of Employment and Economic Development - services, wage subsidies no longer come from outside the municipal sector. There is an effort to find cooperation in the theme of employment so that our list of fines would be shortened.
8				No	No plans. Perhaps they can engage in social and health sector in the coming years.
9				-	
10				Yes	
11				Since the turn of the year via IOP.	
12				Association work is important for the villages. We give them various forms of grants.	
13				The municipality try to develop more collaborations in the form of services that are currently the responsibility of the municipality e.g. delivery of lunch boxes, delivery of food bags to the elderly. Fills an incredibly large social value in that service.	
14				Agreements with businesses for job training. Involved in starting up businesses to be taken over and run by others. Bought equipment with the aim of supporting social entrepreneurs and creating opportunities	

### 3.5.13 Further support to SE

In terms of what activities is needed to further support SEs activities Iceland mention that communication of the possibilities for SE is essential to encourage people to start SEs. Ireland suggests continuous mentoring, various kind of support, funding and more extensive training on

business planning, marketing, finance, and business operations. Norway mention that SE must be incorporate into the municipality's planning so that it is included in the assessments. However, not as business development, but as service development. For most of the respondents in the Swedish sample they do not distinguish between the support to commercial and social enterprises. Very few of the municipalities offers special support to SE and one explanation is that they have no or just a few SEs in their community. However, one respondent suggest that they must identify more social entrepreneurs and sign contracts for workplace training, performance of services, etc. Further the municipality could develop common arenas for exchange of experience and networking and develop common and clear working methods to more easily create opportunities for takeovers (table 30).

Table 30. Activities needed to further support social enterprises and whose responsibilities.

	Iceland	Ireland (Údarás)	Norway	Sweden	Finland
1	-	Continuous mentoring, Supports (for example HR, financial, marketing), Support for exploring business concepts, Assisting in developing business plans, Seed funding, Core staff funding	The culture manager is central.	Conducts visits, meetings and company fairs	-
2	We should talk more about them, tell people, and encourage people. Tell people about funding possibilities and try to deliver this way of thinking into the communities, media, it needs to be done on a broad basis, not just municipality's and individuals.	The government should provide greater funds to additional staff and training to support social enterprises. The SEs in the Gaeltacht have a very small team and considerably more could be achieved with additional staff. The social enterprises in the regions could benefit from more extensive training on business planning, marketing, finance, and business operations	We are governed by decisions and political plans. The most important thing is to incorporate it into the municipality's planning so that it is included in the assessments. But not as business development, but as service development. That's the gateway to making social entrepreneurship better known.	Considering that it is non-existent today, there is much that can be improved.	-
3				There is no SEs in the municipality. if there was it could be about work	-

				integration and support to people with support from the municipality	
4				A closer cooperation with the businesses we have here, as ambassadors to inspire others to start further businesses. We don't have these people naturally in our network today and must find a solution on how to find those who want to start a business. With the existing, we might reach them better. Must start thinking about how we can get hold of them.	-
5				We need resources and knowledge. The municipal organisation lack knowledge. I know a lot but far from everything and am probably the one with the most knowledge. Difficult to get any collaboration if you do not understand the need and the opportunity.	-
6				We do not distinguish between companies. It is a general question. How we can carry out our mission more smoothly. Sometimes we are stubborn. It is about how we treat people and companies and how we can familiarise ourselves with their various needs.	-
7				The companies must understand what resources are available in the municipality. Has to do with how our communication reaches the companies about what is available without raising expectations.	
8				The principle of equal treatment applies	
9				Competence development on HOW to collaborate with social enterprises regarding laws and regulations. It is important that there is no competition between commercial companies and social enterprises.	
10				Depending on what they do, they could buy services from each other. Sharing of staff and expertise. Being a leader in a SE can be a lonely job, so support each other.	
11				We should be able to collaborate more with companies in general.. In the social strategy developed in 2021, it is stated that our cooperation with the social enterprises mainly takes place through our cooperation with the support organisation Coompanion.	
12				Everything can be better. We need to succeed in identifying more social	

				enterprises or associations that provide social benefits.	
13				Among other things, it can be improved by the municipality and the companies starting joint projects. We also need to point out which services are needed.	
14				Identify more social entrepreneurs - sign contracts - workplace training, performance of services, etc. Common arenas for exchange of experience and networking. Develop common and clear working methods to more easily create opportunities for takeovers (security for both municipal officials and takeovers). Individuals can take over businesses and run them themselves. It creates greater commitment and better development for everyone.	

### 3.5.14 Summary

- The SEs operates in many different industries and areas
- Most municipalities say that they have good knowledge of SE
- Only municipalities in Ireland, and one in Sweden, has developed strategies for SE
- Ireland support SEs to the greatest extent
- Public procurement including SEs is used by municipalities in Ireland, Finland and Sweden
- It is difficult to measure the value, only support organisations in Ireland and Finland measure social value
- Many municipalities believe that SEs play an important and central role in the development of municipalities and counties, particularly in rural areas.
- There is a big change in Finland at the beginning of 2025 when employment services will be transferred and managed by the municipalities which could increase the number of SEs.

## 3.6 Workshop online conference

### 3.6.1 What do SE needs

In December 2024 during an on-line conference organised by MERSE the 92 participants were invited to discuss the following question “What is needed to make it easier to start and develop sustainable social enterprises in rural areas?”

The results shows that there were several measures suggested that was common for most of the countries while there were also some country specific differences. A summary of the suggestions shows that in most countries there was a lack of funding and accordingly the suggestion was to improve the financial opportunities for rural social enterprises. Lack of knowledge about and support to social enterprise was other challenges in the countries that should be addressed. A clear framework for social enterprises with rules and regulations, special register for social enterprises and tender policies was suggestions that could meet the challenges. Ireland’s National Social Enterprise Policy is mentioned as an example on the kind of leap that could be made in a country

in terms of framework, support and research and that such policy should be established also in the other countries.

Table 31 below show the country specific suggestions of measures to make it easier to start and develop sustainable rural social enterprises that were identified and reported in plenum at the online conference.

*Table 31. What is needed to make it easier to start and develop sustainable social enterprises in rural areas*

Country	Funding	Support	Policy	Rules & regulation	Business models	Knowledge	Measure value
Finland	Project funding	Support from municipality or local authorities. Developed support. Help to find customers and business partners.					
Iceland			Introduce the concept into the policy-making process.	Clear list of terms. Special registration form for social innovation. Develop procurement/tender policy.	Fit into the SE framework. For purpose not money business model.	General knowledge of the concept, especially by the authorities.	
Ireland	Capital funding.	Cohesion in the sector. Points of support for starting SE. Rural isolation needs support to connect with others.	Joining up government policies	Update procurement policy, include green and social clauses. Make access to contracts for rural areas.	Number of volunteers are dropping.	Understanding of the key partners and functions.	
Norway		Better support arrangement. Training courses for business parks.		Rules & regulations Special organisation form for SE.	Cooperation, co-production.	Societal understanding of SE. Better knowledge and training courses in	Documenting and measuring effects.

						the public sector.	
Sweden	Improve finance opportunities.		Connect strategies to SE practice.		Networks. Digital solutions for rural areas.	Make SE visible. Better knowledge is needed. Municipality involvement.	

## 4. Comparing Five Rural NPA Regions

Questions have been raised about if social entrepreneurial ecosystem is the same or if they differ from (commercial) entrepreneurial ecosystem (Diaz Gonzalez & Dentchev, 2021) and if the ecosystem for social enterprises is the same in rural and urban contexts (Rickett et al., 2023). There are no simple answers to these questions but with more studies it will be possible to learn more about similarities and differences in different contextual conditions for SEs. Hence, in the first period of the MERSE project the project partners conducted studies to map and compare the entrepreneurship ecosystem for rural SEs in the five participating countries. The mapping has identified and highlighted obstacles and opportunities for rural social entrepreneurs and enterprises in rural NPA regions. The results of the mapping have been achieved from various sources and phases during the first year of the project and has been the basis for the continued activities and efforts of the project.

### 4.1 Opportunities and Obstacles

When looking at the development between 2019 and 2025 in terms of knowledge about, and conditions for social enterprises, we can see variations across the five different NPA regions. Below we summaries the obstacles and opportunities that we have identified through the various studies that have been carried out.

#### 4.1.1 Policy & Strategies

In Sweden a national strategy for social enterprises was launched in 2018. The aim with the strategy was: *“to strengthen the development of social enterprises, enabling them to better contribute to addressing societal challenges”*. The strategy also sought to *“encourage the public sector to recognize and engage social entrepreneurship and social enterprises as valuable actors in the development of a sustainable society”* (Regeringskansliet, 2018, p. 6). However, since this policy was published, there has been no update to the strategy. A motion was put forward in the Riksdag (Sveriges Riksdag, 2023/24) about the need to revise the national strategy for social entrepreneurship with the aim of further increasing the number of social enterprises in Sweden and announces this to the government. However, the motion was rejected.

In Ireland the first National Social Enterprise Policy for 2019-2022 was published 2019. A new National Social Enterprise Policy for 2024-2027, was published in 2024 aiming to help to cultivate and sustain strong and impactful social enterprise (Government of Ireland, 2024). It has a new focus on areas that have grown in significance such as the green transition, embedding social



enterprise considerations in local and regional enterprise strategies, as well as providing for increased collaboration between stakeholders. The policy is a strong commitment by Government to social enterprises, and a recognition of their value and potential for the country. The policy's title *Trading for Impact* is selected to reflect both the social mission of enterprises within the sector as well as the fact that trading in goods and services is core to their activity. The policy is a blueprint for sustainable growth of the sector over the coming years, laying out five policy objectives with 57 concrete actions. The objectives are: 1) Building awareness of social enterprise, 2) Growing and sustaining social enterprise, 3) Support the green transition, 4) National and international engagement, 5) Impact measurement. This strategy was highlighted as a very good example on the kind of leap that could be made in a country in terms of framework, support and research and that such policy should be established also in the other countries (MERSE online conference 11 December, 2024).

Also in Finland, in 2022, a strategy for social enterprises has been published (Ministry of Economic Affairs and Employment, 2022:5). The strategy's premise is that the way social enterprises conduct business will be recognised, but no specific legal basis or special treatment will be provided for them. Instead, the operating conditions of social enterprises will be strengthened. The strategy proposes that a new center of expertise, which will be national and network-based, be established. The goal of the strategy is to strengthen the operating conditions of SEs, increase the number of new SEs and develop their competence. The strategy aims to: 1) Clarify and simplify the definition of social enterprise, 2) Raise awareness of the operating model and improve its visibility, 3) Promote responsible and impact-driven business competence, 4) Scale up and establish the societal innovations of social enterprises, 5) Boost the employment of people who are partially incapacitated or otherwise disadvantaged in the labour market, 6) Make statistics and data collection more systematic as well as increase and make use of research, 7) Develop new models for impact funding. The key objective of the strategy is to improve the employment of people with partial work ability and others who are in a weak labour market position.

In the wake of the Finnish state's recent reorganisation of employment services, rural municipalities, among others, need to reflect on how they can organize for this. Results from our conducted interviews indicate that the municipalities will probably need to cooperate with social enterprises to cope with the task. The establishment of a national network-based competence center to implement the strategy will be a positive recourse not only for the social enterprises but also for the municipalities and support organisations to support stakeholders in a time of societal restructuring.

In Norway and Iceland social enterprises are not yet embedded in the public policy in 2025.

#### 4.1.2 SE recognition

All countries except from Ireland seems to have challenges in estimating the number of SEs due to lack of comprehensive statistics and a suffer of nonreliable data. This is a characteristic at both the national and local levels. The interviewed municipalities in Finland, Norway and Sweden stated that there were not many SEs in the region and that they therefore had little knowledge of them. Furthermore, the survey of business support organisations showed that a majority did not support or even meet social enterprises at all. This is a huge obstacle since knowledge about who the social enterprises are is a prerequisite for improving their conditions and provide relevant support. The importance of SE recognition is evident in the strategies launched in Finland, Ireland and

Sweden. The first objective in the strategy in Ireland is about awareness of social enterprises (figure 45).

#### Policy Objective 1:

##### Building Awareness of Social Enterprise

Actions advanced under this objective will generate a wider public and institutional understanding of social enterprise and its potential.

Figure 45. Policy objective 1. (Government of Ireland, 2024).

Voices from social enterprises, as well as knowledge from previous research also highlight this need: *“The knowledge of social entrepreneurship among decision-makers (managers, civil servants and politicians) in state and municipality is very low. We constantly have to start by explaining what social entrepreneurship is and means when we meet prospective customers. It seems to take a long time for decision-makers to understand”* (Social enterprise from Sweden).

*“Preconceptions and prejudice - mainly from the outer world - as a factor that people in SEs have to struggle with in everyday work; concretisation of projects and ideas constructed around one active person or a few people, making the organisations rather “vulnerable”; and problems in networking with “normal” companies.”* (Melkas, et al., 2017, p. 68).

Thus, there is still a lack of basic knowledge about the business models and working methods of social enterprises. We can see that from the perspective of decision makers and municipalities, that the key is much better knowledge about the contribution, definitions, funding, support and general conditions for SE in the local society. With such knowledge the ability for municipalities and regions to identify social enterprises and develop the ecosystem for SEs so they may be included as important contributors to the local and regional growth and development.

#### 4.1.3 Support mechanism

The majority of business support organisations in Iceland, Ireland and Sweden consider the regulatory status of SE companies to be unclear. To address the challenges for SEs, suggestions were made by participants at the online conference workshop that a clear framework for social enterprises is needed with clear rules and regulations, that a special register for social enterprises is needed and that tender policies must be clear and include SEs.

Research from Norway shows that *“it is a challenging task to adapt and develop support tools that work well in the specific context [community entrepreneurship]. The flexibility, development, and adaptation of government support tools “tailored” to the characteristics of the rural communities are of importance”* (Borch et al., 2008, p. 121).

The support system for enterprises is most often developed based on traditional business practices and all countries, except from Ireland, have huge problems with measuring social value. The results from both the surveys, social enterprises and business support organisations, demonstrates the lack of measuring, or helping to measure, and assessment of social value. In the recently developed strategy for social enterprises in Ireland, one of the five policy objectives is about impact measurement and a *“focus on action to improve levels and quality of social enterprise data, access to social impact measurement tools, and deepen engagement with academic institutions”* (Government of Ireland, 2024, p. 10).

#### 4.1.4 Public Procurement

The majority of the SEs do not experience that the municipality has favoring them in their tenders. SEs from Norway are a little bit more positive in this answer. According to the municipalities, collaboration with SE through public procurement is commonly used in Finland, Ireland and in Sweden. However, there is a desire for change among SEs: *“It is too hard to bid on smaller assignments”* (Swedish SE).

None of the interviewed municipalities/decision makers from Finland, Iceland and Norway thought that there is any competition between the municipality's own operations and the operations conducted by SEs. In Ireland one of the municipalities highlights that it competition sometime exist since *“public and private SE operations rely on the same public funding and compete for limited funding from Government grants”*. In Sweden, it is not uncommon for private and public actors to act in the same markets, so there is some competition between the public sector's own operations and the activities performed by SEs.

#### 4.1.5 Research

Within the five NPA countries, the knowledge development about the prerequisites for social enterprises have come to different stages. In Iceland the research area of SEs is a quite new field with just a few articles yet published. Although Sweden has a rather long research tradition in the field of social entrepreneurship, the number of publications has decreased significantly in recent years. Ireland is the country that appears to have the most knowledge regarding conditions for rural SEs due to the number of research contributions on SEs and rurality.

#### 4.1.6 Financing

Insufficient funding is the most common challenge in all five countries. Even if the social enterprises in Ireland say that they lack funding they have some financial support from the government funded support organisation Údarás. In the other four countries, there is no special support for SEs other than that available for "traditional" companies

Voices from SEs in all five countries highlight the lack of funding: *“There is a lack of financial support for the work that mainly benefit the society”* (SE from Finland).

SEs from Ireland: *“There is a lack of funding for innovative development”*; *“The state needs to provide appropriate funding to the Údarás to enable it to carry out excellent community development in the area”*; *“There is a lack of support to undertake the innovation on a permanent basis”*; *“One of the most significant challenges facing these rural-based social enterprises is the uncertainty surrounding future state support”* (O'Shaughnessy & O'Hara, 2016, p. 232); *“The lack of core funding has prevented us from having an office to work out of for the last 12 years. Our team has to work from home”*.

Also, in Sweden the SEs highlight the need for better funding opportunities:

*“It is too high workload for financing and would need government support annually for project financing and basic operations”* (SE from Sweden).

#### 4.1.7 Rurality

Our study shows that the rural environment affects the social enterprises to a large extent and many of the social enterprises believe that it is difficult to reach profitability in the social enterprises, especially when they are located in the countryside. However, the majority of the business support organisations, apart from those from Iceland, said that it is possible for them to give the same support to rural companies as it is to companies in urban areas, but that there are other factors that also affect the conditions of social enterprises.

*“It is difficult for many businesses to operate and develop in the sparsely populated regions. Lack of knowledge and understanding of social enterprises makes it even more challenging for that group. They have difficulty recruiting and retaining expertise. Limited access to networks and contexts and the support system lacks knowledge of the group and its value and effects for a vibrant rural area”* (Support organisation in Sweden).

*“It is a challenging task to adapt and develop support tools that work well in the specific context [community entrepreneurship]. The flexibility, development, and adaptation of government support tools “tailored” to the characteristics of the rural communities are of importance”* (Borch et al., 2008, p. 121).

The survey to social enterprises shows that all countries think that networking and collaboration with other businesses have been very important but that the rural area do complicate it. In general, there was furthermore not many arenas and forums for knowledge exchange about social entrepreneurship known to the municipalities (table 28). The Irish partner Údarás was the only one who participated in national and international specific forums for SE to exchange knowledge in order to further develop the SE sector on the countryside. The remaining 28 respondents from the other four countries were neither involved in any regional, national or international forums to exchange knowledge and practical experience about SE.

Other obstacles that were highlighted in relation to the rural area were the long distances and difficulties to reach customers, lack of workforce and lack of public transports, higher costs and higher interest rate on bank loan due to rurality. However, the rurality was also seen as an opportunity: *“The fact that it is a rural context is our strength and advantage that underlies all our services”* (Norwegian SE), and *“We are rural and we highlight all the positive things that come with it. Jobs, housing, schools, services, outdoor activities, etc.”* (Swedish SE)

## 5. Conclusion and Implications

There are many similarities between the five partner regions and countries when it comes to several of the important factors that influence the conditions for starting and developing rural social enterprises, while there are also some differences.

According to our study the research efforts to enhance the knowledge about social entrepreneurship seems to have declined in recent years in all the investigated countries and that it is especially true for Sweden. Ireland is far ahead in terms of research contributions about the conditions of rural social enterprises followed by Norwegian research efforts. In Iceland the research on social entrepreneurship is still a young but strongly emerging field. The results of this report show that there is still a generally large gap in society when it comes to knowledge about

the prerequisites for social enterprises and their contribution to people's social well-being and significance for the local community, especially in rural areas. To fully exploit the potential of social enterprises as carriers of important societal values extensive research efforts are needed to improve knowledge about social entrepreneurship and social enterprise's business models not only in the education sector but also in the public sector, in business support organisations, business investors and founders, and in the civil society.

The study shows that updated national policies and strategies for social enterprises only exist in Ireland (2024) and Finland (2022) and that Sweden has a dated policy for social enterprises from 2018 while Iceland and Norway still lack a special policy or strategy for social enterprises. We have identified some differences between the approaches in Ireland and Finland. In Ireland the focus of the policy is on the green transition, embedding social enterprise considerations in local and regional enterprise strategies, as well as providing for increased collaboration between stakeholders. The focus for the Finnish strategy is to strengthen the operating conditions of SEs, increase the number of new SEs and develop their competence with the objective to improve the employment of people who are in a weak labour market position. We believe that updated national policies or strategies are important for the development of the sector and that it is a question of equal opportunities between the for-profit and for-purpose driven enterprises. Since the local ecosystem for enterprises in municipalities and regions is important for the conditions for social enterprises to operate, guidance from national governance systems is needed. In the report, we show that many municipalities in the five studied NPA countries have some knowledge of social enterprises but that, with few exceptions, there are no implemented local policies or strategies for how these enterprises should be integrated into the local entrepreneurial ecosystems. It is also shown that even if the business promotion organisations have knowledge of the conditions of social enterprises, they only support for-profit enterprises and do not support for-purpose driven enterprises. Policies and strategies at national, regional and local levels for social enterprises will be necessary to ensure that different types of enterprises have a place in the local entrepreneurial ecosystem. Without national governance systems and guidance that are implemented regionally and locally, the conditions for social enterprises will not improve in the studied countries, and this is especially true for social enterprises in rural areas.

How to measure the value of the social enterprises' operation is a major question and issue for all stakeholders in our study. In the report, we have shown that social enterprises do not know how to measure and assess the value of what is produced in the business and that they do not have the ability to fully communicate the value to their customers. It is a lack of usable tools for the often very small enterprises operating in the rural areas in the five NPA countries studied in this report. We have also shown that customers, in many cases the public sector, have neither the knowledge nor the tools to evaluate and measure the value of the services purchased from the social enterprise and that this is a major obstacle to the development of the social enterprise sector. In order to improve the conditions for social enterprises in rural areas, investments need to be made in developing relevant easily accessible evaluation methods and tools for both buyers and sellers of social services.



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