Social Enterprise: A Study of Its Prevalence, Role and Characteristics in Swedish-Speaking Regions of Finland

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SOCIAL ENTERPRISE: A STUDY OF ITS PREVALENCE, ROLE AND CHARACTERISTICS IN SWEDISH-SPEAKING REGIONS OF FINLAND

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ABSTRACT

An increasing literature has emerged to examine development of social enterprises (SEs) in varying national or regional contexts. This paper presents empirical research on SEs in Finland's Swedish-speaking regions. Differences between Finnish speakers and Swedish speakers have been identified in studies on, for instance, social capital and communality. Both groups have equal constitutional status. This study focuses on the prevalence, role and characteristics of SEs in Swedish-speaking regions. The research data consist of statistical and other background data, a survey and strategy documents. The study shows that SEs do not appear to be more common in the Swedish-speaking regions, despite positive preconditions for SEs and their operations in those regions. At the same time, Finnish SEs still appear to face similar challenges in, for instance, their funding and management, and general prejudice and ignorance about SEs.

Key words: Social enterprise; region; qualitative study; Finland; Swedish speakers

INTRODUCTION

Social engagement combined with entrepreneurial action in the form of social enterprises (SEs) has become increasingly well-known and focused on at the international as well as national levels. SE and social entrepreneurship are wide-ranging, somewhat ambiguous concepts covering different company forms, aspects and practices (Borzaga & Defourny, 2001; Borgaza *et al.*, 2008). According to Mair and Martí (2006), the main difference between social and traditional commercial entrepreneurship is not that such entrepreneurship would be a-social, but that social entrepreneurs prioritise the creation of social value. The concept of 'societal entrepreneurship' has been elaborated to refer to local development 'for the village' or 'for the region'; community entrepreneurship that relates to the public good primarily in the sense of local small business and economic development (Gawell, 2014). In this paper, the concept of SE is used as the more commonly known concept, but with an emphasis on the regional and community aspects.

The existence of SE varies widely from place to place (Puumalainen *et al.* 2013). Increasing literature has emerged to examine SE development in varying national or regional contexts. Such literature presents meta-level analyses of the nature of SE in different countries, with a particular focus on the influence on the social entrepreneurship of public policy, developments within the operating environment of the social economy, governmental institutions and national economic models (Kerlin 2006; Defourny & Nyssens 2012). This approach is consistent with the wider field of social entrepreneurship research, in which institutional theory has been used to examine developments in SE at the micro and meso-levels

(e.g. Nicholls 2010; Mason 2012). While these studies focus on the normative effects of economic, political and regulatory institutions on social entrepreneurship, considerably less attention has been given to the possible effects of broader cultural or regional factors, such as those that might originate from different language group circumstances like in this study.

On the other hand, there has been growing interest in the geography of SE and the degree to which local clustering and agglomeration are beneficial to SEs (Pinch & Sunley 2015). Local networks are crucial to the support systems of SEs, as they may help to assemble different types of resources (e.g. Roy et al. 2014). Still, little is known about how place shapes the development of SEs (Munoz 2010). Pinch and Sunley (2015) examined SEs in four British cities to evaluate whether they benefit from being part of a local SE agglomeration. They conclude that although 'hard' elements of institutional support are important, agglomerations of SEs appear to be produced by a 'soft' infrastructure comprised of local, formal and informal contacts and professional knowledge-exchange networks. Both organised and unstructured mutual support systems and sources of market-related and local business knowledge for SEs are part of that infrastructure. According to Pinch and Sunley (2015), these linkages appear to be crucial for the development of a localised common sense of purpose, 'social entrepreneurial creativity' and the trust necessary to acquire and maintain contracts. Knowledge about commercial opportunities and funding are vital in the unstable and precarious markets for SEs, and utilisation of such knowledge is particularly dependent upon a localised business ecology of suppliers and infrastructural support (Pinch & Sunley 2015). After all, even in the future most new SEs will likely be small and oriented towards local markets (Sjögrén et al. 2015).

The regional strategy perspective was brought up by Rinkinen et al. (2015), who investigated whether SEs are communicated as an innovative solution in Finland through regional innovation and business strategies that are significant for the localised business ecology. They identified ways in which SEs can contribute to regional development through regional innovation systems (RIS) and their objectives and examined whether the potential of SEs is identified in the strategies. The concept of the innovation system emphasises the flow of information between multiple actors that have the resources for and are engaged in innovation activities. The RIS theory has dominated the field of regional innovation research over the past few decades (Cooke et al. 1997; Tura & Harmaakorpi 2005). According to Rinkinen et al. (2015), the RIS theory and innovation and development policy based on it includes areas and objectives where SEs could contribute, but at present, the Finnish RIS still maintain a rather traditional growth-oriented focus instead of promoting the objectives of sustainable innovation policy on a larger scale. SEs hold unused potential in responding to expectations concerning RIS, particularly the social ones.

Various kinds of arenas are needed to reinforce entrepreneurial and economic performance or social innovations and regional renewal. The economic development is influenced by external barriers and driving forces, such as legal and taxation frameworks, public policies and budgets, demographic developments and unemployment rates. The promotion and development of SEs have been noted to involve several policy sectors, such as social, employment and industrial policy (Heckl et al. 2007), and concerning RIS and sustainable social innovations even more actors, such as regional development agencies, business advisors, R&D institutions and political functions. The dynamism of interaction between the different parties also needs to be considered (Rinkinen et al. 2015).

This paper elaborates on SEs in the Finnish regions by looking at the Swedish-speaking regions in particular. Swedish speakers constitute the second largest language group in Finland, amounting to about 6 per cent of the total population. Differences between Finnish speakers and Swedish speakers have been identified in various studies on, for instance, social capital and networks, employment and the sense of communality. Because of the particularities of Swedish speakers and their communities (e.g. more social capital and sense of communality), expectations arise concerning SEs' prevalence, role and characteristics in

such regions. The key questions for this examination thus are:

- Is there a link between the characteristics of Swedish-speaking regions, on the one hand, and prevalence, role and characteristics of SEs, on the other?
- Do the distinct factors found in previous research relate to a high number of SEs in the Swedish-speaking regions?
- Do SEs in the Swedish-speaking regions have a more visible role, better operating conditions and fewer problems and challenges than SEs in Finland more generally (as identified in previous research)?

These themes may shed some light on the realisation of SEs' potential as well. To the author's knowledge, the SEs in the Swedish-speaking regions have not been studied in earlier research. The study contributes to examining SE development in varying regional and community contexts; for example, regional differences in SE support (Kerlin 2010; Munoz 2010; Pinch & Sunley 2015); the effects of culture (Puumalainen *et al.* 2013); and importance of local networks (Roy et al. 2014). The regional innovation and business strategies' development (Rinkinen et al. 2015; Heckl et al. 2007) could also benefit from the results of this study. Moreover, the study complements recent SE research on Finland, in particular (e.g. Syrjä et al. 2013; Khan et al. 2015; Sjögrén et al. 2015; Konsti-Laakso et al. 2016; Melkas et al. 2017).

The remainder of this paper is organised as follows. The following section discusses SEs, their utility and innovativeness as well as the state of the SEs in Finland. The third section discusses particularities of Swedish-speaking Finland, such as socioeconomic factors. The fourth section presents the research design and methodology. The fifth section contains the findings on prevalence of SEs and role and characteristics of SEs. Finally, conclusions and evaluation are presented.

SOCIAL ENTERPRISES

Social entrepreneurship covers a broad range of activities and initiatives along a continuum of unconventional entrepreneurial initiatives (Galera & Borzaga 2009). SEs combine, to various extents, the elements of social purpose, market orientation and financial-performance standards of business (Young 2008). SEs tackle a wide range of social and environmental issues and operate in all parts of the economy with a view towards social value and wealth creation (Chell 2007).

The utility of SEs as an instrument for governments has been acknowledged, but their meaningful use remains unclear. The functioning of SEs is poorly understood; their local, domestic and international roles are invisible; they have inadequate access to resources and suffer from inappropriate legal environments (Rinkinen et al. 2015; see also Sjögrén et al. 2015). SEs cannot be defined by their legal form, their sector of activity or any other fixed criteria, and definitions are numerous in the literature (see a review in Dacin et al. 2010). Obtaining concise statistical information about the SE sector is almost impossible (Heckl et al. 2007). The evaluation and assessment of the impacts, general guidelines for how to promote SEs, and comparisons across countries – and even within countries – are challenging, and potentially even misleading. The social aspect may relate to the input used (workers or working conditions) or the output produced – goods or services aimed at a target group in need.

Innovativeness is a necessary practice for SEs, as they need to search for other ways of doing things than those used in the past. Social mission-oriented motivation can lead SEs to pursue innovations to provide more effective benefits and scale these benefits to a larger market (e.g. Morris et al. 2011; Chell et al. 2010; Mair & Martí 2006). Apostolakis (2013) noted that it is not what SEs do but the way they organise and deliver value for the end-user/local resident/customer – what matters is this 'journey' of operation, and an effective strategy is needed to unlock and ease the application of this journey. Lepoutre *et al.* (2011) also highlighted the importance of innovation among the criteria of SEs. In the research literature, social entrepreneurs and social entrepreneurship have been emphasised, whereas SEs as entities or 'communities of practice' have received less attention,

although that would better reflect the current broader understanding of innovation (Rinkinen et al. 2015).

Kotiranta and Widgrén (2015) produced a comprehensive analysis of the state of the SEs in Finland. Based on their survey, they estimated that there are roughly 19,000 social enterprises in Finland. These employ around 125,000 persons (which is a large number in a population of about 5 million). Their study multiplied the earlier views on the magnitude of the SE phenomenon in Finland. Self-identified Finnish SEs produce social value though their products or services, mostly in the field of social services and welfare. The main hindrances to the sector's growth are the lack of an unambiguous definition of an SE and the shortages in measuring the most important outcome, the social impact. Measuring and valuing the impact is a key element in attracting funding for SEs (Kotiranta & Widgrén 2015).

SEs in Finland can be divided into the following two categories: (i) work integration SEs (WISEs) that offer employment to the disabled and the long-term unemployed, and are provided for by law; and (ii) organisations that have adopted an SE business model and are therefore eligible for the SE mark,[1] or are otherwise authenticated as SEs (members of an SE association). Tackling the social goal may be direct or indirect. Direct value is created, for example, through employing those who are in a disadvantaged situation. Indirect social value is created when, for example, profits from the economic activity are utilised for the social goal.

Apart from WISEs, Finnish SEs are not granted tax relief or other incentives that would encourage them to authenticate themselves as SEs. The Ministry of Employment and the Economy has a register of WISEs, but the number of registered SEs has been decreasing. In 2009, the number was highest at 212, whereas in September 2015, there were only 59 companies in the register due to a decline in new registrations and companies exiting. There were approximately 140 authenticated SEs in late 2015 (WISEs and otherwise authenticated SEs). Kotiranta and Widgrén (2015) point out that the ambiguity of the concept has led to recent assessments ranging from 2,500 to 12,000 SEs, but there is a consensus about the number of the authenticated ones being just a fraction of all Finnish SEs.

PARTICULARITIES OF SWEDISH-SPEAKING FINLAND

In addition to studies on the geography of SEs, studies have been conducted with the help of cultural frameworks to explore the influence of national culture(s) on social entrepreneurship. Kerlin (2010) made a global comparison of seven regions and countries. She found that there are still important regional differences in what the term SE or social entrepreneurship means and how they are supported and developed, and differences in the regions appear to be explained at least in part by the variation in regional socioeconomic contexts. According to Kerlin (2010), SEs appear to draw on those socioeconomic factors that offer the most strength in a given region or country.

The effects of culture on entrepreneurial activity in the case of SEs have also been studied by Puumalainen *et al.* (2013). According to their results, the institutional effects on social entrepreneurship are somewhat different from the effects on entrepreneurship in general. For instance, self-expressive values had a positive effect on established social entrepreneurship. Their results did not support the argument that social entrepreneurship would be more prevalent in contexts with more social problems or government failures. They suggest future studies on how the cultural and formal institutional factors interact. The present paper is linked to interaction between regional, cultural factors and SEs, bringing certain new perspectives to the particularities of Finnish regions and language groups. We will look into whether there is a link between the characteristics of Swedish-speaking regions and the prevalence, role, and characteristics of SEs in those regions.

Swedish speakers constitute the second largest language group in Finland, amounting for nearly 6 per cent of the total population (see Figure 1 for the regions). They are guaranteed equal constitutional rights to the Finnish speakers. Swedish speakers are sometimes considered the largest minority

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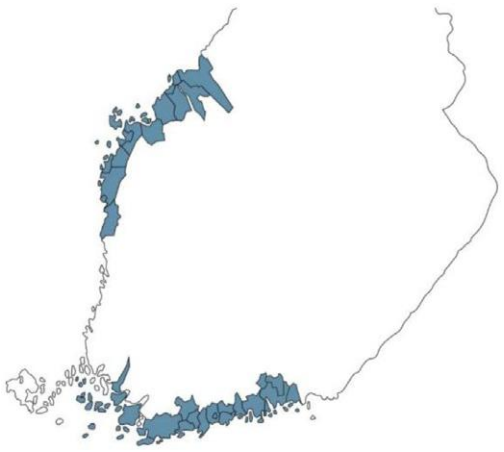

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Figure 1. *The Swedish-speaking or bilingual municipalities in Finland (except the Åland Islands).*

group, but the constitutional status of Swedish speakers differs clearly from smaller language groups. Until the twentieth century, the Swedish speakers dominated the country's ruling class (Dutton 2009). In 2011, 24 per cent of the board members of the 50 largest Finnish companies were Swedish speakers (Jansson 2011). Given their share of the whole population, this implies a significant over-representation. They do relatively well, on average, on socioeconomic measures. They are over-represented among individuals with master's degrees and have a longer life expectancy (Dutton et al. 2016).

In other types of studies, a variety of differences between the Swedish speakers and Finnish speakers have also been found. Nyqvist et al. (2008) studied the association between individual-level social capital and two aspects of self-reported health – self-rated health and psychological health – using the two language groups as examples to illustrate ethnic differences in social capital. They also used social capital to explore the reasons behind health inequalities between the language groups. The results of the study demonstrated a positive association between individual-level cognitive social capital and the health outcomes. The Swedish speakers were found to possess more structural and cognitive social capital than the Finnish speakers (Nyqvist et al. 2008). Higher social capital implies that the Swedish speakers have an active social life and specifically one which involves participating in organised social groups or civic activity. Their crime rate is half that of the Finnish one (Dutton et al. 2016). Moreover, their unemployment rate is about half that of the Finnish speakers (Saarela & Finnäs 2006), and this discrepancy has persisted during economic recessions.

According to Dutton et al. (2016), there are several possible explanations for these average status differences. This effect may be explained by sociological and historical processes that posed an advantage for the Swedish speakers. For example, Finland operates policies of positive discrimination that ensure that services can be guaranteed in Swedish in bilingual municipalities. However, an opposite situation of discrimination also exists in some municipalities in these regions. Another possibility is that there may be genuine psychological differences between the language groups. The most recent study thus concerns the intelligence and personality of the Swedish-speaking language group; Dutton and his colleagues (2016) tested whether the Swedish speakers and the Finnish speakers differ in these two candidate psychological constructs that may underlie the above-mentioned differences. As it has been well-established that intelligence and personality are strong predictors for major life areas, such as occupational status, job performance, and health and longevity, they compared the language groups on these individual difference measures, using two datasets. Regarding personality, Dutton et al. (2016) found that the Swedish speakers score significantly higher on Conscientiousness, Emotional Stability and Extraversion. The notion that the Swedish speakers score higher on general social effectiveness (implying they have the knowledge and the ability to optimise their chances of attaining social goals) would be in line with previous findings showing that they have stronger social networks. The authors claim that the Swedish speakers are not just a distinct language group but a separate ethnicity, genetically between Finns and Swedes, and that the differences are long established and an

interesting topic for future studies. On the other hand, most regions where Swedish speakers are located – except the Åland Islands – are more or less bilingual nowadays, in practice if not formally. A more thorough discussion concerning whether Swedish speakers are a separate ethnicity is therefore beyond the scope of this paper.

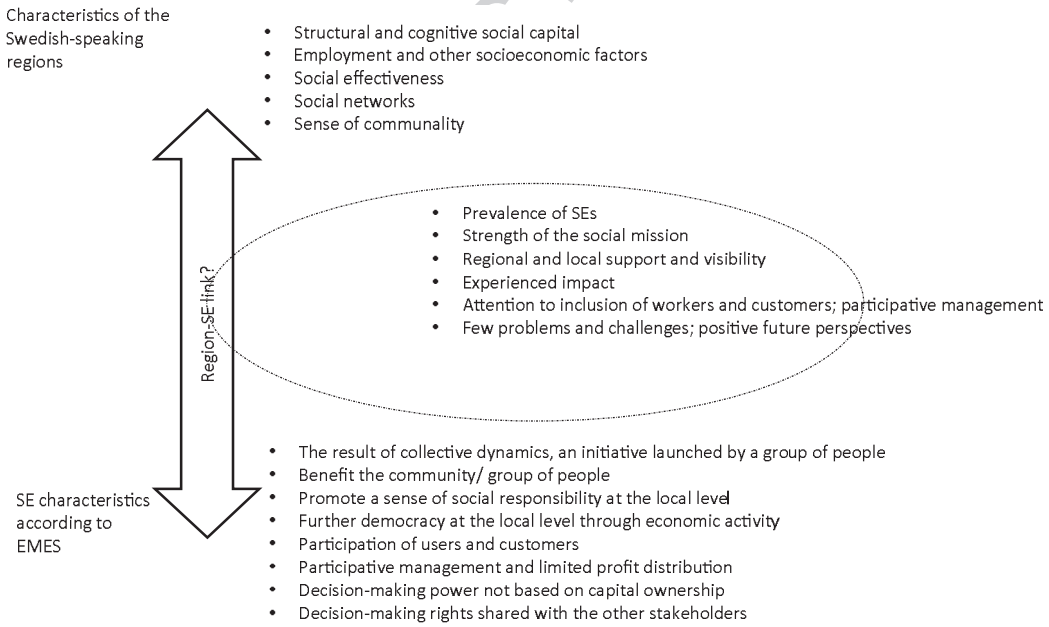
Figure 2 presents the framework for the study of SEs in the Swedish-speaking regions. It summarises the general characteristics of the Swedish-speaking regions and Swedish speakers found in the previous research, and the characteristics and aims of SEs presented in the SE definitions. The circle in the middle of Figure 2 presents the expectations of SEs in this study drawn from those two sets of characteristics.

RESEARCH DESIGN AND METHODOLOGY

This study examines the prevalence, role and characteristics of SEs in the Swedish-speaking, more affluent areas in Finland. Within these areas, SEs were sought for intensive study. The research data consist of statistical and other background data, a survey as well as strategy documents.

The survey, which targeted the SEs in Swedish-speaking areas of Finland, was conducted in the autumn of 2015. Overall, the questionnaire had 40 questions, and open responses were gathered (see Appendix). The data were collected through a web-based questionnaire sent to the SEs found in the ways explained below in the context of prevalence of SEs. The sample size was 26; 12 responses were received, generating a response rate of 46 per cent. The respondents held higher positions in the organisations, as they were mainly managers. Approximately 140 Finnish authenticated SEs existed in late 2015, very few of them in the Swedish-speaking Finland, so the sample size of the survey is considered reasonable. To complement the survey dataset, the local strategies of the municipalities in question were investigated to determine the regional and local emphases.

The survey questions focused on the characteristics and history of the enterprise; the social mission and its visibility; challenges



Note: The SE criteria of the Social Enterprise Research Network EMES are used in this study to frame SEs (Defourny 2001).

Figure 2. *Summary of the research framework*.

during different stages of development; relations with stakeholders and support from authorities or alike; knowledge about SEs in the environment; the impacts and use of information on SEs; the management of SE; relations with other companies, employees and customers; maintaining motivation and passion for social entrepreneurship, as well as renewal and future perspectives. The questions were drafted on the basis of the Social Enterprise Research Network EMES' criteria of SEs (Defourny 2001; Defourny & Nyssens 2012) as well as recent research on Finnish SEs (e.g. Koskela et al. 2013, 2013; Syrjä et al. 2013; Khan et al. 2015; Rinkinen et al. 2015; Sjögrén et al. 2015; Konsti-Laakso et al. 2016; Melkas et al. 2017). Due to the limited number of responses, they are not quantified.

The branches represented were youth and culture, recycling, research and development, and different types of social services (the most typical). The number of employees ranged from one (the respondent) to approximately 20 employees. The respondents were from different parts of Swedish-speaking Finland (that have somewhat different regional cultures, but those are beyond the scope of this study). While this study's dataset does not allow a comparative analysis between the Finnish-speaking and Swedish-speaking regions, the study benefits from recent research in Finnish-speaking regions (e.g. Khan et al. 2015; Rinkinen et al. 2015; Konsti-Laakso et al. 2016; Melkas et al. 2017). The sample of the Swedish-speaking regions' SEs broadly reflects the diversity found within the sector in Finland, as revealed by national surveys (e.g. Kotiranta & Widgrén 2015).

The study utilised the qualitative content analysis method (Miles & Huberman 1994). Qualitative content analysis is regarded as a flexible method for analysing text data and includes several different analytical approaches ranging from more interpretive analyses to strict textual analyses (Hsieh & Shannon 2005). Data structuring was not based on predetermined categories, but the categories were developed and defined inductively during the research process. The inductive approach is typical for qualitative content analysis.

FINDINGS

Prevalence of SEs – Statistical information was obtained from The Research Institute of the Finnish Economy (ETLA). Other background data consisted of a register of (work integration) SEs that is managed by the Ministry of Employment and the Economy and a register of SEs with the mark that is managed by the Association of Finnish Work. These registers were first investigated to understand the SE phenomenon in the Swedish-speaking Finland. The data collection implied various challenges that are explained, as they show the difficulty in capturing the SE phenomenon. The two databases containing the different types of registered SEs included only very few enterprises in bilingual municipalities, and the ones included were in big cities, such as Helsinki or Turku. The enterprises included were further investigated based on their websites or other information to determine their language orientation. A few enterprises were found in this way that suited the objectives of this study.

In addition, the ETLA database provided some background information on the phenomenon. The ETLA survey was, however, conducted only in Finnish, which may have restricted Swedish speakers' response. Their data cover 4,557 companies, of which 1,863 are in Swedish-speaking or bilingual municipalities. Of these, 177 companies identified themselves in the survey as SEs. Most (159) are in big cities that are bilingual (mostly Finnish-speaking), and only 18 are located in smaller mostly Swedish-speaking municipalities. Their fields of operations were quite different (ten of the 18 companies had provided information). It was also investigated whether the age of these companies or their size differ from other companies in the municipalities in question, but no major differences were found. These data are thus scarce and based only on self-identification (Kotiranta pers. comm.). It was also considered whether the official language of the company should be used for finding relevant SEs for this study. Language orientation was finally not chosen as a criterion, as this study has a regional focus, not a focus on the individual entrepreneur or core team that has established the enterprise and

registered it based on their own personal background.

Enterprise information was thus not possible to retrieve from any single or even a few sources for the survey. The problem was subsequently addressed by examining: (i) members of Arvo-liitto (an SE association) and various other enterprise associations (e.g. focusing on corporate social responsibility) or alike; (ii) SE-related research conducted particularly in the Swedish-speaking universities in Finland; and (iii) all the 33 Swedish-speaking or bilingual municipalities in mainland Finland; their websites, especially enterprise-related ones and the links from those. The Åland Islands are a special region that is often excluded from databases and studies; this region was also examined through scrutiny of the web and via publicity materials.

The search terms were social enterprise (in Swedish, *socialt företag, samhälleligt företag*, or in plural) as well as that combined with Swedish municipality names (e.g. Sibbo, Borgå, Lovisa, Ingå, Raseborg). The Finnish language was also used to determine whether there are differences between websites in different languages. This search resulted in going through hundreds of websites during 2015. Very few SEs were found in this way. Based on all these investigations, SEs do not seem to be more prevalent in the Swedish-speaking regions than the Finnish-speaking regions.

Role and characteristics of SEs – The confusing SE definition often causes problems in discussions and studies about SEs. In the present study, the survey incorporated various structures and organisational forms; the criterion was that they had been recognised as SEs based on the databases or comprehensive searches by the researcher. In the following, the role and characteristics of SEs are reported, as gathered from the survey. The themes are combinations based on Figure 2.

The social mission, challenges and support from the environment – SE managers' responses to the survey reflected a strong social mission in establishing the SE and in advancing it. The SEs were of different ages, some had been operating for tens of years, whereas others were relatively new. Some of the related responses included:

> We wanted to solve the bigger and bigger problem of the grey economy in the [anonymised] branch and later on try to affect other branches as well. […] We want to make visible the companies that take care of their societal responsibilities and are, in this way, reliable and honest companies that further healthy competition. We also want to improve consumers' situation.

> The social engagement permeates all our activities. We want young people to do well!

Syrjä et al. (2013) found that social entrepreneurs are highly proactive and innovative in developing solutions to the social problem they address and finding ways to increase the revenues. The commitment to the social mission causes the social entrepreneurs to be very persistent in pursuing the goals of the firm. Such attitudes were also reflected in the responses to this survey. Dedicated individuals were central to these SEs.

The SE managers mentioned that they struggle with similar challenges and problems that have been brought up in earlier Finnish research (Khan et al. 2015; Melkas et al. 2017). The situation in the Swedish-speaking regions does not, therefore, seem to be different. Profitability is difficult to reach, as the SEs are active in developing their operations and thus have limited time for marketing. The overall economic situation in Finland at the time of the survey was also revealed in the results. The economic challenges, both minor and major, were the main issues brought up. Other factors mentioned were an uncertain future, challenges with the personnel and the renewal of the SE.

The respondents were relatively satisfied with the support that they have received from authorities or other parties. One respondent pointed out that despite the support that they receive, there is inequality among companies that do not build up SEs:

> We have got only positive response from authorities, because our product helps

> their work and brings forth the importance of taking care of societal responsibilities. The media has also been very active in writing and interviewing our company and us […]. However, we would have hoped that the state and the municipalities would have been willing to support companies economically when they want to profile themselves as honest companies. Now […] those who are busy with the grey economy just fill their own pockets.

Pinch and Sunley (2015) also found differences in institutional and local government support for SEs in different locations. In the present study, the numbers of SEs were so small that municipality-specific conclusions cannot be drawn based on the survey. The strategies of the municipalities in question did not shed light on this issue either, as SEs were not specifically targeted. Another respondent pointed out a better situation:

> Relatively good [support]. Or better and better over the years. The support in our region is really strong among politicians, authorities and especially the public support among ordinary people and young people. There is trust!

This response seems to be in line with the findings of Dutton et al. (2016) and others concerning strong social networks among the Swedish speakers. The SE in question had been operating for 30 years already, so there has been time to 'break the ice' over the years. On the other hand, as noted in the previous section, most Swedish speakers' municipalities are bilingual nowadays, so strong social networks may be attributed to the small size of the municipality in question as much as language. This is an issue for further research.

A question focused on how well-known SEs are in their environment and possible differences between Swedish-speaking and Finnish-speaking locations were also addressed. It is possible that responses are influenced by the way in which the sub-question was formulated. One respondent noted that the situation is perhaps better in the Swedish-speaking locations: 'Maybe better?! More open, more free, maybe people work in a little bit different way?!' On the other hand, SEs were not felt to be well-known, and better communication was called for.

> Social enterprises have gained much too little visibility in Finland, and very few know what SE means. This applies to both languages. The SE mark […] was introduced at around the same time as our company was established, and they have not yet quite succeeded with their task.

The requirements of the national SE mark were, in fact, referred to as factors that hinder SE development with the help of external funding. The respondents were typically clear about their local identity, although judging the strength of SEs in their particular locations is beyond the scope of this study because of limitations in the data.

Relations to stakeholders – In addition to support from the environment in a more general sense, relations to stakeholders were explored in further detail. Pinch and Sunley (2015) found in their study that a minority of SEs are highly suspicious of potential rivals, but usually SE managers emphasise developing trust-based relationships with various other actors relevant to their operations. They noted that the dilemma for many small SEs is that gaining a reputation requires funding, and funding requires a reputation. While funding-related challenges were acknowledged by many in the present survey, relationships with other actors were confirmed to be important.

In this study, the SEs were also developing or had developed new approaches to, for instance, engage young people or mental health rehabilitees, and noted that convincing funders that this is an appropriate policy development takes time. This has been found in other studies on Finnish SEs (Khan et al. 2015; Melkas et al. 2017); problems easily arise when non-traditional business models and their impacts are communicated to funders and other support organisations.

The respondents had polarised views concerning how they are met by 'ordinary entrepreneurs'. Some of them were members in local entrepreneurs' organisations, whereas

others were not, and those who were members felt that they have too little time to be truly involved. On the other hand, collaboration was considered partially good by some, illustrated by the following quotation:

> [We are met] well. We collaborate with many. But then are always a few people who think it is unfair that we have young people who work for us, trainees, and that we receive financial support. Those who criticise seldom know how our activities are actually built up and what our basic idea is.

The respondents hardly mentioned contacts with other SEs. The exchange of knowledge about the running of SEs has been found to be important, both through informal contacts with other SEs and through formal and informal SE support networks. While such networks have existed in Finland for a few years, SEs in the regions further away from the capital Helsinki might feel 'lonely'. A more visible national SE association was established only in the autumn of 2014, not long before the survey. Low (2006) compared stakeholders of commercial enterprises and SEs and found that social entrepreneurs tend to have a significantly wider array of relevant stakeholders. Investors, employees, suppliers and buyers are naturally important stakeholders for commercial companies, but other stakeholders, such as local citizens, government agencies, or the community where companies operate, may have more legitimacy and power for SEs. This was visible in the survey in that local citizens and the local community were mentioned as important stakeholders by many.

In the case of the UK, the markets for SEs in large cities are typically precarious and unstable, so SEs truly need to develop relatively strong ties of trust to survive, and these ties are usually characterised by close geographical proximity (Pinch & Sunley 2015). Future research should study various 'industrial atmospheres' in relation to SE and 'related variety' in SE capability development, as they suggest. In the case of the Swedish-speaking regions, the number of SEs was, however, so small that it appears that such research should focus on Finland more generally. One step in a similar direction was Rinkinen et al.'s (2015) study in which regional innovation and business strategies were investigated. The Swedish-speaking regions did not stand out as different in that study, but as noted by them, better inclusion of SEs as part of innovation systems and communicating this through regional strategies would help to develop SEs as potential innovators and active entrepreneurial actors in innovation systems.

Relations to the personnel, where relevant, were generally perceived as good. When asked about managing an SE, the respondents were quite unanimous. Management was felt to be different and definitely more demanding, even 'twice as demanding' as being a manager in an ordinary company. Some of the related responses were:

> Inspiring, but in our case, our activities are really broad and versatile, and that requires a lot.

> If I had known what I know today, I would have, unfortunately, chosen another path. Even though the positive issue is that I have learned enormously and have got a broad contact network.

Relations to customers were seen as relatively neutral; the relationship is not very close, but there are no major problems. Local citizens and the community in general were highlighted more in the responses. User orientation was understood as important, however. One respondent explained:

> We try all the time to analyse and develop our product so that it will be more useful for our customers. We organise meetings and are in regular contact with them. However, we have not yet quite succeeded in 'cracking the code', so now we are engaged in a project with external funding [to improve user orientation].

Impacts and future perspectives – The importance of showing the impacts of SEs was discussed by Kotiranta and Widgrén (2015) as well as in previous Finnish research (e.g. Melkas et al. 2017). The survey questions focused on what kinds of impacts an SE has on its environment, how positive impacts are communicated, for instance, in marketing, and how mutual benefit can be measured. The

responses reflected a certain level of caution in using such information (when it is known), but also very positive views were expressed. The positive impacts were felt to be visible, and they are often brought up in the media, leading to a good reputation. One respondent noted:

> Measurement is not easy, but […] we do monitoring, even in the long term. The results are good.

On the other hand, employing people was considered the main point, but that kind of information is not really utilised. Several respondents also emphasised that marketing has changed over the years, so that positive impacts are now sought, as much as possible, and communicated to the stakeholders, that is, consumers, other companies and society. According to the responses, it seems that training in impact assessment, management and marketing might be beneficial for SEs in particular. Tykkyläinen (2015) pointed out that it seems that Finnish entrepreneurs are sometimes unwilling to take the step and identify themselves as social entrepreneurs, partly because it is difficult to find a joint agenda within the umbrella of very different SEs. However, according to her, change appears to be coming, and the societal added value brought by SEs is gradually being shown as a competitive advantage in the markets. The respondents in the present study were ready to be identified as social entrepreneurs, but they felt that the competitive advantage was not gained yet.

Questions were asked concerning how the entrepreneurs maintain their power and passion for SEs. These companies have to cope in the markets just like any company, and ways to attract new customers and interest groups were also inquired. The responses to these questions were positive indeed.

> The motivation is maintained best when I remind myself that what I do is to effect a positive change in society, so that everyone wins in the end. It is also important that one manages to achieve the milestones that one has specified.

> The young people and the people I meet and who are involved in our activities are inspiring!

> We have regular assessments, check-ups and different kinds of planning and vision-setting meetings among the personnel.

The latter reply reflects a participatory nature that involves the various parties affected by the activity – listed as a central criterion for SEs (Defourny 2001; Defourny & Nyssens 2012).

Financial problems cast a cloud over the future perspectives of some respondents. One respondent even noted that 'It is, however, difficult to motivate oneself for very long without being able to take out any kind of salary'. Persistence in pursuing the social mission was clear, as the respondent described having gone through very challenging times (see also Syrjä et al. 2013).

All the respondents were convinced that SEs are becoming more significant and will shape society in the future. A related response was:

> Social enterprises are enormously important in today's society and, first and foremost, they impose human and not only economic values on other companies as well. I hope that the state soon sees the significance of supporting and helping these companies to gain stable footing, to then be able to function like any other company.

Concerning the future, the respondents highlighted the need for help and expertise in, for instance, juridical questions to be easily available for SEs. Business advisors are not knowledgeable about the phenomenon of SEs and are unable to provide tailored advice. Those SEs without the SE mark were not necessarily aiming to apply for the mark in the future, as the respondents did not feel the need to do so. A positive avenue for the future was also that the SEs are teaching social business to young people in the region, enabling more new businesses to emerge over time.

The survey data were complemented by investigating business and procurement strategies of the respondents' municipalities to gain more in-depth information on the regional priorities, signs of the support system and networks. The strategies contained concepts that lead to positive expectations (see also Rinkinen et al. 2015), community development and well-being, to name a few.

Disabled people's workshops were mentioned in a few as potential providers of products and services procured by the municipality, but SEs as such were not mentioned. The results were thus quite similar to those of Rinkinen et al. (2015) concerning Finnish regional innovation and business strategies.

CONCLUSIONS AND EVALUATION

This study examined the prevalence, role and characteristics of SEs in the distinct Swedish-speaking regions in Finland. The research data consisted of statistical and other background data, a survey as well as strategy documents. According to the findings, SEs do not appear to be more common in Swedish-speaking regions than in Finnish-speaking regions, based on the registers, statistics, Internet searches and other information.

The survey responses – when compared also with recent studies in the Finnish-speaking regions and companies (e.g. Khan et al. 2015; Rinkinen et al. 2015; Konsti-Laakso et al. 2016; Melkas et al. 2017) – showed some more positive preconditions for SEs and their operations in the Swedish-speaking regions. It appears that the local and regional visibility and support networks may be better in these regions. On the other hand, it was a question of small (and bilingual) municipalities, where the size of municipality may influence visibility and networks as much as (the Swedish) language. Future research could focus on municipalities of different sizes, to provide new knowledge on how the size may influence SEs and their operations. Future research could thus dig deeper into the concept of societal entrepreneurship or community entrepreneurship that relates to the public good primarily in the sense of local small business and economic development 'for the village' or 'for the region' (Gawell 2014). The municipalities (and the surrounding regions) represented by this survey's respondents were, however, quite strongly Swedish-speaking. There are major differences in the bilingual municipalities' language profiles in practice.

Finnish SEs, irrespective of the region, appear to face many similar challenges in, for instance, tackling prejudice and ignorance about SEs, in the funding and management of SEs and the measurement of their impact. The survey respondents' future perspectives seem bright in that there is strong belief in the increasing importance of SEs. In future research, a few Swedish-speaking and Finnish-speaking municipalities (perhaps monolingual ones and of similar size) could be examined as case studies to learn more about the 'soft' infrastructure of both organised and unstructured mutual support systems and sources of market-related and local formal and informal business knowledge. These linkages have been brought up as important for the development of a localised common sense of purpose or mission, social entrepreneurial creativity and the trust necessary to acquire and maintain contracts (Pinch & Sunley 2015). By considering how a 'supportive environment' for SEs might have come about, further contributions could be made to the debate concerning the importance of the policy environment to fostering the SE activity not only to emerge, but also to thrive (Roy et al. 2014). Future case studies could also take into account the history and development of the municipalities, or even their 'sub-communities', as there is the tendency of some of the Swedish-speaking municipalities becoming increasingly Finnish-speaking, which might 'break' the soft infrastructure even in a small municipality. Increasing internationalisation may play a role in the years to come; some immigrants may become social entrepreneurs or employees of social enterprises, but they may also change language structures of municipalities and regions in various ways.

Although Swedish speakers as a language group could be studied by language orientation of companies, this was not chosen as a criterion for this study. In case studies, the language orientation and culture of the company would be possible to capture, but in the present study, the official language of the company would likely have reflected the individual entrepreneur or core team's background at the time of establishment of the company. On the basis of earlier studies on Finnish-speaking regions, the community and regional perspective was seen as intriguing with regard to the several local level and other goals of SEs. Earlier studies

on individual 'heroic entrepreneurs' have not been uncommon. The individual perspective would be problematic also because Swedish speakers are often fluent in Finnish, too. Individuals thus have varying language profiles, especially in the strongly Finnish-speaking bilingual municipalities. The chosen research design led to a shortage of materials, such as a small survey dataset.

Several types of further research are clearly needed, but this study as a whole sheds some light on the prevalence, role and characteristics of SEs in the Swedish-speaking Finland. A clear link between the characteristics of Swedish-speaking regions and the prevalence, role and characteristics of SEs in those regions could not be found. However, in line with Figure 2, the findings suggest that 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 (see also Tura & Harmaakorpi 2005), 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 (see, e.g. Koskela et al. 2015). These efforts would also facilitate SEs becoming true participants of the RIS. After all, it is not only a question of how SEs *are able* to fulfil their social mission, but also of how they *are enabled* by other RIS actors to accomplish this in different settings.

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Note

1. The social enterprise mark is granted by the Association of Finnish Work. The key characteristics are:
   1. The aim of an SE is to promote social well-being; it acts responsibly.
   2. Limited distribution of profits.
   3. Transparency and openness of business operations.

In addition, one or more of the following features are related to SEs: promoting the well-being of employees and developing ways for the personnel to get their voice heard; a customer-oriented approach in developing the business and close relations with local communities; minimising health and environmental hazards caused by the business; developing the local economy; paying special attention to those belonging to vulnerable groups, and demonstrating the company's social effects.

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APPENDIX SURVEY QUESTIONNAIRE (ORIGINAL IN SWEDISH)

Branch(es) of operations

Number of employees

History and characteristics/ background philosophy

- When and why did you establish a social/ societal enterprise (or when did you join)? How was it established (a short history)?
- What makes your enterprise a social enterprise? How does it show in daily activities? What do you wish to advance?

Challenges and support

- What kind of challenges or problems have you had at different stages?
- What kind of support have you received from authorities or others? What kind of attitudes do you encounter? What kind of relations do you have to different parties (social networks), e.g. municipal authorities, funding organizations, etc.?
- Do you think that social enterprises (or alike) are well known in their surroundings? Do you think that there are differences between Swedish-speaking and Finnish-speaking municipalities? If they are not well known, why?

Impact

- What kind of impact do your operations have on the surroundings? How do you communicate the positive impact, the 'common benefits', e.g. in marketing? How is it possible to measure 'the common benefits'?
- How is it to lead a social enterprise? Is it different, e.g. more demanding?

Relations

- How are you met by 'ordinary entrepreneurs'? Are you involved in, e.g. local entrepreneurs' organisations?
- How is your relation to the personnel? Do you involve them in decision-making?
- How is your relation to customers? User orientation implies taking time to think about customers' feedback and needs. Do you think that the user orientation in your company is strong?

Future

- A social enterprise must get along on the market, just like a traditional enterprise. How do you maintain your strength and passion for social entrepreneurship? How can you attract new customers and interest groups?
- What benefits can social enterprises create in the future? Do you think that their importance will increase?
- If your company does not have an official status as a social or societal enterprise, do you intend to strive for such a status in the future? Why or why not?

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Delete	through single character, rule or underline or through all characters to be deleted	or
Substitute character or substitute part of one or more word(s)	through letter or through characters	new character or new characters
Change to italics	under matter to be changed	
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