Social Enterprise, Social Innovation and Social Entrepreneurship in Sweden: A National Report

H. Thomas R. Persson & Niklas Hafen
University of Southern Denmark

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About the Authors

H. Thomas R. Persson is a Research Fellow at the Department of Leadership and Strategy, University of Southern, Denmark. His main research interests include: social integration and segregation politics and policymaking; good governance and corporate social responsibility. Thomas Persson has carried out several evaluations and participatory action research evaluations on topics such as: youth politics, policymaking and implementation; rehabilitation measurements focusing on long term unemployed individuals with disabilities; and co-development of CSR education for SMEs. Persson has amongst other things co-edited a special issue on the Governance from a Scandinavian Perspective (Taylor & Francis) and contributed to several international anthologies on governance and CSR (Routledge).

Persson@sdu.dk

Niklas Hafen is a Research Assistant at the Department of Leadership and Strategy, University of Southern, Denmark, and a PhD-student at Malmö University in Sweden. His main research interest is the use of sport as a means to initiate social change throughout the world. Hafen has carried out research on development projects where sport has been used as a means to educate young people about HIV/AIDS and increase gender-awareness in South Africa, and to reconcile countries in conflict (e.g. FYR Macedonia and Moldova).

Hafen@sdu.dk
Current situation and early experiences

Introduction – A weakened welfare system in search for alternatives

Sweden is commonly regarded as ‘one of the world’s most extensive and redistributive welfare states’\(^1\) in many ways an archetypal welfare state\(^2\) based on a strong centralised State. However, over the last three decades Sweden has gradually been liberalised through the introduction of elements of individual freedom of choice and decentralisation in welfare provision,\(^3\) a process initiated by a Centre-Right coalition during the end of the 1980s, continued by Social Democratic Governments and most recently by the Centre-Right coalition.

Whilst the unemployment rate was 7.4 %, or 388 500 people in August 2014 and has stayed on a level above 6 % over the last 12 years, and labour market policies cutting the benefits for the long-term unemployed as well as income taxes for the employed were introduced as a work incentive, a two tier system of insiders and outsiders has been cemented.\(^4\) Over the last decade, the long term unemployed and far removed from the labour market have increased, now making up approximately 70 % of the total number of unemployed people in Sweden.\(^5\) Those are alarming numbers for more than one reason. No doubt, this is a position that most people would dread finding themselves in, but also, from an economics point of view, it is ever harder to argue that these individuals are part of a national labour force reserve, i.e. the longer time spent being unemployed, independent of reason, the less attractive the individual becomes for the mainstream labour market in the best of times. This has resulted in suggestions of a need of a two-tier labour

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\(^4\) Ekonomifakta (2014b) Arbetslöshet.
\(^5\) Interview at Arbetsförmedlingen’s office for Social Enterprises. Conducted on August 22nd, 2014.
Like in many other countries, also in Sweden, entrepreneurship is generally recognized and emphasised as a means for economic growth and prosperity and a catchphrase for economic stimulus. Even though stimulation of entrepreneurship is an important policy in most countries, the positive societal outcomes are normally seen as indirect (i.e. generating jobs and more tax-income for the government) rather than direct societal effects stemming from the specific activities. However, it is apparent that a diversity of entrepreneurship is required to overcome various societal, economic and environmental challenges facing societies. Many of the existing problems as well as societal solutions are legacies from the industrialisation, when boundaries between different sectors of society were of greater importance, than in today's post-industrialised societies. Moreover, the challenges of today are far more complex to be solved singlehanded. Therefore, in Europe, entrepreneurship has increasingly come into focus as a potential stimulus for societal value creation as well. As a result a new strain of social entrepreneurs making use of mainstream entrepreneurial logic – discovery, evaluation and exploitation of opportunities to create future goods and services – when addressing societal problems, demonstrating that it works to be both commercially oriented as well as ideologically driven. Sweden is no exception to this trend. However, when the President of the European Commission, José Manuel Barroso states that:

“Social business can be indeed a very powerful agenda for change. To deliver better outcomes for the common good. To show that it is possible to do things more responsibly and more fairly, whilst still being a success on the market. And to become a real engine of growth in the EU. Europe must not only be part of these changes. Europe should be in the lead.”

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One cannot but wonder how far the national and regional governments and stakeholders have come in terms of developing eco-systems for social enterprises, to strengthen efforts at national and regional levels, and to make best use of the structural funds and other available sources of support, to paraphrase Commissioner László Andor, in charge of Employment, Social Affairs and Inclusion.  

Method

In line with the call for THEME [SSH.2013.2.1-2] - Social entrepreneurship for innovative and inclusive societies, this report takes its starting point in Social Entrepreneurship as

“an activity whose primary purpose is to pursue social goals, produce goods and services in a highly entrepreneurial, innovative and efficient manner to generate benefits for society and citizens, use surpluses mainly to achieve social goals, and accomplish its mission through the way in which it involves workers, customers and stakeholders affected by its business activity. The prime objective of social entrepreneurship, therefore, is to generate and maximize social value while remaining economically profitable.”

The report represents a synthesis of literature, from policy documents, academic and ‘grey’ literature on social entrepreneurship, innovations and enterprises together with 21 interviews with representatives from stakeholder institutions, organisations, academia and the sector. The interviewees are listed in Appendix 1. The role played by the state – governments and oppositions – policymaking, legal framework, institutions, the market, the school system and the academia in developing or constraining social entrepreneurship and social innovation is investigated. The report covers the period from the end of the

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9 Ibid.
Second World War to present date, with specific focus on current development and discussions.

**Sweden of today**

Today the official number of social enterprises in Sweden is approximately three hundred. The actors on the social entrepreneurship arena are all but a homogenous group, independent of being described by the Government, Academia, Institutions or different support structures. Moreover, there is currently no overarching legal definition of social entrepreneurship or social enterprises. Nevertheless, social enterprises do have a range of different legal forms including *joint-stock companies* (Aktiebolag), *cooperative economic associations* (Ekonomiska föreningar), *trading companies* (Handelsbolag), *not-for-profit associations* (Ideella föreningar) and *foundations* (Stiftelser). Joint-stock companies are owned by shareholders who own a portion of the company in proportion to his or her ownership of the company’s shares. Cooperative economic associations, as legal entity, conduct economic activities to the mutual benefit of their members. Trading companies refers to an association of persons or an unincorporated company where the company together with the individual owners are co-responsible for any legal liability procured by the company. Not-for-profit associations use surplus revenues to achieve their goals rather than distributing them as profit. Foundations are the legal categorisation of not-for-profit organisations sustained by donated funds, which are used to support causes, individuals or other organisations. A new addition is joint-stock companies with a limited distribution of profits (aktiebolag med särskild vinstutdelningsbegränsning, SVB). This latest addition has not been very successful and is only applied by a limited amount of social

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13 Nationalencyklopedin (2014).
14 Ibid.
15 Ibid.
16 Ibid.
17 Ibid.
enterprises.\textsuperscript{18} At the present time, a majority of the social enterprises are conducted as not-for-profit associations.\textsuperscript{19} As such, they do not aim to make a profit\textsuperscript{20} and are as a result exempted from paying income tax.\textsuperscript{21} Most of the current social enterprises in Sweden are operating within the service sector with the main objective to integrate marginalised people that for various reasons have not established themselves on the labour market. As a result, empowerment is one of the central outcomes of social enterprises. This is normally achieved through employment and co-ownership.\textsuperscript{22}

Social enterprises in Sweden vary considerably in size and activity. The smallest enterprises have only a few employees, whereas the largest accommodates several hundred. Similarly there is a significant difference in yearly revenues, varying from 30 000 to 30 million Swedish kronor. The social enterprises offer services and products to the private and public, as well as the civic sector. The activities range from cleaning and janitorial services to various welfare services (i.e. healthcare, education and elderly care) and recycling.\textsuperscript{23} Given this background Adviva 100 can be mentioned. The enterprise, which in 2013 won the price for best Swedish social innovation, is only hiring people with disabilities.\textsuperscript{24} Other newly established Swedish social enterprises that have gained considerable attention are “Mattecentrum” (free after school math teaching for children and adolescents), \textquoteright Mitt liv\textquoteright (integration of newly arrived immigrants in the labour market through mentoring and

\textsuperscript{18} Palmås, K (2013) Den misslyckade välfärdsreformen. Därför floppade aktiebolag med begränsad vinst. p. 33-34. Information also obtained from interview with the Swedish Agency for Economic and Regional Growth (Tillväxtverket) June 3\textsuperscript{rd}, 2014.

\textsuperscript{19} Sofisam (2014) Sociala företag.

\textsuperscript{20} Information obtained by the Swedish Tax-Agency (Skatteverket) on May 7\textsuperscript{th}, 2014.

\textsuperscript{21} Income tax is a government levy (tax) imposed on individuals or entities (taxpayers) that vary with the income or profits (taxable income) of the taxpayer.

\textsuperscript{22} Arbetsförmedlingen (2014) Arbetsförmedlingens roll vid socialt företagande.

\textsuperscript{23} Sociala företag behövs! En skrift om sociala företag - en väg till arbete, nya affärsidéer och rehabilitering. p.7.

\textsuperscript{24} Adviva (2014) The price is given annually by the Swedish Agency for Economic and Regional Growth (Tillväxtverket).

\textsuperscript{25} Mattecentrum (n.d.) Om oss.
education)26 “The Fair Tailor” (production of fair trade textiles)27, “European Sign Language Centre” (making sign language available through a web based computer program)28 and Yallatrappan (café and catering, a cleaning and conference service and a sewing and design studio with IKEA as a client).29

Despite, or maybe due to the absence of an overarching legal definition of social entrepreneurship or social enterprises in Sweden, the attempts to define and to describe the arena are plentiful. For example, when the Ministry of Enterprise in 2007 addressed social enterprises, they did so without an explicit definition and with two quite different entrepreneurial actors in mind. On one side of the spectrum, in connection to social innovation, the term societal entrepreneurship was used to describe initiatives meeting societal challenges in general, exemplified with water and waste disposal, pharmaceutical developments and new building material. On the other side of the spectrum, social enterprises was used to describe work-integration social enterprises (WISE) providing job opportunities for long-term unemployed individuals who have little or no prospects to (re)establish themselves on the labour market due to long-term illness, disabilities, or being newly arrived immigrants, for example.30 In 2012, when they launched the Swedish innovation strategy the ministry it presented what could be described as an ‘open’ definition stressing that “Social innovation and social entrepreneurship is about processes aimed at solving societal problems in new ways, with innovative ideas and methods [taking] place in the borderland between industry, the public sector and civil society.”31

26 Mitt liv (n.d.) Det här är mitt liv.
28 Singlanguage (n.d.) European Sign Language Centre.
29 Yallatrappan (n.d.) About Yalla Trappan.
Amongst State Institutions, *The Swedish Public Employment Office (Arbetsförmedlingen)*, regulated by the Ministry of Employment (Arbetsmarknadsdepartementet), financially supporting WISE start-ups, takes the most exclusive stand on how to define social enterprises. The Swedish Unemployment Office, whose role is to support the individual in his or her search for employment, sees WISEs as exclusively those social enterprises started by, run by and only employing individuals categorised as long term unemployed, far removed from the labour market and therefore with little opportunity to (re)establish themselves on the labour market. *The Swedish Agency for Economic and Regional Growth* (Tillväxtverket), belonging to the Ministry of Enterprise, resembles the Government in their approach to the subject in supporting the two opposite poles. VINNOVA, Sweden’s innovation agency, is assigned the task to work with social innovation in relation to global social challenges – climate, energy, the environment, demographics, social security and participation, good health and education – in collaboration with universities and in consultation with other relevant actors.\(^{32}\)

However, the picture is largely a different case when Academia describes the notion of social entrepreneurship in Sweden. Amongst such descriptions one finds a much greater variety of entrepreneurship, including: community or societal entrepreneurship (samhällsentreprenörskap, version A), local, rather than centralised, bottom-up initiatives in reaction to social challenges; civic entrepreneurship (samhällsentreprenörskap, version B), local or regional top-down initiatives by actors attempting to enable (social) entrepreneurial activities and enterprises; [work-integration] social entrepreneurship ([arbetsintegrerande] socialt entreprenörskap), either run for or run by long-term unemployed individuals; and public entrepreneurship (publikt entreprenörskap), interpersonal non-economic entrepreneurial social business creation. A more recent development and expression of social entrepreneurship is a more business driven version. It puts the business case, in terms

of profitability, in the driving seat, while social innovation either refers to product, service and/or impact. At a first glance, the variety and discrepancy between the different terms and definitions give rise to more questions than answers. As often, however, the clues can be found in the historical context.

A Swedish historic overview

Sweden is a country in which all the political parties in the parliament – from left to right – embrace a welfare model in which a high tax pressure (5th highest amongst OECD countries) is to warrant for a public sector capable of providing a high standard of healthcare, education and social security to all citizens.\textsuperscript{33} In many respects, the Swedish welfare system has become synonymous with a government driven public sector. However, the social and societal responsibility over the Swedish citizens goes beyond the public sector in many ways. In Sweden, the state and the civil society have developed hand in hand and in many ways taken a joint responsibility for the common citizen. Consequently, in modern times the Swedish state has always been a supporter of a broad voluntary sector, expressed for example in and by political, sport, cultural and religious associations, in Swedish referred to as the peoples’ movement (Folkrörelser).\textsuperscript{34}

A distinctive feature of the social economy in Sweden lies in the establishment of the above mentioned people’s movement during the 19th century, characterised by democratic decision-making, civic engagement and voluntary work.\textsuperscript{35} Popular movements emerged in Sweden simultaneously with the country suffering from high unemployment and poverty. In addition, the state church’s power as an agent for social prosperity began

\textsuperscript{33}Ekonomifakta (2014a) Skattetryck – internationellt.
to diminish. In the past the church had been truly committed towards social welfare by claiming responsibility for the marginalised groups of society.\textsuperscript{36} As a result, many of Sweden’s modern social programs can be traced back to different forms of charity work conducted by religious organisations in their care for orphans, the sick, the elderly, and most important the poor.\textsuperscript{37} In that sense, one could argue that the church paved the way for the growth of the modern Swedish welfare state.\textsuperscript{38}

Nonetheless, as a result of an increased secularisation around the country, Swedish citizen’s ability to engage independently as well as collectively to address social issues became more prevalent.\textsuperscript{39} Subsequently, by the end of the 19\textsuperscript{th} century the Swedish state had developed a somewhat comprehensible social policy to take care of the marginalised groups of society.\textsuperscript{40} In addition, also the Swedish guilds\textsuperscript{41} played a crucial role for the establishment of the welfare state. In many respects the guilds kept their grip on Swedish manufacturing until the middle of the 19\textsuperscript{th} century. Their primary interests regarded the economic security of their members. In part, the security was promoted by mutual insurance against economic loss caused by various forms of accidents, unemployment, illness or death. When the guilds were dissolved in 1846 it nurtured the rising labour movement as well as other socio-political organisations.

Another important source of the Swedish welfare system was the experience of other, more advanced industrial societies in Europe, such as Germany. Even though the political reasons that motivated Bismarck’s several comprehensive social insurance laws during the

\textsuperscript{40} Einhorn, S.E & Logue, J. (2003) p. 193.
\textsuperscript{41} Guilds are referring to associations of craftsmen or merchants who controlled the practice of their craft in a particular town. In many respects, the guilds laid the foundation for the Swedish trade unions.
1880’s was not as compelling to Sweden, the political, social and economic attraction of the German innovations, such as health insurance, worker’s compensation and old-age pensions, clearly reinforced early Swedish socio-political reforms.\textsuperscript{42} A final contributing factor to the establishment of the welfare state was emigration. Seventy-five years of Swedish emigration, mainly towards the Americas, starting in the 1840s, paved the way for social policy making in two major ways. First, emigration became an enormous safety valve by drastically reducing overpopulation in rural districts and overcrowding of the slums in the growing industrial towns. Second, emigration in itself alerted the political authorities to that the conditions throughout the country were unsatisfactory for many citizens. In this respect, emigration can be said to have encouraged the launch of various political reforms, which in turn resulted in social legislation.\textsuperscript{43}

However, the real embryo of the Swedish modern welfare state lies in the political struggles of the late 19th century caused by industrialisation and the rise of the labour movement.\textsuperscript{44} The great influence of social democracy in Sweden has clearly been the dominant force behind the establishment of the welfare state. Instead of tolerating a dualism between the state and the market or between the working class and the middle class, the Social Democrats pursued a welfare state that promoted an equality of the highest standards. This implied that equality was not supposed to be considered reached until the workers enjoyed the same quality and rights as the better off in society.\textsuperscript{45} A strong labour movement with close ties with the Social Democrats resulted in one of the strongest and possibly best-developed welfare states. The success of the labour movement and the development of the welfare state have thus been intimately related. The social transformation that was brought on in Sweden when the Social Democrats came into power in

\textsuperscript{44} Ibid. p. 17.
\textsuperscript{45} Ibid. p.27.
1920 presaged a more general development towards a welfare state, in comparison to other western countries during the post-war period.\textsuperscript{46} Accordingly, the foundation of the welfare state was laid already during the interwar period, even though the real development took place first after the end of World War II.\textsuperscript{47}

The Swedish Social Democratic Government was the world’s first socialist government ever to establish itself without a revolution. Despite the Great Depression in America in the late 1920s, Sweden’s economy was characterised by relatively high levels of employment and a vital economy during the same period.\textsuperscript{48} Per Albin Hansson, the Social Democrat that best personifies the idea of the Swedish welfare state, claimed that the welfare state symbolised a society without any social classes. This, he stated, required both increased efforts to improve the material standard of living and a comprehensive safety net for all of society’s citizens.\textsuperscript{49} The central feature of the Swedish welfare state was a compromise between a social democratic state on the one hand and the private market on the other. Unlike other socialist states the Social Democrats allowed the private market to expand on its own and remain in private ownership. Unlike the capitalist countries, they put a lot of emphasis on building a large public welfare system with the aim to cover all of the country’s citizens. As a result, this compromise came to symbolise a sort of political hybrid where private capitalism and state-controlled planned economy became the main ingredients. Furthermore, this “Swedish model”\textsuperscript{50} along with the establishment of the welfare state did thus combine economic growth and private property with equity and social justice among the population, primarily through the use of an extensive public sector,

\textsuperscript{50} The Swedish model can further be described as the combination of large corporations and the public sector as the primary engines for economic development. (Henrekson (2001) “The entrepreneur and the Swedish Model”. p. 143.
which consequently reduced the need for a social economy or social enterprises to develop.\textsuperscript{51}

**The landscape of social entrepreneurship**

*Social entrepreneurship* is a melting pot of entrepreneurship emphasising social values. Although one find several expressions of social entrepreneurship, in most cases the variations are small, almost not detectable for an outsider, but nevertheless important for those defining the field. To navigate the Swedish arena for social entrepreneurship, social enterprises and social innovation, to see similarities as well as differences, a point of departure is taken in a definition put forward by the European Commission in 2013. Accordingly social entrepreneurship is:

“an activity whose primary purpose is to pursue social goals, produce goods and services in a highly entrepreneurial, innovative and efficient manner to generate benefits for society and citizens, use surpluses mainly to achieve social goals, and accomplish its mission through the way in which it involves workers, customers and stakeholders affected by its business activity. The prime objective of social entrepreneurship, therefore, is to generate and maximize social value while remaining economically profitable.”\textsuperscript{52}

This is very close to the aforementioned Swedish definition of the social economy which was to refer to:

“to organised bodies that primarily have social purposes, are based on democratic values and act independently of the public sector. Their social and economic activities are conducted mainly in associations, cooperatives, foundations and similar bodies. Activities in the social economy have the public good

or the good of their members, not private interests, as their principal driving force”.

However, when talking about social entrepreneurship in a Swedish context, one needs to distinguish between at least four different streams of entrepreneurship with social or societal purposes. Some of these stem from older domestic traditions, whilst others spring from more recent foreign influences. The term societal entrepreneurship emerged as a description of those local, rather than centralised, initiatives developing during the late 1970’s to counteract the result of the decline of large corporate and industrial activities in smaller communities. As local strategies developed, early streams of Swedish research emerged around the phenomenon, which in international publications were labelled community entrepreneurship. From the 1990s onwards the flora of entrepreneurship-terms has increased to include, civic entrepreneurship, social entrepreneurship and public entrepreneurship.

Civic entrepreneurship is in some ways related to community entrepreneurship. It is characterised by local or regional actors from the private sector, sometimes from the public sector or academia involving themselves in attempts to enable (social) entrepreneurial activities and enterprises. In Sweden, civic entrepreneurship differs from the community entrepreneurship in regards to what degree it involves civic society. Ironically, the community entrepreneurship is more oriented towards the civic society, whilst civic entrepreneurship orients itself towards business, public and academic sectors. One could say that certain traits of civic entrepreneurship resemble what elsewhere in the literature would be described as CSR.

Social entrepreneurship is currently the most widely recognised and utilised form, both internationally and in Sweden. The Anglo-American understanding of the concept has gained the strongest influence in the Swedish setting. However, there are clear differences between the US and the UK versions of social entrepreneurship. From an American point of view, social entrepreneurship often alludes to traditional philanthropy. The Anglican version, on the other hand, stems from experiences in new forms of public-private structures. A basic assumption according to the Anglican understanding of the concept is that the welfare state should remain and not necessarily be replaced by charity. A main feature of social entrepreneurship is the breaking with traditional boundaries of the modern industrial welfare state. At its core, civic society is becoming more integrated into the business and public sector.  

Public entrepreneurship is sometimes viewed as a resistance against the Anglo-American version of social entrepreneurship. The difference, advocating this new addition to the flora of social entrepreneurship terminology, is that the outcome is societal, an interpersonal creation, rather than economic/societal, a social business creation. One could say that it contains a streak of activism and manifestation.

Social enterprises as a term have a somewhat more disparate history. It was first used by the Social Democratic ideologist and twice Minister of Finance, Ernst Wigforss (1925–6 / 1932–49), and then again at the 1976 LO Congress when it was used to describe a vision to convert large private industries into social enterprises without private owners, a form of nationalisation of large corporations through ‘wage-earner funds’. The attempt was based on an idea that the unions and the state, as employer, would in this way be able to decide

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57 Ibid. p. 28.
the level of employment.\textsuperscript{60} However, more modern versions of social enterprises, enterprises with social or societal purposes as their primary goal, needs to be understood as a phenomena existing on a matrix with two sliding scales between exclusive and open forms, and between not-for-profit and for-profit forms. If social enterprises are to be understood as, for example cooperative not-for-profit initiatives, providing services that the public sector no longer is capable of delivering to the extent needed or quality demanded, then social enterprises started to emerge during the 1980s. This development was primarily represented by cooperative childcare services. Around the same time, the first work-integration social enterprises arose. This type of social enterprises was a response from those hardest hit at the time when the system of local employment offices eroded and a restructuring of the mental healthcare system took place, resulting in ever larger number of openly marginalised groups. Although little speaks in favour of the purest form of this model, i.e. started and run by those long term unemployed individuals who are perceived in a position furthest away from the labour market, it is still today used by the state run employment office (Arbetsförmedlingen) and thereby state financed, despite showing close to nil survival rate after the individual “start-up” funding coming to end.\textsuperscript{61} On the other side of the same spectrum one finds the more open form of work-integration social enterprises, initiated and ‘run’ by entrepreneurs with business ideas that may or may not have social or societal purposes, but integrate the social and societal purpose of employing marginalised individuals. The entrepreneur may or may not be a first time entrepreneur and may or may not already be in employment or be categorised as being marginalised. The not-for-profit form of social enterprises is by far the most common version, at least as an idea. Whether these attempts should as rule materialise


into enterprises or sometimes remain as projects funded initiatives are part of an on-going debate. A third more recent and less developed phenomena are the Incubators and the incubated for-profit enterprises that are in business for social and societal purposes, but do not per definition include the element of employing marginalised individuals. These are represented amongst Lusic’s start-ups, such as Juvopal that in collaboration with several municipalities have developed the Interactive network-map app with the aim to strengthen children’s rights to inclusive participation in decision-making processes affecting them, such as when childcare disputes are negotiated.62

Main (social, labour and political) issues

Although, the notion of social entrepreneurship has gained increased recognition during the past few years, both as a visible mode of economic action and as an important tool for policymaking,63 the Swedish interest in causes counting as social entrepreneurship is not entirely new. Already during the 18th century, the famous botanist Carl Linnaeus had with his studies sustainable use of natural resources as his main objective.64

The National Association of Social Work (CSA, Centralförbundet för Socialt Arbete) was founded in 1903 and modelled to large extent on the League for Social Service (also known as the Institute of Social Service) initiated by American William H Tolman a few years earlier.65 CSA played an important role for the increased awareness regarding socio-

62 LU Open (n.d.) Social innovation; Juvopal (n.d.) Om oss.
political issues in the country.\textsuperscript{66} Furthermore, it gave rise to a mobilisation amongst citizens to solve social problems on their own.\textsuperscript{67} On this basis it is worth mentioning that the Swedish institutional set-up and organisational tradition differ from many other European countries, especially when it comes to the strong emphasis on mutuality (reciprocal action), self-help and a preference for volunteer-run associations: all embedded within the peoples’ movement tradition. In parallel, the institutional set-up is characterised by an extensive welfare system dominated by the public sector. As a result non-public initiatives have largely been excluded from the welfare system, education and employment services.\textsuperscript{68} However, the emergence of welfare service cooperatives during the 1970’s played an important role in breaking this trend and opened the field for non-public initiatives. Today, these cooperatives illustrate some of the central features of the welfare state’s institutions, and the way these can be taken advantage of by social entrepreneurs. The welfare service cooperatives made their first appearance on the Swedish scene during the 1970s, when several parent-cooperatives within the childcare sector were created.\textsuperscript{69} As a result, more cooperatives, modelling themselves on the former, were established. This has gradually provided legitimacy to social entrepreneurship in general.\textsuperscript{70}

Although social entrepreneurship is a relatively new term in Sweden, the concept of innovation is not. Sweden has fostered many big enterprises throughout the years, such as Ericsson, Alfa-Laval, IKEA, Volvo and SAAB, just to name a few.\textsuperscript{71} The birth and survival of new enterprises is considered important for international competitiveness and business climate rankings, where Sweden often scores well, and more so for the vitality of the


\textsuperscript{68} Ibid. p. 8-9.

\textsuperscript{69} Kossan and other parent-cooperatives facilitates for parents to take over their own children’s childcare. Kossan (2014).


Swedish economy in general. Big companies like Ericsson, established in 1876, and Volvo, established in 1926, have been around and able to grow strong over a very long time. However, a common perception about social entrepreneurship is that it does not give rise to new large corporations that society can benefit from. This strong belief in large companies as the sole saviours is somewhat misplaced. Amongst enterprise and labour market research it has long been argued that the majority of new job opportunities are created in small and medium sized enterprises (Birch 1979). Even though the conditions for smaller companies are perceived as relatively good in many respects, there are also arguments in favour of further improvements. This is supported in a recent report delivered by the Stockholm Stock Exchange. The report states that only one of Sweden’s ten most successful corporations today was founded after the year of 1930.

Over the last couple of years a change in attitude towards entrepreneurial activity in various forms has been noticeable. Entrepreneurial activities are gradually recognised as a good way of reducing unemployment by facilitating jobs on the labour market and the Swedish government has started to support an increased amount of newly started businesses around the country. Some of these initiatives have been socially oriented. One important factor to keep in mind when discussing social entrepreneurship in Sweden is that, according to public opinion and to large extent the praxis, social problems is the

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73 Whilst Volvo Trucks is still a Swedish owned company, Volvo Car Corporation, originally Swedish owned, is today owned by China based Zhejiang Geely Holding Group (51 %) and two different Chines investment funds (37 % and 12 % respectively).


77 In this sense, “successful” refers to a company’s economic turnover.


main responsibility of institutions and state, rather than individuals. The Swedish society has a long history of political stability and its citizens have traditionally had great trust in the government’s ability to solve the most pressing societal challenges through various policymaking. This may be the reason for why Swedes not yet have seen the need for social entrepreneurship. The concept itself has often been felt difficult to comprehend. However, in a rather short period of time Sweden is coming aware of social entrepreneurship, realizing that it may have the capacity to change systems and societies in a new innovative way. Although official numbers of social enterprises are hard to validate, the number is increasing.80

Today, the Swedish government offers support to different forms of entrepreneurial start-up businesses, mainly through bodies such as the Swedish Public Employment Service (Arbetsförmedlingen), the National Board of Health and Welfare (Socialstyrelsen) and the Swedish Social Insurance Agency (Försäkringskassan).81 The support ranges from economic contribution to personal guidance.82 Still, the support is relatively absent, when it comes to social entrepreneurs. This exposes a real gap in the support market for social innovators. Nevertheless, the Swedish Agency for Economic and Regional Growth (Tillväxtverket) is, in collaboration with the EU, running an initiative offering support to a number of selected social enterprises throughout the country. In addition to this support the agency also funds other forms of entrepreneurial activities.83 Other examples of

81 Sociala företag behövs! En skrift om sociala företag - en väg till arbete, nya affärsidéer och rehabilitering.
82 All Swedish entrepreneurs can seek money from the government to develop business ideas. In addition, The Swedish Public Employment Service (Arbetsförmedlingen) offers start-up grants (starta-egent-bidrag) for long-term unemployed people. However, there are no special grants offered to social entrepreneurs per se. Information obtained by telephone from the Swedish Agency for Economic and Regional Growth (Tillväxtverket) April 23rd, 2014.
stakeholders offering support is Social Entrepreneurship Forum (SE-Forum) and Centre for Social Entrepreneurship (CSES), both located in Stockholm.84

The SE sector in Sweden
The concepts of social innovations, social enterprises and social entrepreneurship are as already mentioned relatively new in Sweden. They were introduced to the general public by the Knowledge Foundation (KK-stiftelsen) in the year of 2008, when the foundation launched a program for social entrepreneurship. The idea was to distribute 120 million SEK over a period of nine years to research and educate within the field. The main objective was to promote the development of social entrepreneurship as a means to create a socially sustainable Sweden. The Foundation’s preliminary definition of social entrepreneurship was ‘innovative societal initiatives’ for the common good of society. Based on this definition the foundation has provided funding for five large research projects and eight smaller pilot projects. It has also established a national knowledge hub for social innovations and social entrepreneurship at Malmö University in southern Sweden. Furthermore, it has gathered a large number of stakeholders to support the growing interest in the field. As such, Sweden’s Innovation Agency, VINNOVA, can be mentioned. VINNOVA works under the Ministry of Enterprise, Energy and Communications (Näringsdepartementet) and acts as the national contact agency for the EU Framework Programme for R&D. VINNOVA’s mission is to promote sustainable growth by improving the conditions for various forms of innovation throughout the country. Every year the agency invests approximately 2.7 billion SEK in various innovative initiatives. In the year of 2012 VINNOVA was commissioned by the Swedish government to focus on social innova-

tions, primarily in the public sector. The commission resulted in a number of innovations, especially within the elderly care.\textsuperscript{85}

There is nevertheless an ongoing debate about what the concepts of social innovations, social enterprises and social entrepreneurship really mean. In some ways this has to do with the fact that the concepts are imported, mainly from Anglo-American countries, but also from continental European countries. When the English word “social” has been translated into a Swedish context confusion has emerged. A direct translation is unfortunate since the English word ‘social’ holds a slightly different meaning in Swedish. In Sweden social tends to mean ‘social relations’, but in praxis, social – in social innovation, social entrepreneurship and social enterprises – has come to refer to initiatives with societal outcomes. Unlike with traditional charitable organisations, there is an idea that these initiatives are supposed to be financed in a business-like setting. In addition social enterprises are generally understood as companies with the aim to reduce social exclusion and to provide efficient welfare services in a not-for-profit setting.\textsuperscript{86} It is nonetheless the continental European interpretation of social entrepreneurship that has gained the most influence. An important explanatory factor is the existence of a strong civil society and a well-developed social economy stemming from the peoples’ movement tradition (e.g. Labor movements, Temperance movements, Free Church movements) during the 19\textsuperscript{th} century. As a result, Sweden has had a long history of not-for-profit organisations with societal aims. Given this background the continental European notion of social economy has had an upper hand when addressing the question of social entrepreneurship in Sweden.\textsuperscript{87}

\textsuperscript{85} VINNOVA (2014) Sociala innovationer.
\textsuperscript{87} Ibid. p. 16-23.
**Legal framework**

In Sweden on the whole, the level of institutionalisation of the different existing forms of social enterprises remains extremely low, almost none existing. As a result there are no real support structures. However, when it comes to legal frameworks, two Swedish laws have come to influence the sector - The Public Procurement Act (Lagen Om Offentlig Upphåndling, LOU) and The Law on Freedom of Choice (Lagen Om Valfrihet, LOV). The latter ensures the right of citizens to choose their own welfare service provider amongst the possible actors from the public, the private and the not-for-profit sector.\(^8\) The Public Procurement Act (LOU) governs purchases made by government agencies and other organizations that are publically funded. The law came into effect in 2008, but has had a negative impact on the country’s social enterprises’ ability to compete with the larger firms. Social enterprises, out of which the majority are small businesses, are without the financial muscles and lack access to the legal expertise needed to interpret the law correctly to compete with larger companies. There is little if any legal and administrative assistance needed for realising many of the social entrepreneurial ideas. Moreover, because the ‘Swedish model’, where all public services have been carried out by the public sector, lack the tradition to organise services together with social enterprises, it is often taken for granted that new actors establishing themselves in the sector will either be new public initiatives or private business initiatives. As a result, the questions becomes one of price over quality. if a social enterprise offers its services to the public sector, the law forces the public sector to choose option, only based on price.

As a result there is no legal and administrative assistance for the realisation of many social entrepreneurial ideas. If a social enterprise offers its services to the public sector the law (i.e. The Public Procurement Act) forces the public sector to choose the cheapest option. Unfortunately, this has resulted in a situation where price has become more important.

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\(^8\) VITA EUROPE. The Hub of European nonprofit sector (2014). Information also obtained from interview with the Swedish Agency for Economic and Regional Growth June 3\(^{rd}\), 2014.
than quality. However, with the recent amendment on public procurement there may be improvement in the offing.

**Main steps, changes and evolution**

Most of the social enterprises in Sweden are conducted as non-for-profit associations. As such, they do not aim to make a profit and are as a result exempted from paying income tax. Most of the social enterprises in the country are operating within the service sector with the main objective to integrate marginalised people that for various reasons have not established themselves on the labour market. As a result these enterprises empower their employees through private ownership and employment. Social enterprises with the aim to integrate marginalised people on the labour market are defined as work-integration social enterprises (arbetsintegrerande sociala företag), especially by national bodies such as the Swedish Agency for Economic and Regional Growth (Tillväxtverket), the Ministry of Enterprise, Energy and Communications (Näringsdepartementet) and the Swedish Public Employment Service (Arbetsförmedlingen). Current definition has in many ways become synonymous with social enterprises. However, not everyone shares this definition. According to other relevant stakeholders such as the Swedish Association

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92 Information obtained by telephone from the Swedish Tax-Agency (Skatteverket) on May 7th, 2014.

93 Income tax is a government levy (tax) imposed on individuals or entities (taxpayers) that vary with the income or profits (taxable income) of the taxpayer.


95 Information obtained from interviews with the Swedish Public Employment Service (Arbetsförmedlingen) August 22nd, 2014; the Swedish Agency for Economic and Regional Growth (Tillväxtverket) June 3rd, 2014; the Ministry of Enterprise, Energy and Communications (Näringsdepartementet) August 27th, 2014.
of Local Authorities and Regions (Sveriges Kommuner och Landsting, SKL), VINNOVA, Social Entrepreneurship Forum (SE-Forum) and Centre for Social Entrepreneurship (CSES) social enterprises implies all “social” businesses that primarily are operating for the common good of society rather than seeking to make profit. From this point of view social enterprise as a concept has a much broader meaning. Despite this disagreement the definition of social enterprises as work-integration enterprises continues to gain the most influence. A good example is the action plan N2010/1894/ENT launched by the Swedish government in 2010. The plan emphasise the importance of work-integration social enterprises as a means to reduce social exclusion. Furthermore it highlights the importance of collaboration between the public, private and the non-profit sector to address this matter. In this regard an increased collaboration between municipalities and county councils has been recommended. As a result the municipality of Malmö launched a policy on social sustainability in 2014 (STK-2013-145) – a policy in which social innovations (e.g. work-integration social enterprises) has a central role. The municipality of Malmö already host a great number of stakeholders in order for work-integration social enterprises as well as other social innovations to grow. The most prominent are; Coompanion, Growth Malmö (Tillväxt Malmö), Network – Idea-based sector Skane (Nätverket – Idéburen sektor Skåne), Centre for Public Entrepreneurship (Centrum för Publikt Entreprenörskap), City Mission Skane (Stadsmissionen Skåne) and the Swedish ESF Council of Southern Sweden (ESF-rådet i södra Sverige). All of these organisations serve as resources for social entrepreneurs in the region of southern Sweden. Another relevant stakeholder to mention is Region Skane (Region Skåne). Region Skane is responsible for health care, public

\[96\] Information obtained from interviews with the Swedish Association of Local Authorities and Regions (SKL) June 4th, 2014; VINNOVA September 16th, 2014; Social Entrepreneurship Forum (SE-Forum) June 4th, 2014; Centre for Social Entrepreneurship (CSES) August 15th, 2014.

\[97\] Regeringsbeslut (N2010/1894/ENT).

\[98\] Slutrapport från Kommission för ett socialt hållbart Malmö (STK-2013-145).

\[99\] Information obtained from interviews with Coompanion August 18th, 2014; Growth Malmö August 27th, 2014; Network – Idea-based sector Scania September 4th, 2014; Centre for Public Entrepreneurship September 4th, 2014; City Mission Scania August 28th, 2014; the Swedish ESF Council of Southern Sweden August 28th, 2014.
transport and sustainable development in the whole county of Skane (Skåne), in southern Sweden. The organisations’ highest governing body is the regional council, elected by the inhabitants of Skane. In 2010 a four-year-agreement on cooperation between Region Skane and the third sector of Skane was established. The agreement stresses the importance of work-integration social enterprises as means to create job opportunities for people outside the traditional labour market. This form of social enterprises is thus seen as a gateway to the labour market for individuals who, for various reasons, have had trouble establishing themselves. Accordingly, work-integration social enterprises are regarded as a valuable resource rather than an isolated phenomenon in society. In cooperation with both the public and private sector it is believed that work-integration social enterprises support both business development and the establishment and growth of new companies. With their capacity to help individuals break with welfare dependency by offering employment and self-sufficiency, Region Skane believes work-integration social enterprises contributes to welfare development as well as increased economic growth.¹⁰⁰

There are about 350 work-integration social enterprises in Sweden today employing over 10 000 people. Despite much difficulty, they often collaborate with the public sector, whilst remaining independent organisations. Furthermore, they are often organised in the form of work cooperatives (arbetskooperativ). A common feature is also the local ownership and cooperative membership amongst the employees. Work-integration social enterprises can be found in diverse forms of industries (e.g. crafts and manufacturing services, recycling and welfare). They are often initiated to satisfy a local need that neither the public nor the private sector has been able to satisfy. Support for work-integration social enterprises usually come from the municipalities and not the government. Hence,

¹⁰⁰ Agreement on cooperation between Region Skåne and the third sector in Skåne 2010-2014. p. 12.
although labour market policies are national, work-integration social enterprises are more commonly local initiatives with local support.\textsuperscript{101}

The Swedish Public Employment Service (Arbetsförmedlingen) plays more than one role in terms of ‘work-integration social enterprises’. However, the two roles do not complement each other. The first role is the mentioned active support of work-integration social enterprises started by long-term unemployed people. The second and more prominent role has to do with the so-called Phase 3 (Fas 3) – an initiative launched by the Swedish Government in 2007. Phase 3 was launched in order to deal with the high unemployment rates in the country (i.e. reduce social exclusion). It aims to provide long-term unemployed people – the same category as the work-integration social enterprises – with work experience and valuable networks that could lead to further employment. Phase 3 can be described as a form of internship in which the employees are working for free while at the same time getting compensation from the Unemployment Insurance Fund (A-kassa). To get enrolled in Phase 3 one has to be unemployed for more than 450 days. In such case, the Swedish Public Employment Service (Arbetsförmedlingen) provides the unemployed with a place in one of the collaborating companies that in turn receive compensation for each person they recruit. The compensation comes directly from the Swedish Public Employment Service. It is important to point out that although the programs – Phase 3 and support for work-integration social enterprises – have different funding schemes. Nevertheless, the program has met lots of criticism, mainly do to the fact that some of the participating companies have joined in merely as a means to make easy money, or so it seams, especially since they are not obliged to offer any full time jobs after the program has come to an end. Amongst the critics, some have argued that if work-integration social

\textsuperscript{101} Svenska Dagbladet (2014) Sociala företag bättre alternativ än Fas 3.
enterprises would replace Phase 3, it would be more likely to produce real long-term jobs.\textsuperscript{102}

Social enterprises (both work-integration and other social enterprises) in Sweden vary considerably in size and activity. The smallest have only a few employees whereas the largest accommodates several hundred. Similarly there is a significant difference in yearly revenues, varying from 30 000 to 30 million Swedish kronor. The social enterprises offer services and products to the private and public as well as the civic sector. The activities range from cleaning and janitorial services to various welfare services (i.e. healthcare, education and elderly care) and recycling.\textsuperscript{103} Given this background the work-integration social enterprise Adviva 100 can be mentioned. Adviva 100 only hires people with a disability and won the price for the best Swedish social innovation in 2013.\textsuperscript{104} Another work-integration social enterprise that has gained considerable attention lately is Malmö based Yalla Trappan. Yalla Trappan is located in the heart of the socially disadvantaged neighbourhood Rosengård in the outskirts of Malmö. Since the start in 2010 Yalla Trappan has provided work for immigrant women who normally have difficulties establishing themselves on the labour market. Yalla Trappan is organised as a women’s cooperative and built upon democratic principles such as participation, membership and solidarity. The enterprise has 15 employees and offers a wide range of services such as catering, cleaning and sewing. Furthermore, it enables labour market introduction for newly arrived immigrant women by providing internship opportunities. What started out as a project dependent on financial support from the European Social Fund, the municipality of Malmö and ABF Malmö, has evolved into a very successful self-contained work-integration social

\textsuperscript{102} Ibid.

\textsuperscript{103} Sociala företag behövs! En skrift om sociala företag - en väg till arbete, nya affärsidéer och rehabilitering.

\textsuperscript{104} Adviva (2014) The price is given annually by The Swedish Agency for Economic and Regional Growth (Tillväxtverket).
Despite their sewing activities only being a smaller part of their activity, it has brought much attention Yalla Trappan due to the recently established partnership with IKEA. The partnership means that IKEA customers can place specialised orders on curtains and tablecloths that Yalla Trappan’s employees sew up. IKEA sends the order from the customer to Yalla Trappan that in turn sends the order directly to the customer.106

Influence of the EU and other international organisations

The social economy

Even though the concepts of social entrepreneurship, social enterprises and social innovations are relatively new in Sweden the seed of the social entrepreneurship sector was planted already during the 1970s due to the structural changes having taken place within the industry, fishing industry, farming and forestry. A new type of cooperative associations, linked to the popular movement and civil society began appearing during the 1970s and taking off during the 1980s. The new cooperative associations originally represented a local countryside bottom-up reaction to the structural changes taking place within different industries resulting in closures and unemployment, threatening to depopulate the countryside.107

With the import of the term social economy from the EU, these cooperative associations, often focusing on a revitalisation of the countryside, became part of the social economy at the end of the 1990s. The term social economy was brought on to the Swedish political

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105 Interview with Yalla Trappan August 27th, 2014. Information also obtained from Yalla Trappan (n.d.) About Yalla Trappan.

106 Interview with Yalla Trappan August 27th, 2014.

agenda as a result of the Extraordinary European Council Meeting on Employment in 1997.\textsuperscript{108} As a result, a working group was appointed with the task of investigating the conditions of the social economy and its importance for society, with a specific focus on sparsely populated areas and the countryside. As part of the task, the working group was to come up with a suitable Swedish definition of the social economy. Also in 1997, the social economy was for the first time referred to in a government proposition, ‘Regional growth - for work and welfare’ (Regional tillväxt – för arbete och välfärd).\textsuperscript{109} Consequently, the new cooperative associations that became part of the social economy initially seem to be countryside phenomenon indicating that the subject should be of some importance to Ministry of Rural Affairs, something that there will be an opportunity to return to later.

The working group came to settle on the definition:

“Social economy refers to organised bodies that primarily have social purposes, are based on democratic values and act independently of the public sector. Their social and economic activities are conducted mainly in associations, cooperatives, foundations and similar bodies. Activities in the social economy have the public good or the good of their members, not private interests, as their principal driving force.“\textsuperscript{110}

This definition differs slightly from the EU definition in the sense that the Swedish one puts more emphasis on the social rather than on the concept as a form of organisation to improve, expand or modify the welfare.\textsuperscript{111} The notion of producing Swedish welfare with the help of the social economy gained increased recognition.\textsuperscript{112} However, the result has mainly come to depend on the social economy actors’ ability to combine the perfor-

\textsuperscript{110} Social ekonomi: en skrift om Regeringskansliets arbete med ett nytt begrepp. (2001). p. 10
\textsuperscript{112} Ibid. p. 13.
mance of welfare services with different form of qualities, or values, which are often seen difficult to achieve in the welfare sector. On this basis, the social economy is seen to have been of considerable value for services in the welfare sector. however, it is important to point out, that this in some ways could be described as old wine in new bottles. The phenomenon did exist, but was give a new label by the EU introduction of social economy.

The enterprises within the social economy are considered primarily driven by two logics (1) creating jobs for those outside the labour market and (2) generating services that neither the public sector nor the private market at the time can provide. This was evident from the case of the new cooperative associations. The Swedish social economy as a whole is predominantly financed by: fees, grants, sponsorships, fundraising, private commercial activities, and licensed gaming and lottery activities. Money that stems from building contractors has also been an important source of funding. The number of Swedish cooperatives, mutuals, foundations and associations with a social aim, operating within the social economy, is steadily increasing. In many respects, the great merger of Swedish municipalities in 1974 has had a great impact on the development of the social economy of today. This has mainly to do with the fact that the merger instigated a shift of socio-political power from the state towards the local community resulting in the aforementioned smaller public sector. As such, the social economy can be seen as a reaction to and result of what some describes as a dismantling or reshaping of the welfare state, a process which now has been on-going over the last couple of decades.

113 Ibid. p. 11.
117 In this respect the notion of social economy, social entrepreneurship and social innovation refers to the same thing.
quently, the Swedish social economy can amongst other things be described as an agent of welfare, in addition to the public and private sector.\textsuperscript{120} Despite conferences presenting findings on practices and policies in the social enterprise sector in Europe,\textsuperscript{121} introduction of support systems for microfinance,\textsuperscript{122} press releases,\textsuperscript{123} more recent policy documents and directives from the EU/EC in regards to social enterprises,\textsuperscript{124} for example, EU has had relatively little impact in terms of politics on social enterprise, social entrepreneurship and social innovations. To this date the Swedish harvest of policies, directives and communications by Swedish Governments has been meagre. In 2007, the Government stated in a press release that they supported social entrepreneurship, in 2008 they invested SEK 10 million, in 2010 they presented an action plan for work integration social enterprises, and in 2011 they commissioned the Swedish Agency for Growth Policy Analysis to investigate to what extent the social enterprises made use of and were in need of state funding. In addition to this they were commissioned to look at the possibilities to develop the statistics about social enterprises.\textsuperscript{125}

Based on their investigation, the Swedish Agency for Growth Policy Analysis delivered two main suggestions. Firstly, they suggested that the Swedish Agency for Economic and Regional Growth (Tillväxtverket) were to maintain a register over work integration social

\textsuperscript{122} European Commission (n.d.) Progress Microfinance – What is Progress Microfinance?
\textsuperscript{124} European Commission (2011) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation. (COM(2011) 682 final).
enterprises, and secondly, that none of the existing support structures for enterprises should be adjusted to make it easier for work integration social enterprises to gain financial support. Instead, they suggested that the possibility of a specific directed financial support system for social enterprises ought to be investigated.

Such investigation, it was suggested, could include a comparison with other countries; looking at how initiatives to support social enterprises by the Commissions could affect the Swedish case; looking at regulations affecting social enterprises, looking at how state support would be compatible with EU regulations; and looking at possibilities to improve business administrative advice. Last but not least they pointed out the importance of defining what is meant by work integration social enterprises, considering that it may either be viewed as enterprises producing social welfare services or from a more traditional growth oriented enterprise perspective and that potential selective support must be judged on the basis of the political ambition before a more precise suggestions can be made.126

Role of institutions

The welfare state

After World War II, the Social Democrats resumed their role as a permanent fixture of Swedish politics, governing the country for several decades, all the way up to the 1970s. A significant feature of the Social Democratic political agenda was to use the power intrusted in them as a government to create a network of social services and income-security measures (i.e. pensions, sickness insurance and unemployment insurance) and universalistic tax-based social services. Other features of the social democratic welfare

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state include active policies towards equality on the labour market (i.e. 480 days of paid parental leave, universal access to subsidised child care from the age of one, etc.).^{127}

Until the early 1970s the Swedish society seemed to have found a healthy combination of financial growth and welfare. In fact, the economy had expanded for almost a quarter of century. During this time, social services and income transfer programs had been developed with broad domestic political support from all the parties in parliament. Labour unions, working together with the Social Democrats, had increased their influence to promote their member’s interest. As a result, significant political confrontation was most of the time avoided.^{128} This political system of cooperation subsequently extended to other policy areas. A system of organised interest representation and policy implementation developed alongside the traditional parliamentary channels. To circumvent political conflict by pursuing consensus, together with a pragmatism that set social peace above commitment to ideology, all became a hallmark for the Swedish political system.^{129} For the better part of the twentieth century, to achieve economic security for the worst of in society was one of the central political issues in Sweden. More than anything else, it was this vision that powered the Social Democrats to stay in power and to create the Swedish welfare state. The construction of the basic structures of the welfare state was completed in the 1970s, nearly forty years after the Social Democrats came into power.

Before World War II, the Swedish welfare sector had been having a multitude of private service providers, for instance in the educational and the health care sector, and was in this respect not so different from other European welfare states. The dismissal of private providers that followed the war was the result of a conscious strategy applied by the So-

^{129} Ibid. p. 19.
cial Democrats in order to construct a thoroughly planned public system of professionalised welfare services in health, education and various forms of social care, including child- and elderly care. This was seen as important in order to create a welfare system guided by the principles of social equality.\(^{130}\) The fight for a publicly subsidised welfare state thus testifies to the strong ideological commitment by the Swedish Social Democratic Party, which governed the country uninterruptedly from 1932 to 1976.\(^{131}\) The ideological commitment implied that collective social rights were given predominance over individual rights, and that expressions of social and cultural diversity had little or no place within the welfare system. Neither did citizens have the right or possibility to choose between different service establishments. Instead, they were directed to different public sector institutions (i.e. schools, hospitals, care facilities etc.) in their own area of residence.\(^{132}\)

However, during the 1990’s when the Conservative Party (i.e. Moderaterna) resumed political power the Swedish welfare system underwent radical changes and was gradually opened up to private enterprises, competition and freedom of choice on the part of its users. These socio-political changes represented a break with values that had previously guided welfare service provision in Sweden for several decades.\(^{133}\) Although criticised by the opposition at the time, when the Social Democratic Party regained their position as the Swedish Government little changed. Over the last 8 years, 2006-2014, Sweden has once again been governed by a centre right coalition (Alliansen), which in principle continued on the previously laid track. The old system has once and for all been replaced with one where the service users’ freedom to choose service provider play a central role. As a result, all key areas of the Swedish welfare state (i.e. childcare, primary and secondary education, personal social services, health care and care of the elderly) have been re-

\(^{130}\) Rothstein, B (1994) in: Ibid. p.3.
established in an increasingly market-like setting, where public services should abandon bureaucratic and hierarchical structures to solve problems in a more decentralised and independent manner, commonly referred to as New Public Management (NPM).¹³⁴

Still a responsibility of the State, sometimes delegated to the regions or municipalities, the supply chain is today within several sectors open for actors from both the private as civil society sector. In similar fashion to the question of the chicken or egg, it is hard to determine what came first, the possibility to choose welfare supplier or the increasing demand from the public to choose welfare supplier. Independent of the answer, the public is increasingly demanding better quality, sometimes expressed as more freedom to choose.¹³⁵ This does not mean that a revolution has taken place in terms of social enterprises entering into the welfare market. Instead, the more noticeable result from the more open welfare service supply chain is the advance of social innovations.

Today, social innovations are visible and take place inside and outside, as well as in collaboration between the public sector, the private sector and civil society. In this context, social or societal entrepreneurship has been regarded as something new and reactive, and as an effective way to address the current situation.¹³⁶ On this basis, and from a historical standpoint, societal entrepreneurship as a health care provider or in collaboration with the health care sector can be viewed as a new form of welfare ideas and as social innovation for the twenty-first century. Examples of areas were social enterprises have entered into the previously hands-off area of public health care is home help (CASA)¹³⁷

¹³⁷ CASA (n.d.) Hemtjänst.
and dental care (Region Skåne, 2012). In the first case, Casa is a provider of home help and as such replacing or assisting the public health care system in providing state funded service. The second example is a cooperation agreement between Region Skane and City Mission Skane. Based on existing relationships between City Mission Skane and homeless people, the former acts as a bridge between homeless people and the public health sector to ease the point of contact for dental care. Another example of social innovation and attempt to find new social innovations is a collaboration between Malmö University and the City of Malmö where the two, supported by VINNOVA, have created what they call a ‘test-bed’ with the aim of developing and improving the quality of home help and elderly care from the users’ point of view. As part of their work they are actively connect different actors such as the users, family and relatives, citizens, the industry, the third sector, researchers and personnel from the elderly care.

The education system

Entrepreneurship within the education system is not new. Already in 1989 the OECD (Organisation for Economic Cooperation and Development) addressed the issue in the report: “Towards an Enterprising Culture – a Challenge for Education and Training”. At this time a distinction was made between a narrow and a broad understanding of entrepreneurship. The narrow understanding implied the practical dimensions on how to start a business or a company whereas the broader one referred to the stimulation of future skills in order for individuals to act from an entrepreneurial frame of mind (i.e. taking own responsibility, executing ideas in practice and being creative). Both understandings have gained approximately the equal amount of influence within the Swedish school system.
In 2009 the Ministry of Education and Research (Utbildningsdepartementet) and the Ministry of Enterprise, Energy and Communications (Näringsdepartementet) launched a national strategy for entrepreneurship in the field of education describing measures aimed at encouraging the integration of entrepreneurship into all levels of education. According to the strategy, education that inspires entrepreneurship can provide young people with the skills and enthusiasm needed in order to develop and start new businesses, which is seen as means to boost the country’s competitiveness on a global level and a way to strengthening the Swedish economy. In general, a vast majority of young Swedes are said to be positive to the idea of starting up their own business, but hesitate because they feel they lack the know how to invest in their own ideas. Entrepreneurship education is supposed to fill this gap and help young people developing the knowledge required to make this kind of investment. As a result, the Government commissioned the National Agency of Education to stimulated work on entrepreneurship in schools. It has since produced support material exemplifying how entrepreneurship can be included in the teaching, as well as provided funding opportunities for the individual schools to apply for to implement special entrepreneurship and entrepreneurial activities at all levels in schools. According to the most recent curriculum for primary and lower-secondary school, secondary school and sixth-form college:

The school shall stimulate the pupils’ creativity, curiosity and self-confidence, as well as their will to try new ideas and to solve problems. The pupils are to be given possibilities to take initiative and responsibility to develop their abilities to work both independently and as part of a group. The school shall thereby contribute to the pupils’ development of an approach supporting entrepreneurship, enterprising and innovative thinking. The pu-
pil’s possibilities to start and run a company are thereby increased. *Entrepreneurial traits are valuable for the working life, societal life and further studies* (italicised part of text only applies to sixth-form college).\(^{144}\)

Hence, entrepreneurship education should both lead to pupils developing generic skills useful in their societal lives and more specific skills and knowledge to start and run enterprises.

Despite the curriculum being a compulsory steering document, the schools and teachers are free to interpret and decide how to work with entrepreneurship, as tools, material, methods.

Furthermore, in the strategy from 2009, it is stressed that the schools need to collaborate more with all sectors of society, especially with the private sector to get inspiration from actual entrepreneurs.\(^{145}\) In line with this, *Young Entrepreneurship* (Ung Företagsverksamhet, UF) can be mentioned. Young Entrepreneurship is a not-for-profit and independent organisation with the aim to integrate a more “practical” dimension of entrepreneurship into the curriculum of the Swedish school system. Young Entrepreneurship gives students the opportunity to practice and develop their entrepreneurial skills by helping them start, run and terminate their own business. The organisation operates nationwide and consists of 24 regional associations and 100 staff members. Furthermore, the organisation is supported by public funds, trusts, foundations and the private sector.\(^{146}\) A major founder, however, is the Swedish government. During the year of 2014 it distributed nearly 11 million SEK to Young Entrepreneurship.\(^{147}\) The distribution is regulated by ordinance 2011:192 (*Förordning om statsbidrag för entreprenörskap i skolan*) which aims to promote

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\(^{145}\) Ibid.

\(^{146}\) Ung Företagsamhet (n.d.) Om oss.

\(^{147}\) Interview with the Ministry of Education and Research. Conducted September 16\(^{th}\), 2014.
entrepreneurship through government subsidies. The ordinance, together with the launch of a national strategy on entrepreneurship as an educational tool, shows that entrepreneurship as a subject gains quite the influence within the Swedish curriculum today.

However, social entrepreneurship is nowhere to be found in the different curriculums. Hence, it is no surprise that the subject it is fairly marginalised. According to the Swedish National Agency for Education and the Ministry of Education and Research, social entrepreneurship is not an explicit subject within the Swedish curriculum for the reason that entrepreneurship in broad terms implies not only economic aspects of business, but also social and organic. As a result neither the Ministry of Education and Research nor the National Agency for Education have seen the need to make a distinction between entrepreneurship on the one hand and social entrepreneurship on the other. Rather they constitute two sides of the same coin. This perception could be regarded as somewhat of a paradox given the fact that the Swedish education system is considered to comply with EU regulations, including Horizon 2020 which explicitly focus on innovations / entrepreneurship as a means to tackle societal challenges in Europe. Furthermore, it is worth noticing that educational programmes addressing social entrepreneurship do exist in other EU member states, such as Asturias: Programme Young Social Entrepreneurs and Extremadura: Programme Imagine your own enterprise, both from Spain. Other programmes, such as in Lithuania and Romania, although less explicit, talk about entrepreneurship in connection to social development.

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149 Interview with the Ministry of Education and Research September 16th 2014; Interview with The Swedish National Agency for Education August 15th, 2014; Interview with the Glocal Folk High School in Malmö, September 3rd, 2014.
150 Interview with the Ministry of Education and Research September 16th 2014; the Swedish National Agency for Education August 15th, 2014.
The Swedish higher education system, made up of universities and university colleges, provides a large number of courses addressing entrepreneurship. Currently, there are 142 courses addressing entrepreneurship, 59 of these courses have an explicit focus on entrepreneurship, but only three of these courses have an explicit focus on either societal entrepreneurship (samhällsentreprenörskap) or social entrepreneurship (socialt entreprenörskap). However, in 2008 the Knowledge Foundation (KK-stiftelsen) launched a programme for societal entrepreneurship. The programme was divided into research, skills development and ‘to spread the word’ about societal entrepreneurship. In 2009 the Knowledge Foundation chose Malmö University and Mid Sweden University to jointly run the *Forum for social innovation and social entrepreneurship* (Mötesplats för social innovation och samhällsentreprenörskap) during a period of two years. *Forum for social innovation* (Mötesplats för social innovation) has since 2012 been funded by Malmö University and Region Skane as a national knowledge platform for social innovation and societal entrepreneurship. The platform is placed and partly funded by a university, but the role of educator should not be understood exclusively in the university context, but also as reaching out to the remaining society. As another example of taking on a more inclusive and outreaching role, typical for the newer universities and university colleges, Malmö University and the *Glocal Folk High School* (Glokala Folkhögskolan), an independent adult education college in Malmö, offer joint courses in social entrepreneurship. Summa summarum, albeit still on a small scale and mainly on a university level, social entrepreneurship and social innovation, sometimes as a separate topic and sometimes as sub-topics, have entered into the Swedish school system.

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153 Search engine: www.Studera.nu
154 If using entrepreneurship as key word when searching the Swedish search engine and university application tool (Studera.nu) one gets 142 hits. However, curriculums are seldom detailed enough to establish which sub-topics and themes that are addressed in each individual course. Hence, the reason for focusing on course titles is one of convenience.
155 Glokala Folkhögskolan (2014).
Concluding words

Consequently, social entrepreneurship is not new to Sweden. Swedish as well as non-Swedish researchers have written about social entrepreneurship in Sweden during approximately the last 25 years. Some of them are found in the reference list of this report. At a first glance, the most distinctive about the output is the variety of terms used to describe different expressions of social entrepreneurship. Here, as in every other academic field, one find a mixture of a necessity to distinguish variations of similar phenomena and a necessity amongst academics to distinguish themselves from their peers. This was illustrated under the heading The landscape of social entrepreneurship when looking at the different types of social entrepreneurial activities in Sweden.

However, the political awareness of and reaction to social entrepreneurship is a more recent, less developed and ambiguous. Despite and probably because of this, the current situation of social entrepreneurship, innovation and enterprises in Sweden comes across, at the same time, as both promising and hampered. What early on only could be described as watertight bulkheads have due to political decisions opened up and given way to collaborations between the civic, private and the public sector. The examples are far from plenty, but they do exist. Where some representatives from the support structure – academia, organisations financing projects, start-up support structure – argue that the lack of clear cut definitions might actually benefit entrepreneurial initiatives, instead of restraining them. Others believe that funding system and support structures need official definitions to finance different social entrepreneurship, innovation and enterprise initiatives and activities.

Based on the material and information collected for this report, we believe that is a need for participatory action research specifically focusing on explicating and integrating the political agenda with support structures and the need of social entrepreneurs.
References


Regeringsbeslut N2010/1894/ENT (Handlingsplan för arbetsintegrerande sociala företag)


cessed 13 Oct 2014].


Appendix 1. List of conducted interviews

**National authorities (7)**
The Swedish Agency for Economic and Regional Growth, conducted June 3rd, 2014.
The Swedish ESF Council, conducted August 28th, 2014.
The Ministry of Education and Research, conducted September 16th, 2014.
Sweden’s Innovation Agency (VINNOVA), conducted September 16th, 2014.

**Local authorities and regions (2)**
The Municipality of Malmö, conducted September 5th, 2014.
Region Scania, conducted September 23rd, 2014.

**Organisations (9)**
Swedish Association of Local Authorities and Regions, conducted June 4th, 2014.
Centre for Social Entrepreneurship, conducted August 15th, 2014.
Coompanion, conducted August 18th, 2014.
Growth Malmö, conducted August 27th, 2014.
City Mission Scania, conducted August 28th, 2014.
Centrum for Public Entrepreneurship, conducted September 4th, 2014.
Lund University Social Innovation Center (LUSIC), conducted September 17th, 2014.

**Social Enterprises (2)**
Yalla Trappan, conducted August 27th, 2014.
City Mission Skane, conducted August 28th, 2014.

**Other (2)**
The Glocal Folk High School, conducted September 3rd, 2014.