

INVESTMENT NEEDS AND INVESTMENT READINESS AMONGST ESTONIAN SOCIAL ENTERPRISES



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This analysis report focuses on investment needs and investment readiness amongst Estonian social enterprises. The report also addresses the process of capacity-building to ensure investment readiness, and the capability levels of existing support organisations in terms of being able to provide the necessary services to social enterprises.

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For further information please consult: <http://ec.europa.eu/social/easi>

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SoFiMa



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Acronyms

- BIA:** Baltic Innovation Agency
- CSI:** Centre for Social Investment
- EAS:** Enterprise Estonia
- EaSI:** EU Programme for Employment and Social Innovation
- EC:** European Commission
- ERDP:** Estonian Rural Development Plan
- ESEN:** Estonian Social Enterprise Network
- ESF:** European Social Fund
- EU:** European Union
- EuSEF:** European Social Entrepreneurship Fund
- EVPA:** European Venture Philanthropy Association
- NFCS:** National Foundation of Civil Society
- NPA:** Non-Profit Association
- OECD:** Organisation for Economic Co-operation and Development
- SBI:** Social Business Initiative
- SI:** Social Innovation
- SI:** Social Investor
- SIB:** Social Impact Bond
- SME:** Small and Medium Enterprise
- SPO:** Social Purpose Organisation
- SROI:** Social Return on Investment
- UN's SDGs:** United Nations 'Sustainable Development Goals'
- VPA:** Venture Philanthropy Association

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Main findings

Those social enterprises in Estonia which participated in the study are as follows:

- **Primarily registered as non-profit associations**

A total of 51.7% of those organisations which responded are registered as 'Non-Profit Associations' (NPAs). Most commonly, social enterprises offer services or products to vulnerable target groups such as 'Children or young individuals in general' (33%), 'Individuals who are living in rural or remote areas' (24.2%), 'Individuals with mental illness or mental health problems, or a psychological disability' (17.6%), 'Women and girls' (14.3%), or 'Young parents' (14.3%).

- **Operating primarily on a national level**

A total of 49.5% of the participating organisations operate mainly at the national level.

- **Young and yet-to-be developed organisations**

A total of 34% of the participating organisations were founded in the last five years (between 2017 and 2021), while 24.2% were founded just over five years ago. Of the participating organisations, 42.9% are in the 'Late implementation and growth stage', and 37.4% are in the 'Early implementation and growth stage'.

- **Participating in business activities such as education, health, social work, or technology**

These organisations are active within the fields of 'Education' (16.5%), 'Health' (13.2%), 'Social Work' (11%), and 'Technology' (9.9%). 'Technology' and 'Health' are more prevalent in the 'Start-up stage' of their development, while 'Social work' is more prevalent in the 'Late implementation and growth stage'.

- **Focusing on revenue which will be generated via their business activities**

A total of 47.3% of participating organisations stated that the main revenue source for them today is 'Business activities' (such as which is generated via the sale of its products or services). More importantly, 60.4% of the organisations have set a goal to have 'Business activities' as their main revenue source (such as income which is generated via the sale of its products or services) and become more financially sustainable over the next twenty-four months. Additionally, 61.5% of those social enterprises which participated in the survey stated that at least 25% of their income comes from the sale of their products or services, and 78% of social enterprises expected to earn at least 25% of their revenue from the sale of their products or services over the next twenty-four months.

- **Actively applying for or receiving external financing**

A total of 61.5% of those organisations which responded said that, in the last twenty-four months, they applied for or had raised funding from 'Grants/project funding (including vouchers and operating grants)'. Additionally, 78% of the organisations stated that they planned to apply for or raise funding from 'Grants or project funding (including vouchers and operating grants)' over the next twenty-four months. Those organisations which did not apply for or raised funding, a total of 29.8% stated that there is a 'lack of suitable grants'.

- **Facing barriers in terms of reaching their ideal revenue goals**

A total of 38.5% of the organisations stated that there is a 'lack of financial support mechanisms' in place, while 38.5% said that they were suffering from a 'lack of employees', and 33% reported that they had been financially impacted by Covid-19 pandemic restrictions.

- **Planning to seek investment in the near future**

A total of 46.2% of the organisations planned to seek investment into the organisation over the next twenty-four months. Of those organisations which stated that they had no plans to seek investments, a total of 47.6% were at the 'Early implementation and growth stage' of their development, while 21.4% were in a 'Late implementation and growth stage', and 21.4% were at the 'Start-up stage'.

- **In need of support when using impact assessment tools**

A total of 60.4% of the participating organisations do not regularly measure their social impact, while 82.4% do not measure their environmental impact. Additionally, 68.1% of the organisations do not follow the United Nations 'Sustainable Development Goals' as a measurement tool (with the term being abbreviated as the UN's SDGs).

- **Managed in an open, responsible, and inclusive manner**

The participating organisations consider 'Environmental responsibility' (at 84.6% of the total number of organisations), 'Innovation' (89%), 'Corporate social responsibility and ethical behaviour in the organisation's activities' (98.8%), and 'Positive social impact and the organisation's outcome for a specific target group' (86.8%) to be 'rather important', 'important', or 'very important' in the organisation's decision-making processes. A total of 71.4% of the organisations stated that their employees are involved in their strategic management work. The average number of long-term volunteers is nine, and an average share of women in the organisation is 63% across the participating organisations.

Social entrepreneurship

This chapter includes the information which has been gathered from secondary data analysis and a literature review in regard to topics such as social entrepreneurship and their ecosystems within the European and Estonian context.

Introduction and definitions

There is growing interest in social enterprises which is based upon their ability to contribute to employment levels, entrepreneurship, social inclusion, public service quality, local development, and environmental protection. Social enterprises are undergoing a period of rapid growth right now, not only due to new policies which are being introduced at the European level, but because many initiatives, both old and new, are producing goods and services which are of general interest. There is a great variety of deliverables which these enterprises can offer, with the goal of generating positive social impact such as in terms of being able to offer job opportunities to vulnerable social groups, provide mental or physical care services, or to offer general solutions to a wide range of societal challenges which are a focus of the United Nations' 'Sustainable Development Goals'. Social enterprises are finding innovative ways in which to meet the needs of a society by filling in the gaps in, perhaps, the public or private sectors, and at the same time being a hybrid construction both of those sectors and civil society in general (European Commission, 2020).

However, in spite of the wide use of the term and the gradual convergence of the prevalent meanings which is currently underway at the European Union (EU) level, social enterprises are still conceived in significantly different ways by means of national legislation and policy strategies, and by academics and social entrepreneurs. Sector-specific definitions of social enterprises are usually policy-driven, and are connected to funding schemes (such as schemes which result from the national implementation of the European Social Fund (ESF)), or to policies which are targeted at providing support for social inclusion (European Commission, 2020).

The European Commission (EC) definition of a social enterprise:

- A social enterprise is an operator within the area of the social economy whose main objective is to create social impact rather than to make a profit for their owners or shareholders.
- Such an enterprise will operate by providing goods and services for the market in an entrepreneurial and innovative fashion, while using any profits which it makes primarily to achieve social objectives.
- It will be managed in an open and responsible manner and, in particular, involves employees, consumers, and stakeholders who may be affected by its commercial activities.

EVPA SPECTRUM | CLASSIFY THE VP/SI SPACE

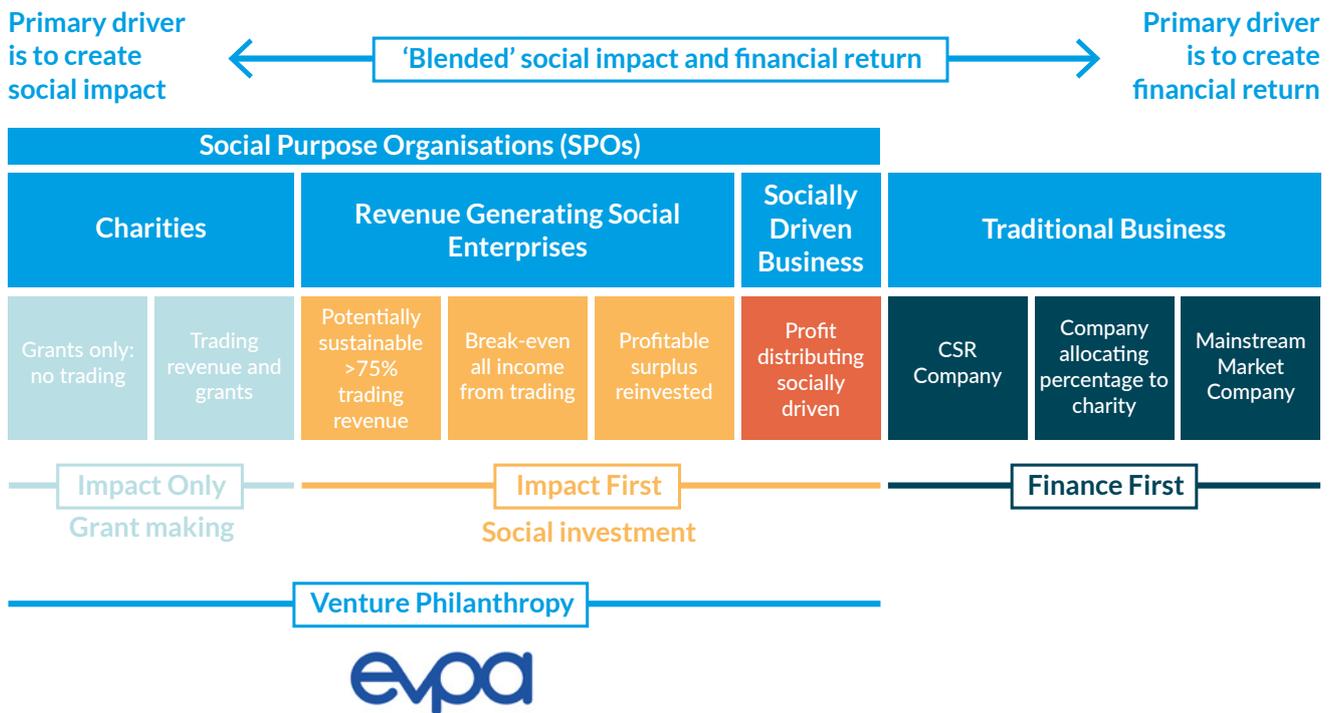


Figure 1: the EVPA spectrum, EVPA Knowledge Centre (2018): 'A practical guide to venture philanthropy and social impact investment', Fourth edition, EVPA.

In 2011, the EC launched the 'Social Business Initiative' (SBI) in order to create the appropriate financial, administrative, and legal circumstances for social enterprises, and to increase the visibility and recognition of the social enterprise business model (European Commission, n.d.). There is currently no single legal form for social enterprises within the EU (including in Estonia) and, therefore, they are generally registered as cooperatives, private limited associations, or non-profit associations (European Commission, 2020). The diagram above (Figure 1) demonstrates the range of organisational types which may have different forms of social or environmental mission. Those organisations which are commonly considered for investment by 'Venture Philanthropy Associations' (VPOs) or 'Social Investors' (SIs) will generally fall under the category of 'charities', 'revenue-generating social enterprises', or 'socially-driven businesses'.

In 2016, the start-up and scale-up initiative was launched by the EC to support the ecosystem of the social economy in Europe by removing barriers for single market start-ups and early development growth-stage social enterprises; thereby creating more suitable future options for social enterprises to be able to find partnerships and to develop their skills; while also smoothing out access to finance

in areas such as investment where this can sometimes be somewhat limited due to the current legal formats under which social ventures are registered (European Commission, 2016). Aside from the priorities of making funding more easily obtainable by social enterprises and the legal environment friendlier to them, the SBI was set out with the intention of creating an increase in the visibility or general awareness-raising of social entrepreneurship (European Commission, n.d.). With this approach in use, the EC aims to support social enterprises so that they can become more viable businesses without losing sight of their mission. For this to be achieved, social enterprises in Europe need to have more commercial and investment-minded financing options open to them (European Commission, 2019). Strategies for investing into social purpose organisations (SPOs) have already been established across Europe. In countries in which such strategies are yet to be developed, social enterprises face a number of barriers which hinder their growth. However, governments have much to gain from helping to ease those barriers while creating an ecosystem in which social enterprises can flourish.

Ecosystems for social enterprises consist of five main components (OECD, 2015)

- The legal and regulatory framework, which delivers clarity, visibility, and recognition.
- Access to finance, which should consist of a range of types and sources.
- Access to markets, particularly through public procurement.
- Business support structures (generic and specialist) which cater both for starting-up and for growth.
- Training and research, including the co-construction of a policy framework through partnerships.

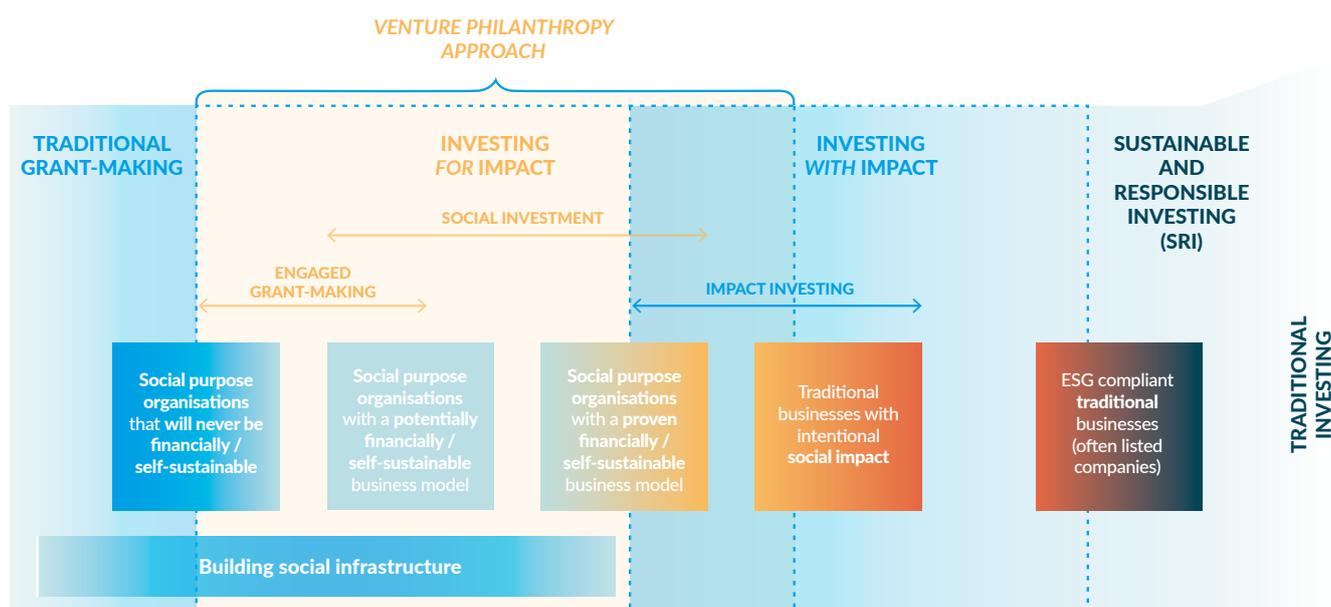


Figure 2: different types of business model for the two impact strategies, EVPA Knowledge Centre (2018): 'Impact strategies: how investors drive social impact', EVPA.

The diagram above demonstrates the different types of business models which have been established both for investing in order to generate impact (in terms of engaged grant-making), and investing with impact (impact investing). Some examples of such initiatives have been presented in a study which was undertaken by the Centre of Social Innovation (CSI) entitled 'Financing Social Innovation', which was conducted in 2021. The study showcases the different principles upon which the individual programmes act, but it also identifies target groups within those programmes which fall under the two impact investment strategies when it comes to social innovation. Vinnova in Sweden (which has as its principle goal the idea of moving from base funding to innovation funding), the Brabant Outcomes Fund in the Netherlands (with its principle of bottom-up impact evolution), Sitra in Finland (with its principle of reforming the welfare state), and Portugal Social Innovation in Portugal (with its principle of designing an ecosystem), all of which are primarily targeting civil society organisations. On the other hand, Power Up Scotland (with its key principle of

local social enterprise support) and Big Society Capital (with its principle of building an impact investment market), both of which are within the United Kingdom, are targeting social enterprises, some of which are more market-oriented than others (Centre for Social Investment, 2021).

The social entrepreneurship ecosystem in Estonia

Estonia is in a situation in which expectations of government intervention when it comes to being able to resolve various social problems are ever-increasing. Uncovering solutions to these problems is becoming ever more complex. There is clearly a need for new, more effective solutions and cooperation between stakeholders in society: in other words, social innovation (Good Deed Foundation, 2015).

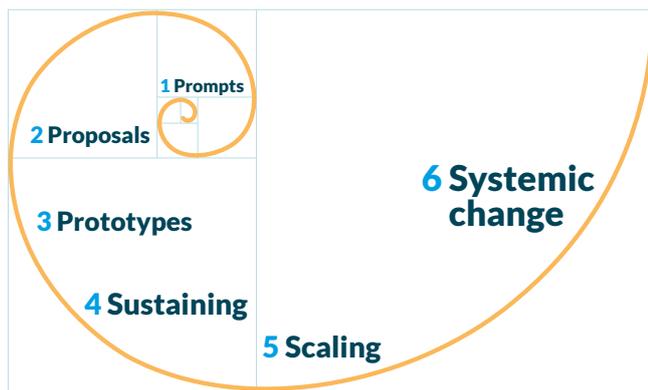


Figure 3: Murray, R, Caulier-Grice, J, & Mulgan, G (2010): 'The open book of social innovation', 'Social innovator series: ways in which to design, develop, and grow social innovation', The Young Foundation/NEST

The effective support of social innovations needs to consider the funding and administrative needs of social entrepreneurs. However, social entrepreneurs are far from the only relevant players when it comes to social innovation. Members of the general public, along with established organisations and networks, play a central role. If governments are interested in resolving societal and/or environmental problems and creating positive impact through cross-sector cooperation, they would do well to recognise and support this diversity and richness when it comes to social innovators, supporting their entire ecosystem and collective impact orientation. Supporting these effectively requires an ambitious and multidimensional form of financial architecture (Centre for Social Investment, 2021).

When taking a deeper look at the supply side of social finance in Estonia, one can see that it is currently very limited. The 2020 OECD policy report on Estonia draws the conclusion that 'social enterprises, particularly in the form of non-profit associations (amounting at as many as 93% of the total), and foundations do not have access to public business support programmes and financial schemes'. A limited amount of public financing is available through the 'National Foundation of Civil Society' (NFCS), which is the main public organisation which provides grants to civil society (OECD, 2020).

However, as has been seen by the 'Estonian Social Enterprises Network' (ESEN) within the context of their contacts with financing institutions and investors, there seems to be a growing degree of interest in social impact investment. Naturally, these investors differ in regard to the extent to which the financial return is still important to them when making a social investment, ie. the expected financial/social return ratio of potential projects. Another factor which can create positive overspill for social enterprises is the discovery which the general 'traditional' start-up scene in Estonia is vibrant, full of various initiatives, networks (such as ESEN), funding opportunities (such as 'Limitless Impact Investments', the NFCS, and the Good Deed Impact Fund), incubators, and accelerators such as 'NULA', 'Ajujaht', Startup Estonia, and Buildit (OECD, 2020).

Empirical research

This chapter outlines the research design, method, and approach, along with the method being used in terms of data collection, the method through which samples are selected, the research process being utilised, and the data analysing process being employed.

Research design

In order to best serve the objective of the study, a mixed method research approach which included both qualitative and quantitative data collection methods was applied to the work. A mixed methods research approach combines both quantitative and qualitative data collection and analysis in one study. When used on a standalone basis, these approaches can answer questions which can vary, and yet combining them can provide the study with more in-depth findings.

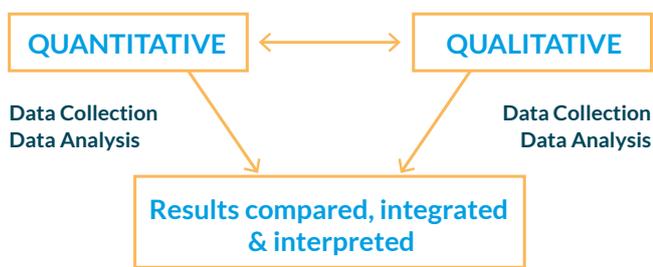


Figure 4: Atif, A & R, & Ayse, D & B (2013): 'A student retention model: empirical, theoretical, and pragmatic considerations', *Proceedings of the 24th Australasian conference on information systems*.

Given the fact that the social economy in Estonia is still in the early development phase and there is in existence a rather limited number of social enterprises, the study did not significantly narrow down the target group for those social enterprises which should be involved in the questionnaire. The predominant legal form being used by social enterprises in Estonia is a non-profit association, although other legal forms exist for social enterprises, such as those of foundation, private limited company, sole trader, public limited company, commercial association, general partnership, or limited partnership, all of which were included in the sample.

The study considered social enterprises as organisations that have an explicit social purpose, i.e. their main goal is to create positive social impact, not to make a profit for the owners or shareholders. It is also important that the organisation is managed responsibly, transparently, and innovatively, while also involving all of its employees, customers, and stakeholders where they may be affected by the organisation's activities.

In addition, it was important that the organisation plans and measures its societal impact (for new organisations

When compiling the survey sample, the study was guided by the following two indicators:

- At least 25% of an organisation's income is earned from business income which is generated from the sale of its products or services. This percentage may be lower for new organisations, but the goal is to earn at least 25% of one's own income.
- At least 50% of the profits are used for social purposes. This can also be done indirectly in various ways such as, for example, where the profits are used for the organisation's development activities and therefore serve to increase the organisation's impact.

only a plan to measure impact was appropriate). This can be defined in various ways, such as through monitoring or planning the number of customers, or the volume of raw materials being consumed (such as through recycling organisations), and so on, but it is important to understand how they measure any change which has been brought about.

It is also essential to mention the fact that the research team wanted to involve in the study all organisations which had revealed a positive social impact, and not just those which had dealt with social problems. The team also considered organisations which had a focus on the environment, or upon rehabilitation, gender equality, the pay gap, an ageing society, education, health, unemployment, integration, migration, and many other such areas, to be social enterprises. However, societies, associations, and organisations which do not earn or plan to earn their own income through the provision of services or products were not considered within the sample.

The EC (2019) and OECD (2020) studies both identified somewhere between 120-125 social enterprises in Estonia. The studies followed the EC's operational guidelines in terms of identifying social enterprises. However, accurately mapping out the number of social enterprises is a task which can often prove difficult within an Estonian context, due to various reasons such as self-identification biases which can lead to under- or over-estimations. Therefore, in addition to concentrating on the already-identified social enterprises within the context of the analysis, the focus of the study was also on areas which involved the early stages of maturity of enterprises.

Table 1: development stages which have been included in survey sampling.

Development stage	Description
Seed stage	<ul style="list-style-type: none"> the team has a business idea which still requires some development and is not yet market-ready(Eesti) an appropriate legal body may not yet be in place; the first draft of the product or service prototype has been developed the organisation’s own resources, along with family and friend investments is generally already available for use crowdfunding, national grants, business angels, and private and public funds may already have been utilised
Start-up stage	<ul style="list-style-type: none"> the final development work takes place based on a prototype of a particular product or service the market entry stage in which enterprises enter the market with a product or service, and prepare for expansion the first customer acquisition takes place the first sales take place of products and services new resources become available due to the realisation of loans or investment the organisation could already be supported by business angels or investors
Early implementation and growth stage	<ul style="list-style-type: none"> establishing new channels and markets through the process of expansion the stage in which (additional) employees or volunteers are recruited the tasks are undertaken which involve the various quality management areas (such as engaging people, and providing customer focus, leadership, a process approach, improvement, evidence-based decision making, relationship management) standardisations take place sales could be on the increase
Late implementation and growth stage	<ul style="list-style-type: none"> stakeholder relations are well established an expansion of products and services takes place diverse capital options are available to the enterprise the possibility of a founder exit arises

Compiled by the authors, based on the European Business Review and Forbes.

Several of Tallinn University’s partners, along with the project consortium, were consulted during the process of designing the data collection survey in order to ensure the good quality and representative nature of the results. In order to reach the target group, many social entrepreneurship support organisations were contacted, including incubators, start-up communities, consultancy agencies, and so on, as well as a sample being compiled for direct invites.

The primary sample for the survey has been selected from the following sources: ‘Ajujaht’ participants within the category of ‘Social Entrepreneurship’; ‘GoodTech’ pioneer participants; and Startup Estonia participants

with their social entrepreneurship focus, and taking into consideration the primary goal of the ventures; organisations which have applied funding through the Good Deed Foundation incubation programme, NULA, which is supported by the NFSC, members of the Social Enterprise Estonia Network, and members of the SDG coalition of Estonia. Direct participation invites were sent out to a total of 385 organisations.

Prior to sending out the invitation to participate directly in the survey, with those invitations going to the sample organisations and via the contact lists, newsletters, and social media accounts of Tallinn University and its partners (BIA, SEB Bank, Buildit, Startup Estonia, ESEN,

EVEA, EAS, and the Võru County Development Centre), the survey was tested on the project's consortium, ESEN, the Ministry of the Interior and three randomly-selected organisations from the sample. The survey platform was chosen to be LimeSurvey as it fitted the needs of the study, such as in terms of offering the option to have it translated, plus with there being no limit to the size of the sample, the fact that reminders could be sent out by the platform itself, the necessary conditional logic was already in place, and there also being the potential for exporting the final results.

Additionally, semi-structured interviews with mainly open-ended questions (which followed Tallinn University's ethics guidelines) were conducted amongst selected samples from those cases which had participated in the survey.

Around 50% of the sample agreed to be interviewed, with those interviews being conducted by the research team at Tallinn University.

The criteria for the organisations who received the invitation to participate in the interview were as follows:

- The participating organisation had left its contact details at the end of the survey.
- From each development stage, 25% of those organisations which were participating in the survey were invited to attend an interview.

Table 2: sampling criteria for the semi-structured interviews.

Development stage	Quarter of survey participants (25%)	Plans to seek investment over the next twenty-four months	Does not plan to seek investment in the next twenty-four months
Seed stage	1	1	0
Start-up stage	3	2	1
Early implementation and growth stage	9	5	4
Late implementation and growth stage	10	4	6
Other	1	0	1

Compiled by the authors.

Data collection

During the data collection period (which lasted from the end of April 2021 to mid-June) a total number of 91 full responses to the survey were recorded, along with 65 incomplete responses, and 156 total responses, which is a high figure in comparison to previous surveys which have been carried out in Estonia regarding the topic of social entrepreneurship.

The survey was divided into five general topics:

- organisation
- finance
- team
- impact
- and conclusion.

The invitation to take part in the survey was sent out to the enterprises in order to be able to identify their levels of financial sustainability, governance structures, management team skill sets, defined and scalable social missions and impacts, growth and investment needs, knowledge and the level of existing interest in terms of seeking out investment, any related problems, and general access. The survey consisted of a total of 48 questions.

In order to be able to collect more in-depth information regarding topics which were covered in the survey, semi-structured interviews were conducted by the project's research team at Tallinn University. The interviews were conducted either physically or via Zoom on a virtual basis, with each lasting between thirty minutes to an hour. Similarly to the survey, the interviews were anonymous and each participant was given an identification token. The interviews were recorded for transcription, for which participant consent was asked. The interviews with social entrepreneurs which were participating in the survey took place in the autumn and winter of 2021.

The interview was divided into five general topics such as organisation, finance, team, impact, and development.

The invitation to participate in the interview was sent out to the enterprises so that a better degree of understanding could be gained in the following areas:

- the choice of legal format when registering
- understanding development stages
- goals for forthcoming years and the funding instruments which would be required in order to be able to implement those goals
- obstacles in terms of accessing these funding instruments
- levels of understanding in terms of social entrepreneurship, social impact, and social impact bonds and/or investments
- challenges in terms of prioritising impact over the sale of products and services
- awareness of social impact assessment and impact reporting
- challenges faced and support needed in order to expand/grow/deepen impact

Study results

This chapter outlines the study results both from the survey and the interview. The study results are presented as seen in the survey, and all five topics are covered in this paragraph. Part 1 covers general information about the participating organisations such as legal status, main business activity, the geographic levels within which they operate, and their current development stages.

Part 1: Organisation

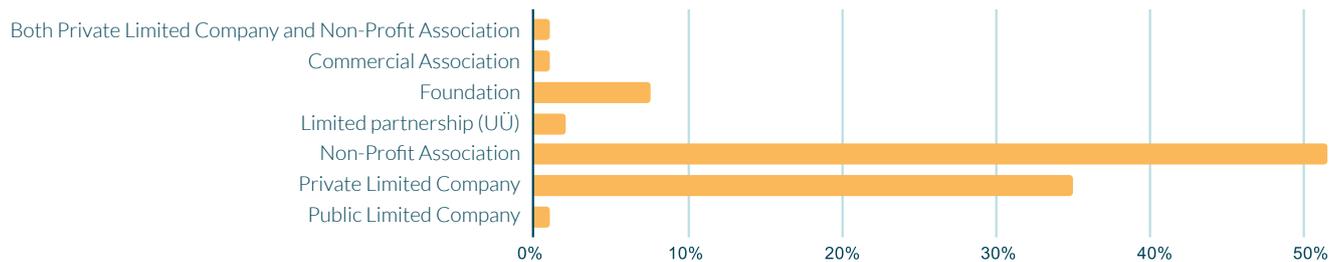
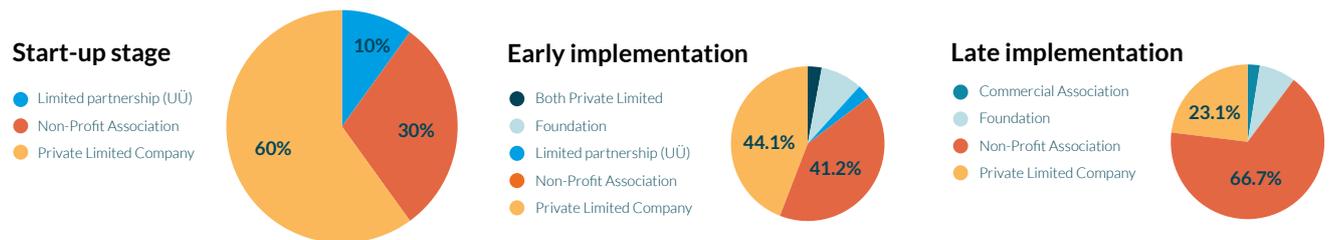


Figure 5: the legal statuses of participating organisations (overall shown above, and for each development stage shown below).



‘But, of course, it also comes from our statutes and our basic objectives. It’s not about making a profit, but about supporting our beneficiaries, which is why it can’t be anything other than an NPA,’ (Interview 1).

‘But we very quickly realised that we could not continue simply as an NPA because there were quite a few needs for our beneficiaries in terms of what we were doing. Since regulations prevented an NPA from carrying out some specific activities necessary to address the needs of our beneficiaries at the time, we set up a private limited company in parallel. The goals of the two organisations are the same though. An NPA has an ideological role or direction setting, while the private limited company has more of a financial role,’ (Interview 2).

‘There are several funds which are available from the local or national government authorities in case the organisation’s main stated activity is being supported. But the way we want to do it is to have collaborative projects with the local authorities, in which case an NPA is just as good as a private limited company,’ (Interview 3).

‘In fact, we have an NPA which has been registered aside from the private limited company, which is precisely one of the themes for me in terms of this social enterprise because the tax

office has stated that if you are selling products, you are not an NPA. You cannot do business as an NPA. As we needed to fund the organisation to be able to work for our beneficiaries, we needed to register as a private limited company,’ (Interview 4).

‘Right from the start we registered as an NPA and a private limited company, because it was difficult to apply for a grant as an NPA with our main goal. The concept of our organisation seemed to be confusing for Enterprise Estonia where we applied for a grant. Once we registered as a private limited company for the same cause and asked for the start-up capital for the same reason from Enterprise Estonia, it was approved. Years went by and everybody said that we are basically functioning like a NPA, yet there are contracted employees and our organisation is earning revenue from sales just like a private limited company. Another difficulty is that most of our employees are our beneficiaries, yet the organisation is legally obliged to have a classic contract of employment for everyone. We are considered as a large scale production company, yet that is not the case. Therefore, I believe there should be a separate legal body for social enterprises in Estonia,’ (Interview 8).

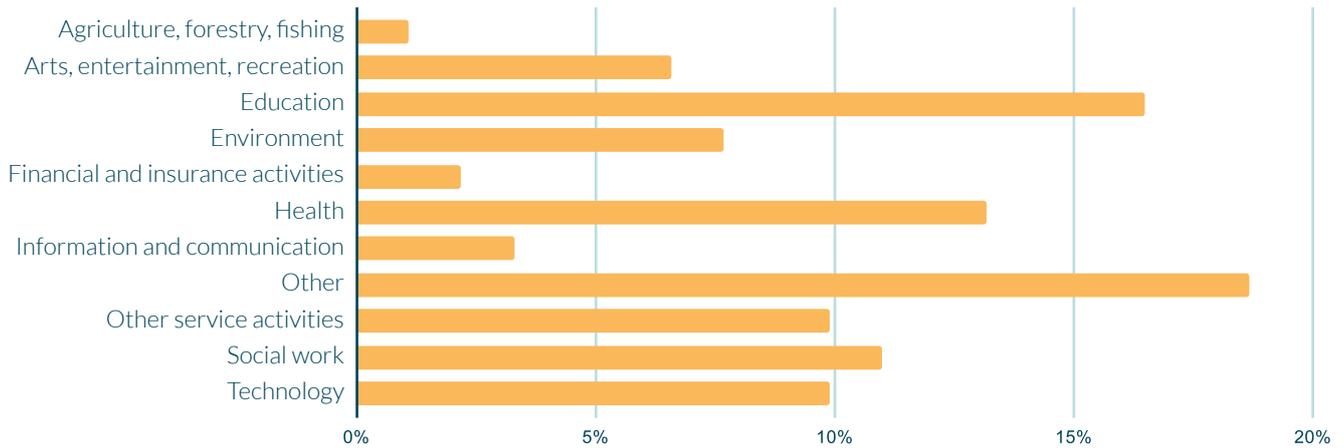


Figure 6: the main business activities of participating organisations (overall shown above, and for each development stage shown below).

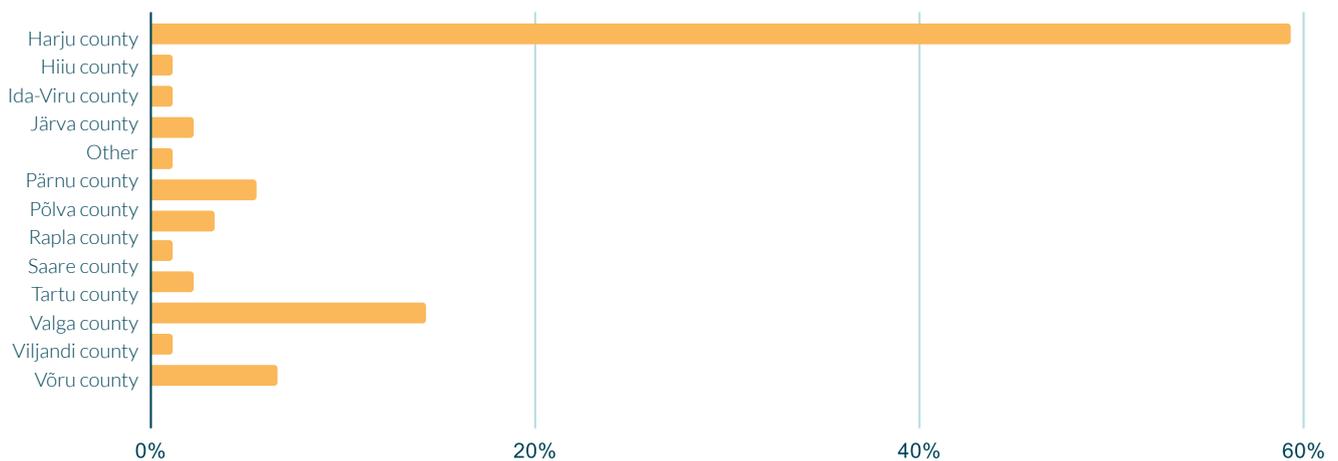
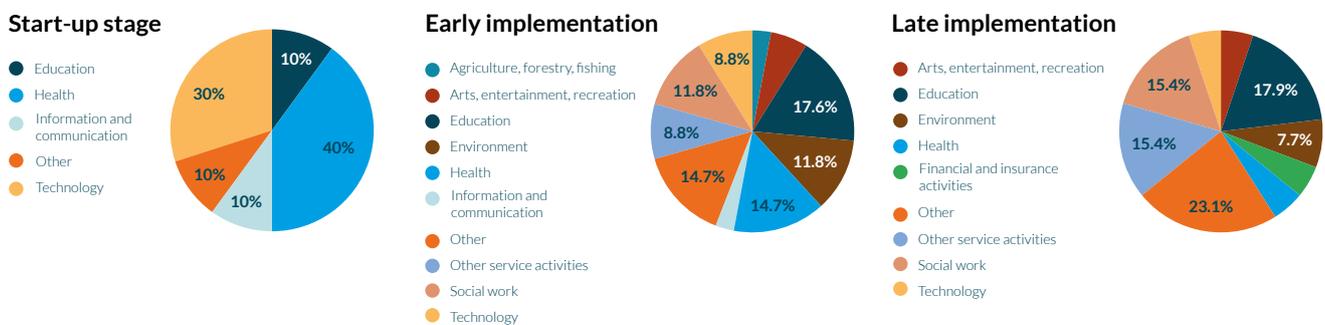


Figure 7: the regions (counties) in which the main offices of the participating organisations are located.

'I believe that one could find investors for organisations like ours in the city but are they willing to take the risk of investing in the rural area? Another question is how to communicate exactly what and why you are doing something to someone from the outside? Perhaps it would help to measure social

impact like NSCF is doing, I don't know. The team and our family members understand exactly what we are doing, but people who don't know anything about the organisation say that they don't understand why we don't want to establish the enterprise in town instead,' (Interview 7).

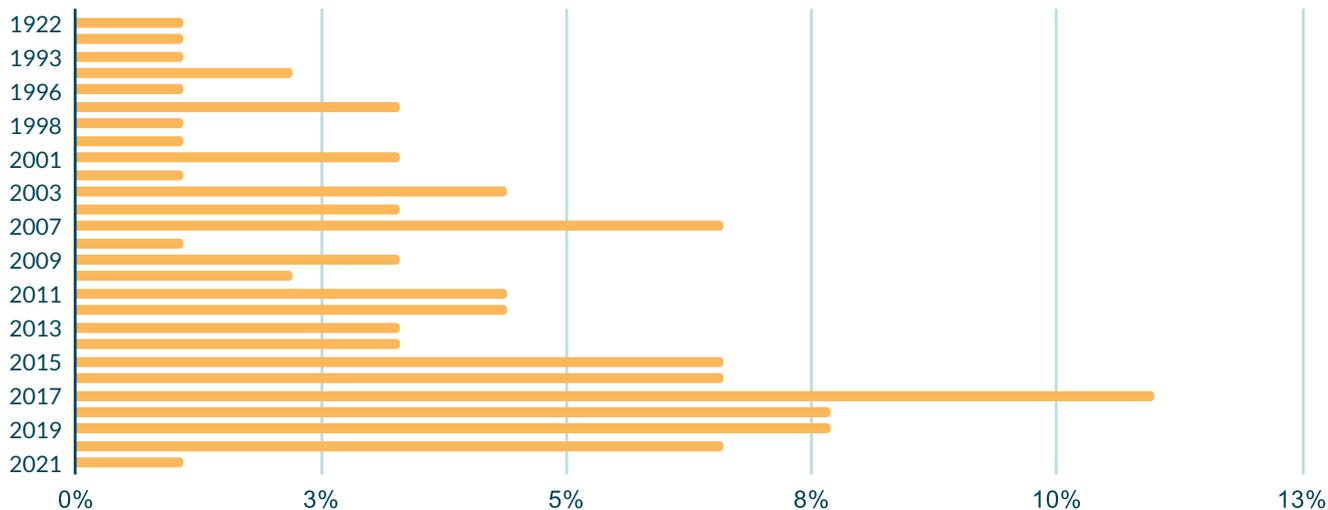


Figure 8: the years in which the participating organisations were founded.

A total of 34% of participating organisations have been founded in the last five years (between 2017 and 2021), while 26.4% were founded ten or more years ago, another 24.2% a total of five or more years ago, and 15.4% have been founded twenty or more years ago.

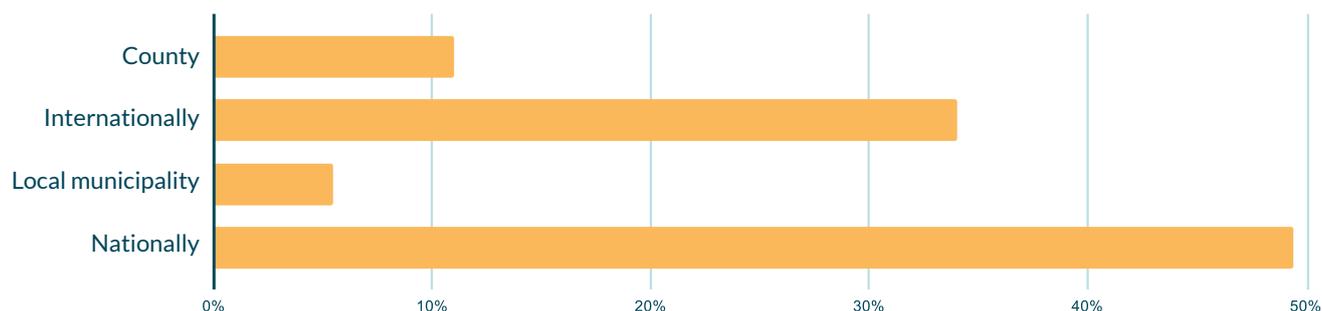
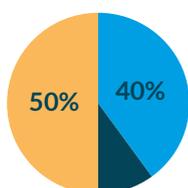


Figure 9: the geographic levels upon which the participating organisations operate (overall shown above, and for each development stage shown below).

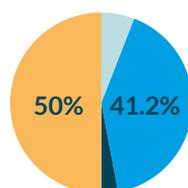
Start-up stage

- Internationally
- Local municipality
- Nationally



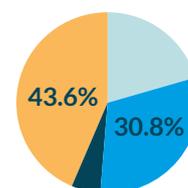
Early implementation

- County
- Internationally
- Local
- Nationally



Late implementation

- County
- Internationally
- Local
- Nationally



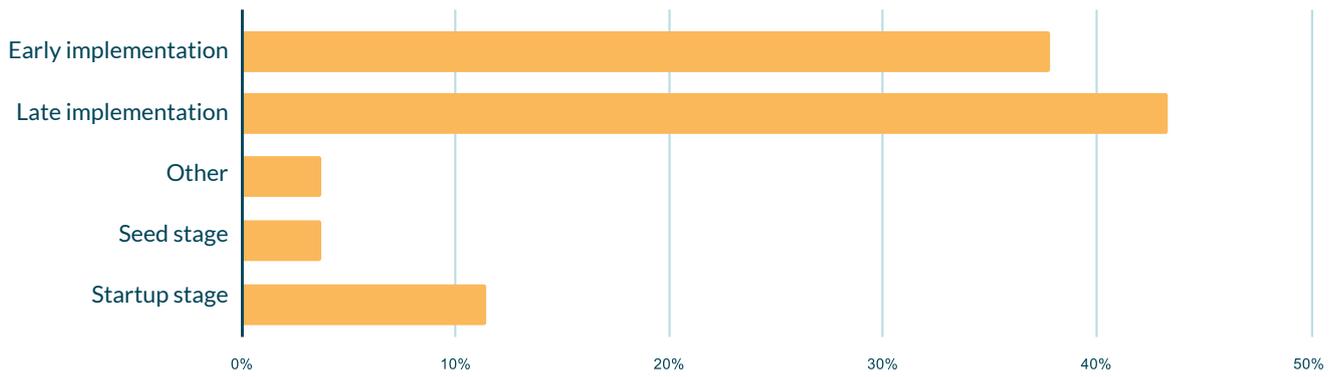


Figure 10: the development stages which best describe the statuses of participating organisations.

Regarding the development stages of the participating organisations, the option of ‘Other’ was described as ‘looking for a new direction for their organisation’.

‘The expansion is not our main goal, but rather the quality of the content and perhaps simply to be aware of the direction in which these trends are going. How client-centred can we be in five years time? Our development plan is one thing, but government priorities are entirely something else. Will they allocate the required funding, and what political direction will the government have taken in five years from now? Our expansion depends somewhat upon the government,’ (Interview 4).

‘Our growth does not depend on any particular external factors as much as it depends on our own capacity. If we do things very well, then the enterprise is doing very well. We are in a growth phase. But to redefine this I would say that we are in a scaling phase, because this is where the enterprise can use some kind of investment to grow much faster,’ (Interview 9).

‘We are in a growing phase. We’re now at the stage at which we know where the need is in society, but we still have to help our product a little. We have a plan for the next year which should attract even more funding for this. [...] We are really at that stage today of testing and trying out things. [...] In five years, we could have expanded into about three to five more countries,’ (Interview 5).

Part 2: Finances

This chapter outlines the current and ideal revenue goals of the participating organisations. Additionally, it explores the topics of funding applications and investment readiness, and those barriers which are being faced by the social enterprises in terms of their financial sustainability.

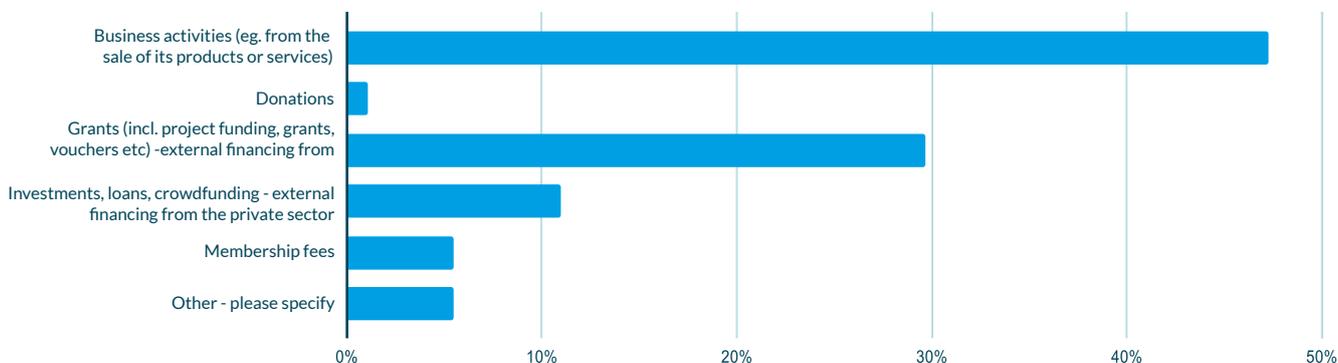
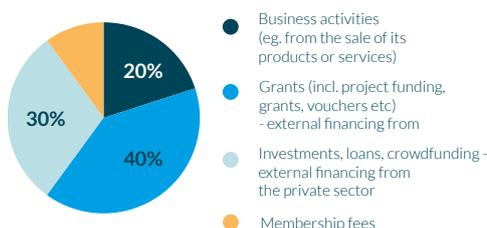
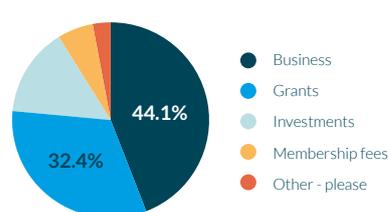


Figure 11: the main revenue sources of participating organisations based on the past twenty-four months (overall shown above, and for each development stage shown below).

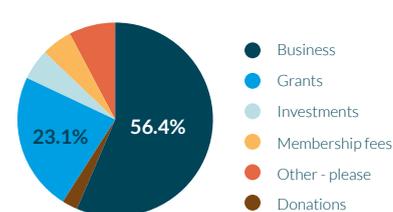
Start-up



Early implementation



Late implementation



'We apply, we carry out projects, we have been delivering projects for thirty years. Every December our 'life' ends and in January it starts again, and if an activity lasts for thirty years and you do the same thing and work on the same project every time, then there has to be a limit somewhere, somebody up there [support organisations] has to understand that it is not a project-based activity, it is simply an activity. There are very good models in Finland in that sense. It is clear where the differences lie between an NPA and a public body. I talk about this all the time to the various government ministries, with those ministries needing to be on board so that the NPA can retain stable public and project support. This would be the ideal model, and it is the one which works in Finland,' (Interview 2).

'First, we went through the Starter programme and there we were asked whether we are a research institution or something else. I didn't understand why it had to be put into such scales, but I think that in social entrepreneurship you are in between multiple worlds. Then we went to another hackathon where we developed the idea a bit further. Later, we went through some social entrepreneurship courses to learn about the business plan and to the NULA incubator which was very useful. From the NULA incubator we were able to apply for funding through the NFCS where it is possible to apply for twenty-five thousand in case of a NPA. In that case, NPA fits us really well,' (Interview 11).

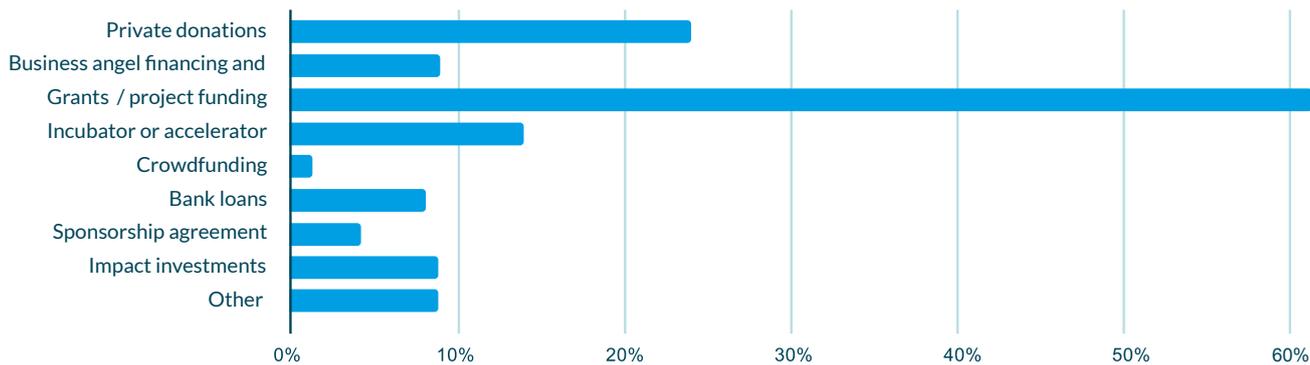
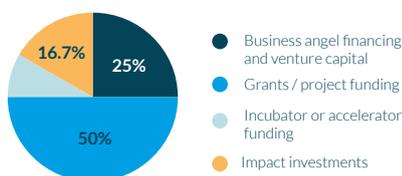
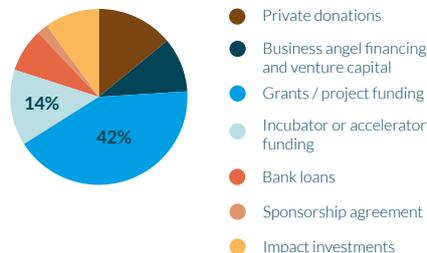


Figure 12: the main sources from which the participating organisations have applied for their funding or from which they have raised their funding over the past twenty-four months (overall shown above, and for each development stage shown below).

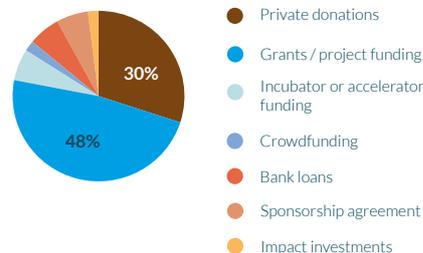
Start-up stage



Early implementation



Late implementation



When it came to the main sources from which the participating organisations have applied for their funding or from which they have raised their funding over the past twenty-four months, several answers were available for selection, and a total of 127 responses were recorded from 91 participants.

'There is basically no way in Estonia in which an NPA can apply for investment support, as there is no such place for such an application. The only funding options are in the private sector, or from donors, supporters, or sponsors,' (Interview 1).

'I think it should be common practice that the municipalities support those local organisations whose activities benefit the society. There could be local foundations that could offer either a simplified version of co-financing or guarantee to organisations that provide public services. It is much more complicated to go through this process with traditional banks. It seems to me that acquaintances still play a role like during the Soviet era when one had to get the foot in the door to get signatures from the right person in order to apply for co-financing. [...] Currently, there are no specific loans available to social enterprises in Estonia. The municipalities could at least support by refurbishing unused buildings and renting them out on preferential terms with a long term lease for several social enterprises at once' (Interview 8).

'It depends on where the funding comes from, for example, let's say the first years for us were quite difficult in this respect. You're reading the tenders that come and realise that you don't qualify because the area falls between the Ministry of Social Affairs and the Ministry of Education. Everybody is saying that it's an important area, but in reality there's zero money on that line. However, I think changes are coming from the Ministry of Education and Research, but I think it will take some time. In addition, we are not actively looking for more money, just keeping an eye on the possibilities as we are focusing on developing our product or service to be more substantive. When we reach that goal, we will enter the next development stage and raise additional funding. [...] The thing is that you don't get a hundred and fifty thousand for a NPA just like that. You have to be able to translate it into little chunks so that you go and ask for a bit here and a bit there. It really means that you have to have a very good sense of the system to understand how these chunks are going to come together at some point.' (Interview 11).

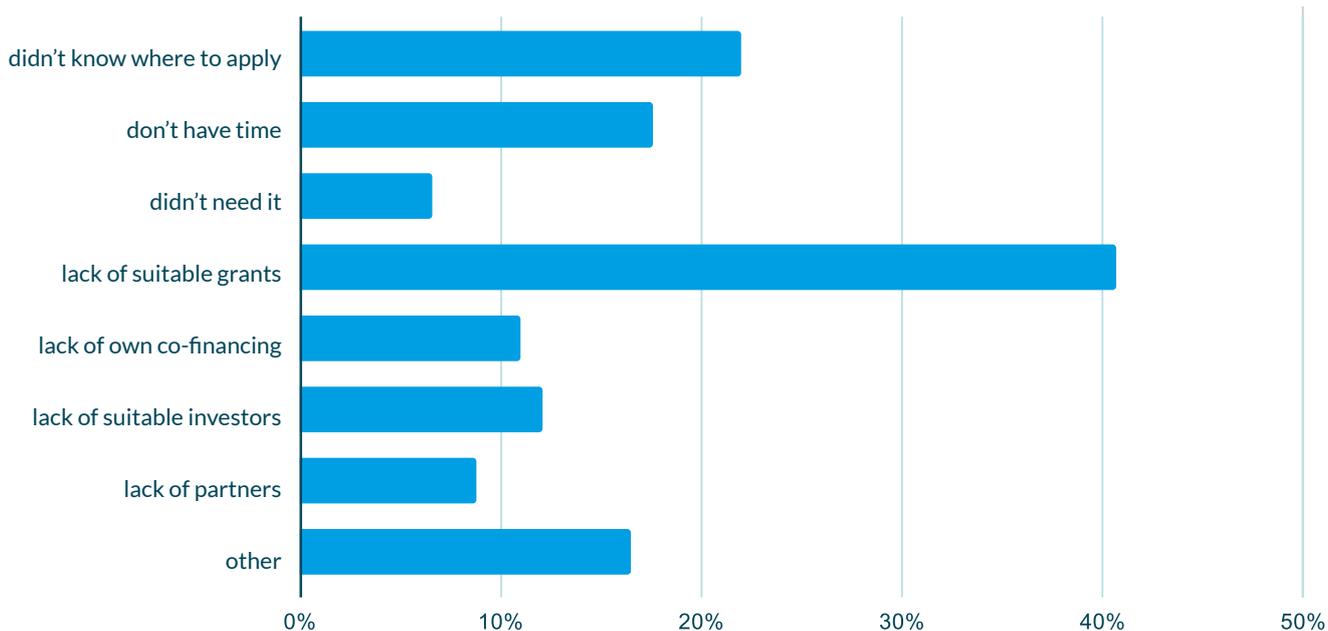
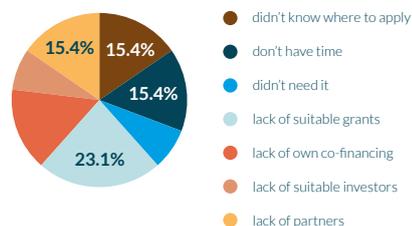
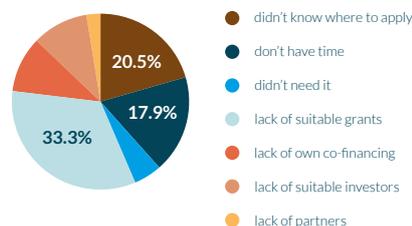


Figure 13: reasons for the participating organisations not applying for or receiving external financing from the public or private sector in the past twenty-four months (overall shown above, and for each development stage shown below).

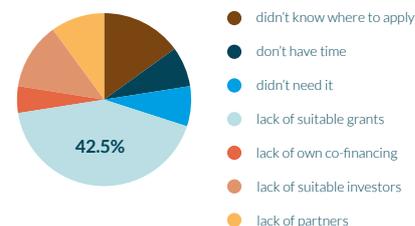
Start-up stage



Early implementation



Late implementation



In terms of reasons for the participating organisations not applying for or receiving external financing from the public or private sector in the past twenty-four months, several answers were available to be selected, and a total of 124 responses were recorded from 91 participants. Some of those concerns which were also raised in relation to the topic included the following: 'There was uncertainty during the Covid-19 pandemic', or 'The amount of bureaucracy throughout the application process in comparison to the value of the grant which is being applied for is often disproportionate.'

'The team should also have some income from the NPA. At the moment we do everything on the side, (at night and in the evenings). Applying for funding is complicated as it is always project-based funding and, therefore, it is a highly complicated process to hire people or work in the social enterprise full-time. However, perhaps this is also one of the reasons, after a while, for there being a number of NPAs which are, sort of, floundering,' (Interview 3).

'Public funding is available for the production of tools, but we don't want to make tools. We want to build an analytical system. Somehow it always seems that if we have, for example,

a mental health problem it is really good that we produce tools for children. Then these tools are sitting somewhere. This is the place to think about how the child reaches these tools, where they can find them, which is very often the case with the state, and whether these tools are useful or interesting for children. It is somehow a bit secondary in all this. Several start-ups like us don't get access to these funds for this reason and don't get access to cooperation possibilities with the universities. Eventually they move their business somewhere else, like Sweden or Denmark. This is really shameful though, because eventually it is the Estonian scientific field that loses,' (Interview 11).

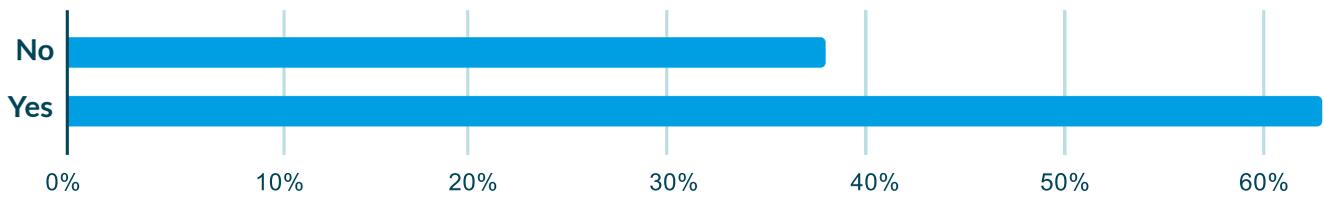


Figure 14: the percentage of participating organisations for which at least 25% of the organisation's revenues are generated by sales ('Yes'), and the percentage which do not achieve this ('No').

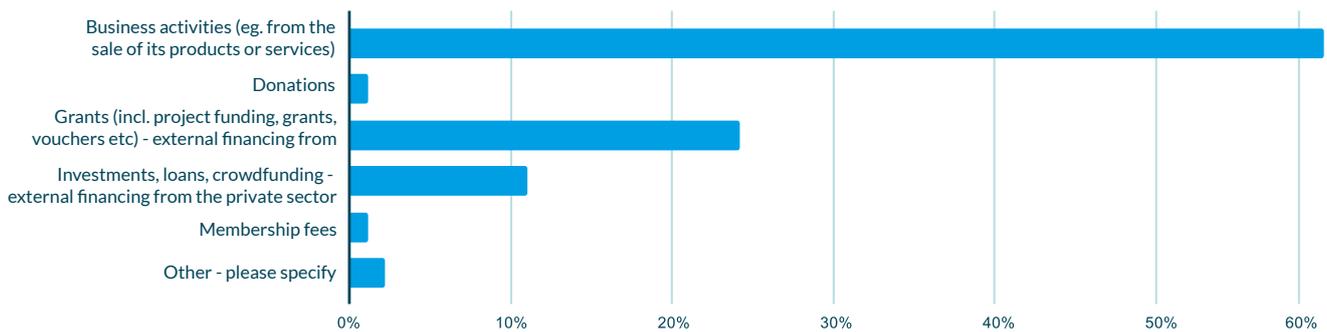


Figure 15: the ideal goals for the participating organisations regarding revenue for the next twenty-four months (overall shown above and each development stage shown below).

Start-up stage



Early implementation



Late implementation



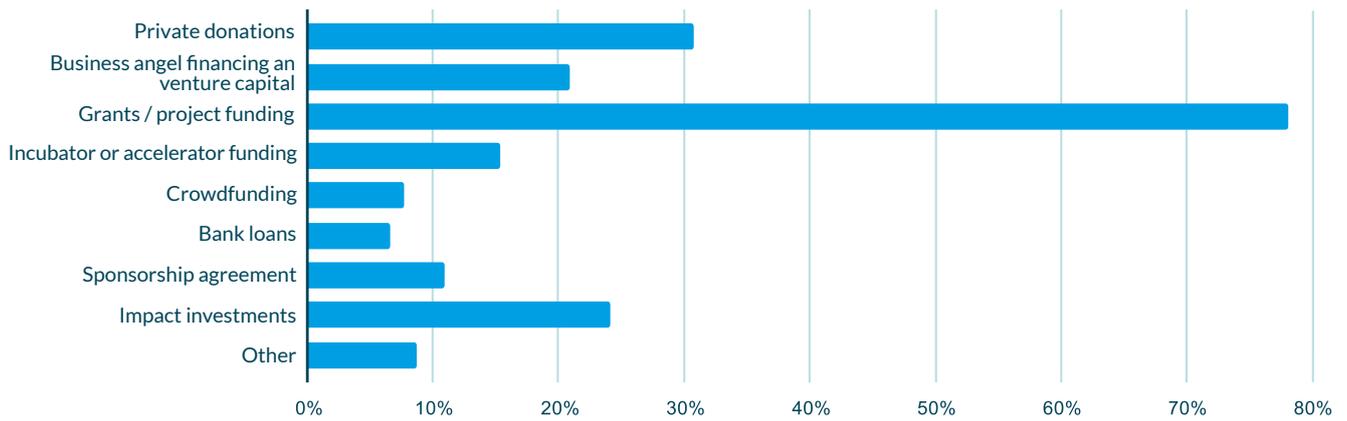


Figure 16: sources from which the participating organisations are planning to apply for their funding or from which they are raising their funding across the next twenty-four months (overall shown above, and for each development stage shown below).

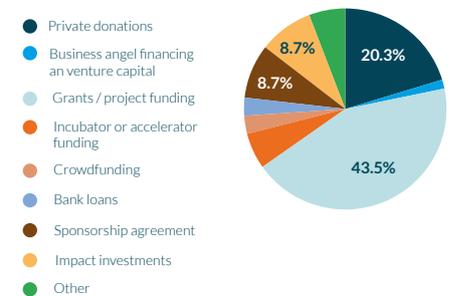
Start-up stage



Early implementation



Late implementation



In terms of sources from which the participating organisations are planning to apply for their funding or from which they are raising their funding across the next twenty-four months, several answers were available to be selected, and a total of 185 responses were recorded from 91 participants.

'Funding and funding instruments would require some form of a legal change. Aside from that, it is not only the financial aspect which is a problem but also the general aspect, where this concerns information for our beneficiaries and the adaptation of the entire surrounding environment within the urban space. The entire ecosystem needs rethinking and change,' (Interview 1).

'Lately though there seems to be a lot of talk about the fact that an NPA can also earn its own income. In other words, we

were thinking that, if we wanted to, we could raise money for a certain purpose. We are not simply going to ask people for donations, but we are going to create eye-catching products, so to speak. But a social enterprise is not just a business,' (Interview 3).

'We have received funding from the EU. There could be similar funds in Estonia which are particularly meant for social enterprises,' (Interview 5).

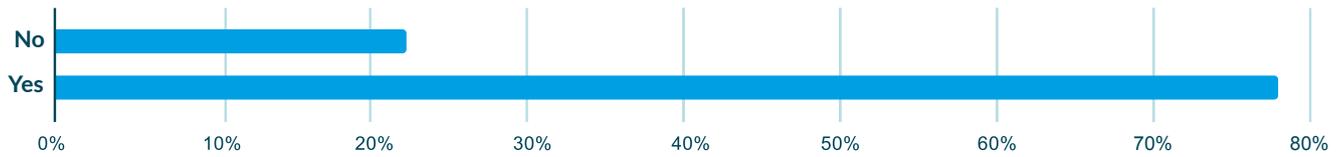


Figure 17: the percentage of participating organisations which expect to earn at least 25% of their revenue from sales across the next twenty-four months ('Yes'), and those which do not expect to achieve this ('No').

'It seems to me that in Estonia, everyone looks at what your turnover is. It's like saying that you understand that Estonian schools are poor and it's not ethical to ask children with mental health problems for money for the service, but nevertheless we still have a culture of financial success and money-centredness. It's as if it would be somehow more honourable to be socially considerate if you have a high turnover. If you don't have a high turnover from what you are doing, you're considered a bit

crazy. [...] We are developing a premium model, that would be for the parents. But here's the issue, if you know that a lot of the problems are in families that have a poor socio-economic background, you know that there might be the lack of finances and also a lack of willingness to pay for such services in some cases. Therefore, a whole new area of ethical issues arise when creating that product or service,' (Interview 11).

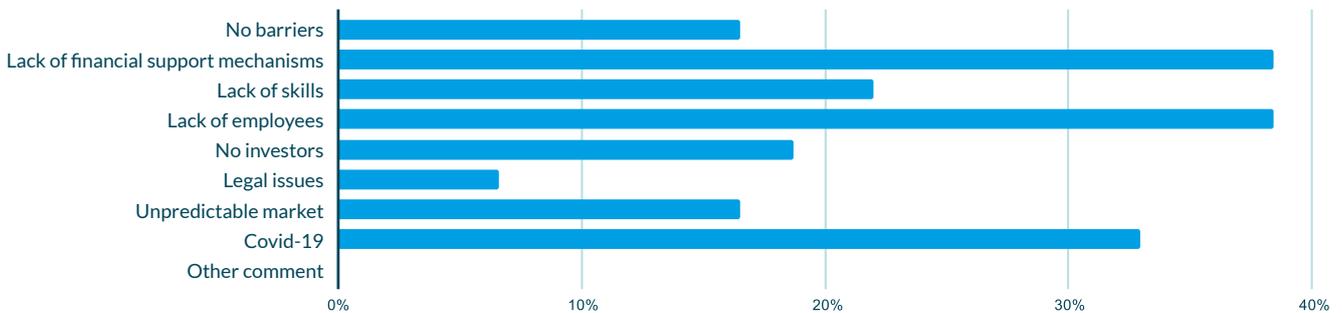
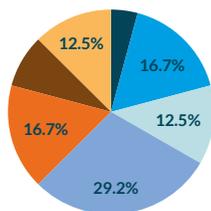


Figure 18: barriers for participating organisations in terms of being able to reach their ideal revenue goals over the next twenty-four months (overall shown above, and for each development stage shown below).

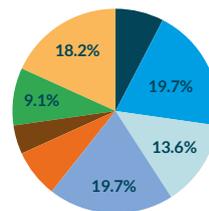
Start-up stage

- No barriers
- Lack of financial support mechanisms
- Lack of skills
- Lack of employees
- No investors
- Legal issues
- Covid-19



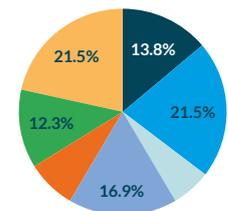
Early implementation

- No barriers
- Lack of financial support mechanisms
- Lack of skills
- Lack of employees
- No investors
- Legal issues
- Unpredictable market
- Covid-19



Late implementation

- No barriers
- Lack of financial support mechanisms
- Lack of skills
- Lack of employees
- No investors
- Unpredictable market
- Covid-19



Regarding barriers for participating organisations in terms of being able to reach their ideal revenue goals over the next twenty-four months several answers were available to be selected, and a total of 176 responses were recorded from 91 participants.

Additionally, comments were added by the participating organisations in order to specify what they meant by particular barriers:

A total of 38.5% stated that there was a 'Lack of financial support mechanisms', sharing concerns such as: 1) a lack of governmental interest and therefore support funds for those issues which the organisations are tackling; 2) governmental support programmes are lacking the right volume of financial tools to be able to support these organisations; 3) there exists a lack of support for training programmes; 4) the expansion and rebuilding of organisations is a barrier for growth; 5) the process of

applying for grants or financial aid is time-consuming, and often expensive due to the fact that assistance is required in order to be able to work through the application process, something which is overly-complicated for many organisations; 6) there is a lack of access to large-scale grants, impact investments, and EU and governmental funds; 7) there exists a lack of support for organisations which earn little profit or which are in the early implementation and growth stage, plus there is a lack of flexibility in terms of the available mechanisms to be able to support specific needs; and 8) the uncertain political situation hampers organisations, especially when there is no clear vision of the future directions local government authorities may take.

A total of 38.5% stated there exists a 'Lack of employees,' sharing concerns such as: 1) the difficulty of finding specialists in Estonia and, especially, when the organisation is not able pay a competitive salary; 2) there is a lack of financial tools to aid in making progress; 3) staff training is required; 4) the lack of potential employees who are interested in the non-profit sector in general and who are sufficiently motivated or willing to take the lead on projects; 5) the lack of opportunities to employ staff or talents or specialists from outside the EU; and 6) there are not enough full-time employees available, especially those who could focus solely on finances, public relations, and business growth.

A total of 33% found the Covid-19 pandemic to be a considerable barrier due to the prevailing government restrictions to organisations in terms of business activities, training, sourcing the necessary goods, the lack of financial support from the government, and uncertainty regarding the future.

A total of 22% stated that there was a 'Lack of skills (financial, marketing, etc)' within the organisation, such as those required for writing project funding applications or creating marketing strategies both for the local and international market, and a lack of skills of the team members when it came to finances in general.

A total of 18.7% stated that their organisation has 'No investors,' sharing the fact that they do not know how to find investors, and especially investors who would be interested in: 1) those issues which these organisations are tackling; 2) social enterprises in general; or 3) organisations which are growing slowly or are still in the 'Seed stage,' 'Start-up stage,' or 'Early implementation and growth stage.' Several organisations also shared what they believed were the reasons for not being able to meet the requirements of investors, such as fulfilling goals on time or having the organisation's monitoring validated.

A total of 16.5% of participating organisations found the main barrier to be an 'Unpredictable market' due to Covid-19, the effects of the global market, uncertainty regarding whether the consumer was willing to pay higher prices, or costs at all for services which used to be free to them, along with the unpredictable patterns of the consumers in general.

A total of 6.6% of the participating organisations stated that they have 'Legal issues' which act as barriers when it comes to being able to meet their financial goals, such as: 1) for NPAs it is difficult to compete with organisations which have a private limited company status; 2) there is fear of taking action which may be against the rules when it comes to data protection or the required permits for certain activities; 3) political barriers or outdated laws; and 4) the lack of funding to make any evaluation of prototype possible. Other barriers which were highlighted were: 1) the organisation's main goal is not actually making a profit from selling goods or services; 2) the lack of finances to make expansion possible; and 3) the lack of income from agreed membership fees.

A total of 16.5% of the organisations did not identify any barriers to reaching their ideal revenue goals over the next twenty-four months as they: 1) already have grants or funding confirmed; 2) they are expanding abroad; 3) their product has a higher level of demand; and 4) several new support programmes are to be opened in 2022 which suit their financial needs.

'We, as the board members and staff, are also not economists. We could have an employee who has those skills, but we don't. This prevents us from achieving our economic goals and, in general, we also have a constant shortage of human resources all the time. We have three employees. At a certain point it's inevitable that when there's a lot of work to do, you make a choice as to what you're going to do at which point. All of the projects are time-limited. Everyday work for the beneficiaries is the main priority. Later, when there's a bit of breathing space, we start dealing with the economic affairs,' (Interview 1).

'This is where the point comes into play in terms of not having proper legal aid available to us, with the result that we have to pay for legal aid out of our budget,' (Interview 3).

'On the one hand, I agree that obviously there are always obstacles, because we don't have investment funds in Estonia. So if we had them, that would mean more accessibility to investments, which would mean more start-ups getting funding. 2020 was probably one of the years, where the start-ups received only 1% of any funding, in the past it's been between 1-3% all the time. Estonia has been kind of lagging behind in that respect, because there are countries where social impact bonds and impact investing in different variations is already well developed,' (Interview 9).

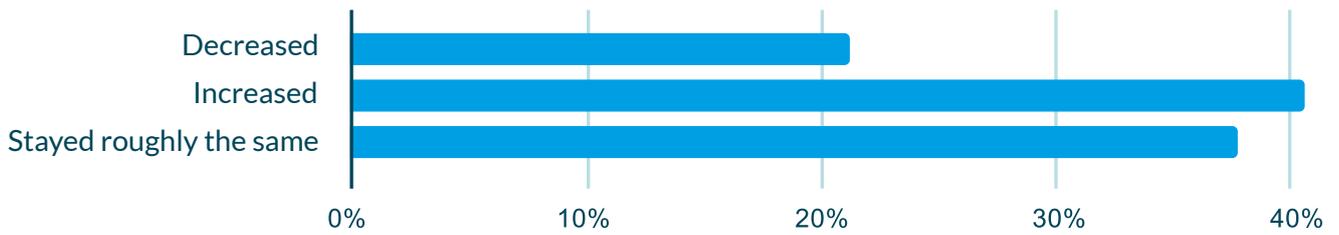
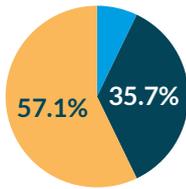


Figure 19: the percentage of participating organisations whose revenues in the past twenty-four months either increased, decreased, or remained roughly the same (overall shown above, and for each development stage shown below).

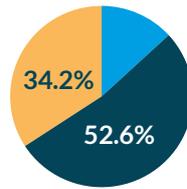
Start-up stage

- Decreased
- Increased
- Stayed roughly the same



Early implementation

- Decreased
- Increased
- Stayed roughly the same



Late implementation

- Decreased
- Increased
- Stayed roughly the same

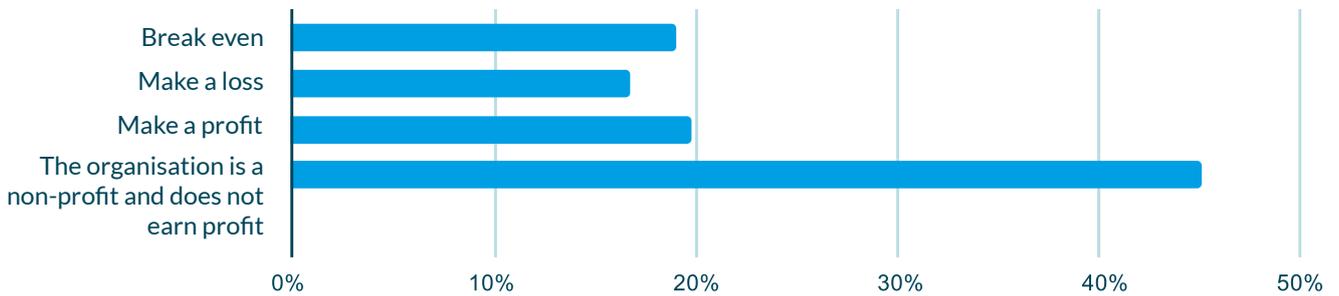
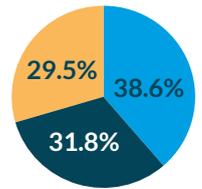
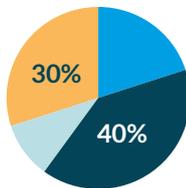


Figure 20: the percentage of participating organisations which, over the past twenty-four months, either broke even, made a loss, made a profit, or are NPAs (overall above, and for each development stage shown below).

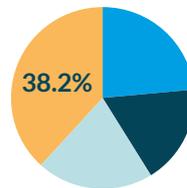
Start-up stage

- Break even
- Make a loss
- Make a profit
- The organisation is a non-profit and does not earn profit



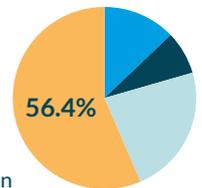
Early implementation

- Break even
- Make a loss
- Make a profit
- The organisation is a non-profit and does not earn profit



Late implementation

- Break even
- Make a loss
- Make a profit
- The organisation is a non-profit and does not earn profit



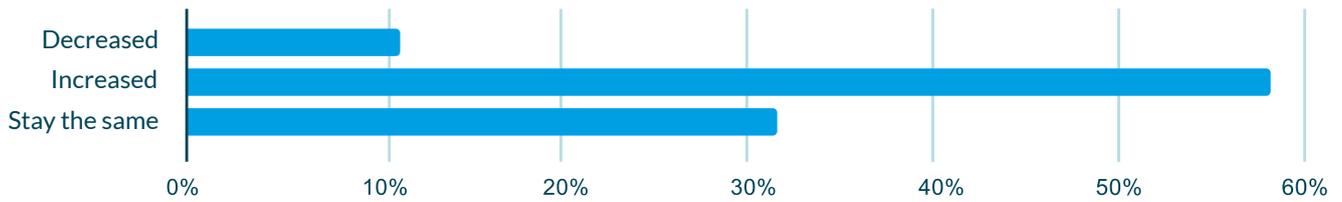
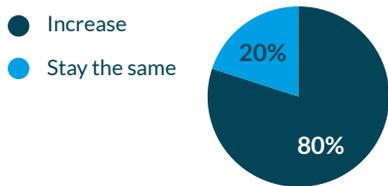
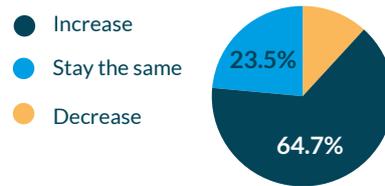


Figure 21: the percentage of participating organisations which expect, within the next twenty-four months, that their revenues will either increase, decrease, or remain the same (overall shown above, and for each development stage shown below).

Start-up stage



Early implementation



Late implementation

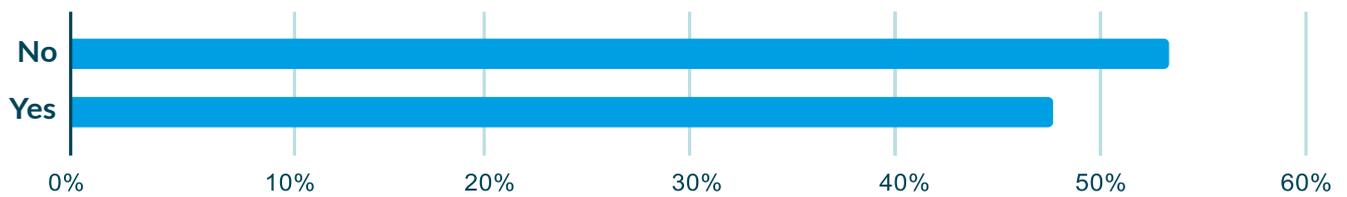
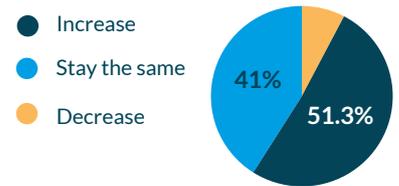
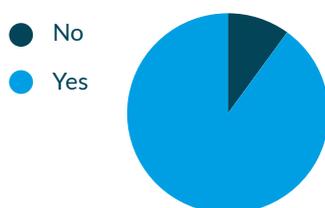
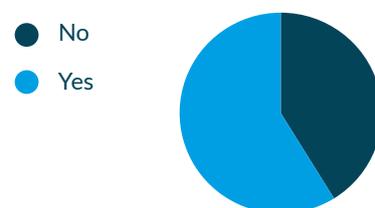


Figure 22: the percentage of participating organisations which are planning to raise their levels of investment in the next twenty-four months ('Yes'), and those which are not ('No') (overall shown above, and for each development stage shown below).

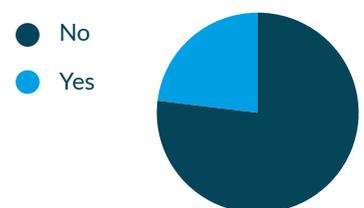
Start-up stage



Early implementation



Late implementation



During the interviews, the participants were asked to clarify why they had selected the option in the survey which stated that they were not going to seek out investment funding over the next twenty-four months. Several answers showcased a general confusion around the term, especially for those social enterprises which are primarily registered as NPAs.

'Actually, perhaps I didn't quite understand. Is it in the sense of traditional investments? Like a loan, for example?' (Interview 1).

'There's also the question of the investment. Does it mean bringing a financial return or the other option being like a donation? That was what the tax office specialist told us that one possibility is to have a private limited company under the umbrella of an NPA, which would produce a return, and from which dividends could then be paid to the NPA,' (Interview 3).

'It is not possible to invest in and become a shareholder of an NPA. This is something which is entirely normal for a private limited company, but it is not the case for an NPA. It's not even meant to be like that. A social enterprise is exactly similar, so we can't simply bring in investors or shareholders,' (Interview 4).

'In Estonia, and in the case of private investors, the issue is that we don't have a network through which we could proceed in order to present our ideas or from which we could actually get any feedback via our investors regarding what we are lacking and how we could improve,' (Interview 5).

'It is easy to bootstrap our product or service, it doesn't require a huge upfront investment. It requires a moderate amount of hours to be put in by the team members. At the end, it would simply be about marketing the product or service. It talking about increasing interactivity, expanding into foreign markets and accelerating growth, which means more people needed in the team, then it would need additional investments,' (Interview 9).

'The investment world is also partly moving towards more turnover-based investments. There are different variations of impact investing. As long as there are no such investments in Estonia then obviously some companies or new models are left out. Especially in social entrepreneurship, where the business models are a bit more multilayered and it's a bit of an unknown territory, ventures get ruled out and just don't get anything from anywhere. Turnover-based investments could be the solution, because it would allow enterprises, that think about business differently, to have investments in smaller amounts. There is always a lack of something, especially things that already exist elsewhere and don't yet exist in Estonia,' (Interview 9).

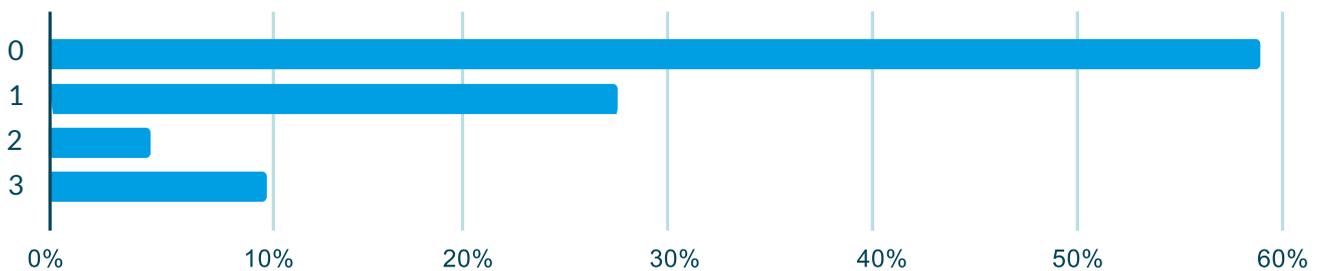
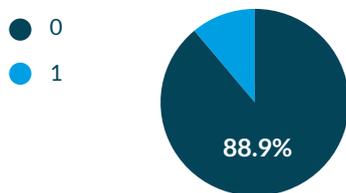
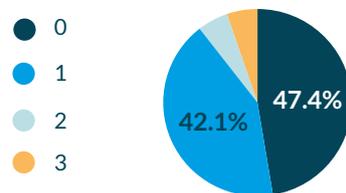


Figure 23: the percentage of participating organisations which plan to raise their levels of investment this year or in the next three years (overall shown above, and for each development stage shown below).

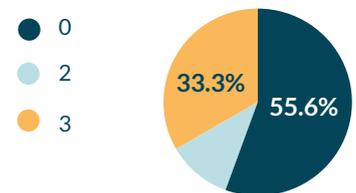
Start-up stage



Early implementation



Late implementation



'We are ready to raise investments. It depends what you define as investments really. Generating our own revenue is the way to cover our daily costs and not necessarily how we scale up. Scaling up requires external investment. That could be in the form of national and international grants or corporate sponsorships, but also in a form of direct investments that would require a smaller financial return. We are open to all of these channels, but we are not allowed to raise investments as a NPA and at this point we wouldn't re-register for raising investments. Our objective is that the services that we offer would cover our operating expenses, salaries and costs for maintaining the premises. But the new acquisitions for the

museum and scaling up from one site to multiple sites or abroad would require an injection of money by stakeholders such as investors. And there are such instruments already in place in Estonia, but receiving them depends drastically on the field you are operating in. There is a struggle to make the connection with the organisations that offers such solutions. For example, we have been in contact with Harju Entrepreneurship and Development Centre, but have struggled to be able to take the next step with them. Perhaps this is again due to the specific nature of our enterprise and that we fall in between the categories that several organisations have defined,' (Interview 12).

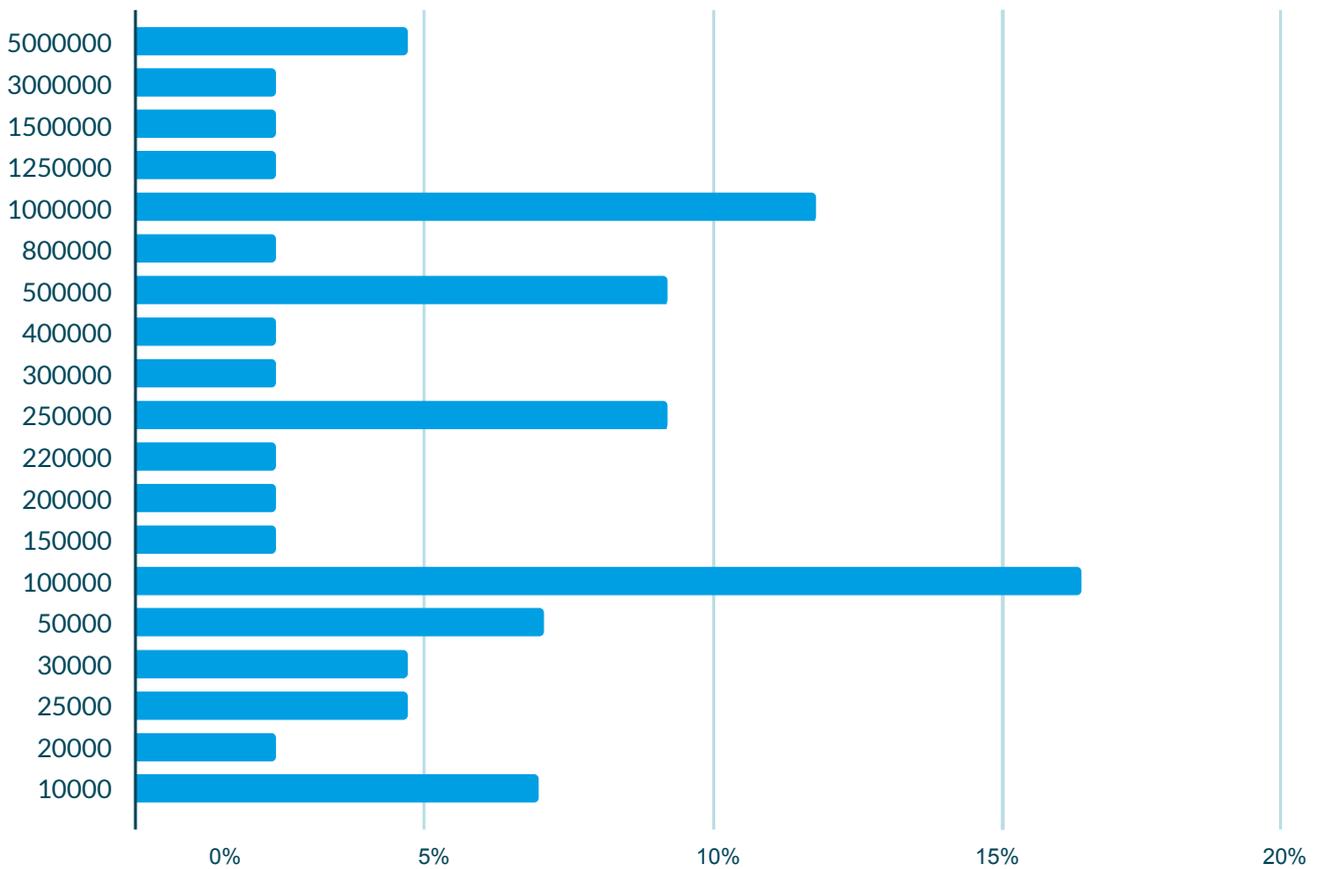
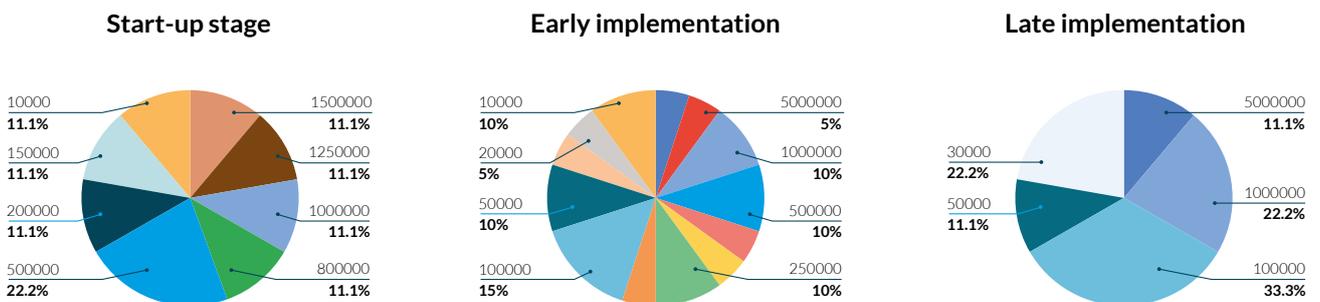


Figure 24: the investment figure which participating organisations are ready to target over the next three years (overall shown above, and for each development stage shown below).



Part 3: Impact

This chapter represents findings from the survey regarding the decision-making processes, the inclusion of beneficiaries, target groups to which the profit is distributed, and views regarding the social impact of the participating organisations.

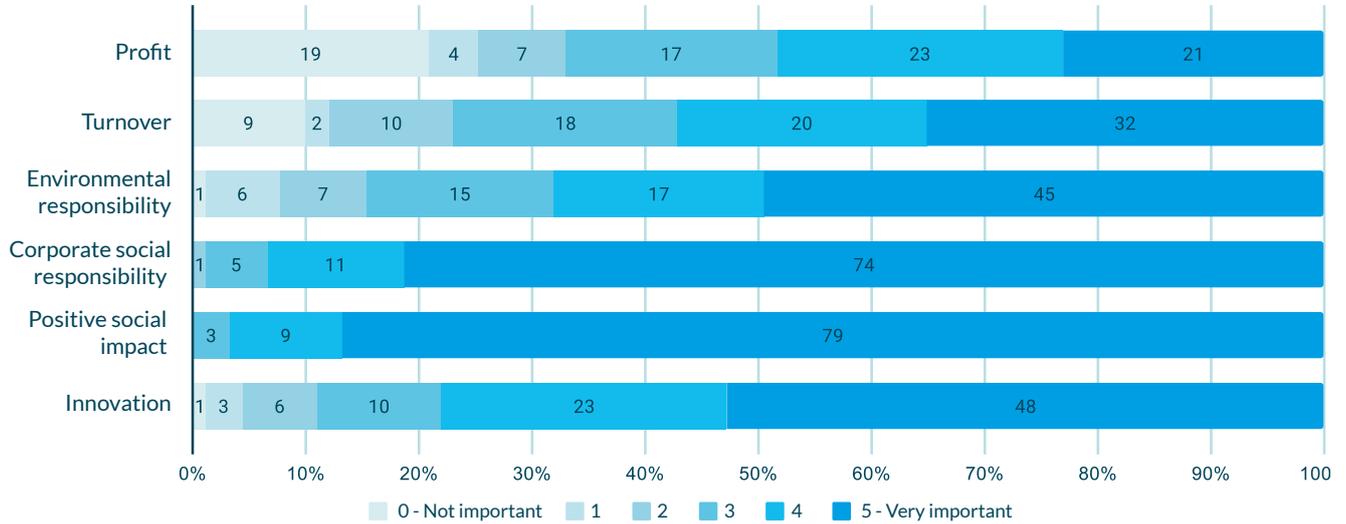


Figure 25: the importance of various aspects in terms of the decision-making process for participating organisations overall shown above. Aspects rated 5 ('Very important') for each development stage shown below.

Start-up stage



Early implementation



Late implementation



'In my opinion, the investors and foundations are supporting organisations that plan to exponentially grow in a short period of time or have done so already. For example, we wanted to go to Germany with the organisation for a fair and we didn't receive any support to attend it or have interpreters

accompany us, yet companies with a turnover of at least hundred thousand euros a year did. As there is no support, we have to think how to bring our mission of circular economy and financial sustainability through social entrepreneurship together,' (Interview 8).

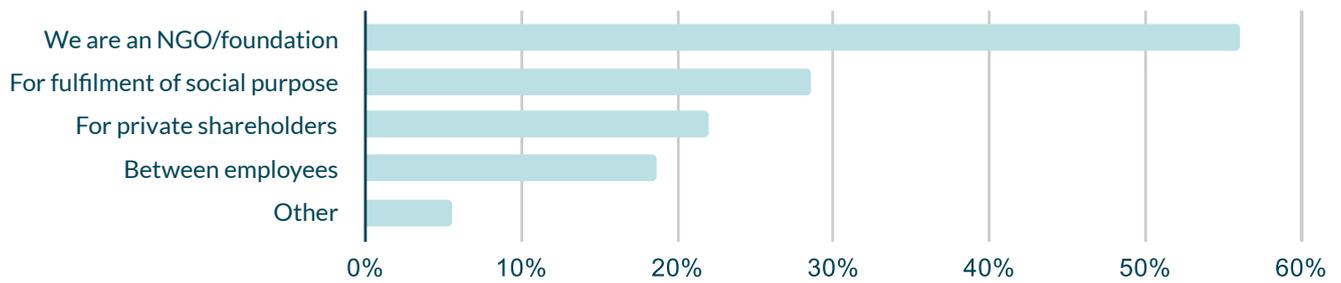
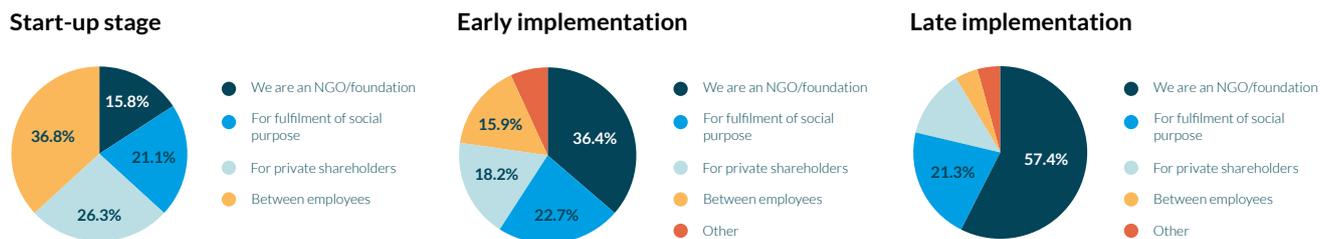


Figure 26: target groups of the participating organisations to whom they will distribute their profits (overall shown above, and for each development stage shown below).



In terms of the target groups of the participating organisations to whom they will distribute their profits, several answers were available for selection, out of which a total of 119 responses were recorded from 91 participants. Of that total, 5.5% of participants indicated that they either do not distribute their profits, or that they reinvested them back into the organisation in order to expand the business, or that they have not set a particular percentage figure for any profits because the amount to be reinvested into the business or to be distributed between target groups is somewhat fluid and depends upon the current needs of the organisation.

'Firstly, a social impact enterprise is a business without any sales targets. Secondly, if we look at where we are heading - the social impact that could come out of our activities will appear in the very long term. But at the same time, if we can identify issues of children's mental health and work on prevention earlier, then it will actually reduce the costs to society later on, both in terms of health care and also in terms of the ability of these people to be in the labour market in the future. These two aspects would not only decrease the costs to society, but actually increase the income to the state.' (Interview 11).

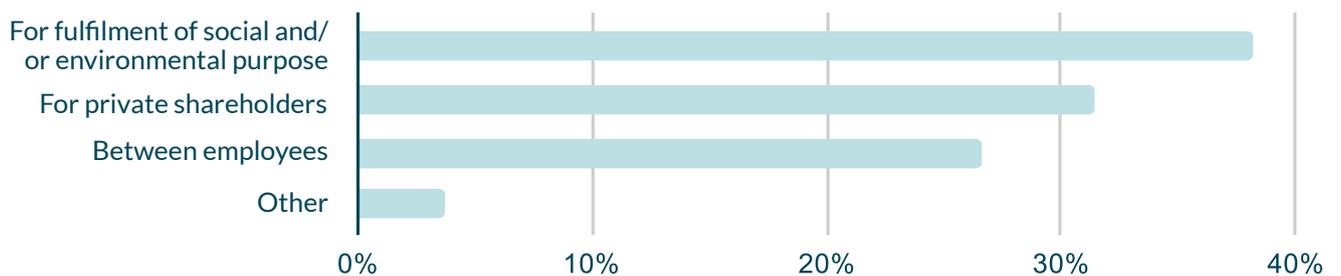
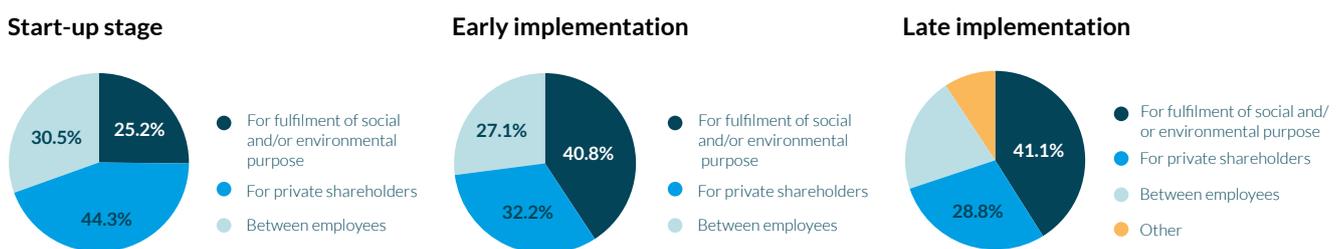


Figure 27: an indication of which percentage of a participating organisation's profits will be distributed (overall shown above, and for each development stage shown below).



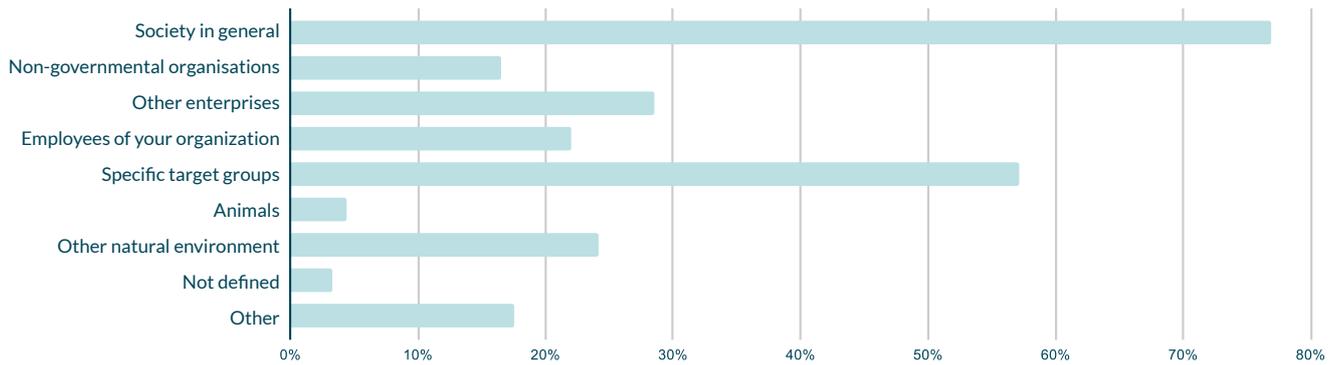
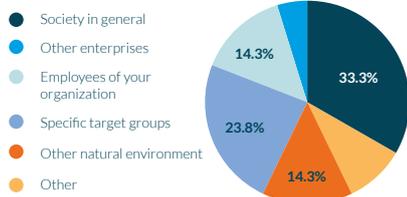
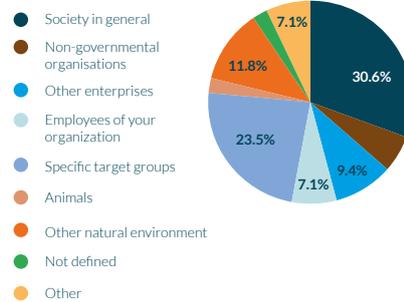


Figure 28: beneficiaries of participating organisations (which will be positively affected by the organisation in question) (overall shown above, and for each development stage shown below).

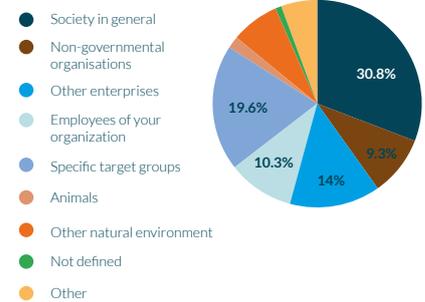
Start-up stage



Early implementation



Late implementation



In terms of this question, several answers were available to be selected, and a total of 228 responses were recorded from 91 participants.

'It is vital to understand that every municipality has to take care of the individuals with mental disabilities. It was a concept that perhaps was more clear in the past than it is today. This brings me to the point of impact assessment and why it is needed. If there were no services like the one we are offering, it would mean that sooner or later the individuals with mental disabilities would require psychiatric treatment. Psychiatric treatment is really expensive for society and there

are very long waiting lists. The work integration of individuals with mental disabilities is rather provision of occupational therapy. Their bodies are healthy and they simply have the wish to feel needed. [...] They have a desire to get a job, but not full-time or on a night shift due to their abilities. A large target group is actually out of the labour market because the traditional business sector is not offering them suitable jobs,' (Interview 8).

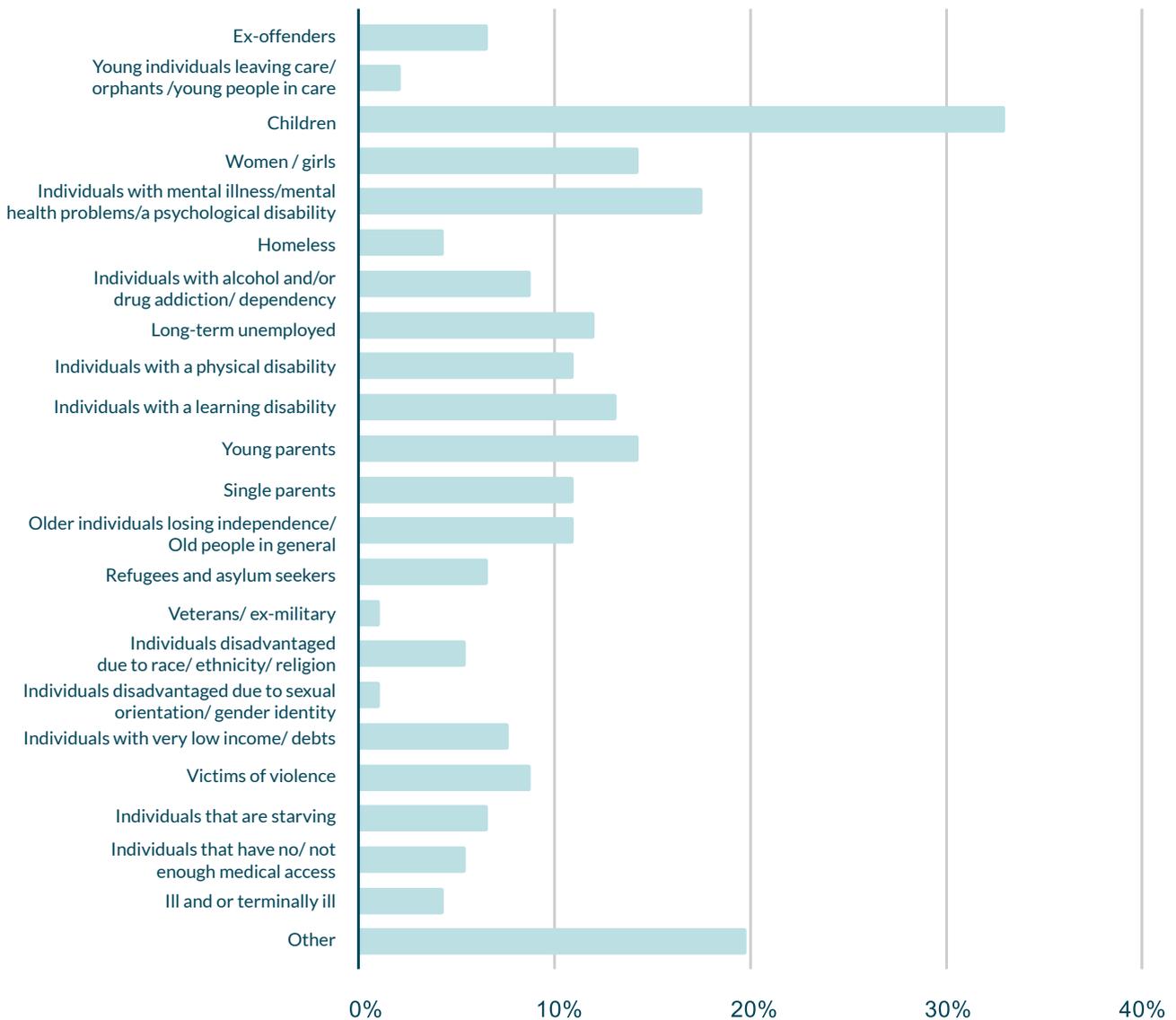


Figure 29: the specific target groups (or individuals) for beneficiaries of participating organisations.

In terms of the specific target groups (or individuals) for beneficiaries of participating organisations, several answers were available to be selected, and a total of 228 answers were recorded from 91 participants. The specification for 'Other' in the subgroups, 'Specific target group (persons)' and 'Employees of the organisation', was stated as follows: 1) people or organisations which require legal support or any other form of support and which are dealing with mistakes or corruption or other issues which are directly related to the activities of the government; 2) foreigners; 3) farmers; 4) enterprises and entrepreneurs; 5) teachers; 6) men; 7) the visual minds behind creative projects; 8) homeowners; 9) basic school students with learning difficulties; 10) friends or relatives of drug users; 11) the parents of young children

(including foreign parents who are living in Estonia); 12) local residents; 13) people who are involved in folklore; 14) victims of political persecution; 15) patients who are suffering from incurable wounds; and, finally, 15) workers who are at risk of burnout and who are being overloaded by general work stress.

'It is difficult to understand in our field (health and education) what are the things that the public sector wants to do itself and what the public sector wants the third sector or the private sector to do. The fact is that the third sector and private sector do not compete with the public sector - if it decides that it wants to do these things itself. The state, unlike others, has the necessary resources,' (Interview 11).

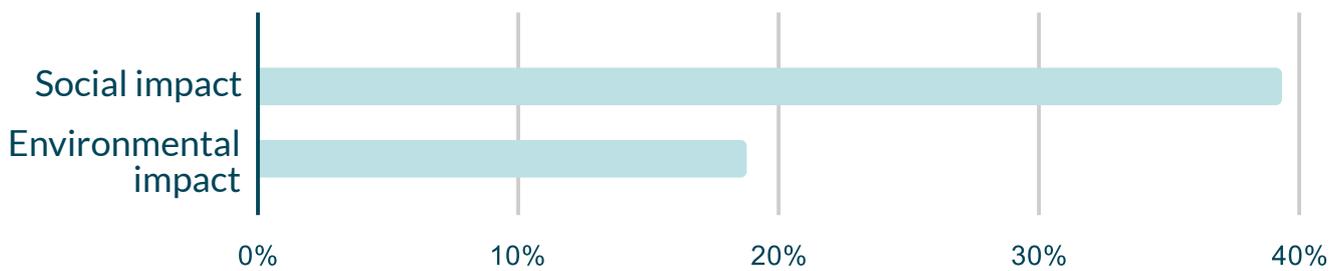


Figure 30: the percentage of participating organisations which regularly measure their social and/or environmental impact

'It is difficult to measure impact. I am always struggling with impact-measuring and impact analysis,' (Interview 4).

'We can't broadly say what the social impact is today, either in percentages or in terms of outright figures. But we can give a few examples of projects which have been effective and successful. These examples are those on the basis of which we are actually moving forward and trying to adapt for use in other countries and other situations. We use quantitative figures or success stories. There is no other way to measure our impact,' (Interview 5).

'To me, our impact is a somewhat unstable condition. I know it is essential today to measure it and we have discussed it at the general meetings, but we are lacking time to do it. It would be perfect if every year an external evaluator, like a student, would join the team as an intern and fill the task of impact assessment. For me, it is clear that when our beneficiaries are able to live independently and without a need to have treatment it is already an impact that our organisation has created,' (Interview 8).

'It is easy to measure our impact. But the issue is that it is non-standardised in Estonia. The way we do it might seem arbitrary to others. There is very little comparability on that side. The other challenge is how to visualise it. Enterprises have voluminous Excel sheets with voluminous information - only the team members can understand them. Ultimately, it's just about how to make it easy to show to others or how to make it easier for others to understand [...] In Estonia generally impact measurement is done or understood on a very little scale. There are very few enterprises who know how to really define impact,' (Interview 9).

'One aspect in all of this is that while perhaps in other countries it is possible to get some kind of efficiency effect when measuring impact, but Estonia is so small that it simply doesn't happen. You can cry or laugh about it, but at the end of the day we are only one point three million,' (Interview 11).

The survey left an open-ended question for the participating organisations to be able to indicate impact measurement methods (such as via a questionnaire or in the social return of investment amounts), with those

indications being supplied as follows: 1) surveys; 2) baseline and endline impact research amongst beneficiaries; 3) an internal evaluation of the organisation's work; 4) focus group interviews or quantitative observations; 5) using a feedback form or a book in which to record customer satisfaction levels; 6) testing the specific target group or beneficiaries to see if there has been any progress in their situation; 7) statistics; 8) the MEL system ('Monitoring, Evaluating, Learning'); 9) calculations, and collecting data and statistics; 10) a comparison with previous periods of evaluation; 11) interviews and analysis; 12) using the footprint calculator; and 13) direct in-person feedback during sales of the organisation's service or product.

An open question was asked in order to investigate the topic of regularly-used impact indicators (such as satisfaction, numbers of clients, an assessment of beneficiaries, etc) that those organisations which regularly measure impact actively make use of. The results were as follows: 1) satisfaction levels of clients, customers or beneficiaries; 2) the number of clients or customers; 3) the number of beneficiaries; 4) objective change (such as an increase in revenue, or improvements in the organisation's ability to cope with its workload); 5) an increase in the levels of satisfaction amongst employees; 6) a decrease in wastage; 7) a decrease in CO2 emissions; 8) the profitability of social investments; 9) the area involved in terms of ecological land use; 10) production volumes; 11) social return; 12) meeting pre-set goals; 13) the number of participants in events which have been set-up by the organisation, such as seminars or training sessions; 14) a change in the available skills within the organisation; 15) health scores; 16) an increase in exports; 17) an increase within society in terms of awareness regarding the issue at hand; 18) income from membership fees; 19) the number of volunteers, partners, repeat visitors, clients, customers, or beneficiaries; and 20) online engagement.

All of those organisations which regularly measure the impact of their organisation (in environmental and/or social terms) stated that an 'Internal evaluator (e.g. a team, an employee, a CEO, etc)' is responsible for measuring any perceived impact.

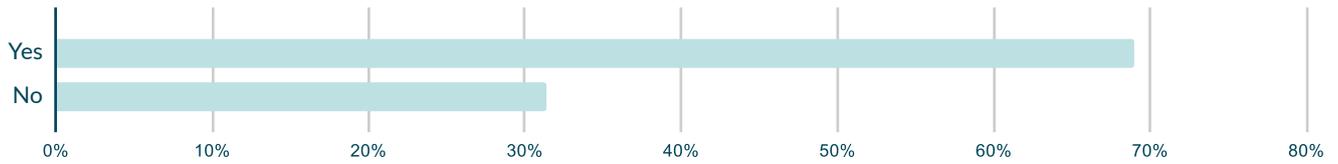


Figure 31: the percentage of the participating organisations which are following the United Nations 'Sustainable Development Goals' in terms of their organisation's activities ('Yes'), and those which are not ('No').

Of those organisations which are indeed following the UN's SDGs, the survey asked for specifications regarding the way they are carrying out this task. The responses were as follows: 1) the indicators are in direct accordance with the SDG indicators; 2) SDGs are being added into the organisation's mission or goals; 3) SDGs are involved in the discussion when creating the development plan and/or action plan for the organisation; 4) SDGs are being introduced into workplace habits and to the staff themselves; 5) some organisations help their beneficiaries to reach the SDGs; and 6) in general being more aware of environmental or social issues in the everyday life of the organisation, taking action which will encourage a positive level of impact.

Part 4: Team

This chapter outlines the patterns in terms of the number of paid employees and long-term volunteers who are in the participating organisations. Additionally, it explores the inclusiveness and openness of the organisations and their strategic management.

- Early implementation
- Late implementation
- Start-up stage

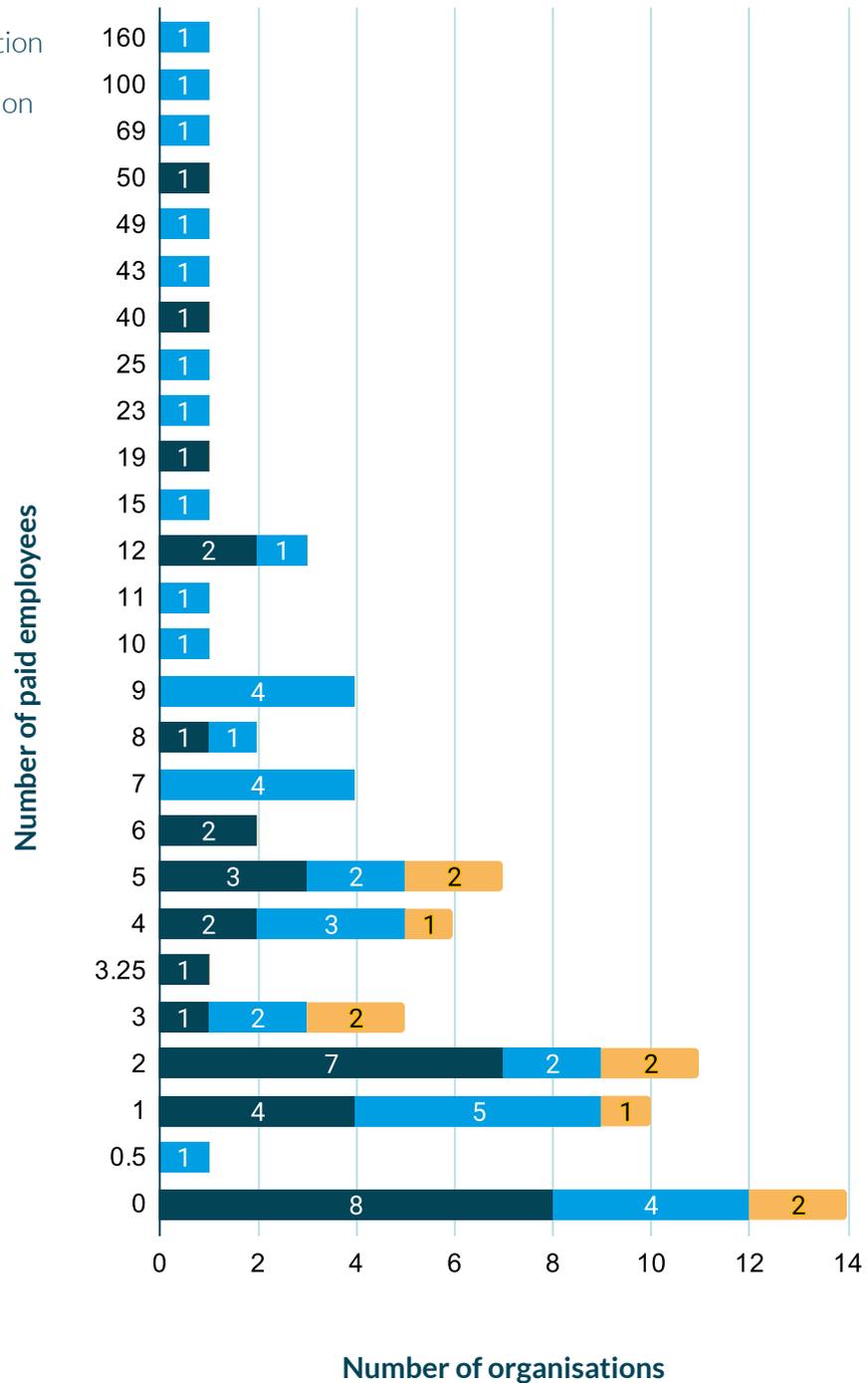


Figure 32: the number of paid employees within the participating organisations

Additionally, 22% answered that they have less than one paid employee, while 1.1% responded that they had 160 paid employees.

'It would actually be pretty good if you could occasionally get access to a strategist or a development specialist who is immediately competent. Maybe ESEN could have such a "bank of specialists". That way, if I had a problem, I could ask whether I could develop my organisation and how. Some kind of measure or system could be put in place. It would also potentially make it easier to network with other social enterprises, through ESEN,' (Interview 4).

'We've had quite a high number of volunteers here and we still do. But I think we've got maybe five people in the core team who do this on a more daily basis. As everyone is doing it aside from their primary job, it is difficult to find the time to meet up, unless there is an important thing to discuss. This is why I think

social enterprises could have some additional support through organised discussion days or something like that. Every once in a while you go through an incubator somewhere it helps to just keep some sort of rhythm within yourself. Because if the whole thing is depending only on you then it's about not letting the ball drop. And you need additional discussion partners, because sometimes maybe you don't notice that you're not thinking logically and then somebody else comes along and asks one really good question and you realise that you didn't see any of the stuff through. I have a feeling that maybe every once in a while there could be some kind of development day with other enterprises. It would be in the sense of being in dialogue with other social entrepreneurs and with people outside the field you are operating in,' (Interview 11).

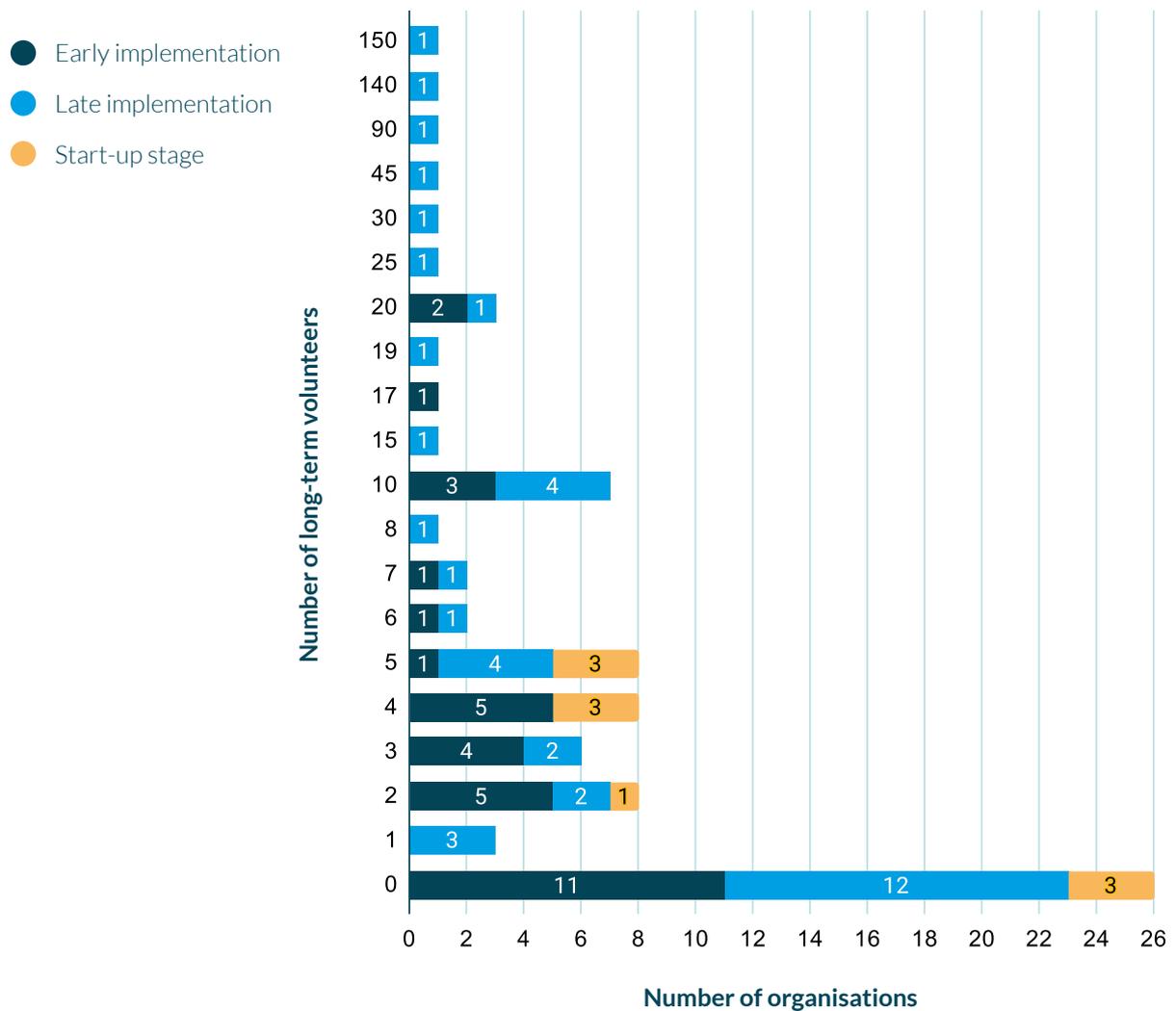


Figure 33: the number of long-term volunteers within participating organisations.

A total of 31.9% responded that they had less than one volunteer, while 1.1% said that they had 150 volunteers

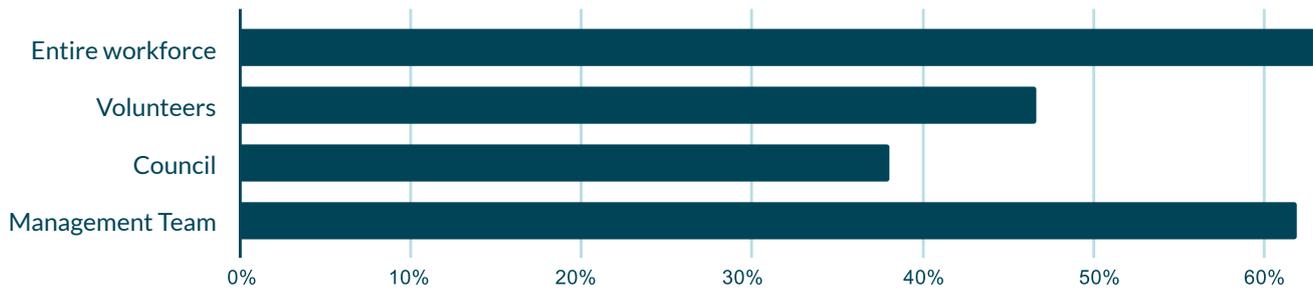


Figure 34: the share of female employees within participating organisations.

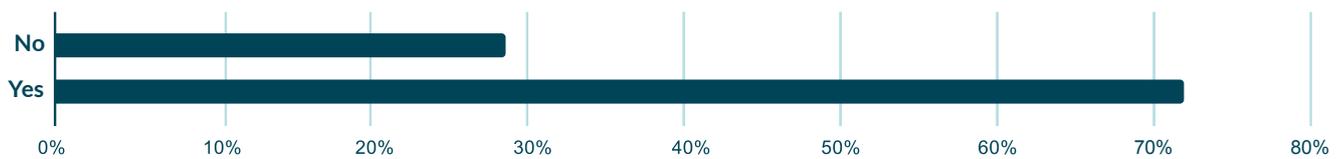


Figure 35: the percentage of participating organisations which have employees who are involved in their organisation's strategic management processes ('Yes'), and the percentage of those which do not have any such employees ('No').

Of those organisations which answered 'Yes', the survey asked them to specify further in terms of how their employees are involved. The most common replies were as follows: 1) important decision-making takes place in team meetings; 2) the compilation and implementation of the strategy and/or development plans takes place through working groups; 3) conducting panel discussions in groups or regular meetings on a daily, weekly, or monthly basis; 4) putting together annual reports as a team; 5) working together to set out common goals and an action plan; 6) carrying out evaluation work as team; 7) the entire team participates in strategy seminars; 8) open protocols which are available to all team members, and general transparency regarding important information such as planning, decision-making, etc; 9) using a democratic system of governance, with everyone's vote within the organisation being equal; 10) workshops; 11) management being open to receiving feedback from team members; 12) inclusive leading practices being in place, and conducting surveys within the organisation; 13) conducting brainstorming sessions for ideas; 14) the entire team uses a Logframe for setting out its action plans; 15) setting out a common vision and mission; 16) forming a sociocracy or a system which involves dynamic governance when it comes to the decision-making process; 17) designing new products or services together as a team; 18) planning new marketing or partnership strategies as a team; 19) dealing with problem-solving and barriers as a team; 20) involving those team members who are currently relevant in the area where decisions have to be made; and 21) the respondent's team is rather small, with the result that the employees are also the organisation's members of the board, or the managers, or the owners.

'The general meeting is the most important place for decision-making. This is the meeting in which all members have a vote. It's only the members who vote on the big decisions, such as amending the statutes, electing the board of directors, making some form of large investment, and so on. What's more, the board is made up exclusively of our beneficiaries,' (Interview 1).

'It is very important for us that everyone within the organisation is equal. Full-time employees or volunteers alike, everyone has an equal opportunity to provide suggestions, to participate, and to have their say,' (Interview 5).

Part 5: Conclusions

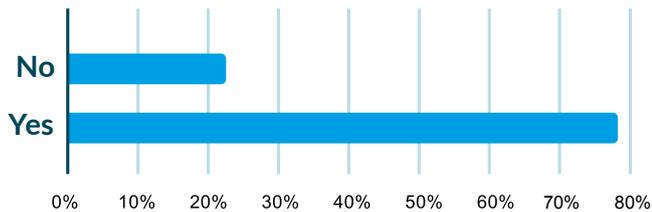


Figure 36: the percentage of participating organisations which consider themselves to be a social enterprise ('Yes'), and those which do not ('No').

'It is a shame that social entrepreneurship is a concept which is generally little-talked-about in Estonia. It would be great if there were some educational materials which could be made available when it came to which models the various social enterprises use in general. For me personally, we are somewhere in-between, presenting ourselves at one point as an NPA and then at another as a social enterprise. It makes us appear as a kind of chameleon,' (Interview 3).

'For me, social entrepreneurship is still somewhat weakly defined today. It could be valued as a form of business which contributes to society without the aim of making big profits. There could be an event which takes place and which reaches the public [...] In fact, there could be funds put in place for social enterprises. This could be a fund for which you could provide justification for why you should have a slice of self-financing, or where we could find someone to sponsor us, but we would still also need the opportunity to be able to apply for funding in order to get us either better premises or new equipment, to still be able to develop and grow for a larger-scale impact,' (Interview 4).

'The first thing we should think about is what kind of change or what kind of world we are creating and not what number is there in the Excel file or in the accounting program. In this sense, these instruments [legal form for social enterprises] are obviously useful, because they simply guide us to think more in this direction [...] It is part of our mindset that we don't just do what we do for money. It doesn't mean that the financial side is also not important. But I think the first thing we look at is exactly what it is supposed to bring about or what purpose or what effect it creates around us or for the beneficiaries,' (Interview 9).

'My enterprise is not for making profit, but a company that values people's well-being and health and contributes to the education of young people. The books that I publish have an alliteration style and can be used by logopedes. All the products that I create value development and health and that is why I consider it a social enterprise' (Interview 10).

Those organisations which considered their organisation to be a social enterprise clarified their choice by adding that: 1a) their organisation's work has a positive social impact (or social value, or it provides positive social well-being or social processes), through the progress which their beneficiaries are undergoing such as, for example, in terms of their financial, physical, mental, emotional, educational, or professional state (even more options are available in this respect), and where that progress is showing improvement for them thanks to support from and the activities which are being undertaken by the organisation in question; 1b) their organisation's work has an environmental impact which amounts to the same general outcome as given above for social impact, or both options are true at the same time; 2) profits are reinvested into the organisation in order to fulfil its mission or are donated to other organisations or social enterprises or social projects which are supporting causes about which they care; 3) in the act of founding the organisation it was clearly stated that it is a social enterprise and that its mission or goal is to provide resolution or support for a social and/or environmental problem; 4) the organisation does not buy from, or sell to, or partner with organisations which have a negative social and/or environmental impact or which can be seen to damage the well-being of its beneficiaries; and 5) not only do they focus their work on social or environmental issues, but they also raise awareness and educate others about those issues which they are working to resolve. In general, it was clear to the respondents that a social enterprise is an enterprise which does not work towards making a profit (and yet for which revenue is being generated from the sale of products and/or services), but instead works towards a positive social and/or environmental impact.

Of those organisations which do not consider their organisation to be a social enterprise, a total of 26.3% did not clarify any reasons. Of the rest, a total of 73.7% shared their thoughts as follows: 1) the organisation is registered as a non-profit, and one of the revenue sources is not related to business activities (such as the sale of products and/or services), or such a revenue source is still at a very low level; 2) the organisation is registered as a private limited company which does not have a goal of making a positive social and/or environmental impact; 3) the organisation never presents itself as a social enterprise because it would be difficult to include investors or to raise investment funds; and 4) the organisation is unsure about whether or not it should define itself as a social enterprise.

In addition, the survey explored whether the respondents received any support or information from the business support organisations shown below. In terms of this question, several answers were available for selection, and a total of 148 responses were recorded as follows from 91 participants:

1) The term 'Incubator' was selected by 19.78% of respondents ('KÜSK', 'NULA', 'Ajujaht', 'Tehnopol Startup Incubator', 'Female Founders Lab', 'Tartu Science Park', 'Loomeinkubaator', and 'Paprika Tervisliku Turunduse Kool').

2) The term 'Accelerator' was selected by 17.58% of respondents ('Ajujaht', 'Õpiveski', 'KÜSK', 'MILTTON', 'Climate-KIC', 'Storytek HUB', 'xEDU' in Helsinki, 'Challenger', 'New Nordic Leads', 'Prototron', 'Tartu Centre for Creative Industries', and 'Overkill Ventures', while for museums the term selected was 'international accelerator for education': 'Katapult' and 'Health Founders Accelerator').

3) The term 'Membership network organisation' was selected by 20.9% of respondents (Estonian Social Enterprise Network, the Estonian Association for SMEs, the Estonian Union for Dance Education, the Estonian Social Work Association, the Estonian Social Institution Board of Directors, Estonian Rural Tourism, the Estonian Association of Designers, 'Hea Kodanik', the Association of Special Care Providers, 'Health Cluster', the Estonian Beekeepers' Association, and the Estonian Childcare Association).

4) The term 'County development centre' was selected by 35.2% of respondents (from Harju county, Tartu county, Põlva county, Pärnu county, Võru county, Saare county, Viljandi county, and Hiiu county).

5) The term 'Unemployment fund' was selected by 18.7% of respondents (practice or training, unemployment benefits, Covid-19 relief benefits, partners from or with the centre, new employees or volunteers, support for the organisation's beneficiaries, or career counselling).

6) EAS (training, travel, support for development, design and innovation, support with construction and refurbishment work, support for exports, a mentoring programme, a start-up grant, and an innovation voucher), which was selected by 20.9% of respondents, while 8.8% stated that they had received support or information from 'Other' organisations such as ministries, EU grants, the Estonian Business Angels Network (EstBAN), Climate-KIC through CleanTechforEst, or the ASSITEJ Estonian Centre.

'We really need a good mentor, someone who has been through the process themselves and who could perhaps provide advice and support. Another thing that's missing is a network of investors or donors [...] But perhaps with ESEN involved there could be more meetings and discussions for social enterprises. After all, we have very similar problems, such as funding and how volunteers are managed, etc.' (Interview 5).

'Apart from the fact that social security contributions of 33% do not have to be paid in relation to an employment contract, our legislation still does not really allow for any concessions in other respects [social tax benefits apply if an organisation employs a person with reduced work ability]. In my opinion this is where the government could make some form of concession for the employer when it comes to employment contract law. Perhaps this would better help to retain people who have special needs. Perhaps something could be done with income tax too, so that the state could actually refund this income tax at the end of the fiscal year [...] There could be separate funding or investment options for service providers in order to allow them to assist people who have special needs, so that the working environment could be better developed for their needs [...]. There could perhaps be more training arranged for organisations regarding how to engage in business activities.' (Interview 6).

'The EAS could also support small businesses to go to fairs and not only in Estonia, but also abroad. I've heard that you can get a lot of good contacts at such fairs and I'd like to go, but again I don't have the finances for it. At the moment there are also corona restrictions, but it's the lack of money that's the main restriction. The EAS could help small businesses to expand abroad and offer other support, for example, cheap loans at favourable interest rates or help with finding partners.' (Interview 10).

'It would be really useful to have some support about social enterprise communication, both for impact and marketing. And of course, there it would be useful to receive more information about different fundraising and funding opportunities on a regular basis. [...] In terms of today's services, that is probably the case that they are mostly built up on some platform or a digital solution. But often you don't have that capacity yourself and you don't really have anywhere to get it from. The university IT students are already hired during their studies by a corporation that can pay them better. I think that this is one of the problems, that if there was some kind of social business incubator, where there is strong technological consulting support, or even the knowledge given that you are ordering the right thing it would be really helpful. It is so easy to make a mistake and as soon as the technology side realises that you're not knowledgeable about it, it's pretty easy to just take the pay and leave you with a result that doesn't help your social enterprise further. Sometimes this support is even

more vital than the funding that might end up being used for technological solutions that eventually can take you nowhere if you don't know what you need exactly. [...] Another thing is that there are three billionaires in Estonia. Perhaps we should reconsider our social values and think of ways where those who are economically more successful could support others by sharing their knowledge or mentoring social enterprises with their experts. In general, the mentality and the system has to change,' (Interview 11).

'It would be beneficial to have incubation programmes that are focusing specifically on measuring the impact. Measuring impact is difficult and case by case dependent. Usually you don't have the resources and time to focus on that, because once you are operating you have so many different tasks and concerns to work on day to day bases that require so many skills to be developed so quickly. These kinds of 'abstract' things like impact measurement, that are not urgent like paying rent for example, are somewhat secondary. An incubation programme dedicated entirely to measuring impact would be highly useful, because it would give the social entrepreneurs time to go through their individual cases, to get the attention to details and give other participants comparative contexts on how they measure their impact and exchange ideas. I would sign up for it,' (Interview 12).

A total of 20.9% of respondents said that they had not received any support or information from any business support organisations, adding reasons such as 1) there is no need; 2) they are still in an 'Early implementation and growth stage'; 3) they have asked but have not received it; or 4) they haven't actively looked for support.

In order to finalise the survey, the organisations were asked whether social enterprises needed new and more efficient financing opportunities and, if so, then which expectations did they have (such as in terms of focus, type, volume, etc). A total of 60.4% of participants replied 'Yes', and added points such as: 1) governmental support (but without political bias); 2) a stable and sustainable system; 3) on a needs basis, what and when; 4) support for construction work; 5) refurbishment and rooms or space in general; 6) tax exemptions; 7) consultation and training on CSR and how to have a more positive impact as an organisation in general; 8) improved partnerships; 9) a greater or broader focus group of organisations which also need specific financial support systems; 10) more staff training options; 11) less bureaucracy; 12) more support and better options when it comes to raising investment funds; 13) the creation of a strong network; 14) better training for how to apply, and improved access to national and international funds; and 15) more support for SMEs.

In terms of those organisations which wish to receive additional information on the topic, the survey asked them what they were most interested in. In terms of this question, several answers were available for selection, and a total of 183 responses were recorded from 91 participants.

Table 3: additional information which participating organisations wish to receive.

Answer	Count	Gross %
Surveys or interviews regarding social entrepreneurship financing	46	50.6%
Future research about social entrepreneurship	31	34%
Social entrepreneurship related courses and incubation	43	47.5%
Tallinn University Social Entrepreneurship (SEMA) course activities	31	34%
SoFiMa network newsletter	32	35.1%
Total (gross)	183	

Compiled by the authors based on LimeSurvey data.

Discussions

Estonia is gradually taking steps towards the establishment of a social enterprise ecosystem which could be more successfully developed with sufficient political support, start-up incubation programmes, and a diversity of support structures which meet the specific needs of social enterprises. This progress, if it were to take place alongside the strengthening of the prevailing impact measurement culture, could provide credible and sustainable solutions for societal and environmental problems, while also raising awareness regarding the importance of social enterprises, relieving pressure on public services, and promoting cross-sector collaborations for social innovation. Most importantly, it is vital to recognize that to set up financing and funding instruments specifically for social enterprises, it is important to differentiate between development stages of impact organisations. Not only do social enterprises need longer time on average to break even or become financially sustainable in comparison to commercial enterprises, but their financial needs are fluid when developing from one stage to another.

The survey results suggest that the current ecosystem for social enterprises in Estonia has many aspects which serve to hinder, generally holding back the growth of the sector as a whole. As their main barrier to meeting their ideal revenue goals, a total of 18.7% of the participating organisations stated that their organisation has 'No investors'. Those organisations added that they did not know how to find investors, and especially investors who may be interested in: 1) those issues which these organisations are tackling; 2) investing into social enterprises in general; or 3) organisations which are growing slowly or are still at the 'Seed stage', 'Start-up stage', or 'Early implementation and growth stage'. In order to further explore barriers against growth and needs regarding impact investment readiness, this paragraph analyses the different development stages amongst those Estonian social enterprises which participated in the study.

Observations for 'Start-up stage' social enterprises in Estonia

Out of the 91 social enterprises which responded to the survey, ten identified themselves as being in the 'Start-up stage', mainly being active within the sectors of 'Health' (at 40%) and 'Technology' (at 30%), as opposed to later, more fragmented, stages. The lowest number of NPAs of the entire sample (at 29%), and the greatest number of private limited companies (at 58%) could be found at the start-up stage. Social entrepreneurship, as defined most commonly in Europe and around the world, is a relatively young

concept in Estonia, a phenomenon which is related to starting up a business and which places social goals as being equal to making a profit, something which has not been taking place for long enough for many of these businesses to have entered the 'Early implementation and growth stage'. A good sign can be seen in terms of which start-ups express the greatest levels of interest in moving away from their heavy reliance on grant and project funding - such funding having provided 40% of their entire revenue within the last twenty-four months - towards that 40% being raised through impact investments and a further 50% being supported through business activities. This is once again confirmed by the fact that 90% of such organisations are planning to seek out investment within the next year, and 80% estimate that their revenues will grow within two years. A lack of investors and financial support mechanisms are perceived to be a barrier to funding by 33% of respondents, while 29% perceive a lack of employees to be a barrier. Social entrepreneurship as a concept is becoming more prevalent, with new initiatives now realising that they can achieve the same objectives as a private limited company and, therefore, become more financially sustainable, subsequently being able to expand, and then increase their impact. Start-ups offer a unique opportunity to enter the social economy as an investor.

Observations for 'Early implementation and growth stage' social enterprises in Estonia

Of the 91 respondents, a total of 43% identified themselves as being at the 'Early implementation and growth stage', and these are for the most part engaged in the sectors of 'Education' (at 18%) and 'Health' (at 15%). When compared to the start-up stage, the early implementation stage is the most fragmented in terms of its varying sectors and beneficiaries. This provides more opportunities to spread an impact portfolio, but is most likely a reflection of the smaller number of start-ups in the sample (11%). The early implementation stage is divided when it comes down to the legal status they adopt, with 44% being private limited companies and 41% being NPAs. This could mean that social entrepreneurship in the form of private limited companies is in fact growing its roots in the Estonian social market. The large intent by start-ups to have 50% of their revenue come from business activities is almost becoming a reality at the early implementation stage (at 44%), as 53% have indicated that their revenue actually increased over the past twenty-four months. There is, however, less of a

need for funding when compared to start-ups, as only 59% plan to raise finances over the next twenty-four months. Sources of finance have also broadened, with 14% having applied for private donations or accessing incubators or accelerators. This may be the reason for both the lack of investors (8%) and the lack of employees (20%), with these figures having decreased quite noticeably when compared to those for the start-up stage. Their main barrier, pretty much equal to the worry of a lack of employees, is still the lack of financial support instruments (20%).

Observations for 'Late implementation and growth stage' social enterprises in Estonia

The majority of the participants consisted of 'Late implementation and growth stage' social enterprises (43%) in which NPAs dominated the sector (67%), and only a quarter (23%) were registered as private limited companies. This shows that social entrepreneurship in the form of private limited companies has not deeply taken root in Estonia. Besides being a NPA, a total of 56% of the main revenue of respondents still comes from business activities, and only 23% from grants, this being a mirror image of the start-up stage. This could be due to the fact that 43% of respondents indicated a lack of suitable grants as the main barrier when applying for funding, and that 44% will still apply for funding over the next twenty-four months. Besides the area of grants, a total of 30% of the late implementation social enterprises also plan to raise funding from private donations. Yet this has only once been mentioned as being a priority source of revenue over the past twenty-four months. It could be concluded from this that the financial market for the 'late implementation stage' social enterprises is rather restrained in terms of supply. This is confirmed by - and perhaps interlinked with - the second largest barrier being the lack of other financial instruments (22%).

Recommendations

The chapter below focuses on recommendations to different stakeholders such as the public sector, the banks and investors, and the social entrepreneurship networks in Estonia.

- **Tax exemptions regarding employment taxes could be considered for social enterprises in the 'start-up' and 'early implementation and growth' stages.**

Those organisations which are at the early stages identify a lack of employees as being a barrier, something which is also connected to their available opportunities to employ people. Volunteers which the organisations currently include are not entirely able to fulfil the required skill sets. A different skill set is especially required when developing a start-up to the early implementation stage and beginning to generate revenues.

- **Long-term loans for investments for infrastructure and equipment could be provided by the banks to the organisations either in the form of NPAs or private limited companies, perhaps being guaranteed by the public sector (e.g. KredEx foundation).**

As the organisations provide their services in various fields such as education, health, or social work, they often tend to fill up service or product gaps in the public sector domain. Their main customers are often the public sector organisations which pay for their services. Therefore they are organisations for which the public sector has already carried out proper due diligence.

- **Social impact investments by private sector organisations or investors could be provided for the social enterprises in their 'late development' stages.**

Investments would need to come with a slow return of investment expectations as the organisations are not looking for fast growth or large-scale expansion. Instead, the 'Social Return on Investment' (SROI) should be directly linked to measuring created impact. Currently over half of organisations do not measure their societal impact, but this factor is also linked to the lack of any necessity to do so.

- **Awareness of impact investments and the specificities of impact organisations in different development stages could be raised amongst stakeholders such as banks and investors.**

Social enterprises in a seed and start-up development stage are in a critical position when it comes to financing development and recruitment of team members with a variety of skill sets needed for social innovation. There is a great need for investors that are social and/or environmental mission driven. Additionally, when providing the financial support it is vital to align it with the specific needs of the organisation's development stages.

Awareness of the positive long term impact that social enterprises create could be raised amongst stakeholders such as banks and investors. Social enterprises or impact organisations have a very high impact potential, but several investors needlessly fear the financial risks and consider the financial return too low. However, the concept of systematic change and how measuring impact is more time consuming and complex due to a variety of social, ethical and other reasons than a presentation of financial returns. Emphasising the long-term nature of social impact would be important amongst stakeholders such as banks and investors. One of the solutions could be turnover-based investment that would allow social enterprises to raise investments in smaller amounts based on their current development stage.

- **Engaging with stakeholders which work with social enterprises (e.g. ESEN) could be considered by the banks.**

The financial institutions could reassess their policies of providing funding to various types of organisations and expand their market to the NPAs. The various guarantee schemes could be considered in cooperation with the public sector. Several interviewees also pointed out the need for low interest loans for social enterprises due to their specific characteristics in terms of access to funding in comparison to traditional commercial businesses.

- **Awareness of the possibility of using the dual legal form (NPA & Private Limited Company) or registering a Private Limited Company having a NPA could be raised amongst its shareholders.**

Registering two separate legal forms enables better access to a larger pool of financial instruments and various forms of support. The NPAs are allowed to establish private limited companies if it is in accordance with their

statutory aims. This is a suitable option for those NPAs who want to generate revenues but it is too complex using the legal form of a NPA. A company which is founded by a NPA may distribute profits and pay dividends to the NPA which is its shareholder. Although a company which has a NPA among its shareholders does not have any restrictions at the level of law compared to a traditional company, such restrictions can be set by the articles of association or shareholders themselves to emphasise the social nature of the company. If the company distributes profits, the NPA may use it for the benefit of its statutory purposes. By doing so the earning of income remains the core activity of the company and not that of the NPA which is its shareholder. As there is no separate legal form for social enterprises, this could be considered by social enterprises that are struggling to find support due to the limitation of their current legal form.

- **Additional opportunities for social enterprises to help each other could be considered.**

Even though there is a lot of helpful information out there embedded within support organisations, several interviewees pointed out the need to discuss shared industry problems more often. Specifically, problems with impact assessments, financial possibility, and the attainment of skill sets. By organising network events and meet-ups, both formal and informal, social enterprises operating on a variety of fields could share their knowledge and thoughts with one another. In addition to this, it helps to keep each other motivated through discussions about the generally common goal - to bring about positive change.

- **Additional opportunities for traditional commercial companies to help social enterprises could be created.**

In addition to industry specific knowledge or skill gaps within social enterprises, there is also a need expressed for more traditional commercial skills such as: financial management, IT, marketing, and legal. It would be mutually beneficial to create platforms on which the private sector could help social enterprises by letting social enterprise employees participate in their company training procedures for free, or lend employees on a volunteer basis. This helps the private sector companies with their corporate social responsibility and work enjoyment of their employees.

- **Additional opportunities for the general public to help social enterprises could be created.**

Another source of skills and knowledge is the general public which can be tapped into through raising more volunteers or internships. Especially the potential of internships from studies other than social studies have not been fully explored. In general, there is a need to raise awareness about social entrepreneurship, its benefits to the society as a whole and its specificity.

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