
Criteria for Identification and Evaluation of Social Enterprise

Kritēriji sociālā uzņēmuma identifikācijai un novērtēšanai

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Social entrepreneurship is a comparatively new and rapidly attention gaining phenomenon, to which in the USA and Europe more attention is paid since the end 1980s, because the objective of the activities of social enterprises is not only the getting of profits but mainly – the solution of social problems for the benefit of the society, producing commodities or rendering services that provide creation of social values. The topicality of the research is determined by the circumstance that in economic literature there is still a lack of unity as to criteria of estimation of activities of the social enterprise. The aim of the paper is to elaborate the criteria of estimation of the social enterprise and the main economic indicators of disclosing of the results of the activity of the enterprise. To achieve the set aim, during the process of the research, there was studied the special literature, publications, and documents of the European Council and European Commission. In result of the research, based on elaborated by the authors criteria and indicators of estimation of the social enterprise, grouped on four levels: global, macro, mezzo and micro level, there was prepared a statistical questionnaire of survey and, in 2013, a survey of 1164 Latvian enterprises was carried out.

Key words: Social Enterprise, criteria of estimation, global, macro, mezzo and micro level.

1. Introduction

In special literature, the social enterprises are regarded as the components of social economy that is a new creation in the economy. Usually, they develop because there is a necessity of new and innovative solutions of the problems (all the same, would they be social, economic or environmental problems), and in order to satisfy the needs of the participants and the users, having been ignored or not satisfied adequately by the private and state sector. On the whole, it is assumed that the social economy plays a distinct and valuable role that helps to create a strong, sustainable and inclusive society, using the solutions for achievement of the social aims.

Creation and development of social enterprises may facilitate essentially the social progress and participation of the society in solution of social problems. Therefore, also nowadays, with the growth of the welfare of the population and the desire of the society to undertake social responsibility, the social enterprises are starting to develop more and more. The researches confirm that, approximately, one fourth of all enterprises in Europe are social enterprises. For example, in Belgium, the social entrepreneurship is carried out by 4.1% of economic active population, in Finland – 7.5%, in France – 3.1%, in Italy – 3.3%, in Slovenia – 5.4%, in United Kingdom – 5.7% (EC, 2011).

Also in Latvia, as it is evidenced by the researches, the social entrepreneurship has started its development more rapidly. However, it is not in a pure form, but mostly existing as a hybrid social entrepreneurship – 36% (hybrid enterprises have social aims and carry out another kind of entrepreneurship, additionally). Comparatively often, there may be seen also the non-profit social entrepreneurship – 21% (in the Paper, with it is to be understood the innovative NGO), 19% is formed by the activity of traditional NGO (social aims, non-profit organization), 15% – by social entrepreneurship for the gain of profit, 8% – by social activities with the motive to gain profit (Bosma & Levie, 2010).

Social enterprises often are more productive and competitive than it is usually assumed. The basis of it is a strong personal involvement of the employees of these enterprises and better working conditions these enterprises are offering, because their activity aim is not only the gain of the profit, but mainly – the solution of social problems for the benefit of the society, producing commodities and rendering services that provide creating of the social values (*see* Social Business Initiative, EC, 2011).

The topicality of the research is determined by the circumstance that the economic literature still lacks elaboration of a united definition and the criteria of estimation of the activity of the social enterprise. The **aim** of the paper is to elaborate the criteria of estimation of the social enterprise and the main economic indicators for reflection of the results of the activity of the enterprise.

To achieve the set aim, in the paper there will be improved *the definition of the social enterprise and, on the basis of it, will be elaborated the theoretical interaction model of the criteria of estimation of the social enterprise.*

2. Research Methodology

To be able to elaborate the criteria and indicators of estimation of the social enterprise, there was studied the scientific literature, Latvian legislation, provided the description of the social enterprise, carried out the comparison with foreign experience, and studied the inner and outer factors, influencing the activity of the social enterprise. A careful study of them provided the authors with the opportunity to elaborate the following methodological approach of the research.

In the process of research, it was necessary, first of all to unite about the definition of the social enterprise. Studying the accessible in scientific literature publications, it was found out that the authors had not a united approach on the topic what a social enterprise is (*see: Study on Practices and Policies in the Social Enterprise Sector in Europe, 2007; Mair, 2010; Bacq & Janssen, 2011; Social Business Initiative, EC, 2011; Social economy and social entrepreneurship, EC, 2013*). Especially brightly it is seen from the summarised by A. Dacin and M. Dacin together with M. Matear (Dacin *et al.*, 2010) about 30 definitions of the social enterprise of different authors from more than 130 sources. Summarising them, it must be concluded that, in elaboration of them, there is still not taken into consideration the role of the social entrepreneur; with exception of some distinctions, all of the authors identify the more characteristic features of the social enterprise approximately in the same way. Their opinion is that:

- social enterprise carries out entrepreneurship activities, produces commodities, renders services, offers, disseminates and sells them in the market;
- direct aim of the social entrepreneur is the solution of the social problems and the achievement of social aims, but not the gain of profits
- the obtained profit becomes distributed in accordance with the aim of entrepreneurship, and its achievement. Social entrepreneurship is characterized by the features of charity, including in them both the charity and economic activity;
- finances of the social enterprise are formed by the income from both the economic activities and the other sources, for example, from different social funds, private contributions, voluntary work and others.

The opinion of the authors of the research is that it is necessary to supplement the features of the social enterprise, emphasising the role of the social entrepreneur, because of his competence, motivation, ability to set social aims, to implement them there depends, on a great deal, the activity and sustainability of development of the social enterprise. Hence, the authors improve the existing definition and offer the following definition of the social enterprise. **Social enterprise** is the participant of the social economy, which is established and managed by the entrepreneur, possessing a developed social and entrepreneur-competence to carry out the entrepreneurship (to produce commodities and to render services) and to make use of the income/profit for social aims of the society in solution of important problems. So, the essence of the social enterprise is the implementation of social aims, and the profit serves only as a means for achievement of the social aim. However, in the center of the social enterprise is the entrepreneur, his economic activity and motivation in the implementation of social aims.

The given definition of the social enterprise serves as a basis to, being guided by it, *elaborate the theoretical interaction model of the criteria of estimation of the social enterprise.* In its formation, there is to be taken into account that in the social enterprise, like other kinds of enterprises, the activity is influenced by different inner and outer factors. Besides, Latvia is the member state of the European Union, the enterprises are compelled to take into consideration the influence of EU's and global factors. The outer state level factors and the factors of global nature influence usually all subjects of economic activity similarly. To define the factors, influencing the activity of the enterprise in practice and research, mainly there are used the factors of micro environment and macro environment. It is a total of objective and subjective factors, influencing the enterprise's activity during a certain time period.

On the basis of the detailed research, carried out on the outer and inner factors influencing the activity of the social enterprise, as well as on the micro environment and macro environment, the authors obtained the opportunity to form **the theoretical interaction model of the criteria of estimation of the social enterprise**, grouping in it all criteria of estimation in four levels: the global, macro, mezzo and micro level and, in accordance with it, to elaborate the criteria and indicators of estimation of the social enterprise (see Figure 1).

From the figure, there may be seen that all criteria of estimation of the social enterprise are grouped in four levels: global, macro, mezzo and micro level. In accordance with them, the criteria of estimation of the social enterprise's activity will be grouped in compliance with the levels, and there will be elaborated the indicators in both the broader and narrower sense in accordance with Latvian specificity.

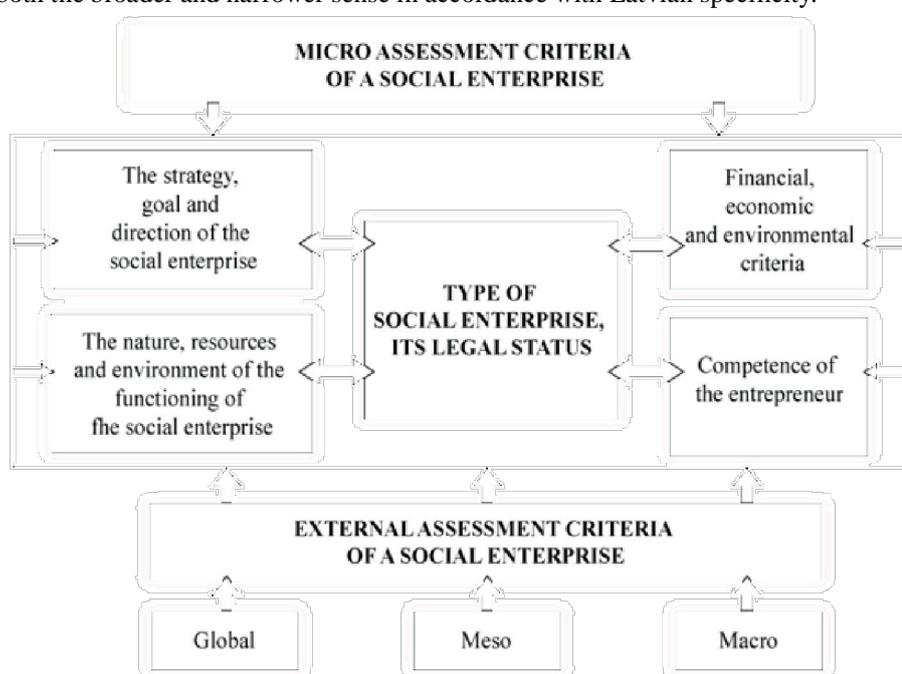


Figure 1. Theoretical model of interaction between criteria of evaluation of social enterprise. Source: The authors (Bikse & Linde, 2013)

3. Analysis of research results: criteria and indicators of estimation of the social enterprise

When elaborating the criteria and indicators of estimation of the social enterprise, it is important to take into consideration, first, theoretical concepts, international experience and Latvian specificity, because the scale of economy and social challenges in Latvia are different. Second, on the basis of the fact that the social enterprises have many common features with the traditional enterprise and they are functioning on the basis of the same principles as every classical enterprise, offering qualitative and competitive products and services, then, to satisfy the needs of the population, when elaborating economic indicators of evaluation of the social enterprise, it is advisable to take into consideration the indicators of the traditional enterprise.

On the **global level**, the authors offer to estimate the impact of the social enterprise on the national economy on the basis of the 5 following **criteria** (see Table 1).

Table 1

Criteria and indicators of estimation of the social enterprise on the global level

No.	Criteria	Indicators
1.	<i>Global social and ecological problems</i>	Contribution of the social enterprise to achievement of millennium development aims of the UN (1. decrease of poverty, 2. increase of educational level, 3. equality principle observation, 4. public health of child, mother and other employees, 5. ensuring of sustainability of environment protection, 6. support to poorest countries)
2.	<i>Foreign trade opportunities</i>	Export and import. Amount and proportion
3.	<i>Prognostication of global tendencies (in the financial, labour and commodity market)</i>	Being of long-term development scenarios (plans)
4.	<i>Summarizing and dissemination of international experience</i>	Exchange of experience with foreign social enterprises. Number of involved people and innovations
5.	<i>Observation and implementation of the concepts of the EU</i>	Participation in organized by the EC arrangements, projects and elaboration of political documents in the context of the social enterprise

The first evaluation criteria of social enterprise – ***global social and ecological problems***, is to be understood as the contribution of the social enterprise to the solution of global social and ecological problems. As a common indicator the authors offer the *contribution of the social enterprise to achievement of millennium development aims of the UN*, using in evaluation the quantitative methods. In a more detailed form the common indicator reflects: *decrease of the poverty* that may be evaluated on the basis of employed, the average of the salary, creation of new working places, living space and other indicators; *increase of educational level* that may be evaluated on the basis of the changes in respective proportion in educational level and the number of the places in practice; *observation of equality principle* characterized by the proportion between the men and women, the average of their salary, participation in management, the number of employed socially rejected; *public health of child, mother and other employed* that may be evaluated on the basis of the used support instruments, including health insurance and others; *ensuring of sustainability of environment protection*, evaluating it in accordance with economizing instruments: economical use of natural resources, decrease in energy consumption, reuse of materials and others; *supporting of poorer countries* evaluating its realisation in the terms of money. On the whole, this criterion and its indicators create the opportunity to evaluate and get a respective picture about the growth of living standard's quality.

The second criterion of the social enterprise – ***foreign trade opportunities of the social enterprise*** includes such indicators as the *amount and proportion of exported and imported commodities and services*. It is of importance to evaluate, if the

enterprise imports or exports social commodities and services and what part it makes of the total of the turnover. The evaluation is based on statistical report.

The third criterion of the social enterprise – *prognostication of the global tendencies (in financial, labour and commodity market) of the social enterprise*, means that it is important to estimate, if there is elaborated the *long term development scenario (plans) of the enterprise*, taking into account the global tendencies and the anticipated changes in them in the nearest and the distant future. Evaluation is possible on the basis of the survey and interviews. The fuller and more comprehensive will be the surveys and the deeper and wider the interviews, the more reliable and appropriate will be the results of evaluation.

The fourth criterion the social enterprise *adoption and dissemination of international experience by social enterprise* includes such indicators as *exchange of experience with foreign social enterprises; the number of people involved in exchange of experience and of implemented innovations*. It is important to find out, if the experience is obtained/given at all, if there takes place cooperation with foreign social enterprises, and if this experience is implemented in Latvia. It may be evaluated on the basis of statistical survey, as well as in result of interviews.

The fifth global level **criterion** figures the *contribution of the social enterprise to observation, elaboration and implementation of the concepts of the EU*. It includes such indicators as *participation of the enterprise in arrangements organized by the EC, projects, elaboration of political documents in the area of social entrepreneurship*. The evaluation is possible on the basis of the surveys and interviews. On the level of their preparation and professionalism, there depends the awareness of European concepts, involvement in elaboration and effective use of them in social entrepreneurship of Latvia.

On the **macro level**, the authors offer to evaluate the impact of the social enterprise on national economy in accordance with the following **eight criteria** (see Table 2).

Table 2

Evaluation criteria and indicators of social enterprise on macro level

No	Criteria	Indicators
1.	<i>Economic impact</i>	<ul style="list-style-type: none"> • Added value • Employment • Investments • Tax revenue
2.	<i>Tax and other discounts</i>	In accordance with legislation: corporate tax, value added tax, income tax, social duties, property tax and other discounts
3.	<i>Financial support. Direct and indirect support instruments</i>	<p><i>Direct support:</i> state and local government subsidies, grants, funds and others.</p> <p><i>Indirect support:</i></p> <ul style="list-style-type: none"> • Salary compensations for employed of target groups • State support for starting of activity by social enterprise

No	Criteria	Indicators
4.	<i>Support to realisation of entrepreneurship</i>	Financial funds of ESF and other funds, paid training, access to consultations, mentors' information (e-environment and others), exchange of experience
5.	<i>Facilitating of procurement of commodities and services for the needs of state/local governments</i>	Public procurements and concourses
6.	<i>Facilitation of identification of social enterprises</i>	Database of social enterprises, mass media
7.	<i>Legal regulation</i>	Social entrepreneurship Law, other laws and normative acts
8.	<i>Programme of state policy and action</i>	Strategy documents that include management and support principles of social enterprise

As the first criterion, the authors consider the *economic impact*; using quantitative methods it is possible to evaluate the *added value* – in terms of money and proportion; *employment* – in number and proportion; in terms of money to be evaluated the *investments; tax revenue* that may be evaluated in terms of money and proportion. Also the PEST method may be used.

The second chosen criterion is the *adaptation of tax and other discounts in accordance with legislation*. As indicators for evaluation discounts are used; in compliance with the legislation, may relate to *corporate tax, value added tax, income tax, social duties, property tax*, as well as to different kinds of *other forms of discounts*. As evaluation methods may be used the statistical survey and the PEST method.

The third criterion includes *financial support: direct and indirect support instruments*. For evaluation of the direct support, as indicators there may be used *the state and local government subsidies, project grants, funds and others*, in terms of money or in proportion of the income of social enterprise. For evaluation of the indirect support as indicators are used *salary compensations to target group's employed*, evaluating on the basis of the number, and in terms of money, and *state support to the starting of activity of social enterprise*, evaluating in terms of money, and using also the PEST method.

The fourth criterion of macro level is the *support to carrying out of entrepreneurship*. For evaluation of the support, such indicators as the *ESF and other financial funds, paid training, accessibility of consultations, mentors, information (e-environment), exchange of experience* are used. The main methods of evaluation of the indicators: in terms of money and survey, as well as the PEST method.

The fifth criterion is *facilitating of procurement of commodities and services for the needs of the state/local governments*. As the indicators serve *participation of social enterprise in public procurements and in competitions for solution of social problems*. The indicators may be expressed as income in terms of money and as percentage proportion, Also the PEST method may be used.

As the sixth criterion is chosen *facilitating of identification of social entrepreneurship*. As estimation indicators may serve the *database of social enterprise, mass media*. As evaluation methods may be used the accessibility in information

environment – the number and the PEST method. The success depends a great deal on advertising and identification of social enterprises in mass media.

The seventh criterion is related to the **legal regulation**, which is estimated via such indicators as *being of the Law of social entrepreneurship, being of other laws and normative acts*, regulating the action and support of social enterprise. For estimation of the criterion and the indicators, there is necessary the analysis of the existing in the state legislation that regulates the social entrepreneurship.

The eighth criterion is the **programme of state policy and action** that becomes estimated via such indicators as *being of strategic documents*, which include *management and support principle of social enterprise*. For estimation of the criterion and the indicators, an elaborated analysis of management framework of social enterprise is necessary. Also the PEST method may be used.

On **mezzo level**, the impact of social enterprise is to be estimated on the basis of the following 4 criteria (see Table 3).

Table 3

Estimation criteria and indicators of social enterprise on mezzo level

No	Criteria	Indicators
1.	<i>Providing of social partnership in implementation of common aims and responsibility in order to solve the problems of social welfare, being favourable to all involved parties and the society as a whole</i>	Cooperation contracts
2.	<i>Contribution of social enterprise to facilitation of social economic and environmental development of local territory</i>	<ul style="list-style-type: none"> • Added value • Employment • Investments • Tax revenue • Poverty decrease • Increase of educational level and professional competence • Observation of equality principle • Health improvement • Providing of environment protection
3.	<i>Participation in improvement of educational system</i>	Participation in: <ul style="list-style-type: none"> • study course elaboration of social economy and SE • preparation of social entrepreneurs • lifelong education
4.	<i>Facilitation arrangements of the cooperation with state and local government institutions</i>	Involvement in domestic and other countries' markets, solution of social problems

The first criterion is ***providing of social partnership in implementation of common aims and responsibility in order to solve the problems of social welfare, being favourable to all involved parties and the society as a whole***. As indicators serve the *concluded and implemented cooperation contracts*. For evaluation there may be used statistical report about specifically implemented aims, for example, decrease in employment and others.

The second criterion is ***contribution of the enterprise to facilitation of social economic and environmental development of local territory***. As indicators may be used the *added value, employment, investments, tax revenue, poverty decrease, increase of educational level and professional competence, observation of equality principle, health improvement, providing of environment protection*. Evaluation may carried out using quantitative methods: in terms of money and proportion – for added value; the number and proportion – for employment; in terms of money – for investments; in terms of money and proportion – for tax revenue; the number of employed and average salary, creation of new working places and others – for poverty decrease; changes in education level (proportion), practice places (number) – for increase of educational level and professional competence; proportion of men and women, the average of their salary, participation in management, number of employed of socially rejected – for observation of equality principle; support instruments (health insurance and others) – for improvement of health; economizing instruments (decrease of natural resources, energy, reuse of materials and others) – for providing of environment protection.

The third criterion is ***participation of social enterprise in improvement of educational system***. As indicators serve *participation in study course elaboration of social economy and social enterprise, in training of social entrepreneurs, in lifelong education*. As evaluation method, there may be used the survey: prepared courses, visits of pupils/ students in social enterprises, practices, lectures of practical specialists and others.

The fourth criterion is ***facilitation arrangements of cooperation with the state and local government institutions***. As indicators serve *involvement in domestic and other countries' markets, solution of social problems*. As estimation method, there may be used the survey on the topic about acting of the enterprise in working groups, as experts and others.

On the **micro level**, 12 criteria are used in order to estimate the impact of the social enterprise on the economy and welfare of the population, as well as on the quality of action of the social enterprise (*see* Table 4).

Table 4

Criteria and indicators of estimation of the social enterprise on the micro level

No	Criteria	Indicators
1.	<i>Form of social enterprise</i>	<ul style="list-style-type: none"> • Precisely formulated aim to provide benefit to society • Profit serves as means for solution of social problems

No	Criteria	Indicators
2.	<i>Legal status and characterisation of social enterprise</i>	<ul style="list-style-type: none"> • Acts in the framework of social enterprise law • Acts in the framework of commercial law, other laws • Has the enterprise a high autonomy level and independence? • Is the enterprise mostly a non-profit enterprise? • Has the enterprise changed its legal form? • The number of paid employees? • Is the decision making independent from enterprise's property rights? • Are the target group's representatives involved in the management of the enterprise?
3.	<i>Activity direction of social enterprise</i>	<ul style="list-style-type: none"> • Activity in the framework of one economic sector (horizontal) • Activity in framework of different economic sectors (vertical)
4.	<i>Activity strategy of social enterprise</i>	<ul style="list-style-type: none"> • Long-term • Short-term
5.	<i>Aim of activity of social enterprise</i>	<ul style="list-style-type: none"> • Solution of definite social problems • Importance to society of the to be solved social problems, the accept and solution level of them • Target groups, subjected to social risk
6.	<i>Activity nature of social enterprise</i>	<ul style="list-style-type: none"> • Creation of social benefits (commodities, services) • Social services/commodities: accessibility of housing, accessibility to social care, help to aged people, help to disabled, including of mostly unprotected groups, day-care, accessibility to employment, accessibility to education and others
7.	<i>Resources and realisation market of social enterprise</i>	<ul style="list-style-type: none"> • Resources used in production • Production technologies • Attraction possibilities of private investors' funds • Realisation market (inner, outer) of commodities and services
8.	<i>Financial and economic sustainability</i>	<ul style="list-style-type: none"> • Equity capital, credit history, support instruments, allowances and others • Support instruments • Accessibility of liquidity • State granted subsidies (amount, % and durance) • Subsidized working places • Tax allowances • Created social benefits in % of turnover, produced amount • Produced commodities/services for other, not related to social benefits aims in % of turnover or produced amount

No	Criteria	Indicators
9.	<i>Use of the profit of entrepreneurship</i>	<ul style="list-style-type: none"> • Reinvested profit for solution of concrete social problems in % of net profit • Reinvested profit into investment for enterprise development in % of net profit • Contribution of investors in % of enterprise's funds • Distribution of the profit • Sufficiency of financial funds, evaluation of risks
10.	<i>Employment, working conditions and salary</i>	<ul style="list-style-type: none"> • Average salary • Tax payments • Working conditions • Proportion of voluntary employed of the total of employed • Education level, qualification, gender and age of employed
11.	<i>Responsibility to environment</i>	<ul style="list-style-type: none"> • Environment management activities • Environment management instruments, information and attitude of employed • Use of environmentally friendly technologies and materials
12.	<i>Competence of entrepreneur (leader)</i>	<ul style="list-style-type: none"> • Gender, age, educational level • Entrepreneur-competence: knowledge, skills, motivation, experience • Social competence: entrepreneurship, creativity and ability to set real aims, to try achieve them, skill to work independently and simultaneously to coordinate his activity with others, ability to work in a team, be able to overcome failures, to evaluate them critically, to be able to reorient in order to start a new activity and others

1. **Form of social enterprise.** It may be cooperatives, voluntary societies, individual enterprise, funds and foundations, non-profit business ventures, social enterprises, non-profit organisations, carrying out functions of social enterprise, businessman, the aim of whose activity is the solution of social problems. As indicators there may be used *precisely formulated aim to provide benefits for the society and the profit serving as mean for solution of the social problems*. Evaluation may be carried out on the basis of the statute and the statistical survey.

2. **Legal status and characterisation of social enterprise.** For estimation there serve several indicators that reflect: *how the social enterprise acts in the framework of the social enterprise law; how it acts in the framework of the commercial and other laws; has the enterprise a high level autonomy and independence; is it, dominantly, a non-profit enterprise; has the enterprise changed its legal form; what is the number of paid employees; is the decision making independent from the enterprise's property rights; are the target group's representatives involved in management of the enterprise*. The evaluation may be carried out on the basis of the survey.

3. **Activity direction of the social enterprise.** Two indicators may be used for estimation. The first is the *activity in the framework of one economic sector or the horizontal direction*. The second is the *activity in the framework of different economic sectors or the vertical direction*. For evaluation serves the NACE code.

4. **Social enterprise's activity strategy** reflects the *sustainability of social enterprise's activity*. As indicators may be used *long-term activity's strategy, short-term (until 3 years) activity's strategy*. In estimation, there may be used the enterprise's business plan, strategic documents.

5. **Aim of activity of the social enterprise** includes 3 indicators: *solution of social problems* (for example, education, health, accessibility of technologies, environment pollution), The evaluation may be carried out on the basis of the statute and annual report of the enterprise, as well as using the survey. The second indicator reflects, on what level (national, regional or local) the solution of social problems is foreseen by the aim of the social enterprise, and is it significant and accepted by the society. Further, it is important, if the planned to be solved social problem is topical to the society, and if it is not being solved by anybody else, and is it identified in the planning documents of the policy and other normative acts, included in the agenda of the government. As indicator may be used *importance to the society of the social problems to be solved, the accept and solution level of them*. As evaluation documents, there may be used the state and local level strategic, political planning documents, on which quality and using skills depends the quality of obtained indicators. The third indicator helps to find the answer to the question, if there is planned to provide working possibilities for subjected to social risk groups of the society, taking into account the low qualification of these persons or the social or professional problems that cause rejection and marginalization. Therefore, as indicator may serve the *subjected to social risk target groups*, and it may be evaluated on the basis of statistical reports.

6. **Nature of social enterprise's activity.** This criterion has two indicators. The first indicator is *creation of social benefits (commodities, services)*. The second indicator relates to rendering of services/commodities, foreseen to unprotected people of the society, i.e. *social services/commodities, including by them the accessibility of housing; accessibility of social care; help to ageing; help to disabled; including of less protected group; day-care; accessibility to employment; accessibility to education and other kinds of services*.

7. **Resources and realisation market of social enterprise.** As indicators figure used in *production resources; production technologies, attraction opportunities of private investors' funds; realisation market (inner and outer) of commodities and services*. For evaluation serves the statistical report, annual report.

8. **Financial and economic sustainability of enterprise's activity.** This criterion is characterized by eight indicators. The *first indicator* is providing of financial funds for starting of enterprise's activity, opportunity to receive credit on favourable terms and others, the enterprise's *equity capital; credits' history; support instruments; allowances and others*, and for their evaluation may be used the statistical report, annual report and the statute. The *second indicator* is the accessible *support instruments* – providing of financial funds for carrying out the activity in accordance with the legally defined percentage of the sale of commodities and services. The *third indicator* is the *accessibility of liquidity* that is related to the amount of current assets and to enterprise's ability to provide liquidity. The *fourth indicator* – *granted by the state subsidies, their amount, percent and*

durance that shows, if the enterprise depends on state granted subsidies. The *fifth indicator – subsidised working places* shows possibilities of the enterprise to receive subsidies (for example, to employ disabled persons or long lasting unemployed) and financial funds from the structural funds of the EU. The *sixth indicator – tax allowances*, freeing from paying of the corporate tax or decreasing the VAT, as well as freeing from the employer's tax, if there are employed persons with low qualification level or without qualification at all. The next or the *seventh indicator – created social benefits in percentage of turnover or of the produced amount* reflects the part of turnover made by the production of commodities or services that are foreseen for unprotected population of the society (for example, in Italy, 70% of the income of social enterprise is formed by the supply of commodities and services, possessing social benefit). The last or the *eighth indicator – produced commodities/services to others, to social benefits non-related aims in percentage of produced amount* reflects the part of turnover formed by production of commodities and services foreseen for other aims.

In the context of this criterion, the research results evidence that, in Latvia, the received by social enterprises funds, in distribution, over financing sources, show that the financial and economic sustainability of these enterprises is dependent insignificantly on the outer financial sources or financial allowances. Of the total of social enterprises, the outer funding is not received by 88% of the social enterprises. Of the other 12% of social enterprises, the funding from European funds is received by 7%, state/local government subsidies – by 2%, and other kind of financing – by 3% of the social enterprises. Speaking about the dependence of social enterprises' activity on the subsidies granted by the state or local governments, it may be said that dependent there are 14% of enterprises, but independent – 86% that reflects the providing of funds for implementation of the activity in compliance with the legally defined percent of purchase of commodities and services. Essential is the question, if this providing with financial funds is sufficient to guarantee that the activity might be carried out efficiently and without disturbances.

9. Use of the profit of entrepreneurship. For its identification, four indicators are used.

In the *first indicator – reinvested profit in solution of concrete social problems in percentage of the net profit, and the reinvested profit into development of the enterprise in percentage of the net profit* gives the answer to the question, if, after repayment of contributions to the investments, the net profit of the enterprise is used for its development – for increasing of production capacity and amount, marketing activities and other contributions to improvement of enterprise's activities or channelled to solution of concrete social problems. The *second indicator – contribution of investors in percentage of the funds of the enterprise* gives answer to the question, if the investors (participants) receive back only their contribution without percentage. The *third indicator – distribution of the profit* gives answer to the question, if the investors receive back less than the part of the contribution, and what kind of investment is carried out. The *fourth indicator – adequacy of financial resources and evaluation of risks* shows, if there might be situations that the investors do not receive their part back. There must be taken into consideration that in the financial commitments between the social enterprise and the investor there should *not be allowed the situation* that, in the case of repayment of the contributed investment, the social enterprise had to anticipate the risk of bankruptcy because of insufficient financial resources.

10. **Working conditions and salary of employed (including social risk groups).** This criterion is analysed with five indicators. The *first indicator – the average salary* – reflects, if the employed receive salary that is adequate to the market situation in relation to defined profession and territory. The *second indicator – tax revenue* – shows, if the employer is encouraging in the relationship with employed by the enterprise and is socially responsible, pays all social and other taxes. The *third indicator – working conditions* – reflects, if they are better than in other enterprises. The *fourth indicator – proportion of voluntary employed of the total of employed* – shows the percentage of the voluntary employed of the total of employed. The *fifth indicator – education level, qualification, gender and age of the employed* allows to find out the education level, qualification, gender and age of employed. As regards the education in this context, it is also important to find out the level of basic education, secondary education and higher education, but as to the age of employed – are they young people under 25, people of working age or pensioners. There takes place such characteristic feature that, in employment of socially unprotected persons, the proportion of socially unprotected persons has increased of the total of employed by social enterprises.

11. **Responsibility to environment** that is characterised by three indicators. The *first indicator – management arrangements of environment* – allows to find out, if there is implemented in the enterprise and operated an environment management system, namely, evaluated the risks of environmental impact, for example, economizing of energy resources. The *second indicator – environment management instruments, information and attitude of employed* – reflects, if the entrepreneur is aware that the employees influence, individually, the pollution of environment, and therefore the enterprise carries out activities that diminish it: sorts waste, organizes a bicycle parking place, provides using of environmentally friendly produced paper and provides its reuse, if there takes place economic print of documents, economizing of energy resources. The *third indicator – use of environmentally friendly technologies and materials* – shows, if the enterprise provides that the resources used in the production process are possibly less harmful to the environment.

The research results show that the social enterprises carry out a range of different kinds of environment protection measures on different levels. To the main of them belong the following, in percentage of the number of social enterprises: economic print of the documents – 92%, providing reuse of paper – 70%, economizing of energy resources – 66%, sorting of waste – 54%, use of environmentally friendly paper – 23%, organisation of bicycle parking place – 20%, use in production process of possibly non-harmful to the environment resources – 13%, other measures – 7%, environment protection measures are not carried out in the enterprise at all – 2%.

12. **Competence of entrepreneur (leader).** Conditionally, there may be distinguished three complex indicators. The *first* reflects *gender, age, educational level*. The *second* may be called *entrepreneur-competence*. It includes: *knowledge, skills, motivation, experience*. As the *third* should be mentioned *social competence*, including by it *entrepreneurship, creativity and ability to set real aims, trying to achieve them, skills to work independently and, simultaneously, to coordinate his own activity with others, ability to work in a team, ability to overcome failures, evaluate them critically and to be able to switch fast on a new activity and others*.

As it is shown by research results, most of the respondents or 63% are men. The major part of social entrepreneurs is relatively young – under 39 years or 29%, 40 – 50 years – 52%, above sixty years – 19%. The education level is comparatively high.

With going up of the age, the education level is higher. 84% of social entrepreneurs have the higher education, and only 16% have the general secondary education. The social competence of the social entrepreneurs is reflected by characteristic features (evaluating on the basis of percentage of the total number of social enterprises): entrepreneurship – 96%, ability to work in team – 84%, ability to work independently – 72%, enthusiasm – 65%, ability to overcome failures and start anew – 64%, creativity – 56%, ability to switch on a new activity – 47%, tolerance – 38%, ability to set aims and achieve them – 31%. It must be mentioned that such personal features as the ability to switch on a new activity, tolerance and ability to set social aims are estimated under the average level. At the same time, these features belong to the qualities, on the basis of which there is growing, rapidly, the necessity exactly among the social entrepreneurs.

4. Conclusions

In result of the research, there is improved the definition of the social enterprise, emphasising the role of the social entrepreneur, because on his competence, motivation, ability to set social aims, and to implement them depends the activity and development sustainability of the social enterprise.

On the basis of the carried out detailed research on the inner and outer factors influencing the activity of the social enterprise, on the micro environment and macro environment, there was elaborated a theoretical interaction model of criteria of estimation of the social enterprise, grouping in it all criteria of estimation of the social enterprise in four levels: the global, macro, mezzo and micro level and, in compliance with it, elaborated the criteria and indicators of identification and estimation of the social enterprise, on the basis of which there was formed the survey's questionnaire and surveyed 1164 Latvian enterprises, researching on the essence and peculiarities of the social enterprise, its place in the national economy, social activity areas and their development possibilities, the portrait and role of the social entrepreneur in promoting of the social progress in Latvia.

In result of the carried out research, the authors came to the conclusion that the formation and development of social enterprises in Latvia can facilitate essentially the social progress and the participation of the society in solution of social problems.

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Sociālā uzņēmuma identificēšanas un novērtēšanas kritēriji

Kopsavilkums

Sociālā uzņēmējdarbība ir samērā jauns un strauji ievērtību gūstošs fenomens, kam ASV un Eiropā lielāka uzmanība tiek pievērsta kopš pagājušā gadsimta astoņdesmito gadu beigām, jo sociālo uzņēmumu darbības mērķis nav tikai peļņas gūšana, bet galvenais – risināt sociālās problēmas sabiedrības labā, ražojot preces vai sniedzot pakalpojumus, kas nodrošina sociālo vērtību radīšanu. Pētījuma aktualitāti nosaka tas, ka vēl arvien ekonomiskajā literatūrā nav vienotības par sociālā uzņēmuma darbības novērtēšanas kritērijiem. Raksta mērķis ir izstrādāt sociālā uzņēmuma novērtēšanas kritērijus un galvenos ekonomiskos rādītājus uzņēmuma darbības rezultātu atspoguļošanai. Lai sasniegtu izvirzīto mērķi pētījuma gaitā tika izstudēta speciālā literatūra, publikācijas, Eiropas Padomes un Eiropas Komisijas dokumenti. Pētījuma rezultātā, balstoties uz autoru izstrādātiem sociālā uzņēmuma novērtēšanas kritērijiem un rādītājiem, kas ir sagrupēti četros līmeņos: globālā, makro, mezo un mikrolīmenī tika izveidota statistiskās aptaujas anketa un veikta 1164 Latvijas uzņēmumu aptauja 2013. gadā.

Atslēgas vārdi: Sociālais uzņēmums, novērtēšanas kritēriji, globālais, makro, mezo un mikro līmenis.



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