SOCIAL ENTERPRISE SECTOR IN BALTIC STATES

Abstract

Purpose - This paper presents the overview of the functions of social enterprises (SEs), which are important for sustainable development of Baltic region. The research describes different concepts and brings out the main problems in Baltic states. The priority of any social enterprise is a social goal or the creation of social values instead of profit-earning. To achieve the social goal, it is important to involve target groups of society in social enterprises.

Design/methodology/theoretical approach – Scientific references, the method of analysis and synthesis, logical, comparative analysis, experts’ view analysis.

Findings – Analyzing social enterprises in Baltic States, it can be said that forms of social enterprises are different. State social policy determines the creation of social enterprises and their development trends. Social enterprises can help solve social and economical problems, because it promotes employment of people who lost their professional and general capacity to work. The employment of these persons is supported by the state.

Practical implications – The present study promote cooperation between the Baltic States, sharing of best practices in the field of social business and encourage employing people who lost their professional and general capacity and they are unable to compete on equal terms in the labor market.

Originality/Value – The Europe 2020 strategy emphasize that social enterprises are very useful to the society as an important element of the social economy. Europe should promote the creation of social enterprises and use their growth potential, entrepreneurship to create social values. The development of social enterprises is very important not just for the local communities, but also for entire state social policy. Ease the burden on the national budget for the welfare system.

Keywords – social enterprise, disability social enterprise, social exclusion

Research type – case study

JEL classification:
J21 - Labor Force and Employment, Size, and Structure
J24 - Human Capital; Skills; Occupational Choice; Labor Productivity

Introduction

The strategy „Europe 2020“ emphasizes that social enterprise are very beneficial to the society as an important element of social economy. By motivating the establishment of social enterprise and by using their growth potential and ability to create social values, Europe, propagating social entrepreneurship and social enterprise should embrace their growth potential and additional social value. The goal of social enterprise is to employ people who lost their professional and general capacity to work, who are socially vulnerable or are unable to equally compete in the labour market.

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Due to different linguistic and cultural traditions, the conception of social company is comprehended differently in the European Union. The European Economic and Social Committee (EESC) offers to distinguish the following characteristics of social enterprise:

— pursues social goals rather than profit, creates social benefits for the society and its members;
— on-profit organization, essentially reinvesting the abundance of income rather than distributing it to private shareholders or owners;
— characterizes in a variety of legal forms and models (cooperatives, self-help associations, voluntary work associations, foundations, profit or non-profit companies);
— developer of economic activity that creates products or provides services (usually of universal importance) often emphasizes social innovations;
— independence of activity, with emphasis on involvement and join decision making (employees, consumers, members), management and democracy (representative or open);
— often native to civil non-governmental organization or related to it (EESC opinion on social entrepreneurship and social companies (exploratory opinion) (2012/C 24/01).

Recognition and government’s commitment to support the activity of social enterprise differ in the EU member countries of Baltic region (Estonia, Lithuania and Latvia are examined). It should be noted that the social enterprises and third sector organizations of these member countries are legally and financially recognized, however legitimation forms, format of activity, opportunities of inter-institutional collaboration and support forms differ.


Characteristics of a social enterprise

European Network of Researchers (EMES), which is used for more than 10 years, supported by the European Union, studies social economy on a comparative aspect and defines the conception of Social enterprise (SE) following the „EMES criteria” (Study..., 2006):

1. The goal of a social enterprise is benefit to the society. All social enterprise attempt to involve socially excluded and vulnerable people into labour market through professional and social skill training and practice in a workplace. On this aspect, the goals of social companies are always more important than the individual interests of company owners, leaders or employees and are beneficial for the collective. Social enterprises pursue social and economic harmony in the community by reducing the environmental pollution, ensuring the recycling of garbage, conserving the environment. They make sure that social services are provided, which are not provided by the country, such as childcare, various social and psychological rehabilitation etc.

2. A social enterprise characterizes in a limited distribution of obtained profit. Usually social enterprises are non-profit organizations according to their juridical status. However, a part of profitably working social companies can distribute the profit appropriately. In social enterprise, profit is invested into projects of social integration and goes to other socially excluded people. Social companies can invest their profit into the satisfaction of their employees' and socially excluded people’s social needs: individual training, social and psychological consultations, social and general personal skill strengthening.
3. Decisions in a social enterprise are made without taking the rights of ownership into consideration. The process of decision making involves the company employees, practice leaders, volunteers, as well as participants of professional integration programs and clients of the company. These people interested in the company's work democratically choose their representatives which participate in the process of company's decision making.

4. A social enterprise is executing economic activity. Most often the activity of companies is related to production, trading or services provided in an open market. However, the importance of this economic activity is different in the countries of EU. Economic activity is most important in worker cooperatives in Finland and Great Britain, as well as in work integration companies in Portugal, Spain and France, as it generates profit that is further dedicated to professional integration. In other social enterprise the main activity of the company is professional training in a workplace or employment of a target group. As a result, the goal of economic activity of social enterprises of this type is not the profit, but integration of target group members into the training process. Therefore, social enterprises are subsidized by the country and practically do not get profit from economic activity.

5. Paid work is integrated in a social enterprise. All social enterprises, even if widely using voluntary work have established paid workplaces. However, paid and voluntary work proportions can be different: in France, Italy, Portugal and Finland the employees are mostly paid, while in Sweden, Great Britain and Spain the practice leaders and social workers are mostly volunteers. The administration of such companies often involves volunteers, while the participation of paid employees' in administration's work is not rewarded. It should be noted that usually social companies do not pay a salary, but allocate daily allowances or compensations for the participants of their programs, provides them with accommodation, feeding and other services. However, the working practice leaders, social employees and target group experts work in paid workplaces.

6. A social enterprise characterizes in high autonomy. Social enterprise in European Union are independent, due to which the leaders or leading representatives make all the decisions related to company's strategic or practical activity. It should be noted that the activity of a social company supported by the country is executed following very strict agreements, can prefigure a certain participation of the backer or contractor in decision making and execution of work control. Most of the time, the regulations of these companies prefigure the company's independence and self-reliance in the process of activity.

7. The activity of a social enterprise experiences economical risk. Financial welfare and survival directly depends on the company employees' ability to productively work and pursue financial sustainability, balance of income and expenses. By working in an open market, these companies and their establishers take on an economical risk that has direct influence on their activity. Even those companies which receive partial sponsorship have to survive under conditions of competition. The bigger the part of income a social company receives from marked relations, the higher the economic risk. Due to this reason, the main income source, management and the whole functioning of these companies executing economic activity is similar to „normal“ companies working in the market.

8. A social enterprise is the result of citizens' initiative. Usually such companies are established by workers of social area (social workers, non-governmental organization managers etc.), as well as people representing a target group, their relatives (parents of the disabled, long-term unemployed people etc.). The companies may also be established following the initiatives of juridical subjects; authorities; local authorities.

9. A social enterprise is open for full participation of target group members. The sector of social economics is based on principles of democratic participation in decision making and
enabling target group in its work. Nevertheless, these principles are rather differently realized in the countries of EU. A part of the companies provide the target group and professional rehabilitation participants with an opportunity to directly participate in managing the company and making strategic decisions. In other companies, for example ones in Belgium and France, the participation of target group is less developed. It can be stated that target group enabling in social companies is very different, because, regarding the specifics of target groups, various disabilities and lack of social skills, it could be difficult to expect a realization of fully democratic model of such company management. In addition, companies that employ people in training would find it hard to involve the target group members into decision making that covers long-term company strategy and development.

Analyzing the work of social companies in Europe it could be stated that forms and work directions of social companies in European Union countries characterize in a wide variety: cooperatives, associations, self-help communities, foundations and other forms of organizations. The variety of production and services provided is huge. The companies can provide services for a vulnerable part of the society or, in the process of social and professional integration, employ people who find themselves in an unfavorable position, experience social exclusion, lacking professional qualification. The countries have different legal regulating of social enterprises. Social enterprises (as previously defined) exist also if the legal environment is not fully enabling, but Carlo Borzaga in „Social Entrepreneurship Forum Riga 2013” mentioned a law on social enterprise is important, because „Organizational law is essential to distinguish social enterprises from business organizations. It recognizes the specificity of social enterprise and contributes to giving them a clear, precise and easy-to-convey identity. The definition of the identity of social enterprise by law permits to: Design and implement specific public policies for SEs, including measures under tax and public procurement law. Protect social enterprise’s stakeholders. Avoid abuses of the social enterprise brand. Set clearly the boundaries between social enterprise and other concepts” (http://sefriga.lv/about/).

Further study will review the development of the social enterprise sector in Lithuania, Latvia, Estonia.

The concept of social enterprise in Baltic States

Lithuania

The Lithuanian Republic law on social enterprises, accepted on June 1st, 2004 was the main legal act, regulating the rights and duties of juridical people, which were granted the status of social enterprises, the basis and order of acquiring and losing this status, defined target groups, set the peculiarities of work relations in these companies, country’s support for social enterprises. On December 1st, 2011 a Lithuanian Republic law of social enterprise law alteration was accepted, which entered into force on January 1st, 2012. A social enterprise is a company established in Lithuanian republic following the order of this law or a company or its branch established in another country of European Economic Area, when the conditions prefigured by the law are satisfied. In Lithuania, social companies support the employment of people who fall into at least one of the following target groups: disabled, having heavy, medium or light level of disability or disabled people who are diagnosed with 55 or less per cent of capacity to work, or high, medium or low level of special needs; long-term unemployed people, the length of unemployment of which is more than two years since being registered in
a territorial job center; people who are five or less years away from retirement, if length of
unemployment since registering in territorial job center is longer than one year; child’s
mother (stepmother) or father (stepfather), child’s carer or guardian, who are raising a child
(foster-child) younger than 18 years, or an another person taking care of a family member
with sickness or disability, who, by the decision of Disability and capacity for work
assessment service with Social security and work ministry is assessed with a need of
continuous nursing of continuous supervision (help), if length of unemployment since
registering in territorial job center is more than six months; people returned from
imprisonment, when the length of custody was longer than six months and when the gap
between the date of their release and registering in a territorial job center is no longer than
six months and if the length of this registration is no shorter than six months; people addicted
to narcotic, psychotropic or other materials affecting psyche, who have completed the
psychological social and/or professional rehabilitation programs, if length of unemployment
since registering in a territorial job center is longer than six months. It is prefigured that social
company can be provided with these types of help from the country: subsidy for work
payment and national social insurance deposit; subsidy for establishment or adapting
workplaces for disabled people and acquisition or adaptation of work tools; subsidy for
training of employees falling into target groups. Without these types of support from the
country, social company of the disabled can be provided with additional country’s support of
the following types: subsidy for the adaptation of disabled people’s work environment,
industrial and relaxation lodging; subsidy for additional administrational and transport
expenses; subsidy for expenses of an assistant (sign language translator).

Good practice examples. Since the year 2004, a cafe „Mano guru” is open in Vilnius,
which seeks not only to provide high quality feeding services, but also help people with
addictions to integrate into the society by executing their profession rehabilitation, educate
the society about people with addictions, propagate healthy living. This idea was evaluated on
an international scale numerous times. Salad bar „Mano guru” is a two-time winner of a
competition of the most hospitable cafe in Vilnius, organized by Vilnius center of tourism and
information – it was recognized as the most hospitable in years 2009 and 2010. In addition,
the cafe was appreciated by the awards of European Commission: in the year 2010 the
European Commission regional development directorate „DG regio” RegioStars nominated the
„Mano guru” initiative as one of 12 best social integration projects executed in Europe in the
contest „Regional innovative project awards”. Also, in the year 2011 „Mano guru“ received an
award in a category „for responsible business“ of a entrepreneurship contest organized by the
European Commission. In the year 2014, Lithuanian Republic Ministry of Finances organized
the election „Europe’s sails”, where the project „Mano guru: coordination of business and
social initiatives that provides new opportunities in labour market“ won in a nomination „For
opened paths“. The project „Mano guru” is one of initiatives that is executed by „Social support
projects” established by Vilnius city municipality. The organization has successfully realized 5
projects funded by the European Social foundation, provided services for approximately 400
members of the target group, 90 per cent of which successfully returned to the society. „Mano
guru” nicely combines social goals and business opportunities. The target group is provided
with a real opportunity to work: to get successfully employed, obtain a profession, work skills,
train in a workplace, gain recommendations and work experience, opportunity to create
harmonious relationships with coworkers. People with addictions characterize in mood
swings, they usually find it difficult to communicate with someone that were never in the
same situation, because they feel misunderstood. Due to this reason learning to collaborate
and understand each other, obtain basic tolerance is one of the main parts of work model. Due
to the cafe publicly stating that it is a rehabilitation place of people addicted to psychotropic materials, the participants gain a specific confidence: they do not have to hide what they were, they can be themselves and realize their right to a „second change“ in life. Self-expression and self-evaluation are very important elements in a path of creating a new personality, that help to purposefully seek a different life, the goal is to help find a quality and wanted job with a sufficient pay that allows to satisfy one’s household needs, opportunity to improve in the future, learn and seek professional improvement and not limit oneself to low qualification job. This stage of person's healing from an addiction helps him to understand that the beginning of a sober life provides an opportunity to learn further, seek for more in order to find new opportunities and realize one’s wishes. Work rehabilitation in the cafe provides people after rehabilitation with an opportunity to gain skills they lack and obtain a profession or a wish to continue the chosen education, further seeking to obtain an another chosen profession, at the same time having an opportunity to earn for a living from a specialty of a waiter, chef or a bartender (http://www.manoguru.lt/).

Expert’s view. „A status of a social enterprise can be obtained both by a company established in Lithuanian Republic and a company or its branch established in any other country of European economic area. This condition allows to employ more target group people in social enterprises (in Lithuania, a number of target group people who can be employed is clearly defined), which enables the creation of more new workplaces. It is an opportunity for people who have difficulties with returning to labour market, their social integration is stimulated and social exclusion in Lithuania’s regions is reduced. Deadlines for financing expenses for payment and compensating governmental social insurance deposits considering target groups are set. Having employed an employee who falls into a disabled target group, subsidy is paid for the whole period of his work. Different period of subsidy payment has influence on the employer when choosing employees, which in turn harms the interests of other target groups. A subsidy for creating workplaces is applied only for the disabled target group, limits for receiving a subsidy for adaptation of disabled employees’ workplace, production and relaxation rooms are set in order to prevent misusing the country's support”.

Latvia

Social entrepreneurship promotes employment and helps in solving social and economic problems in the regions of Latvia because in the center of social enterprise is social mission not profit generation. According to the Global Entrepreneurship Monitor 2009 study Latvian business environment is poor comparing with other countries base on such business environment indicators: the ability to see business opportunities and expertise in setting up in business. According to the authors (Līcīte, L.; Dobele, A.; Sannikova, A.), 69% of respondents noted that they have a lack of entrepreneurial skills and knowledge. However, entrepreneurship is the basis for job creation, and competitive, sustainable regional development. Social enterprises provide support to socially vulnerable groups, for example, the disabled, pre-staff or mothers at home caring for children who cannot work full time.

Latvian Cabinet Regulation No.32 Regulations regarding Socially Little-protected Groups of Persons (11 January 2005) sets 16 groups fitting the status of socially little-protected group of individuals (the disabled, individuals freed from imprisonment, the long-term unemployed etc.). However, these are not the only socially little-protected groups; young individuals with poor skills, individuals of pre-retirement age, and parents after a child care leave might belong to such groups. To obtain the status of social enterprise, two development scenarios are
possible: 1) to employ the mentioned socially little-protected groups of society (65%) or other categories of individuals at a social enterprise (including their engagement in the management of enterprise) if an entrepreneur can prove their belonging to a socially little-protected group, 2) to provide the most necessary services/goods to socially little-protected and/or poor groups of society at a lower cost that corresponds to their income level.

The Latvian legislation does not include the term social enterprise. Therefore, a diversity of the forms of social enterprise exists in reality. Social enterprises in Latvia are identified by the main criteria: social goal, ability to generate income, sustainable development, engagement of socially target groups, reinvestment of profit, operation of an organization in harmony with the environment. The enterprises – both associations and business entities – identify themselves as a social enterprise according to the criteria set by them.

Good practice examples. Wooly World Ltd. It was founded on 15 April 2011. Company’s philosophical ground is social business - creation of social equality and respect towards each other. People with disabilities are engaged in producing soft toys. The enterprise positions itself as a social enterprise, and since its foundation it works based on the principles of social enterprise. Wooly World has successfully participated in several tenders, winning an award of the Kurzeme Industrial Exhibition “Elements 2012” and an annual Swedish Business Award in the category “Corporate Social Responsibility Initiative” (http://www.woolyworld.lv/en/home/). MAMMÚ (society MAMMÚ and MAMMÚ Production Ltd). “MAMMÚ” is one of the most popular and innovative social enterprises in Latvia and in the world. MAMMU is a fashion company that closely cooperates with young Latvian mothers in need. Many of them are less mobile in the job market due to their inability to work on fixed working hours. Rather often these women cannot enroll their children into a kindergarten, as the number of places available is limited. If they cannot afford to hire a nanny, a full time job is not an option for them. The state social benefit is so small that these women virtually have to survive on an income way below a minimum subsistence level. Involvement of these mothers in the business of MAMMU providing them with flexible working hours is both ends and means of the business activity of this social business company. MAMMU organizes their training, teaches them skills required for production of MAMMU fashion wares and provides them with information needed for setting up their own micro-enterprises for production. After completion of the training stage MAMMU provides these women with materials needed for production. Once the work is done, MAMMU buys these wares from mothers (http://mammu.lv/about/).

Expert’s view. ‘The regulatory and institutional environment in Latvia does not yet address social entrepreneurship. There is no legal definition or legal criteria for social entrepreneurship or social enterprise in Latvia yet. At the beginning of 2013 the Ministry of Welfare took the leadership to come-up with a concept paper on SE and set up a working group with a broad engagement of civil society representatives, experts and representatives from various ministries. It can be argued that the economic crisis of 2008-2010 provided some impetus for development of social entrepreneurship in Latvia. People became more creative, the sense of solidarity increased, property rental rates dropped and an increasing number of professionals and citizens were willing to donate their time and knowledge to helping public-benefit causes.

There are some NGOs or companies that call themselves social businesses. They choose the legal form of either a company (a limited liability company) or an NGO (association or foundation). Associations and foundations can apply for a Public benefit status which is prerequisite for significant tax-exempt donations. By the law, public benefit NGOs may only engage in commercial activity as a side activity (the distinction between the amount of the
side activity and the main activity is not defined). Thus none of these legal forms is helpful for operating as a social business. The idea therefore is that a special law would be prepared that would grant to enterprises (not NGOs) a status of a social enterprise. No agreement has been reached yet as to which institution would keep the register and award the status. As regards the potential benefits to social enterprises, the list is uncertain at this stage. It might include: potential access to funding from the Social fund (the goals and criteria and not yet known); tax breaks for the profit tax, if the profit is reinvested; some funding for capacity building, mentoring”.

**Estonia**

There is no Social Enterprise law in Estonia and cooperatives are rare. Most of the SE are in the third sector as foundations or non-profit organizations. According to Estonian laws, non-profit organizations are not allowed to gain income from economic activity as a main activity or goal, it is denoted in the Estonian law of non-profit associations. According to the law of foundations, there are restraints for economic activity. These laws are similar to laws of other Eastern Europe countries, which prevent third sector organizations to take part in economic activity as a main goal of organizational activity. Legal forms of social enterprises or organization management structures are undefined, but the activity is defined according to the provided benefit.

In Estonia, as in Europe, attention is paid to social benefit rather than to generating revenue. The underlying drive for SEs is to create social value rather than personal and shareholder wealth. It helps to emphasize that although these organizations function as businesses and may make a profit, this profit is not the primary goal. Although SEs focus a lot on the issue of the active labour market in Europe, it is not the case in Estonia; only a few nonprofits and SEs are active in the employment model and the market intermediary model. Nonetheless, examples can be found.

The image of SEs in Estonia is built on the vision of Heateo and some good examples have been defined as SEs, mainly by Heateo SA. Good Deed Foundation is the only venture philanthropy organization in the Baltics. We're concentrating on supporting high-impact social initiatives (both social enterprises and non-profits). Our achievements include both achieving systemic change (state-level adoption support system for children without parental care) and starting off successful social enterprises (in the fields of: employment for people with disabilities; HIV-prevention; re-use). The driving idea behind the support is to create the greatest possible change in society. In order to build a base of future social entrepreneurs, we encourage the development of youths and spread the message of social entrepreneurship. ([http://www.heategu.ee/eng/](http://www.heategu.ee/eng/))

SEs in Estonia emphasize the importance of using a business model (as in the United States) but they also accept donations from or contract with the public sector (as in the United Kingdom). Alter discusses different entrepreneurial models, showing how the target population and the market can be combined (Pärenson 2011):

- Entrepreneurs support model (the SE sells business support and financial services to its target population, who then sell their services on the open market);
- Market intermediary model (the SE offers services and receives financing from the market by using the services of its target population);
- Employment model (the SE hires the target population to offer services on the market);
- Fee-for-service model (the SE offers services to the target population on the market and receives fees from the target population or a third party);
- Service subsidization model (the SE offers services to the target population and the market, while receiving fees only from market);

- Market linkage model (the SE acts as a broker, connecting and managing trade relationships between the target population and an external market) Organizational support model (the SE’s business activities are separated from social programs).

The dominant model in Estonia seems to be the fee-for-service model, where resources are received from a third party. Some SEs in Estonia sell their services on the market and some of them are financed by the public sector (through contracts, where offering public goods is delegated to the third sector).

For example, Terve Eesti SA sells HIV/AIDS related training to employers and trains employees; MTÜ Convictus sells its services in the field of drug addiction and HIV/AIDS to the public sector by contracting out.

The non-profit organization Uuskasutus is an independent social undertaking established in 2004. Its objective is to put used things back in circulation and to make re-use and re-design easily accessible and commonplace for everyone in Estonia. It sells recycled goods on the market and donates the goods required by families in need for free. 50 % of the goods received by the Re-use Centre every year go directly to people in need. They mostly give them clothes, but also support them with furniture, sports equipment, crockery and household appliances. Anni Akadeemia offers training and practice for the handicapped.

Expert’s view. „Estonian Social Enterprise Network just finishing a sector mapping research, the results will be available in July. There is no special legal form. The majority of social enterprises in Estonia are formed as not-for-profit organizations, for which two legal forms are available (non-profit Association, MTÜ and foundation, SA). The law of not-for-profit associations allows trading if the profit is re-invested for the social purpose and does not become the main activity of the organization. Sometimes a for-profit organization type is also used (limited liability company, OÜ). We have also observed several cases where different organization types are intertwined, e.g. sometimes Llc (OÜ) is used in combination with not-for-profit legal forms. Social entrepreneurship is relatively new and small sector, it is hard to make an argument for the special laws, especially since NGO law is quite flexible. We are using the wide definition, not only focusing on those social enterprises that create employment opportunities. This makes it so much harder to find a legal form that would cater to the needs of all SEs.”

Conclusions

Having analyzed the sectors of social enterprise work in Baltic countries (Estonia, Latvia, Lithuania), reviewed the work examples of social companies active in the Baltics; having analyzed the experts’ view to the situation of social companies nowadays, the following conclusions can be made:

First, due to different linguistic and cultural traditions, the conception of social enterprise is comprehended very differently across the European Union. We suggest distinguishing the following characteristics of social companies: seeks social goals rather than profit; characterizes in a variety of legal forms and models; executes work based on the principles of democracy; involves employees, consumers and members into the management of the organization and joint decision making.

Second, Latvia and Estonia have no social enterprise laws, whereas in Lithuania, on 1st of June, 2004 main legal act was accepted, which regulates the rights and duties of legal entities.
which are granted the status of social companies, the order of gaining and losing this status, defines target groups, sets the peculiarities of work relations in such companies, state support for social companies. On 1st of December, 2011 Lithuanian Republic social enterprise law moderation law was accepted, which came into force on 1st of January, 2012.

Third, according to Lithuanian Republic social enterprise law clause 2, the goal of social companies is to employ people falling into target groups, who have lost professional and general capacity to work, economically inactive, unable to compete in the labour market on equal conditions, stimulate such people’s return into labour market, their social integration and reduce social exclusion. Latvia’s good practice examples allow us to think that social companies seek to involve socially excluded and vulnerable people into labour market and help them integrate into the society. In Estonia, social companies do not limit themselves to creating workplaces for socially vulnerable groups. It may be stated that the definition of social company is comprehended most widely in Estonia, in comparison to Latvia and Lithuania.

Fourth, a variety of legal forms exists in Baltic countries. Social enterprise in Lithuania is a legal entity established in Lithuania or other EU countries, establishment documents of which indicates the activity of social enterprise, related to employment of people falling into target groups, training of their work and social skills and social integration, does not execute activity involved in the list of non-supported activities of social companies, which is confirmed by the government. A variety of social enterprise legal forms exists in Latvia and Estonia as well: an association or a foundation or a limited liability company.

In sum, with existence of social enterprise conception, the Lithuanian Social company law strictly defines the conditions of establishment and work of social companies, involving socially vulnerable groups of people following the regulation, while in Latvia and Estonia, the variety of legal forms and social goals (employment is not necessarily the goal of social enterprise) create conditions to develop social business opportunities of Baltic region in a changing social and economic environment.

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