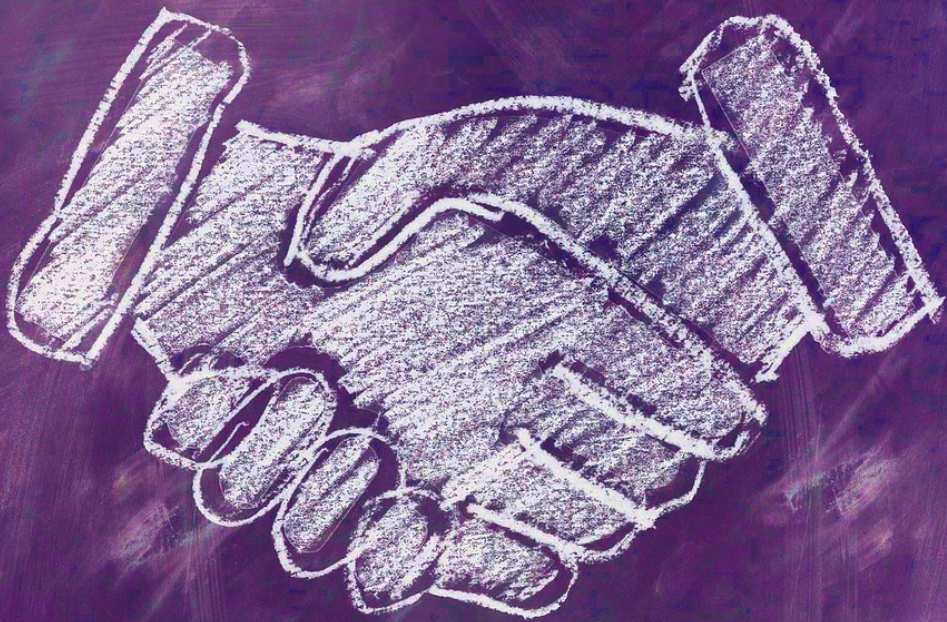


# Pillars for social entrepreneurship in Lapland





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Roadmap

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# 1. Foreword

The topic of social entrepreneurship has been “bubbling under” in Lapland and in Finland for few years now. Some social enterprises exist, and in addition there has been project activity on the topic, and some third sector organisations along with some businesses have expressed awareness and interest on the topic. The big breakthrough is still yet to happen. The topic is not very well known, and those who have barely heard about it, might have misunderstandings about it. There is confusion about the concepts and the semantics of different words used in this topic, and therefore a confusion about what does social entrepreneurship even mean. A common misunderstanding is that the social enterprise is not aiming for profit, but rather works more like a charity. There are misconceptions about the possible company types, and the missions that companies can aim for.

Due to lack of knowledge, the concept might be seen as a world of limitations, as opposed to world of opportunities. Social enterprise can be of any company type. There is no law against limited liability company defining its primary goal as solving a societal challenge instead of making profit for its shareholders. Social enterprises can make profit, and they should, because they are companies, not charities. Only difference is that at least 51% of the profit should be aimed at the mission chosen by the company. Mission can be any societal challenge. It can be employment, which is the mission often associated with social enterprises, but it can also be an environmental challenge, or it can target a specific group of people with specific challenges in the society, like different problems young or elderly people might be facing in their lives.

Young people in difficult labour market position were interviewed in the project, and their response to the topic was positive. Generally, for young people the values are important, and work in itself should attract with other things than just salary. Idea of entrepreneurship is shaped by what young people see around them in real life and in the media. In media, social entrepreneurship doesn't exist, and the way mainstream entrepreneurship is talked about, might promote quite a stereotypical idea about entrepreneurship: what are the goals of entrepreneurship, and who can be an entrepreneur? Presenting the concept of value-based or even impactful entrepreneurship might be an intriguing idea for a generation, for whom values are important. It might attract even those, who otherwise do not find entrepreneurship as a relevant option as it is currently portrayed.

This implementation plan is based on workshops and the preliminary study prepared in the project. The short and blunt answer to the question of “Could there be an incubator for social enterprises in Lapland?” is no. Not immediately. According to the examples from other regions and projects as well as interviews, in the core of social enterprise development and incubators are networks and ecosystems. This doesn’t actually differ that much from support for mainstream enterprises. We are accustomed to the idea of many kinds of services, advice and support being available for setting up a mainstream business, and help being provided by many specialists, such as business advisors, financing organisations, projects, entrepreneurship organisations, even educational institutions. The demand for these services among businesses functioning in more traditional business framework is continuous. The challenge for social entrepreneurship is that this ecosystem in Lapland, and in fact currently in many places, is tuned for mainstream businesses, and there is no such practical advice and counselling available for someone pursuing social entrepreneurship.

An ecosystem for social enterprises is necessary, similar to one available for more mainstream businesses, with some additions. Setting up a new ecosystem and network is not viable, but tuning the existing network to work also for social enterprises would be a step forward. Because social entrepreneurship deals with societal issues, the society should be a part of the ecosystem. This requires getting organized and acquiring knowledge about this form of entrepreneurship. Same ecosystem could benefit also other enterprises seeking impact, not just social enterprises. Businesses can seek positive impact on the society in different ways without being social enterprises. Circular economy and circular businesses are somewhat in the same square of the game board with social entrepreneurship at the moment: topic is interesting, but there is room for improvement as far as practical advice for businesses is concerned. Both business types benefit from networking with other businesses for knowledge and co-operation. Just as do the more mainstream businesses.

As the topic gathers momentum in Finland and elsewhere in Europe, more information and know-how will be available, if it is made available. In Finland a strategy for social enterprises has been published and the national competence centre for social enterprises has recently launched its activities. The special topics requiring special know-how include funding, profit distribution and measuring the impact. There are some private investors with special interest in funding impactful businesses, but for them measuring the impact is important, and that can be more complicated than measuring financial profit. There is no law regulating how a social enterprise should work (there is a law in Finland about work integrating social enterprises) so there is also no law about how the distribution of profit actually works. How, in practice, should the company use the 51% of the profit?

For incubators generally, examples exist in different parts of Finland. One specific feature about Lapland is that it is a rural, sparsely populated area. Long distances and demographic change add their spices in the mix. Setting up a physical incubator space somewhere in Lapland would have its limitations with reaching participants in the incubator activities, due to the sparse population. The competence centre for social

entrepreneurship has started pilot programmes with existing incubators, and from the point of view of the awareness on social entrepreneurship, this approach has the possibility of spreading the word to those already coaching and giving advice to people considering entrepreneurship. Isolating the activities from other business incubation and advice might also keep the topic away from mainstream. In rural areas, connecting the activities to existing support here as well, would help the topic to cover more of the sparsely populated ground.

Ownership of the incubator activities is a question that needs to be solved. The topic should be discussed collectively among the stakeholders, and it might just be, that the actual owner doesn't even exist yet. It might be, that the ownership would fall naturally to some organisation, or it might be, that a work group or some type of steering group should be formed from representatives of many organisations. Considering the multidisciplinary nature of social entrepreneurship, it might be beneficial for the topic if the owner would not be attached to any very specific aspect of social entrepreneurship. For example, if the ownership would belong to an organisation or an actor mostly concentrated in environmental issues, that might steer the activities towards environmental issues. Social entrepreneurship is entrepreneurship, not a charity, and it should appear as an interesting, attractive and as enough profitable option for entrepreneurs. Social entrepreneurship contains many kinds of opportunities for the mission and impact, and we should avoid the topic falling into too much of a silo, because that will exclude and deter potential entrepreneurs, which in a larger scale, will prevent positive impact on our surrounding society, people and environment.

Sari Nisula



## 2. Introduction

One of the objectives of the Study on Social Enterprise Incubators – SYTYKE project (North Ostrobothnia Centre for Economic Development, Transport and the Environment, European Social Fund, Leverage from the EU) is to prepare a roadmap for the establishment of a social enterprise incubator in Lapland. The project has gathered information on previous activities to promote social entrepreneurship in the region, sought examples from abroad and interviewed representatives of stakeholders and specialists. International examples have been received from Germany ([Social Impact](#)), Scotland (e.g. [Social Enterprise Scotland](#)) and Sweden (e.g. [Örebro region](#)). Although it is not possible to directly transfer the models from one country to another, in order to support the development, it is useful to hear experiences from regions where the theme of social entrepreneurship is more advanced. There has also been regional, national and international progress in this topic in a very short space of time, and it is important to take this progress into account.

Three specialist workshops were organised to support the preparation of the roadmap. The aim of the workshops was to gather the perspectives of the field's specialists on the establishment, funding, actors, tasks and operating model of the incubator. The first innovation workshop on 18 May 2021 was presented by business specialist Niina Karvinen from the University of Oulu. The workshop explored the potential of social incubators in Lapland. Impact specialist Katja Anoschkin from the Finnish Association of Social Enterprises gave an introductory speech at the second workshop on 8 June 2021, at which the operating methods, funding and potential actors of incubators were discussed. Mervi Nikander, Head of Economic Growth and Development for the city of Kemi, gave an interview on 26 August 2021 to introduce the third expertise workshop. The third workshop covered the operational potential of the incubator, such as location, operating model and funding model. Attendees to the workshops included representatives of educational institutions, the Regional Council, the TE services (Finnish employment and business services, will be referred as TE in the text from now on), municipal business and employment services, as well as social entrepreneurs and those interested in entrepreneurship.

In addition to the specialist workshops, four workshops were organised for young people and those in a weak position on the labour market. The workshops were arranged for customers of Kemi Meriva sr foundation and Rovaniemi Eduro sr

foundation, as well as young people involved in the VAMOS project of the Deaconess Foundation in Rovaniemi. A total of 4 workshops were arranged in Kemi and Rovaniemi between 26 May and 5 October 2021. The aim of the workshops was to identify the needs and wishes of the young people, the factors that influence the establishment of a business and the target group's perceptions of entrepreneurship. In total, more than 20 people attended the workshops and 22 people responded to the questionnaire. In addition to the young people and the researcher, there were workshop instructors present at the workshops to make the discussions as natural as possible and to make sure that the young people would not feel like they were being "tested".

The role of enterprise incubators is to support entrepreneurs at different stages of entrepreneurship by offering programmes and training, advice and support for the start-up phase of a business, the preparation of a business plan, the search for financing, employment and remuneration (such as employer obligations), and further refinement of the business idea and strategy work, as well as networking. The incubator provides an opportunity and a place to both make connections between companies, their customers, jobseekers, students, financiers and other stakeholders and physically or virtually develop the environment and community activities. The incubator offers a free service and should be easily accessible (Indeed 2022; Mennala 2021).

## 3. Social enterprise and its promotion in Finland

### 3.1 WHAT IS SOCIAL ENTREPRENEURSHIP?

At the first workshop, Niina Karvinen, a business specialist, service designer, coach and entrepreneur from the University of Oulu, spoke about social entrepreneurship. Niina Karvinen is the Chairman of the Board of ImpactXHive Oy, a management consulting company. At the beginning of her presentation, Niina Karvinen asked questions such as: Who can be a social entrepreneur? What is social entrepreneurship? In social entrepreneurship, she said, one wants to do something good and make a change and influence something through one's own actions. Some dive more deeply into social entrepreneurship and impact. In Karvinen's opinion,

*there has been a strong consensus that social entrepreneurship is something we currently have in Finland, which we should be able to verbalise so that it affects everyone, and as many people as possible can participate in this shared activity. Social entrepreneurship and impact in business, as well as the question of how to get everyone in society involved in doing things together without leaving anyone out, are close to my heart.*

Karvinen wishes to emphasise that a social enterprise is not a charitable enterprise, even though it wants to do good – it is business and profit-oriented like any other enterprise but aims to use its business to solve a social challenge that it has identified.

A social enterprise is distinguished from other enterprises by the fact that its business and profit are primarily made for a social purpose, such as promoting well-being, employing disabled people or preventing the exclusion of the young and the elderly, and its social purpose is defined by its owners. A social enterprise is distinguished by the fact that the profit distribution in the business model is limited: more than half the company's profits are used for a social purpose or to develop its operations, or most of the profits are donated according to the enterprise's preference.

The business model of a social enterprise describes how it creates (social) value for society.

Niina Karvinen emphasises open and transparent business principles, and lists four different business models for social enterprises:

1. employer model
2. model of targeted services
3. community enterprise model
4. profit placement model.

In the employer model, the company sells products and services and employs partly disabled workers, for example. In the model of targeted services, the company offers its services to a target group with special needs, such as low-income groups. In the community enterprise model, the members form a social enterprise through which products and services are sold. In the fourth model, the profit investing model, a social enterprise invests its profits in a subject of its own choosing.

According to Niina Karvinen, the basic incubator tasks are helping to clarify and test the concept of social enterprise and assisting entrepreneurs in everything from starting a business to financing it. Today, companies want to participate in international markets and online business, which also requires guidance. Exchanging ideas and having coffee table and hallway discussions in the incubator is what we need today.

It is important to think about impact, or what we are aiming to achieve.

*Societal benefits can arise at different stages of business, which requires expertise.*

It takes encouragement and coaching to refine ideas to find the impact that you are looking for so that the company can realise its own goals through contribution, process, end product, service and profit-sharing.

*The story of impact is especially important. It clarifies the model for how the social enterprise intends to operate in the market while having an impact, as this will have an effect when starting discussions with investors.*

Karvinen says that at the beginning of business operations, we forget to think carefully about who our customers and competitors are, and what will change if we enter the market with the new model. Impact is demonstrated by proving the causes and effects of the change, and whether it was beneficial for everyone. We also need to be able to assess the cost effects, which means that we need people who can examine the market on a larger scale. Karvinen cited two cases as examples: Business Kitchen – an entrepreneurial programme from Oulu that helps students develop their business ideas and an incubator/accelerator programme created to empower Nigerian women



entrepreneurs. Women's access to entrepreneurship leads to social development and better education for their children.

### 3.2 BUSINESS INCUBATORS AS A SUPPORT FOR SOCIAL ENTERPRISES

Katja Anoschkin, head accelerator and impact specialist at ImpactStartup, which is run by ARVO ry, started her presentation with the impact and accelerator programme for impact companies, that is, social enterprises, which they piloted in 2020. ARVO ry is a network of social enterprises and other impact actors. The ImpactStartup programme, a business development program, originates in Denmark and covers all Nordic countries. The pilot tested the functionality of the programme in Finland. During the last year, the concept went through a lot of development. In Katja Anoschkin's opinion, incubation is a business support process that assists the entrepreneur at the early stages of setting up a business, provides management guidance, support, consulting and advice in the core business, and helps obtain financing; unlike a business accelerator, the duration of an incubation process is several years.

Enterprise accelerators aim for very rapid business growth within a few months by identifying various strategic challenges that may also hinder growth.

*The operations of an accelerator can be understood as a holistic business skills consultancy service, often with a strong resemblance to conventional management consultation services, which in the case of an accelerator are fine-tuned to the particular needs of small and medium-sized enterprises.*

The incubators may contain acceleration programmes, that is, measures promoting different kinds of growth, and intensive development work is carried out with the coach at those growth points.

In her introductory statement, Katja Anoschkin asked questions about the specific characteristics of social enterprises, which should be considered: How do you combine impact and business to create something profitable and sustainable? How can impact be disseminated or scaled? How can you keep your business profitable? How can business be increased at the same time? As there is very little support available for starting up a business, where can I get consultancy aid? Who is the customer who may be paying for this, and what value do they receive?

*Nowadays, you buy shares in a social enterprise or invest in it and then get financing from the enterprise's growth. In social entrepreneurship, growth is not an explosive kind of economic growth. Instead, the essential thing is actually spreading the social innovations and impact services that have been developed, and it may be that this cannot be accomplished at the same rate as the economic side of things.*

According to Katja Anoschkin, the problem with the operation of social enterprises is a lack of business skills and economic management. In addition, there is the problem of combining impact and business operations, as well as measuring the impact.

At the end of the presentation, Katja Anoschkin described the challenges social enterprises may face in acquiring financing. The European Social Fund offers funding to promote social innovation, which social enterprises can apply for just like any other business. The priorities of the funding programme are the employment of young people or other themes related to a variety of social innovations and regional development. The funding of a social enterprise poses a challenge. Obtaining direct funding is challenging because the aim is to develop business instead of non-profit activities. Incubators are financed by public funding, because people are unfamiliar with various financing elements or do not know how to use them. According to Anoschkin, the public sector needs solutions with more impact to promote well-being. Such solutions can be provided by social enterprises. On the other hand, the public sector only examines performance, not impact, which is reflected in the fact that sustainable procurement, services replacing public sector resources and preventive action are not considered.

### 3.3 THE PRACTICAL POTENTIAL OF SOCIAL ENTERPRISES

At the beginning of our August workshop, Mervi Nikander, Head of Economic Growth and Development for the city of Kemi, gave an interview about her views on social enterprises and the establishment of a social enterprise incubator in Lapland. In August 2021, Kemi undertook an industry reform, during which a new industry was formed. It covers employment, immigration, lines of business, land use services, development tasks related to housing, land use planning and Kivalo Centre, as well as financing. Mervi Nikander emphasised the role of Kivalo Centre as an operator that could meet the necessary training needs with agility and openness. Nikander said she had been in close contact with social enterprises through her previous work and projects. Prior to her current job, Nikander was the head of strategy at the Regional Council of Lapland and has participated in constructing the Lapland agreement (the regional strategy of Lapland). In the strategy, one of the strategic priorities is to grow the Arctic economy sustainably through renewal, which includes socially sustainable economy.

In recent years, the Lapland agreement and other contexts have brought up concepts like the circular economy, the green transition, the socially sustainable economy and social enterprises, but how the content of these concepts is understood can vary depending on the speaker. According to Mervi Nikander, examples and concrete measures should be included in the discussion, and there should be more communication, so that decision makers and financiers can understand why it would be worthwhile to fund these operations. Social entrepreneurship should be made more visible, comprehensible and valued as a credible form of enterprise. In addition, social economy actors such as social enterprises, foundations, organisations and third sector actors should communicate more about what they do.

*In some municipalities or regions, a social enterprise is currently the only provider of a particular service, which means they have a function and significance as providers of employment.*

Social enterprises may not be economically significant, but they provide jobs in smaller communities and villages. In addition to communication, the terminology should be clarified further so that the correct and shared terms can be widely used throughout Lapland. Similarly, the public should be informed of results achieved and the activities carried out. Some public sector actors include a socially sustainable economy as part of their strategies, but Mervi Nikander believes it should be part of the strategy of all actors in the public sector.

Public sector procurements can maintain the vitality of the regions, and smaller operators must also be given the opportunity to participate in competitive tendering. Providers should be given guidance and training. By networking, smaller companies would be able to participate more successfully in competitive tendering. Although the operating logic of a social enterprise is the same as that of other enterprises, attention should be paid to their potentially different values, as everyone in the subcontracting chain must have a similar set of values. Among other things, Nikander spoke of Sitra's view that social enterprises are not typical entrepreneurs but still credible businesses, which is also important to take into account in the future.

From the point of view of regional strategy, social enterprises provide services and employment. To create more social enterprises in Lapland, Mervi Nikander proposed cooperative thinking, building lighter networks, and developing procurement skills. According to Nikander, the incubator approach is also needed. In addition, we should convince financiers of the fact that social entrepreneurship is an opportunity, which Nikander believes may be a challenging task that needs to be further refined. The challenge is posed by the different distribution of the profits of social enterprises, as a greater part of the profits is allocated to the achievement of a social objective. Support for social entrepreneurship is needed, which could be provided through legislation, by business developers and supporters, financiers and municipal procurement services, for example.

Kemi will continue to take care of employment and provide services alongside third sector organisations. In sparsely populated and depopulated areas, social enterprises could meet the challenges of providing services. In Kemi, the urban farming project envisages the establishment of a café or canteen based on a social enterprise, and it is hoped that some ten new enterprises will be created for environmental and forestry work within five years. Social entrepreneurship has a stronger position in the rest of Europe and Sweden than it does in Finland, and there are a few social enterprises in Lapland and slightly more in Eastern Finland. Mervi Nikander's job description has always included development and finance. Nikander mentioned cooperative entrepreneurship and named the cooperative construction of housing as an example. There is now more need for cooperative expertise, because there is interest, but no daring. According to Nikander, more and more attention must also be paid to immigration.



## 4. The views of the target group on business incubation activities in Lapland

### 4.1 THE ROLE AND TASKS OF THE INCUBATOR FOR SOCIAL ENTERPRISES

In the workshop discussions, the focus was on increasing communication and creating opportunities for networking. Thus, according to the workshop participants, one of the tasks of the incubator would be to increase communication in different media and to disseminate information about what social enterprises do, what services they provide, identifying social entrepreneurship, clarifying and disseminating understanding, and different ways of implementing social entrepreneurship. The basic services of a company, like those connected with starting a business, should be done in cooperation with existing companies, because the new entrepreneur needs peer support and encouragement to crystallise the mission, communicate, share ideas and solve challenges. The incubator could let different service providers and sectors work together and maintain a reliable network of specialists, in which specialists could acquire more expertise, and where even a single entrepreneur would be able to operate. The new entrepreneur will have the opportunity to network in active community of the incubator from the beginning of their entrepreneurship. The incubator thus acts as a focal point and partner for different communities, a synergy workshop, a pool of shared ideas and as a network of specialists.

The workshop participants also listed concrete tasks such as organising events, consulting social enterprises and assisting in recruitment. Entrepreneurial stories and examples could be presented at events to increase awareness and bring together specialists and partners. The incubator could serve as a forum for the development, innovation and experimentation of those starting, planning or already engaged in entrepreneurship. The incubator could assist in drawing up the financing plans and finding suitable financing alternatives, as well as finding projects and helping with project applications. Among other subjects, an important task for the incubator is to carry out studies on future changes in social entrepreneurship or commissioning

them from various social actors (universities, research institutes), and continuously assessing and measuring the activities and social impact of social enterprises. The incubator could also act as an enabler for immigrants, young people and those in a weak position on the labour market to gain opportunities of further education, remote work, training and work placements.

The task of the incubator is to examine a person's entrepreneurial potential and if this is impossible, to identify other opportunities through stakeholders and partners. The aim does not necessarily have to be entrepreneurship, but the incubator could look for new solutions for its customers and strengthen their expertise. Activities should be guided by the incubator community's own ideas and innovations. The incubator must create a strong community in which the networking needs of people at different stages of entrepreneurship are considered, and the value of social entrepreneurship to society is emphasised.

## 4.2 OPERATING MODEL OF THE INCUBATOR

The workshop discussed whether “business incubator of social enterprises” is the right name for this venture, because there has not been such an activity in Lapland yet, and social entrepreneurship is unknown to the customer base. The establishment phase of the incubator should begin by outlining what is being set up, for whom, what it wants to achieve, and why. Here, too, there is a significant and multidisciplinary need for communication to raise awareness of the activities. The incubator must create an open and positive atmosphere that is easily approachable for anyone. The role of the incubator's leader was considered significant. The business incubator and even its leader must have doing good in society at the heart of their activities from an early stage. Even when an incubator is structured as a network, there must be an entity that is clearly responsible for the management and maintenance of incubator operations.

As the primary operators of the incubator, participants listed educational institutions in which training and work placements could be used to guide individuals towards social entrepreneurship or working in social enterprises. Educational institutions could have a better opportunity for long-term commitment if the aim is to promote the graduation of students and their transition to working life in the region/in Lapland. Another potential operator is the TE Centre, where employment, the utilisation of foreign labour and the allocation of skilled labour to the company would take place through the incubator. Proposed operators also included village associations, 4H associations and actors in the third sector. The village associations themselves provide services to revitalise the villages and increase cooperation between them. When you contribute, you benefit. The employees of the incubator would be specialists hired by municipalities and educational institutions or partners. The specialists are expected to have knowledge of social issues – the participants mentioned legal competence in particular – as well as proactive thinking.

When it comes to funding, discussion sparked about the funding of both, the incubator and the social enterprises, and the themes got a little mixed up in the lively debate. In general, the workshops highlighted the challenge of finding long-term funding for incubators.

When considering who the funding body could be, and how they could be motivated, it was considered important to highlight the benefits of the incubator. Although funding was considered challenging, several options were brought up: STEA funding (Funding Centre for Social Welfare and Health Organisations), funding channels for social activities (Business Finland, Sitra, TE, Regional Council of Lapland, local region), payments by participating companies, etc., regional entrepreneurship support received through village councils, Leader funding, Likiliike (a community and a label for local enterprises in Rovaniemi and Sodankylä), municipalities, educational institutions, local social enterprises and entrepreneurial organisations through investments, partnerships or cooperative membership. Funding may be linked to jointly agreed objectives. Public funding is important, but more permanent funding can be sought through networks, and funding opportunities must be scoped on a broad scale. Potential financiers should be made aware that they themselves will have access to a network of specialists through incubation activities. For providers of core funding, the limited duration of funding could be more attractive for five or three years at a time, for example, after which the funding will be reviewed.

The incubator may finance its operational activities through the sale of services to ensure continuity or commercial cooperation on suitable terms. Projects are good for initial funding, but they do not allow continuity. The incubator's operations must be independent, that is, the incubator must be free to make decisions independently of the sponsors.

Ensuring the continuity of the social enterprise incubator was considered important, and many options were found. Through projects, the continuity of the incubator's operations would be uncertain, as projects are of limited duration as a rule. One proposal handled a project in which the incubator is set up, and its continuity and funding are ensured even after the project has finished. Communication on the activities of social enterprises and the incubator was seen as essential for business continuity. If we can show that doing good creates good consequences for everyone, and that it is safe and beneficial to be involved in the incubator, the incubator will be easier to commit to. Benefits include clarifying and communicating about the values and objectives of social enterprises, carrying out audits or measuring impact.

Through cooperation between educational institutions and the incubator, students receive support for their future choices, employment and further education opportunities. The workshop participants also proposed a model in which the incubator itself could be a shareholder in the participating companies. Communicating the results and objectives of the incubator's operations through received feedback, the verifiability of social impact or the promotion of the visibility of social enterprises was highlighted. Concrete examples of this were the increase in the number of new social enterprises in the region and rewarding the social enterprise act of the year.

Several options were considered in relation to the operational implementation of the incubator. A common operating platform through which entrepreneurs can participate in the incubator can be created. This makes location and distance irrelevant, and the lack of fixed space means no space costs are incurred. The space can also be virtual. However, a physical meeting place would facilitate the emergence of team spirit and engagement, as well as easing communication. The combination of a virtual and a physical site was seen as a useful and up-to-date implementation method.

#### 4.3 EXPERTISE WORKSHOP ON THE OPERATIONS OF INCUBATORS

Municipalities, educational institutions, enthusiastic third-sector operators, cooperatives and cooperation networks were proposed as the owners or implementers of the operation. Both the higher and the secondary education institutions in the region were suggested. By a majority of one vote, the incubator was not considered to require any permanent physical facilities.

In this workshop, the participants returned to the topic of funding, and the proposed source of funding was the region and the participants of the activities, a regional or national actor, and a combination of basic funding and project funding in which basic funding would be provided by municipalities and educational institutions, and project funding would involve organisations and foundations. In one proposed model, funding would come from owners and shareholders so that municipalities could then finance the activities based on the achieved results. This proposal is a social impact bond, i.e. an impact-based performance contract in which, for example, the welfare-related service is financed by private financiers, while the acquiring municipality or other public body only pays for results in accordance with the objective. Such financing requires the definition and monitoring of precise indicators. Regarding funding, the comment was also made that funding should engage actors and entrepreneurs to share the good (human resources/contacts/advice received and funding) for a certain period with a specific pre-agreed contribution. Network-type funding was also proposed, where participants saw potential for new funding models to emerge.

The proposed next steps were setting up a working group and receiving start-up funding from the region. Recruiting key players and making an action plan, defining and engaging in activities, selecting the management team and working groups, planning financing and communications. Defining the values, objectives and significance of the actions, that commit the partners to long term cooperation (x years + x years, if the objectives are met), was also proposed. A more direct proposal was also made to gather a suitable number of actors and develop the operation directly through experimentation.



# 5. Social entrepreneurship – a topical development theme

## 5.1 NATIONAL STRATEGY FOR SOCIAL ENTREPRISES AND CENTRE OF EXPERTICE

In the spring of 2021, a working group set up by the Ministry of Economic Affairs and Employment drew up proposals for a strategy for social enterprises (TEM 2022, 9). The main objectives of the strategy (TEM 2022, 14) are in line with the matters brought up in the workshops:

- to raise awareness of the operating model and improve its visibility
- to promote responsible and impact-driven business competence
- to scale up and establish the societal innovations of social enterprises
- to boost the employment of people who are partially incapacitated or otherwise disadvantaged in the labour market
- to make statistics and data collection more systematic as well as increase and
- make better use of research activities
- to develop new models for impact funding

The driving force behind this work is the Marin Government Programme, which mentions improving the operational preconditions for social enterprises as a means of building an equal labour market and raising the employment rate (VN 2019, 133). Promoting cooperative entrepreneurship is mentioned in the same context (VN 2019,139) and as a means of enabling a dynamic and thriving Finland (VN 2019, 102). There are also other points in the Government Programme related to social entrepreneurship, which pertain to diverse business activities, financing of enterprises and corporate responsibility, for example.

As part of the work ability programme (TEM 2022, 19; and VN 2021), the first measure of the strategy is the establishment of a Centre of Excellence for Social Enterprises (hereinafter referred to as YYO in the text), which is a national specialist body.

According to the strategy, its approach utilizes networks, and its aim is to support and promote the start-up and operation of social enterprises at all stages. Support does not refer to financial support, but special expertise in social entrepreneurship. At the time of writing, the Centre of Excellence has already started its operation (YYO 2022).

Particular tasks for the Centre of Excellence include the development of business and impact skills and the promotion of social entrepreneurship. The Centre of Excellence must create nationwide advisory and guidance services and increase the visibility of the business model in business and employment services, as well as in the entrepreneurship education of educational institutions (TEM 2022, 19). To support awareness, there is a desire to create a permanent system instead of short-term projects. Information on social enterprises must be disseminated both to business advisors and other actors offering advice and support to companies, as well as financiers, consumers, decision makers and other stakeholders (The Ministry of Economic Affairs and Employment 2021, 18–20).

The strategy also includes the promotion of incubators and accelerators, as well as the systematic networking of social enterprises to improve competence. As there are differences between regions, the national models require an accompanying regional perspective, in which incubator and accelerator operations are seen as an opportunity (The Ministry of Economic Affairs and Employment 2021, 19).

## 5.2 LAPLAND'S MODEL OF A SOCIALLY SUSTAINABLE ECONOMY

The new regional strategy for Lapland or the “Lapland agreement” includes socially a sustainable economy as one of its strategic priorities. The aim is for Lapland to retain its vitality, which requires, among others, an inclusive labour market, various forms of entrepreneurship and smart public procurement (Regional Council of Lapland 2022, 39).

In connection with the new Lapland agreement, several matters related to the socially sustainable economy are promoted in the region by applying for funding for the “Social handprint” project family, which consists of four projects related to the theme at the time of writing. The project family has been worked on in multidisciplinary workshops, at which the Lapland University of Applied Sciences, the University of Lapland, Education Centre REDU, Lapland’s Centre for Economic Development, Transport and the Environment and the TE-Office have been represented. In addition, specialists from the Centre of Excellence in Social Enterprises have been present. This theme’s incentive for the project family is the problem of labour mismatches in the Lapland region. At national and regional level, both the topics of social entrepreneurship and social and economic sustainability are very current, so the soil is fertile for their development.

## 5.3 EU SOCIAL ECONOMY ACTION PLAN

At the end of 2021, the EU published its own 2021–2030 action plan for a socially sustainable economy. Several benefits are seen in a socially sustainable economy, such as supporting the diversification of business, the achievement of the Agenda 2030

sustainability targets, employment, and supporting the green and digital transition (European Commission 2021, 3). The Action Plan also recognises the lack of awareness of the issue, the financing challenges and the interest of consumers in more responsible consumption choices (European Commission 2021, 4). In addition to social enterprises, the EU Action Plan includes cooperatives, associations, foundations and mutual societies as actors in a socially sustainable economy. The EU considers the role of actors in maintaining the population and the economic activity of the regions to be important. Actors promote local production, implement social services and play a role in the progress of the circular economy and climate action, especially in rural areas (European Commission 2021, 10). The importance of a socially sustainable economy is particularly emphasised in the development of new sustainable policies, products and services in the circular economy, agriculture, renewable energy, housing and transport (European Commission 2021, 17).

The Action Plan divides the Commission's measures between 2022 and 2023. Among other things, 2022 will see the organisation of webinars and workshops for public authorities, the creation of cooperation between socially sustainable economic actors and mainstream companies, and the publication of financial products intended to channel private investment towards social enterprises (European Commission 2021, 22).

## 5.4 THE HEALTH AND SOCIAL SERVICES REFORM

At the beginning of 2023, the responsibility for organising health and social services and rescue services will be transferred to the wellbeing services counties (Soteuudistus 2022). Changes are also taking place in the regulation of public procurement as a result of the health and social services reform from the beginning of 2023. This change is relevant from the viewpoint of social entrepreneurship, as also public procurement has been considered an opportunity for social enterprises. Sparsely populated areas like Lapland provide opportunities for social enterprises, especially in social care and healthcare services, which are challenging to provide for the ageing population in remote areas.

At this stage, there is still no practical experience of how the reforms will affect tendering, procurement and the opportunities of small businesses to succeed in competitive tendering. For example, in Lapland, Sodankylä has succeeded in increasing the impact of the municipality's food purchases on the region through long-term work in developing the procurements. With the health and social services reform, the situation is changing, and the result may be separate food services for municipal services and health and social services. The impact of the health and social services reform will be examined, as the new regulations are considered to deprive small companies of opportunities to trade with a public operator in certain situations – for example, if there is a large international competitor in the field of health and social services (Ahola 2021). Social enterprises are often small, and the effects of the reform on public procurement and tendering are also an essential issue to clear up for the sake of these enterprises.



# 6. A social enterprise incubator in Lapland?

## 6.1 MAJOR INCUBATOR-RELATED ISSUES IN THE REGION

Much is currently happening around the socially sustainable economy. Since the National Centre of Excellence for Social Enterprises (YYO) has also now started its operations, it makes sense to connect the development activities to national development processes and networks. A plan to promote a socially sustainable economy has been published at the EU level, and the progress of this plan should be monitored. In the Lapland region, work has also been actively set in motion to promote a socially sustainable economy with several actors. The incubator for social enterprises fits in these goals.

As one of its activities, the Centre of Excellence will organise joint workshops for the development of the incubator and accelerator model in the spring of 2022 (YYO 2022b). The objective is to start five incubator and accelerator pilots in cooperation with accelerators and incubators already in operation. The development work will continue based on the results of the workshops (YYO 2022c). In addition, the Centre of Excellence will compile training material on the subject to support those actors who do not participate in the pilot at this stage.

There are no pilots in Rovaniemi or Lapland, as there are no incubators or accelerators currently operating here that could participate in the pilot. Setting up an incubator now is therefore unrealistic because of the lack of operators and expertise, but the time is right for planning the steps towards incubation. In addition, information has been obtained during the preparatory study project, e.g. on Sweden's and Scotland's actions regarding socially a sustainable economy and the ecosystem thinking of both regions. Although it is impossible to transfer activities directly from one country to another, these examples, as well as other elements that have emerged during the preparatory study, have shown that systematic support in the region is essential for social entrepreneurship.

The core issues regarding the establishment of an incubator in Lapland are in line with other regions:

- Ownership: who should be responsible for running the incubator?
- Competence: where to get it, who currently has the necessary knowledge, what kind of skills are needed, and who should have it?
- Mode of operation: should the incubator have physical premises, or should the operation be site-independent?
- Financing: How should the incubator's operation be financed?
- What is the aim of the operation?

### **Competence**

At this stage, the trickiest of these is the question of competence. Social entrepreneurship is poorly understood at the theoretical and conceptual levels, and even more poorly at the practical level. Likewise, there is no active business incubator operation in Lapland, where the incubator of social enterprises could be incorporated as part of existing activities. The profit-sharing model, which differs from the mainstream of social enterprises, and other special features are a challenge to advisory bodies. Acquisition of skills or know-how is a time-consuming process for two reasons: learning itself takes time, as does communicating about the theme, which is necessary for encouraging the acquisition of skills and know-how.

The issue of competence is also related to the entire network and the operating environment surrounding the enterprises. At the very least, the basic information regarding social entrepreneurship's opportunities and modes of operation should reach a range of actors, not just entrepreneurs and their employees and customers. Due to the social impact goals, social actors, decision makers, government officials and third-sector actors in the region also need information and competence, because the activities of enterprises will be linked to these stakeholders in one way or another, and without the support of these actors, the operation of social enterprises can be difficult.

### **Consensus on the objectives of the operation**

A consensus between the actors on what is to be achieved must be specified at the start of the operation. When discussing this, it may be noticed that there are still different perceptions of what a social enterprise is, and what kind of objectives such an enterprise may have. In Finnish, the terms social enterprise ("yhteiskunnallinen yritys") and work integrating social enterprise ("sosiaalinen yritys") continue to get mixed up in everyday conversations, and due to the freshness of the topic, not all the possibilities and features of the enterprise are known outside the circle that is working on the topic. It is therefore important to reach a common understanding of what is actually being done, and what the term "social enterprise" means in the context of an incubator.

In addition, when considering the operations of the incubator, it is important to achieve a common understanding of what the incubator's activities aim for, what the

activities involve, and what kind of businesses the incubator can serve. Is the purpose to increase the number of enterprises or to support the growth and development of social enterprises? Are incubation activities intended to support the start-up phase of an already existing business, to support growth, or are there “pre-incubation” activities in which an entrepreneur can familiarise themselves with their business idea and its profitability, as well as entrepreneurship in general, before making the decision to start a business? (see [BusinessOulu](#)). Is the incubator aiming for a certain impact, which would mean deciding on the impact indicators? If the aim is not to increase the number of enterprises, is the aim a minimum total turnover for the social enterprises in the region? Or are we looking for long-term entrepreneurship? These different types of objectives will in part require different measures.

### **Ownership**

Neither workshops nor specialist speeches revealed any clear entity that could act as the owner of the incubator concept at this stage. The municipality has no current incubation activities, but various bodies are working with entrepreneurship that could be suitable for the task. Over time, if a Swedish- or Scottish-style ecosystem could be established in the area, the ownership of the incubator activities could be given to an operator or working group that is yet to exist.

One angle for considering the owner is that the owner brings their own perspective to the operation. If an organisation or agency in a particular sector were chosen as the owner, the operation would probably also highlight issues related to that organisation or agency. It would therefore be beneficial if the owner were a cross-sectoral operator. The operator should also be up to date on the situation in the region, because the business activities seek to create impact, especially in the region.

### **Financing**

The ownership and financing of incubator operations are linked. There was also discussion on the financing of the enterprises themselves, but the financing theme of this action plan is specifically related to the financing of incubators, not social enterprises.

As for financing, several proposals emerged from the workshops, including project funding. The continuity of operations after the project is finished is a well-known problem in project funding, and we should therefore pursue an approach that does not rely solely on project funding. On the other hand, the workshops and preliminary study show that a model that requires a huge financial effort from a single entity cannot be recommended for this region. Project funding could be a way of starting up the operation and could occasionally also be involved in the activities of the incubator and the actors involved with it.

If project funding is to be used, it should primarily be used to organise and engage the activities and actors involved, rather than for the incubation activities themselves. If the project funding were to be used to develop the incubator programmes and perhaps to hire staff to run the programmes, the incubator would be in the same situation after the end of the project as it is now: without a wider support network or organisation

for business continuity. One of the most important uses for the initial project funding should be to specify the need for and source of ongoing funding. Some of the proposals in the workshops considered whether incubating enterprises should contribute to the costs in some way. Such an approach could raise the threshold for participation, and if the activities were organised by a public or non-profit organisation, those considering entrepreneurship might expect the activity to be free of charge. Moreover, it is difficult for social enterprises themselves to find funding for their operations, which may contribute to making it more difficult to participate in activities that require funding.

The SWOT table below compiles observations on the characteristics of the operating environment from the perspective of the establishment of incubators for social enterprises.

**Table 1.** SWOT-table

<p><b>Strengths (S)</b></p> <p>Social sustainability a topical issue at EU and both national and regional levels</p> <p>Co-development between organisations in the field of social sustainability</p> <p>Some operators already exist in the region</p> <p>The topic is also discussed in educational institutions</p> <p>Support for the development of social sustainability in the regional strategy</p> <p>International networking within the subject</p>	<p><b>Weaknesses (W)</b></p> <p>Lack of established incubator activities in the region</p> <p>No clear candidate for owner</p> <p>Private and third sectors largely absent from the discussion at this stage</p> <p>Low awareness of the topic among the general public</p> <p>Lack of skills in advising and developing social enterprises</p> <p>Lack of financing expertise and instruments</p> <p>Challenges in reaching target groups in a large sparsely populated area</p>
<p><b>Opportunities (O)</b></p> <p>Development at national and EU level regarding skills and funding</p> <p>Existing business consulting in the region</p> <p>Development work in the region for the development of support services for business RDI activities</p> <p>Development of entrepreneurial activities in higher education</p> <p>Increased sense of responsibility among consumers and businesses</p> <p>Parallel circular economy and digital transition themes</p>	<p><b>Threats (T)</b></p> <p>Not considering all ways of influencing society</p> <p>Development too authority-driven, in which case the topic will not be brought to the awareness and practice of the wider public but will remain at the level of strategy-planning</p>



Currently, the activities of the YYO are linked to the government's work ability programme, and employment issues are also key in the ongoing socially sustainable economy activities in Lapland. Employment is currently an important issue at the heart of development, both locally and nationally. There are also other developments that are linked to the theme of social entrepreneurship. In sparsely populated areas, access to services is a challenge, and various development needs related to environmental well-being are current issues. These are also issues social enterprises can influence. The EU's action plan for a socially sustainable economy raises the circular economy and the digital and green transition as parallel themes to a socially sustainable economy (European Commission 2021, p. 17). In addition to the fact that the themes are mentioned together in many places in the EU action plan, they are also united by their novelty as topics and the opportunities they offer to the regions. Although not every company operating with a circular economy business model is a social enterprise, the freshness and impact of the themes are such that it is worth developing them together.

## 6.2 DOES THE INCUBATOR NEED WALLS?

Lapland is a large and sparsely populated region. The challenges familiar from other sparsely populated areas are also evident in Lapland: long distances, demographic change, challenges in implementing services and challenges related to employment. In addition, there has been an exceptional period during the project caused by the coronavirus, which has caused a big change to forms of work and development. Pending the normalisation of the situation, the long exceptional period has brought about possible changes in work practices, which several organisations are now considering, as employees and partners have learned new ways of working when adapting to the current situation, while new tools required by the situation have been developed and introduced. Over time, we will be seeing the far-reaching effects of this phase, but in general, we can assume that many people have adopted different ways of doing things independently of location as a natural part of work during this time.

Based on workshops and research, the basic options for the form of the incubator could be:

**Table 2.** The basic options for the form of the incubator

Concrete sites	Virtual incubator	Networked multi-stakeholder model
<ul style="list-style-type: none"> <li>• Physical premises specifically focusing on the incubation of social enterprises</li> <li>• One owner/funding body, possible project funding in the background</li> <li>• The staff is the owner/financier's staff, training themselves about the subject with, for example, YYO study materials</li> </ul>	<ul style="list-style-type: none"> <li>• A virtual incubator focused on social entrepreneurship</li> <li>• One owner/funding body, possible project funding</li> <li>• The staff is the owner/financier's staff, training themselves on the subject with, for example, YYO study materials</li> <li>• Virtual guidance through Teams, for example</li> </ul>	<ul style="list-style-type: none"> <li>• no actual physical location</li> <li>• a networked approach, in which the incubator's specialists are the specialists from several different organisations with whom entrepreneurs and those considering entrepreneurship are already in contact (municipal business advisors, the TE Office, representatives of educational institutions, local entrepreneurship specialists, and e.g. Leader actors in Lapland)</li> <li>• guidance takes place in ways that are already familiar in the region</li> <li>• Members of the network train themselves on the subject with YYO's learning materials, for example</li> <li>• Coordinated by one entity</li> <li>• enables both local and remote operations</li> <li>• funding: project funding for the launch of networking activities to organise the network of actors, to communicate about the topic and to acquire skills, after which the activities are well established as part of the day-to-day work of the actors and organisations involved</li> </ul>
<p><b>Benefits:</b></p> <p>clear approach</p> <p>physical premises enable in-person co-development</p>	<p><b>Benefits:</b></p> <p>wider geographical reach</p> <p>allows a larger number of participants</p> <p>lower space costs</p> <p>site-independent to a certain extent</p> <p>online networking between other incubators or incubator customers</p> <p>the skills and functions of educational institutions can be utilised elsewhere</p>	<p><b>Benefits:</b></p> <p>no space costs</p> <p>it is possible to keep the staff costs of the coordinating organisation at a reasonable level</p> <p>those interested in social entrepreneurship may discuss with specialists they already might know</p> <p>the specialists are local and know the local operating environment</p> <p>specialists bring information on the subject to the regions</p> <p>would implement the spirit of the Lapland Agreement</p> <p>face-to-face meetings would be possible with specialists in the region, and perhaps with other social entrepreneurs or those considering entrepreneurship, even with a purpose of co-development</p> <p>specialists could network with each other across the region and across regional boundaries</p> <p>the operating model can withstand fluctuation in the number of customers, as specialists also have other tasks</p> <p>does not exclude remote functions</p>

Concrete sites	Virtual incubator	Networked multi-stakeholder model
<p><b>Risks:</b></p> <p>the site can be a large expense item unless the operator already has suitable premises</p> <p>there is not enough demand for operations in the site's region to make it worthwhile</p> <p>the problem of potential project financing; no continuity of operations or a continuous cycle of project funding</p>	<p><b>Risks:</b></p> <p>Not all potential incubator customers will be reached, because they shy away from technology</p> <p>Customers don't know how to use the technology, or the required network connections are not available</p> <p>The quality of development suffers from working remotely; trust or a tangible sense of progress is not formed</p> <p>Challenges of remote co-development</p> <p>The remotely working specialist may be unfamiliar with the operating environment of the customer's municipality</p>	<p><b>Risks:</b></p> <p>The specialists' level of expertise should be ensured</p> <p>a multi-stakeholder network can be difficult to coordinate; it is important for the coordinator to be informed of activities taking place across the board and of any potential needs</p> <p>requires strong communication and marketing to engage specialists</p>

Taking Lapland's conditions into account, a multi-stakeholder network could be suitable for the area. A faint signal of this is that no clear leader was provided by the workshops and the international examples from Sweden and Scotland. A multi-stakeholder network would also be suitable for the overall promotion of the theme. As Lapland is not about to launch a pilot for YYO activities, the timespan for launching the operation will be determined by factors like when YYO teaching material will be available, whether more training will be needed, and when the multi-stakeholder network can be assembled. In this option, it is important to make the specialists in the regions aware of and enthusiastic about social entrepreneurship.

YYO is launching incubator pilots in areas that already contain incubator activities, because the idea has been to link incubator activities of social enterprises with existing operations. There are no incubators in Lapland, but there is support for the creation and growth of businesses, and it would therefore be wise to follow the same principle and link the operation with those already working on the development of businesses. For example, operations under this option could be launched as a project that would consider, among other things, the work carried out by the YYO and the views of the operators and businesses in the regions.

The first option for an incubator in a physical location could act as a pilot in a specific area, or if incubator operations become established in some areas, it may be possible to establish physical sites or bases for their operations if necessary. Expandability may pose a challenge to the pilot. Like we cannot adopt practices directly from other countries, we are also unlikely to be able to transfer practices directly from one municipality to another, because each municipality is different. It would also be possible to create a combination of the physical and the virtual model, in which the advantages of both models would be exploited. In terms of implementation and organisation, it would probably converge in practice with the multi-stakeholder network model, citing interna-

tional examples from Scotland and Sweden, where the support of the operating environment for socially sustainable economy activities is emphasised.

### 6.3 BENCHMARKING OTHER ORGANISATIONS

One point of reference for the Lapland incubator may be the Centre of Excellence for Social Enterprises that has started its operation, as the issues relevant to the Lapland region also partly concern national activities. YYO is a networked operator managed by the Finnish Association of Social Enterprises Arvo ry, and its other members are the Diaconia University of Applied Sciences Oy, Rehabilitation Foundation sr, Pellervo Coop Centre ry, Silta-valmennusyhdistys ry and Vates Foundation sr (YYO 2022). The purpose of the YYO is to increase competence and produce related training material. The YYO currently has funding up to 2023, after which the aim is to continue with possible ESR funding (TEM 2021).

Another example of a network-based approach is International House Tampere, which brings together Tampere's services regarding work- and education-based immigration. Services are offered to both employers and jobseekers. The networked service providers are the city of Tampere, Tampere Vocational College Tredu, The Social Insurance Institution of Finland Kela, the institutes of higher education in Tampere, and the Pirkanmaa TE Office (Tampere 2022). The activities have been developed as a project coordinated by the city of Tampere. The University of Tampere, Tampere University of Applied Sciences and the Tampere Vocational College in addition to the TE Office participated in the project's development phase (Tampere 2021).

### 6.4 HOW CAN MULTI-STAKEHOLDER ORGANISATIONS BE ORGANISED?

It would be beneficial to launch the planning process through co-development so that all relevant stakeholders are informed about the development work. Lapland experimented with co-development when designing a socially sustainable economy project family at the turn of 2021–2022, and the experiences were positive. Co-development should involve actors which deal with people starting or developing their business operations, and at least:

- YYO
- TE-services
- Business advisors
- Centre for Economic Development, Transport and the Environment
- Regional Council of Lapland
- Municipalities
- Vocational institutes and higher education institutions in the region
- Pellervo Coop Center (organisation for Finnish co-operatives)

- ProAgria (Finnish development organization for agriculture and rural businesses)
- Osaamo (Organisation supporting in job search, career planning, entrepreneurship, and for example retraining)
- Existing social enterprises
- Foundations, associations and cooperatives
- Third-sector operators
- Banks and financiers
- Entrepreneurial organisations
- other stakeholders such as the Rovaniemi Village Development Foundation, staff of the YYO pilot sites

An appropriate time to start co-development could be the end of the YYO pilot period or a period thereafter when YYO and possibly even the participating pilot sites could provide information on best practices and recent findings. It would be a good idea to be convened by bodies that promote livelihoods and entrepreneurship, such as the Centre for Economic Development, Transport and the Environment, the Regional Council of Lapland, and possibly Lapland University of Applied Sciences as part of its own promotion of a socially sustainable economy, as well as by measures related to entrepreneurship.

The co-creation workshop should review the results of the YYO pilots, the available study materials, and the level of expertise and competence needs of the actors and stakeholders. The major incubator-related issues in the region that would need to be resolved include the issues mentioned earlier in this report, i.e. meeting skills needs, and the responsibility of coordinating the activities, as well as objectives and funding. Based on the preliminary study, it appears unlikely that the incubator as a single operator without regional support structures would be successful.

## 6.5 HATCHING THE INCUBATOR

Incubation activities involve more than just activities directly related to the development of enterprises. Companies, and depending on the mode of operation, people considering entrepreneurship, are key stakeholders for the incubator. However, since this is social entrepreneurship, stakeholders also include social actors, and tasks also include support for the social objectives of enterprises. On the other hand, because of its social impact, social actors also have an important role to play in how the incubator can operate, and what support structures are in place.

The process of developing an incubator can be seen as having two sections: establishing the criteria to enable the establishment of an incubator and developing a strategy to enable the continuation of an established incubator. In part, these issues overlap in the pursuit of societal impact and business continuity.

Below is a table summarising the start-up process of the incubator’s operations.

**Table 3.** The start-up process of the incubator’s operations

<b>ENABLING MEASURES FOR THE INCUBATOR</b>			
	Responsible entity / Actors	Priority	Indicators/Result
Mapping and creating the operational and implementation environment		1.0	
Co-development workshop to build foundations for operation	Municipalities, Regional Council of Lapland, Centre for Economic Development, Transport and the Environment, TE Office, wellbeing services counties, foundations, organisations, educational institutions, companies	1.1	The form and ownership of the activities, the financing of the activities, and the objectives are decided, the network of actors is identified, and it is decided whether to apply for a project funding or to get organised without it, given that the activities cannot be funded by projects in the future
Ensuring a supporting network for actors in the region	Municipalities, Regional Council of Lapland, Centre for Economic Development, Transport and the Environment, TE Office, wellbeing services counties, foundations, organisations, educational institutions	1.1	Key actors have been engaged, the coordinating person/working group has been appointed. The actors identify opportunities for social enterprises in employment, environmental objectives, welfare-related objectives (e.g. the well-being of children and the elderly), as well as in impacts of public procurements, for example.
Including the topic of social entrepreneurship in studies	Educational institutions, YYO	1.1	Social entrepreneurship is addressed in the courses related to entrepreneurship and other entrepreneurial activities.
Including the topic of social entrepreneurship in studies	Educational institutions, YYO	1.1	Social entrepreneurship is addressed in the courses related to entrepreneurship and other entrepreneurial activities.
Enterprises in the region: social enterprises and enterprises interested in social enterprises	coordinating body/working group, YYO, educational institutions, business associations,	1.2	The number of social enterprises and their industries is known, as are interested enterprises and cooperating enterprises
Financing sources for enterprises	coordinating body/working group, YYO, business developers and advisors	1.2	Financiers and investors have been mapped
Skills related to social entrepreneurship in the region	coordinating person/working group, YYO	1.3	We know what concrete skills the region has for the business and financing of social enterprises, and what skills need to be acquired
Business potential, key sectors potential entrepreneurs, employees and customers	coordinating person/working group, YYO	1.3	We have an understanding about social and socially sustainable business opportunities in the region

<b>TASKS OF THE INCUBATOR</b>			
Organising the incubator's own activities		2.0	
Clarifying the role and objectives, and creating the incubator's own strategy	coordinating body/working group, business developers and advisors	2.1	A clear and shared understanding of the incubator's objectives: increasing the number of companies/turnover of companies/ achieving the SDGs/other objective?
The incubator's own business plan and organisation	coordinating body/working group, YYO, other incubators of social enterprises,		Cooperation with the support network is organised: Centre for Economic Development, Transport and the Environment, municipalities, regions, etc., as well as with other stakeholders such as educational institutions, companies, business associations, other incubators, foundations and organisations
Organizing cooperation with the support network: municipalities, Centre for Economic Development, Transport and the Environment, Regional Council of Lapland, etc.	coordinating body/working group, TE Office, Centre for Economic Development, Transport and the Environment, business developers and advisors		
Organising cooperation with other stakeholders: companies, educational institutions, foundations, organisations	coordinating body/working group, business developers and advisors, educational institutions, companies		
Engagement of specialists	coordinating body/working group, Centre for Economic Development, Transport and the Environment, TE Office, Regional Council of Lapland, municipalities, organisations	2.2	Business advisors etc. are also committed to provide advice on social entrepreneurship
Acquisition of skills	YYO, educational institutions	2.3	Business advisors etc. have concrete advice and information to support and encourage companies, new information needs are identified.
Development of performance indicators	coordinating body/working group, YYO, Centre for Economic Development, Transport and the Environment, TE Office, Regional Council of Lapland	2.4	Operations have objectives and indicators that are monitored and improved
Developing up-to-date internal processes for the incubator	coordinating body/working group	2.5	The incubator has a plan on how to develop operations after the start-up, and how to identify needs and design solutions for them
Content of the incubator's actual entrepreneur-serving activities		3.0	
Planning and implementation of incubator programmes: from a well-formed idea to a business	coordinating body/working group, YYO, educational institutions	3.1	The incubator has programmes that help develop the business idea into a business

Pre-incubator programmes: finding and testing ideas, getting acquainted with entrepreneurship	coordinating body/working group, YYO, educational institutions	3.2	The incubator has programmes in which those considering entrepreneurship can get acquainted with entrepreneurship, come up with a business idea and test its feasibility
Networking activities and communication about activities: events, workshops	coordinating body/working group, educational institutions, TE Office, Centre for Economic Development, Transport and the Environment	3.3	Activities will be promoted in the region, and social entrepreneurship, social innovation and a socially sustainable economy will be introduced to interested parties and stakeholders e.g. through workshops and networking events
Other activities in support of the incubator		1-3	
Monitoring the agreed indicators	coordinating body/working group, Centre for Economic Development, Transport and the Environment, TE Office, Regional Council of Lapland, municipalities	2.4	Regional developers and those committed to the coordination of activities have information on the activities
Further development of the indicator system	coordinating body/working group	2.4	The indicator system is improved to meet changing needs
Development of communications and marketing	coordinating body/working group	2.1	The subject of social entrepreneurship is becoming more widely known in the region
Maintenance and expansion of the network of operators	coordinating body/working group, educational institutions, business developers and advisors, financiers	2.3	Incubator activities are based on networking between public and private actors, other incubators and educational institutions, and aims for socially sustainable economy in the region.

It might be useful to set up a forum at the incubator to bring together social enterprises already active in the region, mainstream companies interested in the subject, and public sector representatives. The forum would provide the municipality or region with information on the social enterprises already operating in the region and their needs, for social enterprises the forum would provide training and information on areas such as public tendering, and the forum could serve as a place for discussion and development for all parties.



## 7. Closing words

This article has discussed networking activities, has embedded hope in the word ecosystem, and has considered operating models, among other things. However, the core objectives are:

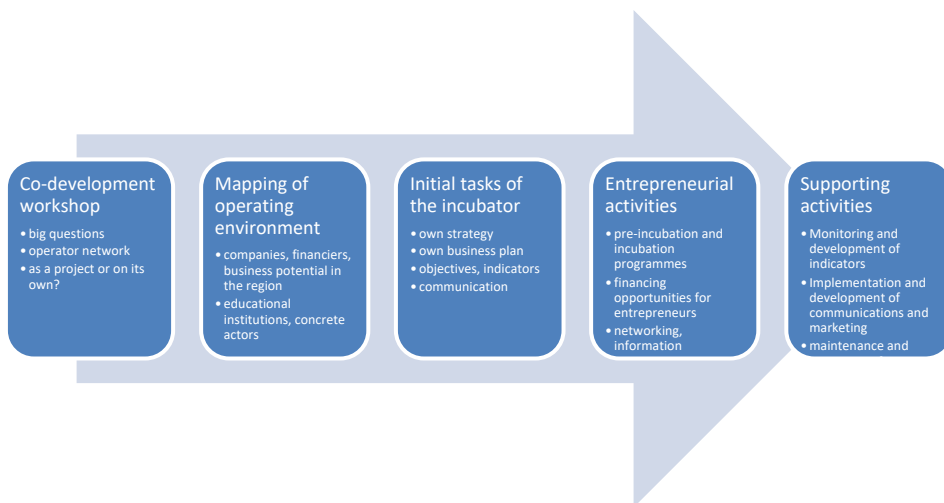
- To offer advice, development measures and business expertise in setting up social enterprises. In other words, knowledge
- That the operation will be someone's responsibility, i.e. the operation will have an owner
- That the operation will not remain for the duration of a single project but will have continuity
- That society, business developers and entrepreneurs can all interact with each other, i.e. there will be networks

These include sub-items that have been elaborated in the article so they can be considered from the perspective of regional needs. However, when developing measures, one should especially consider how they serve social entrepreneurship and those who want to become social entrepreneurs, and how they can improve the region's situation. A social enterprise cannot be considered independent from the region it operates in, and neither therefore can the incubator. When developing incubator operations, it is not only the incubator that is under development: the planning process must be two-pronged. The first part engages the region's operators and establishes support networks within which incubation may take place. The second part develops the strategy for the incubator. This is intended to ensure business continuity and make sure that there is already some support and an identified need for incubation when the incubator is started up.

In 2020, the Ruralia Institute published a booklet full of tips for municipalities interested in supporting social entrepreneurship. The publication is a compilation of surveys and workshops involving many municipal actors, specialists and decision makers from all over Finland. For example, the publication contains a table of ways to support social entrepreneurship in the region, listing the most effective and simultaneously the easiest measures to implement that do not conflict with this report (Ruralia Institute 2020, 34). These include training business consulting and municipal decision makers in social enterprises, finding appropriate funding channels (network-

ing across municipal boundaries) and using social enterprises to fulfil municipal social obligations. In addition, a contact person is proposed. The table was created in workshops, and workshop participants were allowed to classify pre-selected measure proposals according to their usefulness and difficulty of implementation. In addition, the report highlights partnership as a key word (Ruralia Institute 2020, 37–) and describes different types of partnership, networking and cooperation. We have heard examples of ecosystems based on multifaceted collaboration from Scotland and Sweden. In turn, the content of this booklet reflects the ideas of Finnish municipal actors and supports the idea that the incubator cannot be just an individual actor but requires the support of all sectors, as well as jointly developed measures based on the needs of the region.

The actions proposed in the action plan can be summarised in the following timeline. The paragraphs are elaborated more precisely in the text.



**Figure 1.** Timeline of the actions proposed in the action plan

## 1. co-development workshop

### a. big questions

- ownership
- financing
- expertise
- mode of operation
- objectives

### b. actors and how to promote this

- operator network
- is a project applied for, or is organisation possible without it?

**2. Within the framework of a possible project, or without: Mapping the operating and implementation environment of the incubator**

a. companies, financiers, business potential in the region, educational institutions, concretising the support of operators

**3. Within the framework of a possible project, or without: Initial tasks of the incubator**

a. Clarification of the incubator's role and objectives, the incubator's own strategy and business plan, performance indicators, competence mapping and procurement

**4. Within the framework of a possible project, or without: Content of the incubator's actual entrepreneur-serving activities**

a. pre-incubation and incubation programmes, networking, information, identification of funding opportunities for entrepreneurs;

**5. Other activities in support of incubation**

a. Monitoring and developing indicators, making and developing communications and marketing, maintaining and growing networks



## 8. Attachments

Figure 1 summarises the key elements of the results of the Study on Social Enterprise Incubators – SYTYKE project workshop. The traditional business model template, Business Model Canvas (BMC) (Figure 2) or the business model of a social enterprise (Figure 3) can be utilised when a business incubator is established after this preliminary study.

**Figure 2.** Social enterprise business incubator in Lapland, fruits of the workshop

<b>LEADER:</b>	<b>CUSTOMERS:</b>
<p>There are several options for the leader of the incubator, either individually or in combination:</p> <ul style="list-style-type: none"> <li>• educational institutions</li> <li>• TE Centre</li> <li>• village associations</li> <li>• 4H associations</li> <li>• third-sector operators</li> <li>• municipalities</li> </ul>	<ul style="list-style-type: none"> <li>• social enterprises in a wide range of sectors</li> <li>• those newly planning social enterprise</li> <li>• jobseekers</li> <li>• students</li> <li>• researchers</li> </ul>
<b>TASKS:</b>	<b>ECONOMIC IMPACTS:</b>
<p>Our business incubator offers the following services to its customers:</p> <ul style="list-style-type: none"> <li>• mapping entrepreneurship opportunities</li> <li>• helping set up a business</li> <li>• drawing up and renewing business plans</li> <li>• assistance in marketing</li> <li>• drawing up financial plans</li> <li>• looking for financing options</li> <li>• assistance with recruitment</li> <li>• promotion of employment</li> <li>• searching for communication options and routes</li> <li>• arranging education, guidance and consultancy services</li> <li>• organising events</li> <li>• identifying suitable projects</li> <li>• assisting in the submission of project applications</li> <li>• promoting and enabling research activities</li> <li>• measuring societal impact</li> </ul>	<p>To ensure economically viable operations, the following must be considered:</p> <ul style="list-style-type: none"> <li>• the specific characteristics of social enterprises</li> <li>• the internalisation of the values of social enterprises</li> <li>• the conviction and clarity of the business idea</li> <li>• creation of added value</li> <li>• concretisation of benefits</li> <li>• ensuring continuity</li> <li>• engagement of stakeholders</li> <li>• different profit-sharing model</li> </ul>

<b>FINANCING:</b>	<b>PLACE OF BUSINESS:</b>
<ul style="list-style-type: none"> <li>• STEA funding</li> <li>• Business Finland</li> <li>• Sitra</li> <li>• TE Office</li> <li>• membership fees, cooperative model</li> <li>• investors, limited company form</li> <li>• business organisations</li> <li>• participant companies as financiers</li> <li>• Leader funding</li> <li>• municipalities</li> <li>• educational institutions</li> <li>• project funding (seed funding)</li> <li>• sales of services</li> <li>• commercial cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• shared operating platform</li> <li>• virtual teamwork space</li> <li>• multi-seated physical space</li> <li>• combination of virtual and physical space</li> <li>• space where team spirit is best born, and which can help with engagement</li> <li>• synergy workshop, idea incubator</li> </ul>

**Figure 3.** BMC (translated and adapted from Berg 2021; Liedes, Sipponen, Upola, Tekoniemi-Selkälä 2021, 5)

<b>Resources</b>	<b>Core functions</b>	<b>Value promise</b>	<b>Relations</b>	<b>Customers</b>
<b>Who do i work with?</b>  Key partners	<b>What tasks are carried out in my company?</b>  Key processes	<b>What does my company offer?</b>  Value proposition	<b>How do i meet my customers?</b>  Customer relationships  <b>Channels</b>  <b>How do i reach my customers?</b>  Distribution channels	<b>Who does my company serve?</b>  Customer segments
<b>Costs</b>		<b>Business Implications</b>		
<b>How much do my business activities cost?</b>  Cost structure		<b>How do i price my products, and where do my company's earnings come from?</b>  Revenue streams		

**Figure 4.** The business model of a social enterprise (translated and adapted from Muhonen 2021)

<b>Social enterprise business model</b> This canvas is based on the Social Enterprise Canvas developed by Stephen de la Peña (SEEN-Social Entrepreneurship Education Network)					
<b>Mission:</b> Mission is the unchanged goal of your business. It is born out of your own passion, and tells why your business exists. Every decision and choice you make should support the mission.					<b>+ Side effects:</b> Who other are benefiting from business in addition to primary beneficiaries? Could you develop your business to this direction as well?
<b>Problem:</b> What is the problem you are offering a solution for?	<b>Activities:</b> What does your business do?	<b>Assesment:</b> How do you assess, how your business is fulfilling its purpose? What numbers you have to keep your eye on? Keep both societal and business goals in mind. Beneficiaries:	<b>Relations:</b> What type of relationships you form with beneficiaries, customers and other stakeholders?	<b>Reachability:</b> How do you reach your customers? How do customers reach and find your products or services?	
<b>Solution:</b> How are you solving the problems?	<b>Societal added value:</b> What good does your business bring to its target group? Keep the target group in mind.	Who does your business benefit? Who needs the solution you are providing the most?	<b>Partners:</b> Who are the most important partners of your business and what do they do?	<b>- Side effects</b> What unintentional negative side effects does your business cause for your target group, to other people or to organisations? Minimize the negative impact of your business.	
<b>Costs:</b> What costs does your business have?			<b>Economical sustainability:</b> Where does your business get money from?		





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**One of the objectives of the Study on Social Enterprise Incubators – SYTYKE project** (North Ostrobothnia North Ostrobothnia Centre for Economic Development, Transport and the Environment Centre, ESF, Vipuvoimaa EU:lta) is to prepare a roadmap for the establishment of a social enterprise incubator in Lapland. The project has gathered information on previous activities to promote social entrepreneurship in the region, sought examples from abroad and interviewed representatives of stakeholders and specialists.

Three specialist workshops were organised to support the preparation of the roadmap. The aim of the workshops was to gather the perspectives of the field's specialists on the establishment, funding, actors, tasks and operating model of the incubator. In addition to the specialist workshops, four workshops were organised for young people and those in a weak position on the labour market. The aim of the workshops was to identify the needs and wishes of the young people, the factors that influence the establishment of a business, and the target group's perceptions of entrepreneurship.



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