



A map of social enterprises and their eco-systems in Europe

European Commission

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A report submitted by [ICF Consulting Services](#)

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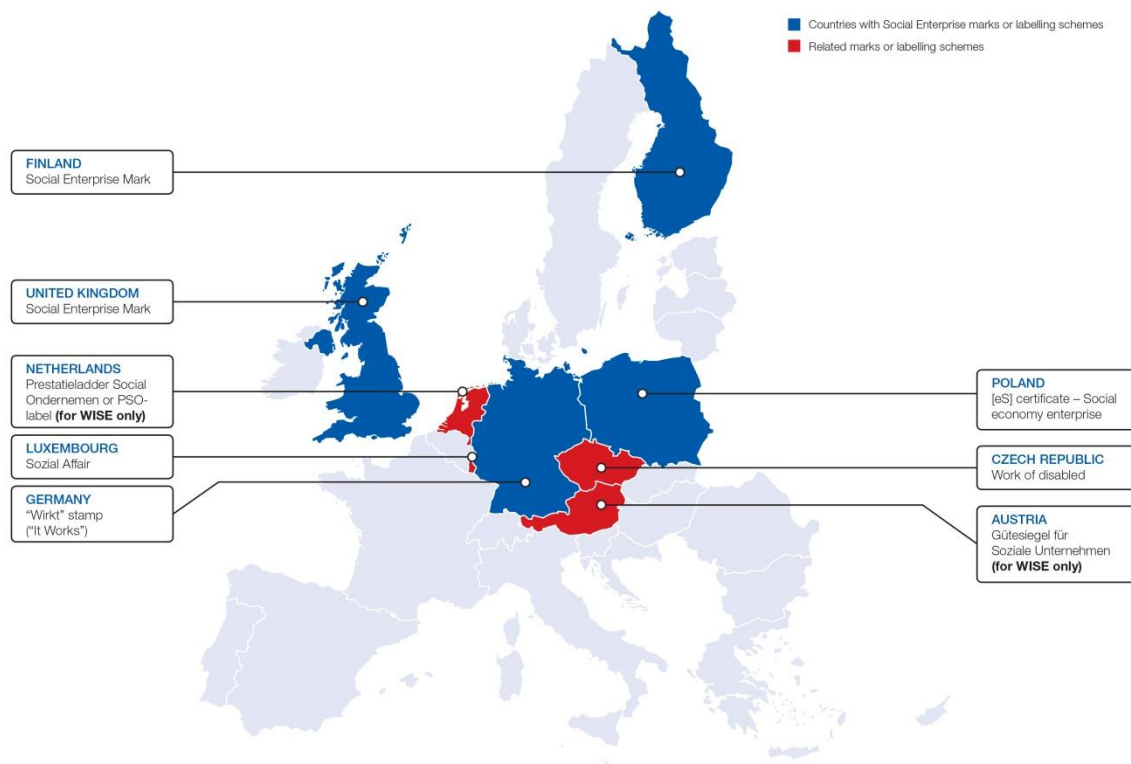
Marks, labels and certification systems

Marks, labels and certification systems for social enterprises are not particularly widespread across Europe, but they have been implemented in four European countries (Figure 5.3). Table 5.4 provides an overview of the main features of these four schemes, namely:

- The Finnish Social Enterprise Mark (F-SEM);
- [eS] certificate - Social economy enterprise (Poland);
- Social Enterprise Mark (UK); and
- “Wirkt” stamp or “It Works” stamp (Germany).

Marks, labels and/ or certificate systems – where these exist- have struggled to gain widespread recognition and have achieved limited adoption amongst social enterprises. For example, a recent evaluation of the Finnish Social Enterprise Mark, which was introduced in 2012, found that the Mark was not particularly well-known among the general public, but that surveyed individuals would be ready to give preference to enterprises using the label (as the objectives of the Mark were considered to be important to them).

Figure 1.1 Countries with marks, labels or certification schemes for social enterprises






In addition to such formal marks, labels and certification systems, there are also a couple of countries that maintain informal lists/ registers of existing social enterprises. For example, in Sweden there is a list of WISEs administered by the Swedish Agency for Economic and Regional Growth, whilst in Slovakia the Ministry of Labour, Family and Social Affairs maintains a register of social enterprises.

There are also a number of Member States that have taken concrete steps to develop marks, labels and/ or certification systems. For example in Denmark a legal proposal to set up a voluntary register of social enterprises was submitted to the Danish Parliament in

February 2014. Similarly, in Bulgaria the introduction of a social enterprise mark/ label is identified as a priority in the Action Plan for the Social Economy.

The motivation for introducing a voluntary register in Denmark is to provide a common identity among social enterprises (some of which may not currently use the term social enterprise to define themselves). Registered social enterprises will be able to use the term social enterprise in their name or for marketing purposes. The voluntary register can be seen as a first step towards introducing a more formal social enterprise mark. However, a Government appointed Committee of Social Enterprises recommended that a social enterprise mark should only be introduced once the sector is mature and the market is ready; and once the social enterprise register operates effectively.

Table 1.1 Overview of Social Enterprise marks and labelling schemes

	 The Finnish Social Enterprise Mark (F-SEM)	 [eS] certificate - Social economy enterprise (Poland)	 Social Enterprise Mark (UK)	"Wirk" stamp ("It Works")
Certification authority	The Social Enterprise Mark is granted and administered by the Association for Finnish Work. Established 100 years ago, the association is a politically independent non-profit organisation, which raises most of its revenues from member fees. It has nearly 2000 members, most of them Finnish enterprises. It is independent in regards of public sector actors, political parties and labour market parties.	FISE Foundation	The Social Enterprise Mark Company (a CIC) operates the Social Enterprise Mark. It claims to act as the sole independent certification authority for Social Enterprises in the UK.	The "Wirk" label is issued to effective social initiatives by PHINEO, a public benefit venture established by Deutsche Börse, the Bertelsman Foundation, KPMG, PwC and the Mercator Foundation.
Years of operation	Launched in December 2011, operational from 2012	2011	2010	2009
Geographical scope of the scheme	Nationwide in scope	Nationwide in scope	Nationwide in scope	Nationwide in scope
Aims and objectives of the scheme	To give identity to social enterprises, to differentiate them from traditional enterprises and, in more general terms, to raise awareness on the social enterprise business model	Support most entrepreneurial social enterprises through promotion and certification of their strong economic stand, high quality products and strong social impact;	The primary objective of the Mark is to provide a guarantee when a business genuinely operates as a social enterprise. The Mark develops knowledge and understanding of social enterprises by establishing a social enterprise definition and independent certification to represent businesses trading for people and planet.	The "Wirk" label is aimed at distinguishing public benefit organisations that are especially effective in resolving social problems. Organisations applying receive useful feedback on their strategy and operations during the PHINEO-analysis and can – if the label is awarded and used in promotion activities – expect higher revenues from donations. Accordingly, the majority of organisations screened are donor-funding-dependent initiatives, only a minority can be considered a social enterprise with business models based on market revenues. This voluntary private certification scheme involves a multi-stage



The Finnish Social Enterprise Mark (F-SEM)



[eS] certificate - Social economy enterprise (Poland)



Social Enterprise Mark (UK)

“Wirkt” stamp (“It Works”)

<p>Criteria for participation</p>	<p>To be eligible for the label organisation should meet three primary criteria and additional at least one of the ten features.</p> <p>The primary criteria that every social enterprise has to comply with:</p> <ol style="list-style-type: none"> 1. The primary objective and aim of a social enterprise is to promote social well-being. A social enterprise acts responsibly. 2. Limited distribution of profits. A social enterprise uses most of its profits for the benefit of society either by developing its own operations or by giving a share of its profits to charity according to its business idea. 3. Transparency and openness of business operations. In order to assure transparency, the company applying for the mark must write down its social goals and limited distribution of profits in the company's by laws, rules or corresponding agreements. <p>In addition to the above-mentioned key characteristics, a social enterprise must meet one or more of the following features:</p> <ul style="list-style-type: none"> ▪ measuring the company's social impact ▪ protecting the social mission with organisational arrangements ▪ customer-oriented approach in developing the business and tight relations to local communities 	<p>Eligibility criteria are based on legal status and scale of activities. The following legal forms are eligible:</p> <ul style="list-style-type: none"> ▪ Foundations, associations and similar church organisations carrying economic activity, ▪ Organisations running ZAZ, ▪ Labour co-operatives, co-operatives of the blind and disabled, social co-operatives, and ▪ Enterprises and limited liability companies that distribute no profits and spend all resources on statutory purposes. <p>Furthermore, organisations need to:</p> <ul style="list-style-type: none"> ▪ Have been established for at least 2 years , and ▪ Have net revenues above PLN 100,000 (EUR 25,000) in the last year for which data is available. <p>Applications from eligible organisations are assessed based on:</p> <ul style="list-style-type: none"> ▪ Economic criteria measured by financial data, e.g. return on sales, indebtedness, liquidity; ▪ Economic situation and 	<p>To achieve the Social Enterprise Mark certification the following criteria need to be met:</p> <ul style="list-style-type: none"> • Have social or environmental aims • Have own constitution and governance • Earn at least 50% income from trading (new starts pledge to meet this within 18 months) • Spend at least 50% profits fulfilling social or environmental aims • Distribute residual assets to social or environmental aims, if dissolved • Demonstrate social value <p>The certification assessment is carried out by The Social Enterprise Mark Company based on an application / assessment form and two key documents - a recent (latest) set of annual accounts and the legal constitutional documents (often known as Memorandum and Articles) of the applicant organisation. Examples of any externally verified evidence to show that the organisation is meeting its social or environmental objectives are requested, but these do not constitute a formal requirement for the award of the certificate</p>	<p>screening process starting with an online self-assessment questionnaire and including on-site visits.</p> <p>Any public benefit organisation operating in the thematic fields covered in the given call can apply for the PHINEO-analysis. The organisation must be registered in Germany, have received the public benefit status, being engaged in the given thematic field at the operational level, and its activities or the given project must have been in operation long enough that first results are already visible. Furthermore, the activity must be continued for at least two more years. The awarding of the quality label is based on three project-related and five organisational criteria. The project-related criteria for the analysis are:</p> <ul style="list-style-type: none"> • objectives and target groups • approach and concept • development quality <p>The organisational criteria are:</p> <ul style="list-style-type: none"> • vision and strategy • governance and staff management • supervision • finance and controlling • transparency and public relations
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The Finnish Social Enterprise Mark (F-SEM)



[eS] certificate - Social economy enterprise (Poland)



Social Enterprise Mark (UK)

“Wirk” stamp (“It Works”)

- special emphasis on promoting the wellbeing of employees and committing to the personnel
- giving the personnel a say to their working conditions and to the decision-making within the company
- paying special attention to those belonging to vulnerable groups
- minimising health and environmental hazards caused by the business
- promoting environmentally sustainable development
- employing people in weak labour market position
- developing local economy and community

- prospects, e.g. assessment of the economic sectors and enterprise’s position in that sector, human capital of the management team, etc.;
- Social conditions, related to the pursued social objective, the functioning of participatory and democratic processes within an enterprise, institutional culture, ensuing public benefits, including in relation to environmental aspects and sustainable development.

Monitoring	In principle, the committee grants the Social Enterprise Mark for a three years period after which it must be applied for again. However, the committee can grant the Social Enterprise Mark for one year, if an enterprise is in the middle of its first financial year, for instance. Additionally, the primary criteria are checked yearly bases.	eS certificate is initially granted for one year. After that period it needs to be extended annually based on the outcome of evaluations.	A Certification Panel of business, legal and social enterprise experts performs regular spot-checks on applications to ensure the level of assessment remains high and ensures that the Social Enterprise Mark’s criteria are rigorously applied. The Panel also reviews complex cases and sets precedents in complex applications, for example, where social aims or beneficiaries need clarification. To protect the integrity of the social enterprise criteria, the Panel is voluntary and works according to a Memorandum of Understanding.	No ongoing monitoring activities after awarding the label.
Costs	Fee for the Social Enterprise Mark is calculated based on a turnover of an enterprise. It is composed of the user fee of	No costs in the first year. An annual evaluation cost to be covered by the	Participants pay an annual fee for the certification and rights to use the Mark. The	The analysis and certification is free of charge for users (financed from



The Finnish Social Enterprise Mark (F-SEM)



[eS] certificate - Social economy enterprise (Poland)



Social Enterprise Mark (UK)

“Wirk” stamp (“It Works”)

the mark (~ 0.01% of the turnover) and the membership fee of the association²⁸. For example, an enterprise with EUR 1 million turnover pays 678 euros per year and one with EUR 10million pays 2,011 euros. Additionally, there is a payment limit of 5,000 euros.

enterprise (capped at ~EUR 250).

fee payable is on a sliding scale based on the income of the Social Enterprise applying for the Mark. Fees start at £350+VAT per annum for organisations with an income of <£150,000 and rise to a maximum of £4,500+VAT for organisations with an income of >£30,000,000. Organisations with an annual income of <£1 million pay at most £550+VAT per annum.

contributions of shareholders and other partners of PHINEO).

The costs of the certification process are limited to completing an on-line application form and attaching the organisation’s latest annual accounts and constitutional documents. Certification is therefore by correspondence, and no further information is required in the majority of cases.

Scale of participation

At present (in 2013) 43 social enterprises are included in the scheme. The term ‘social enterprise’ is not well known in Finland. The term is considered in a narrowly defined sense. Many companies do not know themselves that they could be classed as social enterprises. This is a challenge. However, the number of questions regarding the trademark has been increasing. In addition, there are increasing number of requests for making presentations about the trademark and social enterprises. The knowledge of social enterprises is becoming known but is at its infancy.

13 entities listed as certified as of September 2014.

The directory of Social Enterprise Mark holders lists 314 organisations as of May 2014. However, its Annual Review report 2013 states that it has had 600 Mark holders since its launch. The Social Enterprise Mark Company cites on its website Government figures estimating there are 70,000 social enterprises in the UK. Its current stock of Mark holders therefore constitutes just less than half of 1% of the UK sector (or one out of every 223 social enterprises in the UK).

Around 600 organisations have applied and been screened since 2009, and around 150 have received the “Wirk” label. Ca. 10-15% of the latter have market-revenue based business models, qualifying as genuine social enterprise.

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