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Social Enterprises: International Best Practice

Nathan Mulholland

This Briefing Paper – commissioned by the Committee for the Economy – considers international best practice in supporting Social Enterprises through government policy and legislation. It includes select case studies of representative organisations in Scotland, the Netherlands, United States and Spain implementing same and identifies key takeaways.

This information is provided to a Member of the Legislative Assembly (MLAs) in support of their duties, and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as professional legal advice, or as a substitute for it.

Introduction

This Briefing Paper - commissioned by the Committee for the Economy (CfE) - aims to help inform the CfE's consideration of "Social Enterprises". It provides a general overview of the concept's initial development and emergence in government policy and legislation. Thereafter, it highlights case studies illustrating the use of Social Enterprises in a number of individual countries - namely Scotland, the Netherlands, United States (US) and Spain (countries requested by the CfE), as well as information about representative bodies in those countries which are responsible for implementing Social Enterprises policy and legislation; followed by key takeaways.

The Paper is presented as follows:

- [Section 1 – General Overview: What are “Social Enterprises”?](#)
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- [Section 3 – Concluding remarks](#)

The Paper's contents should not be relied upon as professional legal advice or opinion, nor as a substitute for either.

1 General Overview: What are “Social Enterprises”?

[SocialEnterpriseNI](https://socialenterpriseni.org/) – the representative body for social enterprises and social entrepreneurs in Northern Ireland - defines “Social Enterprises” as:

Social enterprises are innovative, independent businesses driven by social and environmental purposes. Their profits are reinvested in their mission. Social enterprise is a more sustainable and ethical way of doing business¹

In 2023, the United Nations (UN) General Assembly adopted a resolution on [Promoting the Social and Solidarity Economy for Sustainable Development](#), which states:

Recognizing that social entrepreneurship, including cooperatives and social enterprises, can help to alleviate poverty and catalyse social transformation by strengthening the productive capacities of those in vulnerable situations and producing goods and services accessible to them²

Social Enterprises are different to other organisations that have social and/or environmental impact as their primary purpose, such as not-for-profit organisations. As the [Organisation for Economic Cooperation and Development](#) (OECD) identified key differences between the two in 1999, stating differences comprised:³

- *an entrepreneurial outlook;*
- *a degree of autonomy from the State; and,*
- *the provision of innovative services to respond to needs not met by the State and by the market.*

Academic and third-sector research notes that another key difference is not-for-profit organisations’ reliance on donations for their funding, while Social

¹ <https://socialenterpriseni.org/>

² [UN Resolution 77/281 - Promoting the social and solidarity economy for sustainable development](#)

³ [Social Enterprises - OECD \(1999\) pg.10](#)

Enterprises “are businesses; they generate their own profit to keep themselves running”.⁴

Within a European context, Social Enterprises are entities that are part of the wider Social Economy. The [European Commission](#) defines the Social Economy as encompassing:

...a wide range of entities with different business and organisational models that share the objective of systematically putting people first, producing a positive impact on local communities and pursuing a social and/or environmental cause⁵

December 2021, the European Commission adopted a [new action plan for the social economy](#). It aimed to:⁶

- *create the right framework conditions for the social economy to thrive*
- *open up opportunities (including access to finance) and support for capacity building*
- *enhance recognition of the social economy and its potential*

In 2024, the Schwab Foundation’s Global Alliance for Social Entrepreneurship published [The State of Social Enterprise: A Review of Global Data 2013–2023](#).

The report stated:

...there are approximately 10 million social enterprises across the world, generating around \$2 trillion in revenue each year and creating nearly 200 million jobs⁷

1.1 Social Enterprises in Europe and the United States

Academic research would suggest that the conception of Social Enterprises in the US and Europe differs as a result of different legal and institutional

⁴ <https://blog.insightgloaleducation.com/non-profits-vs-social-enterprises-whats-the-difference>

⁵ https://social-economy-gateway.ec.europa.eu/about-social-economy_en

⁶ https://social-economy-gateway.ec.europa.eu/eu-initiatives_en

⁷ <https://www.weforum.org/publications/the-state-of-social-enterprise-a-review-of-global-data-2013-2023/>

environments in which the businesses operate. For example, an article in [The American Journal of Comparative Law](#) considers:

In the United States, social enterprise mirrors a more private and business-oriented view. In Western Europe, social enterprises are embedded in social and governmental perspective that aligns with the model of welfare state...⁸

Further to this, the OECD has reiterated this point, concluding:

Consequently, although certain types of initiatives exist in both Europe and the United States, social enterprises are defined differently, meaning that an initiative that is considered to be a social enterprise in the United States may not be considered as such in Europe⁹

Moreover, an article from [International Journal of Voluntary and Nonprofit Organisations](#) further analysed those differences, summarising as detailed in Figure 3 below:

Figure 3. Differences Social Enterprise in the United States and Europe

| | United States | Europe |
|----------------------------|-----------------------------|------------------------------|
| Emphasis | Revenue Generation | Social Benefit |
| Common Organizational Type | Nonprofit (501(c)(3)) | Association/Cooperative |
| Focus | All Nonprofit Activities | Human Services |
| Types of Social Enterprise | Many | Few |
| Recipient Involvement | Limited | Common |
| Strategic Development | Foundations | Government/EU |
| University Research | Business and Social Science | Social Science |
| Context | Market Economy | Social Economy |
| Legal Framework | Lacking | Underdeveloped but Improving |

Source: [Social Enterprise in the United States and Europe: Understanding and Learning From the Differences \(Nov 2006\)](#)

⁸ [The American Journal of Comparative Law, Volume 70, Issue Supplement 1, October 2022, Pages 1155–1184](#)

⁹ [OECD \(2023\), “What is the social and solidarity economy? A review of concepts”](#)

Therefore, these noted differences should be factored into any comparison of the different countries' policy and legislative approaches to in this area, as it limits the ability to draw conclusions and to learn from best practice.

2 Case Studies

Defining "Social Enterprise" varies across jurisdictions, or it may not be defined at all. Relying on the content in Section 1 of this Paper, the following sub-sections provide select case studies for countries chosen by the CfE:

- [Scotland](#)
- [The Netherlands](#)
- [United States](#)
- [Spain](#)

It should be noted that language limitations restricted the level of detail that could be provided for some countries; unavoidably resulting in gaps in the Paper's findings, as highlighted below. Also, as previously discussed, there are noted differences in the concept of Social Enterprises across the world, when considering actions taken in each jurisdiction, the ability to compare and contrast will be limited by the legislative frameworks under which each country operates.

The sub-sections below detail on the policy and legislation in which Social Enterprises operate in each jurisdiction, and highlights representative organisations for Social Enterprises operating in each country and the role they play in defining and advocating for the sector in each country.

2.1 Scotland

Scotland has an established history of businesses operating in a socially responsible way. That history includes the development of the co-operative

movement in the 19th century and “new forms of community businesses and co-operatives developed through the 1970s”¹⁰.

The Scottish Government defines “Social Enterprises” as:

*... businesses with a social or environmental purpose, and whose profits are re-invested into fulfilling their mission. They empower communities, tackle social problems, and create jobs - particularly for people who are at a disadvantage in the standard jobs market*¹¹

2.1.1 Policy and legislation

In Scotland, there is no specific legislation on Social Enterprises. However, a number of pieces of legislation align with, and support, the principles of Social Enterprises. These include:

- [Community Empowerment \(Scotland\) Act 2015](#) – aims to:
 - ...empower community bodies through the ownership of land and buildings and strengthening their voices in the decisions that matter to them*¹²
- March 2025 Member’s Bill - introduced to the Scottish Parliament, the [Wellbeing and Sustainable Development \(Scotland\) Bill](#), notably [Social Enterprise Scotland](#) (see [sub-section 2.2](#)), responded to the consultation and considered:

The Bill, integrated alongside other government policy initiatives, has the potential to trigger a major change in sustainable development and wellbeing practice. These practical concepts could become the key drivers for public policy in Scotland. The social and environmental goals of social

¹⁰ [Scotland's Social Enterprise Strategy 2016-2026](#)

¹¹ <https://www.gov.scot/policies/third-sector/social-enterprises/>

¹² [Community Empowerment \(Scotland\) Act 2015 - Explanatory Notes](#)

*enterprise broadly align with these goals, as they seek to build a wellbeing economy.*¹³

Despite no specific Scottish legislation on Social Enterprises, the sector is supported through various policies and initiatives that have been issued by the Scottish Government, as highlighted in the following sub-sections.

2.1.1.1 Scotland's Social Enterprise Strategy 2016-2026

On 14 December 2016, the Scottish Government published [Scotland's Social Enterprise Strategy 2016-2026](#). This was a collaboration between the Scottish Government and the Social Enterprise Community; setting out the Scottish Governments aims for the sector based on three priorities. These are detailed in Figure 1 below:

Figure 1. Three strategic priorities for social enterprises



Source: [Scotland's Social Enterprise Strategy](#)

¹³ <https://socialenterprise.scot/wp-content/uploads/2024/01/Wellbeing-And-Sustainable-Development-Scotland-Bill-.docx>

2.1.1.2 Scotland's Social Enterprise Census

Since 2015, Scotland's Social Enterprise Census has been conducted bi-annually under a commitment from the Scottish Government; tracking the development of the Social Enterprise sector over a 10-year period. This Census is co-funded funded by the Scottish Government, as a multi-partner project led by [Community Enterprise in Scotland](#) (CEIS), and researched by [Social Value Lab](#). The fifth Social Enterprise Census was launched on 8 July 2024 and closed on 6 September 2024. The key trends identified from the Social Enterprises that have been conducted to date can be found at [Appendix 1](#). At time of writing, the follow-up census report has not be published.

2.1.1.3 Scottish Government funding support to Social Enterprise

Scotland has a number of funding streams which support social enterprises in Scotland, including:¹⁴

- [Just Enterprise programme](#) - provides tailored business support to social enterprises and entrepreneurs (£5 million from 2014 to 2018)
- [Developing Markets for Third Sector Providers programme](#) – provides support through which the Ready for Business consortium for public social partnerships (PSPs) and the implementation and use of Community Benefit Clauses (£3.5 million from 2014 to 2018)
- [Social Growth Fund](#) - delivered by Social Investment Scotland (SIS) which offers access to loans for social enterprises (SIS have use £8 million in repayments from 2014 to 2016 for loans from the Scottish Investment Fund)
- [Business Gateway and our enterprise bodies](#) - provides support to all types of business
- [Firstport](#) - provides support to new and emerging social entrepreneurs to set up and run a business with a social or environmental purpose. Since

¹⁴ See footnote 11

2009, the Scottish Government has provided Firstport with £5m in order to deliver the [Social Entrepreneurs Fund](#)

2.1.2 Representative organisations

There are a number of organisations in Scotland that the Scottish Government works with to “help social enterprises to network, develop, collaborate and grow”.¹⁵ These organisations include:

- [Social Enterprise Scotland](#) – is an independent membership organisation that promotes and campaigns on behalf of all social enterprises in Scotland
- [Social Enterprise Academy](#) - delivers the Social Enterprise in Education programme and delivers learning and development to the third sector

[Social Enterprise Scotland](#), founded in 2008, is the independent, membership-led organisation representing Social Enterprises in Scotland acknowledge there is no legal definition of a Social Enterprise. In 2002, the United Kingdom Government published a strategy document, [Social Enterprise: a strategy for success](#), which was also adopted in Scotland.¹⁶ However, Social Enterprise Scotland suggests:

The ensuing years have seen a dramatic rise in the popularity of social enterprise– but the government definition was never invested with sufficient authority to be effective. Its meaning became increasingly diluted¹⁷

Therefore, the Scottish Social Enterprise community defines Social Enterprise in the form of a Voluntary Code of Practice, as explained below.

2.1.2.1 Voluntary Code of Practice for Social Enterprises

¹⁵ See footnote 11

¹⁶ <https://socialenterprise.scot/social-enterprise-in-scotland/social-enterprise-code-of-practice/>

¹⁷ See footnote 16 immediately above

The [Voluntary Code of Practice](#) (VCP) was established in 2012 by “a number of individuals and organisations active in supporting the development of SE in Scotland”.¹⁸ The VCP for Social Enterprises describes a community of organisations with the following characteristics:¹⁹

- They trade in a marketplace with the primary objective of social or environmental benefit
- Any profits are reinvested back into the business or for the benefit of the people it exists to serve, rather than distributed to shareholders or owners
- On dissolution, any assets are reinvested in another organisation with similar aims and objectives
- They aspire to financial independence through trading, which sets them apart from other charities and voluntary organisations.
- They operate outside of the direct influence or control of public authorities

2.2 The Netherlands

As with other European countries, the Social Economy and related Social Enterprises predominately arise from the cooperative movement of the 19th century. [Social Enterprise NL](#), a representative body for the Social Enterprise sector, has described the Netherlands as “a late-bloomer” to the concept of Social Enterprises, with general recognition of the term becoming established by the mid-2010s.²⁰ The [European Commission](#) agrees with this assessment; however, it also maintains that in the Netherlands:

¹⁸ <https://socialenterprise.scot/wp-content/uploads/2024/03/FAQs-The-Voluntary-Code-of-Practice-for-Social-Enterprise-in-Scotland.pdf>

¹⁹ <https://socialenterprise.scot/files/afdd2f29fd.pdf>

²⁰ <https://social-enterprise.nl/en/over-sociaal-ondernemen/geschiedenis/>

Many enterprises...have for long adopted social economy principles without naming them. This result in a strong Corporate Social Responsibility policy and culture²¹

Despite this perceived late development of Social Enterprises in the Netherlands, the European Commission in its [Social Enterprises and their ecosystems in Europe -Country Reports: Netherlands](#), published in 2019, notes that the Dutch Social Economy had between 5000 – 6000 entities operating in the sector, employing up to 80,000 workers in 2015.²²

An OECD summary of the Social Economy landscape in the Netherlands can be accessed [here](#). Its key points are:

- Provides an analysis of the Netherlands position in relation to selected social indicators
- Highlights how a variety of actors contribute to the Social and Solidarity Ecosystem (SSE) in the Netherlands
- Notes the Government's announced plans in 2020, to introduce a new legal entity for social enterprises in corporate law
- Provides an overview of statistics relating to Social Enterprises operating in the Netherlands

2.2.1 Policy and legislation

At time of writing, there is no specific Social Enterprise legislation in the Netherlands. However, some other legislation cover the area relating to Social Enterprises, including:²³

- [Dutch Civil codes](#) - provides definition to the main legal forms related to the social economy (associations, foundations and cooperatives); and,

²¹ https://social-economy-gateway.ec.europa.eu/my-country/netherlands_en

²² <https://ec.europa.eu/social/BlobServlet?docId=21133&langId=en>

²³ See footnote 20

- [Public Procurement Act of 2012](#) - introduces the notion of "reserved contract" for enterprises, with more than 30% of employees having work limitations.

Within the 2017 Coalition Agreement to form the next Dutch Government, the parties agreed to:

...the Dutch Government aims to stimulate social enterprises with appropriate regulation, while safeguarding an equal level playing field for all enterprises.²⁴

Subsequently, in March 2021, the Dutch Government published a [consultation](#) on a proposed legal regulation on Private Limited Company with a social purpose. The Bill – when introduced – will aim to establish a type of Dutch private limited liability company specifically aimed at social entrepreneurs²⁵ – known in Dutch as “*maatschappelijke BV*” or BVm. At time of writing, the (indicative) timetable for proposing this legal regulation in the Dutch Parliament is not yet agreed, but is expected at some point in [2025](#).

While the Dutch Government does not currently have a Social Enterprise Strategy, individual departments and policies can support Social Enterprises operating in the Netherlands.²⁶ However, large cities in the Netherlands - such as Amsterdam, Rotterdam, The Hague and Utrecht (commonly referred to as the Big 4) - have developed their own policies, strategies and support programmes for Social Enterprises. Examples of what these cities are doing include:

- Amsterdam – [Action Programme for Social Enterprise](#)
- Rotterdam – [Impact Hub](#) based in Rotterdam
- The Hague – [ImpactCity](#) programme runs a [Social Enterprise Monitor](#) with analyses Social Enterprise activity in the Hague
- Utrecht – [Social Impact Factory](#) based in Utrecht

²⁴ See footnote 21

²⁵ <https://www.burenlegal.com/en/news/social-entrepreneurs-be-aware-dutch-bvm-upcoming>

²⁶ [EU Social Economy Gateway - Netherlands](#).

2.2.2 Representative organisations

In 2019, the European Commission published [Social Enterprises and their ecosystems in Europe - Country report: The Netherlands](#). The report identified a number of representative groups for the Social Enterprise sector in the Netherlands. Figure 2 below presents those identified groups:

Figure 2. Overview of some key network organisations in the Netherlands

| Network / Group | Network / Group | Size / scope |
|------------------------------------|------------------------------|-------------------------------|
| Ashoka | Representation + Network | 10 Enterprises |
| B Corporation | Certification + Networking | 48 Enterprises (NL) |
| Impact HUB (Amsterdam & Rotterdam) | Collaboration + Physical hub | N/A |
| MVO Nederland | Informing + Networking | 6100+ members |
| Rockstart | Accelerator + Community | N/A (Primarily not social) |
| Social Club Den Haag | Platform + Network | 83 Members |
| Social Enterprise NL | Representation | 350+ Enterprises |
| Social Impact Factory | Physical hub + Networking | 115+ (McKinsey&Company, 2016) |
| Starters 4 Communities | Networking + Training | 667 members |
| Startup Bootcamp | Accelerator | N/A (Primarily not social) |

Source: [Social Enterprises and their ecosystems in Europe - Country report: The Netherlands](#) (2019)

2.2.2.1 Social Enterprise NL

One noted example above is the [Social Enterprise NL](#) founded in 2012. It is a national network in the Netherlands for Social Enterprises. Social Enterprise NL also describes itself as a lobby group to encourage the Dutch Government both nationally and locally in The Netherlands to advocate for Social Enterprises.

Social Enterprise NL also produces an annual Social Enterprise Monitor, to observe the development of the Social Enterprise landscape in the Netherlands.

Its latest publication is the [Social Enterprise Monitor 2024](#). In 2017, at the request of Social Enterprise NL, a Social Enterprises Code was developed (see next sub-section), which social entrepreneurs can apply if they so wish and be added to a [Register of Social Enterprises](#) .

2.2.2.2 The Social Enterprises Code

The [Social Enterprises Code](#) was developed by an independent committee at the request of Social Enterprise NL in 2017, with an independent Social Enterprises Code Foundation established in December 2018, to roll-out and manage the Social Enterprises Code. The Social Enterprises Code is described as:

...a mechanism to help build trust between social entrepreneurs, consumers and social impact investors. The Code and its affiliated [Register for Social Enterprises](#) were initiated by [Social Enterprise NL](#) and are now managed by the independent [Social Enterprises Code Foundation](#). The Code is a living document and is being evaluated and revised as necessary every two to three years.²⁷

Those companies that chose to sign up to the Social Enterprises Code join a Register of Social Enterprises. That enables companies wishing to work with a Social Enterprise to find companies more easily. To be added to the Register of Social Enterprises, a Review Board carries out an assessment of an organisation based on a set of [principles](#), and if approved by the Review Board, the company is added to the Register. The process after being added to the Register is as follows:

Responsibility for implementation of the code then lies with the social enterprise itself. This gives entrepreneurs the freedom and space to incorporate the five principles in their strategies as their company

²⁷ <https://www.iamsterdam.com/en/business/amsterdam-impact/features-and-insights/the-code-social-enterprises-a-guide-for-dutch-impact-enterprises>

*grows. Follow-up assessments take place every two years to check that companies are still fulfilling the criteria of the Code.*²⁸

2.2.2.3 The five principles of Social Enterprises

The Social Enterprises Code is based on five principles that identify key features of social entrepreneurship (the general principle of organising a business around specific social and environmental causes), to guide Social Enterprises in their operation. The five principles are summarised as follows:²⁹

1. Mission – guaranteed and measurable

‘Impact first’ should be the guiding principle. What is your mission and how do you expect to achieve your goals?

2. Stakeholders – decision and dialogue

Decide who your stakeholders are – considering your mission – and engage those parties in constant dialogue.

3. Finance – in consultation and careful consideration

Monetary profit is not your main goal and returns to shareholders are restricted.

4. Implementation – registration and reflection

Your enterprise will be registered in the Register of Social Enterprises, and you will actively participate in the social enterprise community.

5. Transparency: active and accessible

You strive for maximum openness with clear, easy to find information about your mission, your impact and your financial structure.

²⁸ See footnote 27 immediately above

²⁹ <https://www.iamsterdam.com/en/business/amsterdam-impact/features-and-insights/the-code-social-enterprises-a-guide-for-dutch-impact-enterprises>

2.3 United States (US)

The concept of Social Enterprise in the US has become well-established, as recognised in an article from the Executive Director of The Institute for Social Entrepreneurs. The article stated:

The [Social Enterprise] movement emerged primarily from the private sector, in the 1970s and 1980s. Except for a few courageous entrepreneurs scattered across the country, people in the nonprofit sector did not begin to explore the possibilities until the mid-1990s³⁰

Continuing, the article described the Government response to Social Enterprises as:

Still another decade passed before federal and state governments began to pay serious attention³¹

More recently, a 2024 report entitled [The State of Social Enterprise](#), published by the World Economic Forum, suggested that there are 1.3 million Social Enterprises in the US.

2.3.1 Policy and legislation

According to [New York University's Social Enterprise Law Tracker](#), there currently is no specific US federal legislation on Social Enterprises; instead individual state level legislation exists. The Social Enterprise Law Tracker advises:

Beginning in 2008, state legislatures started authorizing a new class of entities collectively known as social enterprises. These corporate and company forms are designed for businesses that seek to create positive social and environmental impacts in addition to financial returns.³²

³⁰ [Merging the Profit Motive and Moral Imperatives: The rise of Social Enterprise In the United States](#)

³¹ See footnote 30 immediately above

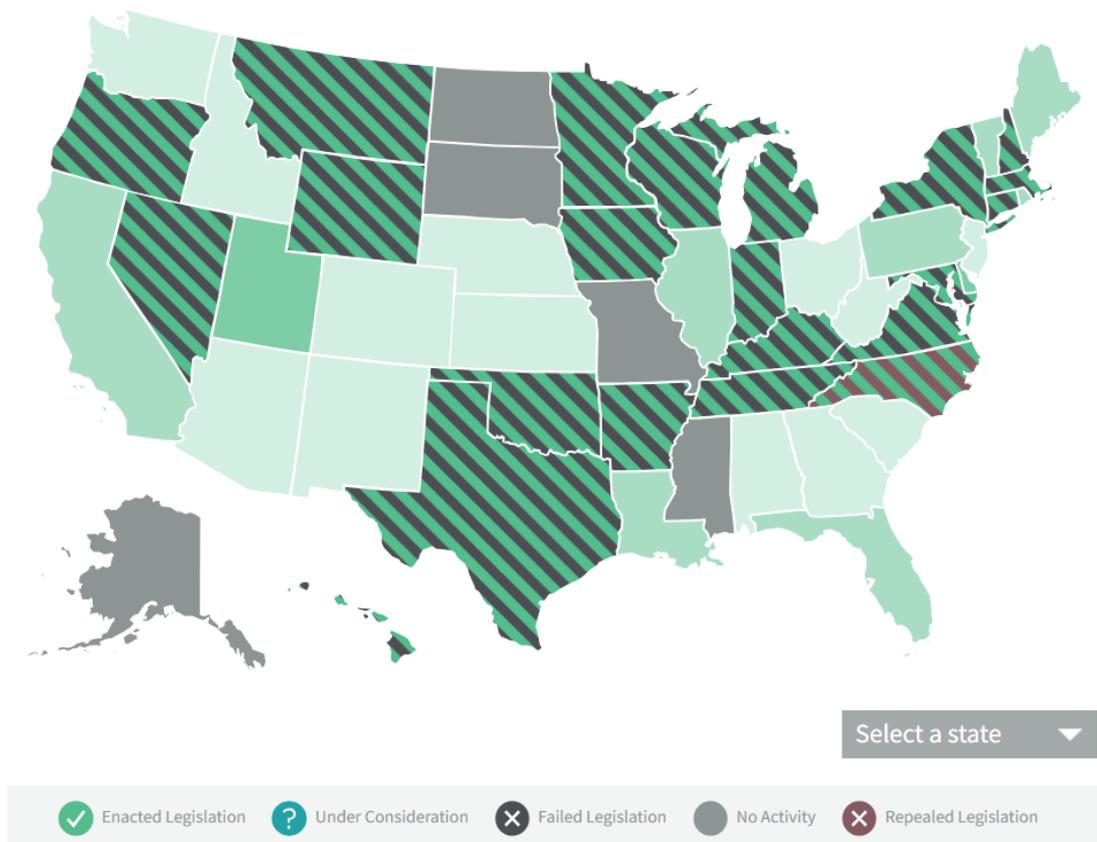
³² <https://socentlawtracker.org/#/map>

Generally speaking, the Tracker highlights how state legislation in this area defines distinct legal entities; each with distinct leadership structures and tax liabilities, including, for example:³³

- “Benefit Corporation” (Benefit Corps)
- “Social Purpose Corporation” (SPC)
- “Low-profit Limited Liability Company” (L3C)
- “Benefit Limited Liability Company” (BLLC)
- “Statutory Public Benefit Limited Partnership” (SPBLP)

Figure 4 below, using different shading, reflects the current status of Social Enterprise legislation across American states – that is: which state has enacted Social Enterprise Legislation; which has it under consideration; legislation which has been presented to State Legislators but failed to pass; which has no such legislation; and, which have repealed such legislation:

Figure 4. Map of US showing States by Social Enterprise Legislation



Source: [Social Enterprise Law Tracker \(2024\)](#)

³³ See footnote 32 immediately above

The CfE also may wish to note the OECD summation of the Social Economy landscape in the US (accessed [here](#)). Its key points are:

- The summation Considers the Social and Solidarity Economy (SSE)
- There is no specific institution that is solely responsible for the SSE in the US
- The US does not have a legal framework around the SSE at the federal level
- The summation provides an assessment of the fiscal treatment of SSE entities in the US
- The summation considers evidence-based initiatives to measure the social impact of initiatives

2.3.2 Representative organisation

The [Social Enterprise Alliance](#) (SEA), founded in 1998, describes itself as:

...the preeminent US-based hub for social enterprise information, resources, professional development, news, and community³⁴

The work of the SEA is based on four strategies:³⁵

- **Convene the field** – SEA has been bringing leaders, practitioners, and newcomers in the field together at our national conference since 1998. SEA's annual Summit is the original and most prominent social enterprise conference in the US.
- **Distribute knowledge and build capacity** – Through a variety of offerings including SEA's Knowledge Center of 20,000+ publications, the most widely-read social enterprise newsletter, monthly expert webinars, and npEnterprise, a 7500-subscriber listserv group, the Alliance is the go-to source for the intellectual capital which fuels social enterprise.

³⁴ <https://socialenterprise.us/>

³⁵ <https://www.idealists.org/en/nonprofit/4ae63ce61d7a4b7da640e5ae4bd698eb-social-enterprise-alliance-nashville>

- **Build regional, and local social enterprise communities and networks** – SEA’s chapter network is now 17 regions strong, and the pace of chapter growth is accelerating.
- **Develop the ecosystem** – Practitioners of social enterprise, who have always been the core of the Alliance’s membership, need access to capital, supportive public policy, world-class talent, corporate engagement, and conscious consumers in order to succeed and grow. SEA makes the case for social enterprise and works to create an ecosystem in which social enterprises can thrive.

2.4 Spain

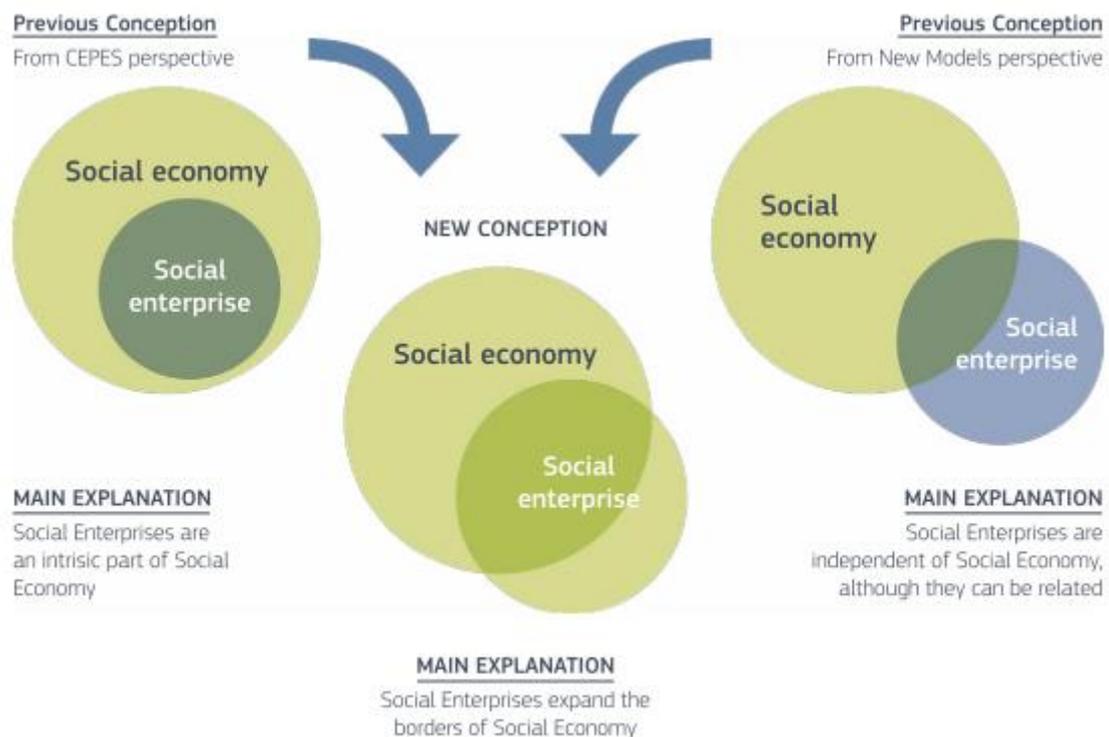
In Spain, Social Enterprise is a contested concept, as reflected in a 2020 European Commission’s publication entitled [Social enterprises and their ecosystems in Europe. Updated country report: Spain](#), which states:

One position understands social enterprise as part of the social economy, while the second considers social enterprise as a new field. A recent evolution in the conception of social enterprises fits between these two positions, reaching a common point whereby the concept of social enterprise could be integrated into the social economy framework as the result of the expansion of its borders.³⁶

Figure 5 below provides an overview of the perceptions of Social Enterprise in Spain and how they are evolving:

³⁶ [Social enterprises and their ecosystems in Europe. Updated country report: Spain \(February 2020\)](#)

Figure 5. Evolution of the relationship between the concepts of social economy and social enterprise in Spain



Source: [Social Enterprises and their Ecosystems in Europe - Country report: Spain \(2020\)](#)

In 2021, the most recent figures available, the [CIRIEC-Spain](#) (International Centre of Research and Information on the Public, Social and Cooperative Economy) reported there were over 45,000 Social Enterprises operating in Spain, employing over 560,000 people.

Those numbers are rooted in Spain's Social Economy, with its long history of the cooperative movement. Most notably, the [Mondragón cooperative group](#) - currently the tenth largest company in Spain – is described as “one of the wonders of the social enterprise world”,³⁷ and is often cited in the academic literature surrounding Social Enterprises.

A noted example of the Spanish Government's focus on the Social Economy was in 2020, with the formation of the new Government, when the Ministry of Labour and Social Economy was restructured – that was to specifically include

³⁷ https://oa.upm.es/41201/1/INVE_MEM_2015_227727.pdf (Accessed 24 April 2025)

Social Economy in the name of the new Ministry.³⁸ The following sub-sections consider policy and legislation in Spain, as well as organisations supporting its Social Economy.

A summary of the Social Economy landscape in Spain produced by the OECD can be accessed [here](#). Its key points are:

- Provides an analysis of the Spain’s position in relation to selected social indicators
- The role of the Ministry of Labour and Social Economy in institutionalising the Social and Solidarity Ecosystem (SSE) in Spain
- The introduction of a Law on the Social Economy to support the SEE in Spain
- Provides an overview of statistics relating to Social Enterprises operating in the Spain

2.4.1 Policy and legislation

In 2011, the Spanish Parliament enacted the [Social Economy Legislation](#), aiming to “provide a legislative framework for Social Economy entities and facilitate their access to Government funding and resources”.³⁹ The legislation outlined the type of organisations that can be considered as part of the Social Economy, defining “Social Economy” as:

...the set of economic and business activities carried out by institutions in the private sector, which seek a general economic or social interest, or both⁴⁰

[Article 4](#) of the Social Economy Legislation sets out the principles of the Social Economy:⁴¹

³⁸ <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/social-economy-and-social-innovation/country-fact-sheets/country-fact-sheet-spain.pdf>

³⁹ https://social-economy-gateway.ec.europa.eu/my-country/spain_en#framework-conditions-and-social-economy-ecosystem

⁴⁰ <https://www.cepes.es/files/publicaciones/94.pdf>

⁴¹ See footnote 40 immediately above

- *Priority of the people and the social objective over capital. This is established by means of an autonomous, transparent, democratic and participatory management that prioritizes decision-making based on the people and their contribution to the work and services carried out for the institution or its social objective over their contribution to share capital.*
- *Turnover obtained from economic activity is mainly applied according to the work contributed and the service or activity carried out by the institution’s partners or members and to the institution’s end social objective.*
- *Encouraging internal solidarity and social solidarity that favours a commitment to local development, equal opportunities for men and women, social cohesion, the integration of persons at the risk of social exclusion, generating stable and quality employment, conciliation of personal and professional life and sustainability.*
- *Independence from the public authorities*

Key takeaways arising from the above:

- Need to ensure that the objectives of Social Enterprises are social and not profit driven
- Profit that is made is reinvested in the Social Enterprises
- Encouragement that the Social enterprises address areas of social disadvantage
- Need to remain independent from the public sector

The following diverse Enterprises constitute Spain’s Social Economy pursuant to its Social Economy Legislation:

Table 1: Types of enterprise that comprise the Social Economy

| Enterprise | Description |
|-------------------|---|
| “Co-operatives” | <i>Co-operatives are a form of business organisation based on a democratic structure and functioning. Their activity follows co-operative principles which are accepted and regulated at regional, national and international level: open and voluntary membership, democratic management, economic</i> |

| | |
|---|---|
| | <i>participation of its members, education, training and information and an interest for the community.</i> |
| “Employee-owned Companies” | <i>Employee-owned companies have proven to have great potential in generating undertakings. In this type of company, equity capital belongs, for the most part, to the workers. The fact that the workers are partners fosters self-motivation when approaching each project. The minimum number of people required is three and the procedures to establish an employee-owned company are similar to any other public limited company.</i> |
| “Mutual Societies” | <i>These are non-profit enterprises of people with democratic structure and management carrying out voluntary insurance activities that are complementary to the Social Security provision system.</i> |
| “Special Employment Centres of Social Initiative” | <i>Special Employment Centres of Social Initiative (CEEIS) are considered to be those that are promoted and owned by more than 50%, directly or indirectly, by one or more entities, whether public or private, that are non-profit or that have their social nature recognised in their Statutes, whether they are associations, foundations, public law corporations, cooperatives or other social economy entities, as well as those whose ownership corresponds to trading companies in which the majority of their share capital is owned by one of the aforementioned entities, cooperatives of social initiative or other entities of the social economy, as well as those whose ownership corresponds to trading companies in which the majority of their share capital is owned by any of the aforementioned entities, either directly or indirectly through the concept of a controlling company regulated in art. 42 of the Code of Commerce, and provided that in all cases in their articles of association or in a corporate agreement they undertake to reinvest all their profits in the creation of employment opportunities for people with disabilities and the continuous improvement of their competitiveness and their social economy activity, having in all cases the option of reinvesting them in the special employment centre itself or in other special employment centres of social initiative.</i> |

| | |
|---|--|
| <p>“Social Integration Enterprises”</p> | <p><i>These are defined as “learning company structures that aim to enable access to employment for disadvantaged collectives by carrying out a productive activity. To this end, an integration process is designed, during which a conventional employment relationship is established.” A percentage of their staff must be workers in integration (the proportion oscillates between 30% and 60% depending on the region.) 80% of turnover is reinvested in the company.</i></p> |
| <p>“Fishermen’s Guilds”</p> | <p><i>these are public law sectoral non-profit enterprises representing the economic interests of the shipowners of fishing vessels and the workers in the extractive industry. They act as consultative and collaboration bodies for the administrations with competences in sea fisheries and the regulation of the fisheries industry, and aim to satisfy the needs and interests of their members with a commitment to contributing to local development, social cohesion and sustainability.</i></p> |
| <p>“Associations linked to the disability movement and the integration of persons at risk of exclusion”</p> | <p><i>The main characteristic of this associative movement is that it provides services where the offer of the for-profit sector fails. They are usually linked to industries covering fundamental rights, especially in regard to accessing vulnerable collectives, such as persons with a disability. Another characteristic is their capacity for innovation to satisfy the problems that arise in society and the defence of social, legal, administrative or other changes, in defence of the rights and freedoms of persons with a disability, based on a respect to diversity, plurality and tolerance.</i></p> |
| <p>“Foundations”</p> | <p><i>These are non-profit organisations whose assets are conditioned to carrying out an objective goal of general interest, by the will of their creators. Social Economy foundations must comply completely with the abovementioned principles of Social Economy, as collected in Law 5/2011</i></p> |

Source: [Confederación Empresarial Española de Economía Social \(CEPES\)](#)

(Accessed April 2025)

2.4.1.1 Draft Comprehensive Law on Social Economy

On April 11 2023, the Spanish Council of Ministers, on the proposal of the Ministry of Labour and Social Economy, approved the [Draft Comprehensive Legislation on Social Economy](#). The draft legislation, designed to develop the full potential of the social economy, aims to improve and update the main laws that make up the legal ecosystem of the Social Economy. In sum, it: introduces new definition for the co-op movement; extends the definition of vulnerability and social exclusion; and, clarifies the scope of the Social Economy, incorporating new entities such as social enterprises.

2.4.1.2 Spanish Strategy for Social Economy for 2023-2027

Alongside the approval of the Draft Comprehensive Legislation on Social Economy, the Ministry of Labour and Social Economy, on April 11 2023, published the [Strategy for Social Economy for 2023-2027](#). The Strategy sets out 146 actions, grouped into 17 actions lines, under the following four thematic axes:

- Axis 1. Social economy visibility and institutional participation
- Axis 2. Improving competitiveness
- Axis 3. Entrepreneurship and emerging sectors
- Axis 4. Social and territorial sustainability

Further detail on these axes and action lines can be found at [Appendix 2 of this Paper](#).

2.4.2 Representative organisation

In 2020, the European Commission published [Social Enterprises and their ecosystems in Europe - Country report: Spain](#). The report identified a number of representative groups for the Social Enterprise sector in Spain. Figure 6 below presents the identified groups:

Figure 6. Overview of some key network organisations in Spain

| | |
|--|---|
| <p>Social enterprise (support) networks and associations</p> | <ul style="list-style-type: none"> > CEPES (Spanish Confederation of Entities of the Social Economy). > FEACEM (Business Federation of Associations of Special Employment Centres). > FAEDEI (Federation of Associations for the Professional integration of Communities at Risk of Exclusion). > REAS (Network of Alternative and Solidary Economy). > Social-Emprende (Spanish Association of Social Entrepreneurs). > Socialemprende (Spanish Association of Social Entrepreneurs). > B-corp Foundation – Spain. |
|--|---|

Source: [Social Enterprises and their ecosystems in Europe - Country report: Spain \(2020\)](#)

2.4.2.1 CEPES

The Spanish Business Confederation of Social Economy - [Confederación Empresarial Española de Economía Social \(CEPES\)](#) - was founded in 1992. Its role was specified as:

... a state-wide business organization that represents the Social Economy in Spain and is a representative and reference point for its concerns and proposals⁴².

Moreover, the CEPES:

..., as an umbrella organization for the various economic activities existing under the concept of the Social Economy, is made up of 32 organizations. All of them are state or autonomic confederations and specific business groups, representing the interests of Cooperatives, Labor Societies, Mutual Societies, Insertion Companies, Special Employment Centers, Fishermens Guilds and Associations of the Disability Sector, with more than 200 support structures at autonomic level.⁴³

⁴² <https://www.cepes.es/who-are-we>

⁴³ See footnote 42 Immediately above

Notably, in Figure 6 a number of the identified federations (such as FEACEM, FAEDEI) are also members of this Confederation.

2.5 Summary Table

| Country/Region | Scotland | Netherlands | United States | Spain |
|------------------------|---|--|--|--|
| Legislation | No existing Social Enterprise legislation. However, principles align with existing and proposed legislation. (See Sub-section 2.1) | Legal regulation on Private limited company – consultation carried out and bill being drafted – not yet presented to Dutch Parliament. | No Federal Legislation Individual States have approved laws that support Social Enterprises, these vary by State. (See Subsection 3.1) | Social Economy Law (2011) Draft Comprehensive Law on Social Economy (currently passing through Spanish Parliament). |
| Strategy/Policy | Scotland's Social Enterprise Strategy 2016-2026 published by the Scottish Government. | No national strategy for Social Enterprises. Individual cities have published individual strategy documents: For example, Amsterdam – Action Programme for Social Enterprise | No Strategies could be identified. Individual States may incorporate the principles of Social Enterprise in to wider economic strategies. | Strategy for Social Economy for 2023-2027 published by the Spanish Government. |

| | | | | |
|---|---|---|---|--|
| <p>Noted Representative Bodies</p> | <p>Social Enterprise Scotland</p> | <p>Social Enterprise NL</p> | <p>Social Enterprise Alliance</p> | <p>Confederación Empresarial Española de Economía Social (CEPES)</p> |
|---|---|---|---|--|

3 Concluding remarks

As the Paper highlights, Social Enterprise is a concept that is differently defined across jurisdictions; resulting in no agreed definition. Notably, the academic research suggests that use of the concept in European and American contexts differs significantly, in that a Social Enterprise in one region may not be considered one in another. That is highlighted by the select case studies in this Paper, which seek to consider the Social Enterprise landscapes in a number of jurisdictions across the world - namely [Scotland](#), [the Netherlands](#), [United States](#) and [Spain](#). Such variation must be factored into any comparison of the different countries' policy and legislative approaches to in this area, as it limits the ability to draw conclusions and to learn from best practice.

Nonetheless, as the studies highlight, the legislative and policy contexts in which Social Enterprises operate in each country varies, with some (for example, Spain and US) having legislation (national or state level) to define and support the firms operating in this sphere of the economy. While other countries (such as Scotland and Spain) instead have supported Social Enterprises through policy and implementation strategy, along with financial support to the sector.

Notably, all countries considered in this Paper have national representative bodies to support Social Enterprises. These bodies have provided support to individual businesses and lobbied for the sector. It is observed that across the countries considered, there has been variation in the level of engagement that each body has had with their respective Government in developing and influencing policy. Notably, some of these bodies have been proactive in defining and codifying Social Enterprise in their jurisdiction – namely [Social Enterprise Scotland](#) and [Social Enterprise NL](#) - have developed codes of practice for Social Enterprises.

From the identified strategies covering the Social Enterprises sector - most notably [Scotland's Social Enterprise Strategy 2016-2026](#) and the Spanish [Strategy for Social Economy for 2023-2027](#) – a number of priority areas can be identified to support the sector. These include access to finance for Social Enterprises, greater education and promotion of the sector and support to help

develop the skill levels of those working in and managing Social Enterprises. Further review of these approaches may support future developments of the Social Enterprise sector in Northern Ireland.

Appendix 1. – Key Trends from the [Scottish Social Enterprise Census 2021](#)

| | 2015 | 2017 | 2019 | 2021 | |
|------------------------------------|--------|---------|---------|--------|---|
| Social Enterprises | 5,199 | 5,600 | 6,025 | 6,047 | ▲ |
| Rural Location | 32% | 34% | 33% | 33% | ■ |
| Incorporated Entities | 70% | 71% | 75% | 77% | ▲ |
| Self-Identify as Social Enterprise | - | 56% | 55% | 56% | ■ |
| Selling Direct to Consumer | 68% | 79% | 79% | 82% | ▲ |
| Public Contract Win (Last Year) | - | 15% | 18% | 15% | ■ |
| Exporting | 5% | 4% | 6% | 7% | ▲ |
| Led by women | 60% | 64% | 65% | 71% | ▲ |
| Pay the Living Wage | 68% | 72% | 75% | 85% | ▲ |
| FTE Employees | - | 81,357 | 88,318 | 89,970 | ▲ |
| Total Income | £3.6bn | £3.8bn | £4.4bn | £4.8bn | ▲ |
| Income from Trade | £2.3bn | £2.7bn | £3.2bn | £3.3bn | ▲ |
| Self Sufficiency | 68% | 70% | 69% | 67% | ■ |
| Surplus Generated | £300m | £287m | £396m | £524m | ▲ |
| Net Worth | £3.9bn | £5.0bn | £6.1bn | £7.0bn | ▲ |
| Gross Value Added (GVA) | - | £2.04bn | £2.30bn | 2.63bn | ▲ |

▲ Upward Trend ■ No Change or Unclear ▼ Downward Trend

Source: [Scottish Social Enterprise Census 2021](#)

Appendix 2. - [Spanish Social Economy Strategy 2023-2027](#): Improvement measures for the Social Economy

Action lines **to improve the visibility of social economy**:

- The strengthening of their visibility at the institutional level and in the regulatory framework.
- Promotion of its recognition by the social partners and society as a whole.
- Consolidation of its presence on the agenda of international institutions.
- Promotion of the development and dissemination of statistics on the Social Economy.
- Promotion of their analysis for the measurement of economic and social impact.

Action lines to **increase competitiveness of social economy**:

- Increase of their level of internationalisation.
- Enhance its innovation and digital transformation.
- Encourage upskilling and professional re-qualification.
- Increase intra- and inter-sectoral co-operation of SE enterprises and entities.
- Support for the green transformation of their businesses and organisations.

Action lines for the strengthening of **social entrepreneurship in general and in emerging sectors of the social economy**:

- Expansion of its presence in new entrepreneurship initiatives.
- Improve their integration into the innovation ecosystem and technology entrepreneurship.
- Strengthen our competitive position in growth sectors.

Action lines to promote **social and territorial sustainability in the social economy**:

- Advance gender-based equalities.
- Support generational change.

- Promote their contribution to territorial cohesion and issues due to depopulation.
- Support for corporate social responsibility and mainstreaming of the Sustainable Development Goals in the Social Economy.