



Inter-Agency Task Force on
Social and Solidarity Economy

Understanding the Role of Social Enterprises in Attaining the Sustainable Development Goals through the Human Capability Approach

The Case of Lithuania

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What Role for Social and Solidarity Economy?**

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Abstract

This paper sheds some empirical light on the development of social entrepreneurship in Lithuania, a post-Soviet society, and the role of social enterprises (SEs) in attaining the sustainable development goals (SDGs). We distinguish two types of SEs in this context, SEs *de jure*, which are regulated by the Law of Social Enterprises also known as work integration social enterprises, and SEs *de facto*, which strive for social mission by designing a business model, creating positive impact on society and reinvesting their profits. Our paper focuses on the role of SEs *de facto* in implementing the SDGs. Conceptually, we use the human capability approach by A. Sen and M. Nussbaum to argue the role of SEs in attaining the SDGs. By focusing on three Lithuanian SEs as exceptional and exemplary cases we reveal the variety of ways used to create or strengthen multiple capabilities of different stakeholders and attain the same SDGs. The paper also discusses political implications to strengthen the impact of SEs on SDGs in Lithuania.

Keywords

Human capability, Lithuania, Post-Soviet context, Social enterprise, Sustainable development goals, SDGs

Bio

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Introduction

In this paper, we introduce some empirical evidence about the development of social entrepreneurship in Lithuania. Lithuania is a post-Soviet society that regained its independence in 1990 and became a full member of the EU in 2004. The process of harmonization with the EU has been one of the key drivers of sustainable business development in the country, carried out primarily under the umbrella of corporate social responsibility – the concept that is also (mis)takenly related to social entrepreneurship by society (Jakubavičius et al., 2016). Lithuania is a high-income OECD country. Like many other advanced economy European societies, the country struggles with a number of social and economic challenges, such as an ageing society and negative birth rate, high emigration rates, growing poverty and social exclusion, fragmented regional development, and poor performance with respect to innovation and knowledge absorption (Dutta et al., 2018; Nakrosis et al., 2016).

Some social indicators are in particular worrying. For example, according to the OECD Economic Survey of Lithuania (2018: 6), household income inequality is higher than in most OECD countries, social benefits are low, the tax system is not redistributive enough, and around 17 per cent of the population lives in relative poverty. The statistics on poverty and social exclusion according to the EUROSTAT (2017) indicate that almost 30% of the population are at risk, and the state's expenditure on social protection is among the lowest in the EU. Moreover, society's trust in public institutions, government and civil service is low (Aidukaite, 2009; Pučėtaitė et al., 2010; Novelskaitė and Pučėtaitė, 2018), traditions of civil society and community action are weak, and public attitudes to business claims about sustainability are sceptical and suspicious (Vasiljevienė and Pučėtaitė, 2016). These contextual characteristics of the country open opportunities and erect obstacles to the development of social and solidarity economy actors, most of which are in the infancy of their development.

At the political level, Lithuania has just started to redefine social enterprises (SEs) as not only entities which integrate socially disadvantaged people (e.g. the disabled, single parents, the long-term unemployed etc.) into the labour market, but also as entities which have a wider scope of activities than just serving as vehicles for work integration. From the perspective of business model development, most of this kind of SE are at the start-up phase, still developing their value proposition and processes of value constellation, struggling through typical obstacles such as lack of financial and human resources, bureaucracy, public support for SEs, ecosystem of support and mentoring to nascent social entrepreneurs etc.

The aim of this paper is to discuss the contribution of SEs operating in a post-Soviet socio-cultural context to the Sustainable Development Goals (SDGs). More broadly, by linking SEs with the SDGs we are extending the academic discourse on the social impact of SEs, explaining this impact by the human capability approach (Nussbaum, 2011; Robeyns, 2005; Sen, 1985). Capturing social impact of SEs is considered challenging because of the hybridity of business models of SEs in which social and economic missions, legal forms, and multiple values intertwine (Ebrahim and Rangan, 2014; Hahn et al., 2018; Holt and Littlewood, 2015).

Empirically, the paper rests on the findings from several national and international research projects, e.g. “Evaluation of socio-economic impact of social business: comparison of Lithuania and Finland” (2017-2019, 20 semi-structured interviews with social entrepreneurs), “WeStart: Mapping women's social entrepreneurship in Europe” (2014-2015, 12 interviews, <http://westarteurope.org/database>), “Organizational ethics, organizational innovativeness and its transformation to sustainable innovation” (2013-2015, 15 interviews, see Pučėtaitė et al., 2015), COST Action 16206 “Empowering the next generation of social enterprise scholars” (2017-2021).

The selection of SEs for this study is based on the European concept of SEs (Defourny and Nyssens, 2010) proposed by the EMES research network, i.e. as organizations whose operations can be characterized on four economic (continuous activity; autonomy; economic risk taking; a small amount of paid work) and five social dimensions (community benefit; citizen-led; democratic decision-making; participatory nature; profit reinvestment) (Borzaga and Defourny, 2001). More precisely, as there is no register of SEs whose scope of activities go beyond work integration in Lithuania, we selected the organizations based on their owners'/founders'

identification of their entities as SEs, their involvement in social business acceleration programmes such Socifaction or Reach for Change Lithuania, and their participation in annual Social Entrepreneurship Summit events. Therefore, all the case organizations are exemplary but exceptional cases (Eisenhardt and Graebner, 2007).

Ecosystem of social enterprises in Lithuania

The EC-commissioned national report and its update on the social enterprise eco-system distinguishes two types of social enterprise in Lithuania: *de jure* and *de facto* social enterprises (Gaušas et al., 2014; Pranskeviciute and Okuneviciute-Neveauskiene, 2018). SEs *de jure* are related to the Law of Social Enterprises of the Republic of Lithuania (2004) and represent work integration social enterprises (WISE), considered the dominant type of SE in Europe (Defourny and Nyssens, 2010). SEs *de facto* have social mission at the forefront and pursue it by designing a business model. It is defined by the Decree of the Minister of Economy of the Republic of Lithuania on the Approval of the Concept of Social Entrepreneurship (2015).

The Law of SEs defines an SE as an entity that facilitates integration of socially excluded groups, e.g. the disabled, single parents raising children under 8 years of age, the long-term unemployed etc., into the labour market, and distinguishes two types of SE depending on the target group of socially integrated employees, i.e. a social enterprise and a social enterprise of the disabled. The law grants an organization a legal status that allows it to receive state compensation for salaries of the integrated employees, waived profit tax, priority in public procurement tenders etc.

Politically, these SEs are legislated by the Ministry of Social Security and Labour. The organizations are registered in National Labour Exchange which provides respective compensation for labour costs regionally. According to the data from National Labour Exchange, there were 177 SEs at the beginning of 2019. Their forms range from non-profit organization through a small community (a special form of small company) to private limited liability company, and individual enterprise. Many such organizations in urban settings operate in the textile and garment industries, cleaning and printing services, and forestry and furniture. In rural areas, individuals engaged in agriculture have the legal status of a farm holding. This form applies to, for example, eco-farms as SEs. Local community groups are usually registered as associations (public entities). Despite its intentions to facilitate systemic social integration, the Law of Social Enterprises has been criticized for its failure to achieve the requisite impact (Rusteikienė and Pučėtaitė, 2015; Varnienė, 2018). Although the missions of these organizations applying for the status of an SE are of a social character, their implicit (and often primary) goal is predominantly economic: social enterprises tend to employ people with minor disabilities, who do not have considerable challenges in labour market anyway, to meet the criteria for public compensation, offer cheaper services in the market and outcompete other companies in, e.g. public procurement. In most cases, they do not reinvest their profits into innovation, well-being of the target groups or scaling-up of their business.

Following the criticism against SEs *de jure*, non-governmental organizations (NGOs) such as National Social Integration Institute and Geri Norai LT, working in the field of social business incubation, acceleration, and raising awareness of the area, as well as the Ministry of Social Affairs and Labour, the Ministry of Economy and other public institutions initiated a stakeholder discussion on (re)defining the notion of SE. As a result, the concept of SEs *de facto* was defined by the Decree of the Minister of Economy of the Republic of Lithuania on the Approval of the Concept of Social Entrepreneurship (2015) that characterizes social entrepreneurship (the term which stands for SEs *de facto*) as an organization with a social mission and a business model operating under market conditions, striving for profit maximisation. The decree was amended in 2016, specifying four defining criteria for an SE: 1) a social mission which can be realised in any of the entrepreneurial stages, e.g. raising resources, giving employment, developing a product (service) and carrying out marketing actions, which results in a positive impact on society and environment in fields ranging from traditional economic fields such as transportation and logistics, agriculture, tourism etc. to landscape cleaning, preserving authenticity of Lithuanian culture, civil education etc.; 2) at least 50 per

cent of income comes from operations in the market with the aim of earning profits by employing people rather than relying on volunteers; 3) at least 50 per cent of the profit is reinvested; and 4) an enterprise is independent from public or private organizations with other than social goals. This definition follows the principles proposed by the EMES European Research Network and applied by many European public institutions (Defourny and Nyssens, 2010). In 2019, hearings on the specific Law of Social Business were initiated in the Parliament, which sets an optimistic note that the Decree will develop into a Law, setting a wider understanding of SEs, and SEs *de facto* will be eligible for financial incentives from public funds.

Based on the widened definition of SE, the Decree of the Minister of Economy of the Republic of Lithuania on the Approval of the Action Plan for Promotion of Social Entrepreneurship in 2015-2017 was passed, which resulted in the bill for amending the laws of social enterprises (which is legally superior to the minister's decree, creating an ambiguous situation that social enterprises aiming at social impact are ineligible for financial incentives) and recommendations to public institutions about the models of gradual transfer of public services to social enterprises. Although these amendments were not passed by the end of 2018, the amendments to the Law of Public Procurement would allow the inclusion of SEs *de facto* in the group of service providers to which simplified public procurement procedures could be applied. Two projects on passing social service from state institutions to SEs have been piloted by a government agency Enterprise Lithuania and a consultancy Sinzer from the Netherlands in Kaišiadorys and Kaunas municipalities in 2019. These steps are considered important to improving the eco-system of SE, which are usually micro and small organizations.

Besides the Ministry of Economy and Innovation (the title of the ministry changed in 2019), legislation of SEs *de facto* is in the domain of the Ministry of Agriculture. The Ministry is responsible for coordinating a national programme LEADER that promotes social inclusion, poverty alleviation and economic development in rural areas as well as development of an instrument to assess social business impact. The programme of the Ministry of Agriculture of 2014-2020 received 30 applications from local communities to develop social business in 2017 when the call for funding was opened. However, just one contract was signed. At least one explanation for the low rate of signed contracts is that the applicants and their proposals did not meet the criteria for social business. Additionally, this programme could be noted for encouraging SEs to gear their thinking and activities to social impact making. That is, the instrument for measuring social impact was created and used as part of the LEADER application. Its scope is bound to four fields: employment (the aim is to fight social exclusion and advance social integration); health (the aim is to improve public health); prevention (the aim is to prevent crime, drug and psychotropic abuse and diseases); and education (the aim is to improve the quality of education and training, promote life-long learning, social cohesion and active citizenship). However, the indicators for reaching these aims are formulated in such a way that they indicate outputs (e.g. the number of representatives from the target groups who participated in trainings, the number/per cent of the beneficiaries whose health improved as a result of the provided services etc.) rather than impacts created by social business projects.

As there is no special status of SE *de facto*, their number varies from 30 to 90, according to different sources in 2018. The forms of these organizations range from non-governmental to private limited liability companies. However, even private companies share some characteristics of non-governmental ones by attempts to change social stereotypes, develop place-based identity of young people, contribute to the safer environment of the city, and to increase the welfare of families with children etc.

Actors promoting SEs *de facto* in the country are the British Council and some experts from the UK, Nordic Council of Ministers and experts from the Nordic countries, a national business association Investors' Forum, a national think tank Forum of Knowledge Economics, NGOs National Social Integration Institute, Geri Norai LT, Reach for Change, European Social Entrepreneurship and Innovative Studies Institute, Junior Achievement Lithuania, Malta Relief Organization and a government agency Enterprise Lithuania. In cooperation with the British Council the NGOs have been organizing a national level forum Social Enterprise Summit since 2013. Moreover, National Social Integration Institute and Geri Norai LT provide a co-working

space for NGOs and social entrepreneurs and have carried out several training and capacity building initiatives such as Socifaction and Reach for Change to incubate and accelerate SEs, developed training programmes and respective resources to potential and existing social entrepreneurs. National Social Integration Institute has spun off a few social enterprises itself. Geri norai LT has been organizing Social Leader Breakfast to strengthen networking between stakeholders in the field. Lithuanian Junior Achievement in partnership with Geri Norai LT initiated the biggest social entrepreneurship contest for high school pupils “JuniorSO: Business competition” that focuses on building capacity for social entrepreneurship. Majority of organisations contributed to establishing the Lithuanian Association of Social Business in 2018.

None of the higher education institutions (HEIs) in Lithuania runs a degree programme on social entrepreneurship (the attempts to launch it by HEI Kolpingo kolegija in 2017 failed as it did not collect a minimum number of students to start a programme). Most institutions offering business education integrate social entrepreneurship either as a topic in the sustainability, innovation or civil society related courses such as Corporate Social Responsibility, Business Ethics, or Civil Society and Volunteering. Specifically, public universities such as Vilnius University and Vytautas Magnus University offer a course on Social Economy. Kaunas University of Technology, in partnership with an adult training organization the European Institute of Social Entrepreneurship Training and Innovative Studies, organized a hackathon ChangeMakers‘ON in 2017 and 2018 to expedite cooperation between students from different fields of study in creating social business from concept to a commercial version. A private university ISM University of Management and Economics offers social entrepreneurship as an experiential, design thinking methodology based course under Social innovation incubator activities. It organizes the annual contest “Creative Shock” and conferences on social entrepreneurship that are also open to the wider society. In contrast, vocational schools have been offering about 130 courses integrating social entrepreneurship in vocational training ranging from Environment Protection through to Rural Business Services to Financial Services. Another organization offering training to potential social entrepreneurs is Enterprise Lithuania, which organizes consultations and open events to interested individuals and organizations, provides mentorship to social start-ups. However, although seemingly there are different events and programmes for promoting social entrepreneurship and SEs in the country, such activities also receive criticism from experts for being project-based, fragmented and short-term.

Conceptual framework

In this paper we argue the contribution of SEs to SDGs by the human capability approach by A. Sen (1985) and M. Nussbaum (2011). The capability approach holds that it is a moral imperative for people to have the freedom to achieve wellbeing in any context, and this freedom should be understood in terms of people’s capabilities or ‘functionings’: their opportunities or freedom to do and be what they have reason to value (Robeyns, 2005; Teschl and Debobert, 2010). According to Sen (1985), being capable means having social agency to decide about the life course that has value to an individual and to pursue it. In other words, human wellbeing and quality of life is defined not only by a person’s achievements but also by options for achievements. This means that an individual is entitled “not only to mere life but to a life compatible with human dignity”, and absence or lack of capabilities denotes presence of discrimination and threatens the self-respect and dignity of an individual (Nussbaum, 2009, 335).

Therefore, it is the duty of a decent political order to secure ten central capabilities: *life and longevity* (e.g. being able to live to an end of a human life of normal length, not dying prematurely etc.); *bodily health* (e.g. being able to have good health, adequate nutrition and shelter); *bodily integrity* (e.g. being mobile); *senses, imagination, thought* (e.g. being able to engage in them in a way cultivated by an adequate education to have pleasurable experiences, create arts etc.); *emotions* (e.g. being able to have attachments to things and people, to experience love, grieve, gratitude, justified anger etc.); *practical reason* (e.g. being able to form a conception of the good and engage in critical reflection about the planning of one’s life); *affiliation* (e.g. being able to empathise with others, recognize and show concern for other human beings, engage in social interaction, having the social basis to respect oneself, not be

humiliated nor discriminated against etc.); *other species* (e.g. being able to live with concern for and in relation to the world of nature etc.); *play* (e.g. being able to enjoy recreational activities, laugh etc.); and *control over one's environment* (e.g. being able to practise the political rights, participation and freedom of free speech, hold property, seek employment, enter into meaningful relationships at work etc.) (Nussbaum, 2011, 33-34). Applying these capabilities empowers an individual to realize goals and values that a person considers important and meaningful.

Moreover, if for some reason (e.g. lack of power or resources) political orders do not create the context for acquiring and practising these capabilities, it is then the moral imperative of business enterprises to help individuals to attain them. As argued by Ulrich (2002), companies can empower an individual for existential self-reliance by in-house training, guarantees of basic human and employees' rights and caring about their employees with decent working conditions. At the macro scale their practices may result in better education and culture, civil society and socio-economic development. In this respect, SEs have much power to contribute to human capability development. For example, by properly caring about their employees (who may be from socially excluded groups), providing them with meaningful work, adequate training to service their customers and engage in reasoned discussion, they not only contribute to employees' self-perception of being active caregivers and contributors to the well-being of, e.g. socially disadvantaged customers, but also by empowering them to carry out a rational and open discussion with customers they may encourage them to change from passive care recipients to developers of a new service (Pučėtaitė et al., 2019).

Social enterprises and SDGs in Lithuania

There are multiple cases of SEs (most of them are one of a kind in the country) that concentrate on a specific (sometimes exceptional) field of activity and represent different levels of business model development in Lithuania. For example, 'House of Dignity' operates in the real estate sector and is a housing initiative targeting single elderly people. This SE has a clear concept, but is still at the experimentation stage. 'CoolŪkis' is an urban community initiative growing vegetable and building communities aimed at solving issues of social exclusion and/or alienation in urban environments. This is an organization whose principles are closer to non-profit sector actors as it is based on an underdeveloped business model. 'Democratic School' operates in the sector of education and has a developed business model. This SE meets the need for life-long learning, increasing literacy among children, and developing a learning community. 'Antalieptė Innovator Valley' is a co-living and co-working space for innovation development in a rural area. This SE possesses a rather mature business model in cooperating with local communities. 'Mano guru' already has a mature business model: it is a salad bar that aims to socially integrate former drug and alcohol addicts. And many more. There is empirical evidence that the activities of each of the SEs bring significant contributions to the implementation of particular SDGs in Lithuanian society. An exemplary summary of correspondence between the SDGs and the SEs' missions is presented in Table 1. The names of companies are translated and we marked three SEs on which we will focus in more detail.

Exemplary randomly selected SEs (see Table 1) cannot be used as defining all possible varieties of enterprise, but depict a panorama of Lithuanian SEs *de facto*. That is, many of the SEs focus on the integration of particular social groups (e.g. the disabled, elderly, youth) into the labour market or society in general and employ such methods as educational workshops, camps, gathering events, etc. (SDG4). The integration and empowerment aims frequently have a direct relation to fighting poverty (SDG1), hunger (SDG2), inequality (SDG10) and contributing to good health and well-being (SDG3), decent work (thus – economic growth) (SDG8). Moreover, the search for and implementation of innovative decisions (SDG9) involving interested communities (e.g. local, urban, rural) in social innovations (SDG11) is typical for social entrepreneurial activities.

On the other hand, there are 2 SDGs which are not covered by the missions and activities of SEs in Lithuania, i.e. SDG5 and 14. Nonetheless, the Gender equality (SDG5) issues are targeted by activities of NGOs (e.g. www.lygus.lt, www.gap.lt, etc.), which do not identify themselves as

SEs. Also the Life Below Water (SDG14) issues are tackled by initiatives coming from traditional business enterprises (e.g. <http://www.onninen.com/lithuania/apiemus/cleanbalticsea/Pages/Default.aspx>) and Foundations (e.g. Lithuanian Foundation for Nature, <http://www.glis.lt/?site=5>).

Further on, we present more detailed descriptions of several randomly chosen SEs and their activities and (potential) impacts on SDGs through a stakeholder perspective. We start from the SE most established in its business field and proceed to the one with the least experience piloting its business model and just projecting its impact.

Table 1. SEs in Lithuania and their activities in the context of SDGs. – N.B. The listed SEs are an exemplary random sample selected from the above-mentioned projects and initiatives.

SDGs	SEs																					
	Cool Ūkis	Caritas Works	Social Action	House of Dignity	Mantle of Kindness	My guru	Treasure Workshops	Friends' Confiture	Baby's nest	Utriai Hill	Democratic School	Business or Art	Social Taxi	Five Senses - sensoria	Smalininkai Community	Corner of Creativity 360°	City's Laboratory	Antalieptė Innovator Valley	Share the Light	Vikings' Village	Teas of Vilkskiai	
1: No Poverty	x	x	x	x	x	x	x	x	x	x												
2: Zero Hunger	x	x	x	x	x	x																
3: Good Health and Well-being	x	x	x	x	x	x	x	x	x		x	x	x	x	x							
4: Quality Education						x	x	x		x	x	x				x	x	x	x	x	x	X
5: Gender Equality																						
6: Clean Water and Sanitation															x	x	x					
7: Affordable and Clean Energy															x	x	x					
8: Decent Work and Economic Growth	x	x	x	x	x	x	x						x	x			x		x	x	x	X
9: Industry, Innovation and Infrastructure	x			x												x	x	x				
10: Reduced Inequality	x	x	x	x	x	x	x					x	x	x								
11: Sustainable Cities and Communities	x		x	x	x	x				x					x	x	x	x				
12: Responsible Consumption and Production	x	x				x	x	x	x						x	x	x					X
13: Climate Action															x	x	x					
14: Life Below Water																						
15: Life on Land	x									x						x	x	x		x		
16: Peace and Justice Strong Institutions			x			x					x								x			
17: Partnerships to achieve the Goal		X									x	x							x			

Mano guru (My guru)

Background information: www.manoguru.lt; empirical data of the projects “WEstart: Mapping Women’s Social Entrepreneurship in Europe” (2014-2015, <http://westarteurope.org/database>) and “Organizational ethics, organizational innovativeness and its transformation to sustainable innovation” (2013-2015, see Pučėtaitė et al., 2015).

This SE provides initial assistance for socially marginalized people – i.e. ex-substance-addicts – helping them to integrate into the labour market and society through operating a salad bar that provides training for the target group (‘clients’). The organization aims to change a client’s attitude from being dependent to being a self-reliant person who can take care of her own life and control their environment. People leave the bar not only with a qualification, but also with a recommendation from their first employer, which increases their job opportunities.

The organization started its work following, at that time, the unique and previously unknown in Lithuania model of social reintegration in 2002, and has successfully implemented 5 projects financed by the European Social Fund and delivered quality services to more than 400 representatives of the target group, of whom 90-95 per cent are successfully reintegrated.

The main impacts of Mano Guru are:

- On the client-employee – a rehabilitated substance-addict: empowerment – changed attitudes and habits, learnt new skills, self-reliance and practical reason.
- On the client-consumer: healthy nutrition, increased social sensitivity and responsibility, changed attitudes to the ex-substance addicts, i.e. being able to experience empathy and compassion and practise care. The SE not only offers healthy food and an opportunity to contribute financially to social rehabilitation programmes, but also educates the clientele by presenting evidence of changing attitudes and behaviours of the ex-substance addicts.
- On society: The SE contributes to educating society, making it more conscious, sensitive and tolerant as well as a healthy (both physically and socially), affiliated to a community, safe and friendly place to live.
- On the city: The SE contributes to the city’s reputation by creating a synergy from a practice of healthy food, an image of safe place and an expression of social sensitivity.
- On the state: The SE contributes to the state economy and saves social expenses by providing employment to ex-drug addicts, keeping them away from committing (new) crimes, saving costs for public health, law enforcement, and public safety.

However, probably the most important impact cannot be measured by (monetary) figures as it indicates changes in attitudes and lifestyle of the employees and society members. As the manager of the salad bar said: *“In our practice, we have a case when a man who used drugs for more than 20 years came to work to our bar after the rehabilitation and having received the first salary commented with enthusiasm and genuine surprise: ‘Oh, I did not know that working is easier than stealing!’ It became a corporate story about the impact we make.”*

Demokratinė mokykla (Democratic School)

Background information: <https://www.demokratinemokykla.lt/>; Reach for Change in Lithuania, <http://lithuania.reachforchange.org/lt/change-leader/nerijus-buivydas/19926/>; empirical data of the project “Evaluation of socio-economic impact of social business: comparison of Lithuania and Finland” (2017-2019).

The school aims to change the Lithuanian education system and aspires for education that takes into consideration the student’s needs and abilities, resulting in a better quality in teaching and learning, and overall satisfaction for both students and teachers. At this school, using general educational programmes as a background and integrating individual educational plans in their framework, each child has an opportunity to develop as fast as she/he can/want. Thus, the children are enabled to be heard and their opinions taken into consideration in planning their education, which exemplifies the principles of democracy. By applying democratic principles in public schools, the founders hope to develop the capability of upholding democratic principles in the society, which, being post-authoritarian, still needs to learn the skills of constructive dialogue.

The idea of Demokratinė Mokykla evolved from informal educational activities in an NGO “School of Success”. The primary school was established by two people and a corporation SBA (<http://www.sba.lt/en/>) with the support from Vilnius Municipality that provided premises in a woodland in the city. The structure of the school corresponds to one of a traditional primary school in the country, but at an ideological level, it has been created on the examples of the Park School (<https://www.parkschool.com/>) and the Sands School (<https://www.sands-school.co.uk/>) in Great Britain. In autumn 2018 there were 40 pupils at the school.

The main impacts of Demokratinė mokykla are:

- On the consumer-child: education of children. The SE contributes significantly to the development of a child as she receives innovative, democratic principles based primary education in a creative, safe, healthy, respectful, supportive learning environment. Through play, they acquire the capability for civil responsibility and political participation.
- On the consumer-parents: broader attitudes. The SE educates the clientele by presenting examples of application of democratic education as well as through education of the children.
- On society and the state: The SE contributes to educating society and making it more conscious and democratic by educating and socializing several generations (i.e. children, their parents and grandparents). In this way, the SE contributes to strengthening the democratic tradition of the political order.

The founder, owner and current leader of Demokratinė mokykla says that *“I am working to create a school where happy children would study ... and to help pupils at other schools in Lithuania to be happy at their schools”*. Thus, the main impact is children’s happiness, ability to play.

Orūs namai (House of Dignity)

Background information: www.orusnamai.lt; empirical data of the project “Evaluation of socio-economic impact of social business: comparison of Lithuania and Finland” (2017-2019).

This SE aims at solving the problems of loneliness and poverty of elderly people in an innovative way. It helps retired people to rent out their apartments, which are often too big and expensive for them to keep, and move to the house of apartments which are specially equipped for them: each resident has a separate apartment with her own bath and kitchen and at the same time is integrated into a community of still self-care-capable people. There is also a common space where they can meet, communicate, and engage in their favourite activities, creating an opportunity and strengthening their capability to affiliate.

This is the first social entrepreneurship project of housing in the country. A pilot was started with 140m² reconstructed facilities and 2 residents at the end of 2018. Financially, the business model rests on the idea that rental income of the retired people’s property completely covers the cost of living in a new apartment, so the seniors’ income (i.e. pension mainly which may be as low as 200 EUR/month) remains at their disposal, helping them to save for (better) nutrition and recreation. As the elders’ apartments might be of a lower quality (e.g. without renovation), the special segments (e.g. lower social status groups) of society are projected as potential rental segment.

The expected impacts of Orūs namai are:

- On the consumer-senior person: decrease in loneliness and poverty as well as increase in economic and social well-being and health. The SE contributes to the improvement of the socio-economic status of the elderly people by providing proper housing and related (social care, health care, etc.) services.
- On the consumer-tenant: expansion of economic possibilities. The SE provides possibilities to spend less on rent of apartment for lower income citizens as well as to contribute to implementation of important social aims.

- On society: improving public health and well-being of society as well as altering attitudes towards elderly people by providing proper services to the elderly part of the population.
- On the state: The SE contributes to strengthening the state economy by resolving elderly related problems – i.e. securing public expenses (i.e. taxpayers money) on social and health care.

The author of the idea to establish the Orūs Namai project says: *“there are a number of indicators which are impossible to measure. E.g. health ... as it is said, loneliness habituates a person to as much as 14 cigarettes per day. ... Human longevity [is predetermined] by two main factors: a healthy way of living and social integration.”*

Conclusions

In this paper we aimed to discuss how Lithuanian SEs which, with the exception of the salad bar Mano Guru, are at the early development stage and in most cases are projecting rather than making an impact on individuals and on a society that still lacks resources and capabilities for social problem solving. We are aware that the three SEs do not represent the given exemplary sample of the SEs (Table 1) nor the entire corpus of SEs in Lithuania. Being exceptional in the given context, they can be considered as typical examples of organizations contributing to the implementation of the SDGs in their own, often innovative way. For example, all three SEs contribute to Good Health and Well-being (SDG3) but by different means: Mano guru provides healthy (local) food as a product with a value constellation in its business model at the same time giving a chance to its employees-clients to improve their self-esteem and well-being; so does Demokratinė mokykla by bringing children close to nature, teaching them to live in harmony with the natural environment which, besides being the vehicle to experience joy and play as part of well-being, is a source of healthy nourishment as well. Moreover, by changing an attitude to the curricula and means of children’s education and focusing on their creativity and democracy skills besides literacy and mathematic skills they resocialize older generations who grew up in an authoritarian context and strengthen civil society. Orūs namai contributes to the same goals by designing living conditions which contribute to creating life with dignity for elderly people. Moreover, direct goals as reflected in the SEs’ missions contribute to some positive unintended consequences with respect to human capabilities and the SDGs. For example, although the founder of Orūs namai does not explicitly relate housing to enhancing human capability, the SE does that, as housing per se is considered as contributing to human dignity (Nussbaum, 2009). By offering housing as a community living space it has the potential to contribute to SDG11, creating a sustainable urban environment which uses real estate in a rational and socially sensitive way. More importantly, this kind of SEs has potential to contribute to SDG1, i.e. reducing poverty, which is a pressing problem in Lithuania. The selected cases are also examples of how central human capabilities such as senses, imagination, practical reasoning or affiliation (Nussbaum, 2011, 33-34), which are not simple to measure, although the indicators of happiness, loneliness, or well-being are available, are realized by social economy players rather than the state and its political order.

Considering political and economic factors of the context for SEs’ activities and possible help in achieving scale-up of their business and its impact, a few public policy recommendations follow. Firstly, the Law of Social Enterprises in Lithuania has to be radically amended to prioritize the wide understanding of SE as set by the EMES research network rather than the narrow one incentivizing just WISEs. The Decree of 2015, its later amendment detailing the criteria for defining an SE and attempts of passing a law on social business in 2019 are steps towards it. However, as long as it remains an initiative of one ministry which does not have dominance over the Law of Social Enterprises and is not connected to other ministries’ initiatives of measuring impact of SEs, it is likely that synergies in developing human capabilities and attaining SDGs will not be achieved. Rather, in such a political context SEs may last as long as their leaders are motivated by the meaningfulness of their work or there is public funding available. This may result in social business being a life style activity that never scales up impact nor reaches maturity stage. Therefore, secondly, synchronizing the ministerial initiatives and available funding mechanisms is urgent if SEs are to become instruments for

reaching SDGs. Thirdly, setting indicators of social impact (or at least outcomes) rather than output in technical conditions of financing social business activities, prioritizing the ones related to poverty as an urgent social issue would also contribute to creating a long-term perspective in social entrepreneurs' mentality and increase chances of developing SEs capable of innovating and providing social services more efficiently than state organizations. Finally, an infrastructure with respective (e.g. longer than a week) training courses for social entrepreneurs is needed to consolidate individual and/or community initiatives with social purpose and nurture social entrepreneurship which is not only output (e.g. course attendees or certificates delivered) but also impact-oriented.

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