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ENTERPRISES ECONOMICS AND MANAGEMENT

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SOCIO-ECONOMIC ENTERPRISE MODELS IN LITHUANIA

Abstract. The development enterprise show dynamic transition from traditional polarities "market" versus "state," "private" versus "public" towards more complex socio-economic models, such as social enterprise. Social enterprise invokes hybridity, that emerges from the integration of traditionally separate institutional logics, ecosystems, markets, and business models. The presented research analyzes how socio-economic elements manifests at social enterprises and social enterprise ecosystem in Lithuania.

Key words: social business, social enterprises, social-economy **JEL Classification:** D21, H23, J21, O15, D62, P43

INTRODUCTION

Recently scientists observe the expansion of socio-economic organizational arrangements through various sectors and markets. (Pestoff, 2014, Vickers, 2017). The hybridity concept in a socio-economic context is particularly related to growth and development of social enterprises (Szymanska &Jegers, 2016, Defourny, 2017, Besley & Ghatak, 2017).

The presented research seeks to analyze how socio-economic logics operate through social enterprise universe in Lithuania, what complexities and paradoxes emerge from the interplay between social end economic institutional traditions. The study underlines, that socio-economic model is not a precondition, but a process. The social enterprises often evolve from traditional for-profit or non-profit sectors, and through internal and external implications develop unique socio-economic model.

1. Socio-economic models

The spread of socio-economic organizational models represents a broader trend of disappearing polarities between market and state (Grassl, 2012). The researchers (Galera & Borzaga, 2009) argue, that enterprises as organizations, promoting the exclusive interests of their owners is questioned by the emergence of social enterprises, which supply general-interest services and goods, but profit maximization is no longer an essential condition for them.

Social Enterprises can be perceived as integration of different legal forms (Young, 2012; Eldar, 2017), stakeholders (Szymanska & Jegers, 2016), various combination of resources and institutional logics (Defourny & Nyssens, 2017), combination of profit and social impact objectives (Besley & Ghatak, 2017), amalgamation of social work and business (Artcer et al., 2016).

Social-economy organisations excel beyond conventional "bi-polar" economic landscape, described by the central place of the market and the regulatory role of the state (Defourny, Nyssens, 2012) and stimulate new cross-sectoral policies. The article opens discussions around new actors of the social - economic development.

2. Research methods

The paper is an analytic review, building on analysis of scientific literature, research studies and legal framework related to the themes of social innovation, social enterprise concept, social enterprise model, analytical reports, statistical analysis, case studies and stakeholders' interviews.

3. Socio-economic models in Lithuania

The history of socio-economic models in Lithuania is closely related to the evolution of charity organisations and cooperatives. Three different historical stages can be identified in this history: the pre-war period (until 1940), the Soviet-Union period (1945-1989) and the post-Soviet period (since 1990). Since the restoration of the independent state (the post-Soviet period), in the 1990s, civil-society activities have been institutionalised through various forms of non-profit organisations. The legal framework for non-profit organisations (NPO) created favourable conditions for social enterprise to emerge. NPO were legally compelled to combine core dimensions of social enterprise: a social aim, economic activities, and inclusive governance.

In recent years, socio-economic models in Lithuania has developed in two directions: the work integration social enterprise (WISE) and other types of social enterprises, which mainly are non-governmental organizations: public enterprises, associations and foundations, generating market income (Fig.1).

In 2018 the overall number of WISEs comprised 186 and NGOs, generating market incomes comprised: 1712 associations, 70 foundations and 1694 public enterprises. WISEs mainly operate in low-skilled-jobs areas: cleaning, construction, food production. Public enterprises, associations and foundations operate in fields of social care, education, healthcare, sports and culture.

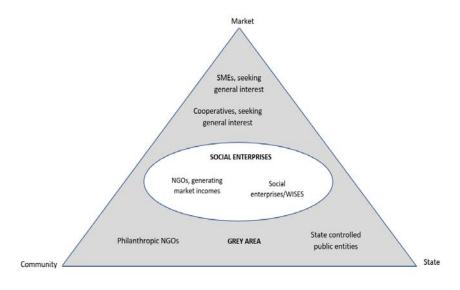


Figure 1. The universe of socio-economic models in Lithuania Source: compiled by authors

4. The paradox of the social-economy ecosystem

The ecosystem of social-economy organisations in Lithuania is in a transitioning stage, characterised by conceptual ambiguity and policy tensions. The concept of WISEs was legally institutionalized in 2004 and was linked to the system of state subsidies for the employment of disadvantaged target groups. The other types of social enterprises mainly adopted non-profit legal forms and lobbied for new legislation, which would not be limited to WISEs. In 2015, following the Social Business Initiative by the European Commission, the Ministry of Economy launched the decree on the adoption of the "Conception of Social Business".¹² Since 2015, two different de jure definitions of social enterprise have been coexisting in Lithuania. These two conceptions are not "integrated", and their co-existence creates confusion in legal acts, financial support frameworks and society. Social enterprises, that adopt non-profit legal forms have preferences to attract volunteers and grants, hence can't

¹² Minister of Economy (2015). The Decree on the ratification of the conception of social business April 3, No.4-207.

apply for credits or investments, because only profit-seeking enterprises are legally framed as economic entities, operating in the market.

The stakeholders' interviews highlighted, that polarity between social and economic institutional tradition In Lithuania is expressed systemically in legal environment, financing mechanisms, policies and inhibits the development socioeconomic models.

CONCLUSION

The article highlights value and complexity of amalgamation of social and economic institutional logics on organization and ecosystem levels and underlines that any particular definition to social enterprise don't represent the variety of social enterprise models. The case of Lithuania shows, that social enterprise models emerge in various forms and sectors. The study advocates importance for a country to develop inclusive and broad approach toward the conception and policies toward social enterprises, embracing the broad variety of innovative models.

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