Mykolas Romeris University

Mechanisms of Resilience in Uncertain Times:

Crisis Management, Social Entrepreneurship, and Human Capital Development

Collective monograph

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1.6. SOCIAL BUSINESS TRANSFORMATION IN LITHUANIA

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Abstract *Social business solves problems that traditional businesses, government agencies and traditional NGOs cannot. The object of the research is social business. The aim of the research is to analyse the transformation of social business. Study objectives: to introduce the concept of social business, arguing for an integrated approach; clarify the concept of social business; identify the external and internal drivers of social business; identify social business entities in Lithuania; and to show how the transformation of social business has taken place.*

Keywords: *Social business, social business transformation, social business impact measurement.*

Introduction

Social business solves problems that traditional businesses, government agencies and traditional NGOs cannot. The secret and uniqueness of social business in tackling society's most pressing problems, its ability to be self-sustaining and to ensure continuity of activity, gives it an advantage and is the reason for its growing popularity. Such businesses are based on market laws, use proven business principles, and are based on effective ways of meeting social needs and solving existing societal problems. However, in Lithuania, social business is still poorly known, little is said about its benefits, there are no incentives in place, and there is a lack of education, which is why it is sometimes mistaken for a social enterprise. Government regulation is so focused on only one area of social business - social enterprise - that social business is only associated with the employment of the vulnerable in society, narrowing the concept of social business and failing to exploit its full potential.

Relevance: Social business is linked to phenomena such as the social economy and social innovation, and thus social business is receiving increasing interest from different stakeholders. In Lithuania, social business initiatives are on the rise. The legal framework is beginning to take shape - the Social Business Concept has been published, and the Social Business Law is awaiting approval. Traditional social business events, such as the Social Business Forum, where both practitioners and academics give presentations and share their experiences, are taking place. Everyone agrees that the topic is extremely important. Second, scholars such as Kostetska and Berezyak (2014) argue that for all countries, no matter how economically or socially developed, the most important success factor is the social stability of the society, and therefore it is argued that it is necessary to exploit social innovation, which is manifested through social entrepreneurship. Indeed, social business is expected to integrate business principles into their functioning and adopt an entrepreneurial 'mindset' in the provision of social goods/services in order to compete and survive in the demanding and modern contemporary marketplace (Borzaga et al., 2014; Kickul and Walters, 2002; Krlev, 2012; Piboonrungroj, 2012). Recent research conducted by researchers worldwide (Arantes, V., Zou, C.,Che, Y., 2020; Duffield, M., 2020;

Hlatshwayo, M., 2020; Fathalikhani, S, Hafezalkotob, A., Soltani, R., 2020; Szczepanska, K., 2020; Zajda, K. K., Pasikowski, S., 2020)) show that in cases of disasters, crises, pandemics, etc., social business in cooperation with various structures and organisations can contribute to solving various problems, as social business helps socially vulnerable people, ensures gender equality, and also solves problems ignored by state authorities.

Social business is valued for its contribution to economic and social well-being, and for its ability to innovate to tackle social challenges. In Lithuania, social business enterprises receive the most attention because they have the potential to tackle important poverty issues and bring people into the labour market. Lithuania's economy is growing quite rapidly and is one of the leading economies in the OECD. However, the country is still lagging other OECD members because it faces problems of poverty, low labour productivity and low labour market participation. Lithuanian policy makers and the public pay close attention to social entrepreneurship initiatives as they are seen as promising solutions to these problems. However, in Lithuania, social business is often identified with social enterprise (employment of people with disabilities) or NGOs, and the public is not sufficiently informed about the correct conception of social business, the public has a hard time understanding the positive aspects of social business, there is not enough information about setting up a social business, no dissemination of the possibilities of expansion and development and foreign pilot projects, and no information about how to assess the impact of social business. Melnik (2017) points out that the European Commission has initiated the Guidelines on Impact Assessment, which state that it is necessary to assess policy options on the basis of their economic, social and environmental impacts. One of the questions to be answered in the assessment relates to two key elements: the specific impacts (e.g. social) and those who will be affected.

Karen Maas and Kellie Liket (2011) list over 30 methodologies for assessing the impact of social business (Insight Indicators Framework, Atkinson's Compass for Investors, BoP Impact Assessment Framework, Impact Measurement Framework, Continuous Assessment of Social Impact, etc.). The most common social impact methodologies are (Policy Brief on Social Impact Measurement 2015): cost-benefit analysis, rating-based methodology, social accounting and auditing, social return on investment (SROI).

Rotz D., Maxwell N., Dunn A. (2015) used a cost-benefit approach in a study-report supported by the Social Innovation Fund and the National and Community Services Corporation programme. The study sought to assess the impact of social businesses involved in the project. Their joint project was based on a five-year strategy to transform the lives of people with barriers to employment by helping them to enter the labour market. The businesses involved in the study had a mission focused on employing and otherwise assisting such people.

Over the last decade, there have been international efforts to establish a culture of social impact assessment and reporting. In 2012, the European Commission's Single Market Act II focused on assessing the socio-economic impact of social business and developing appropriate tools (European Commission, 2012). A methodology on measuring the social impact of social business activities has been published. As a result, several EU Member States have started to promote policy measures to raise awareness and develop a plan for measuring social impacts. For example, the French government has recently launched a government-wide initiative called "French Impact", which aims to foster social entrepreneurship and innovation in all regions by bringing together several ministries and funders to provide social businesses with access to social impact assessment tools. Access to funding resources has been another driving force in creating a culture of social impact assessment and reporting, according to research by the Organisation for Economic Co-operation and Development (OECD) (2019). Public and private funders have started to push social businesses to measure and report on their impact (OECD/EC, 2019). Social businesses often need to demonstrate that social impact has been achieved and report alongside other requirements when bidding for public contracts. Similarly, impact investors assess both the financial and social returns of a business before investing in social businesses. Intermediary organisations can help funders and social enterprises raise awareness of the benefits and challenges of social impact assessment, and reporting through targeted campaigns and impact signage.

Social business is also attracting growing interest as a research area. Certo and Miler (2008) provide different directives for research on this topic that confirm the existing need. Social businesses face difficulties in measuring the benefits they generate; this is common for traditional profit-seeking businesses, where it is possible to use tangible figures and rely on a range of financial indicators, but social business (according to Austin, Stevenson, Wei-Skillern (2006)) has to use complex and sometimes provisional calculation methods. While it is common to distinguish between social and economic benefits, some scholars argue that it is not worth distinguishing between the two: Santos (2012) recommends looking at value as the total value created for members of society. Social business would undoubtedly attract even more interest if the value referred to by different stakeholders were calculated and quantified in a valid way. Private investors and government representatives would have a tool to demonstrate the value that is clearly being delivered, while at the same time providing more motivation to work on improving the conditions for social entrepreneurship, its promotion and public awareness. Research has shown that in Lithuania, social business is not yet fully understood by the general

public, the impact of social business on the economy is not well understood, and there is no methodology for measuring the impact of social business.

Level of research into the problem. Social business is still a new phenomenon, especially in Lithuania. Social business is undoubtedly important and is receiving attention from various different stakeholders. Research focuses on the distinctive features of social business in terms of operational principles (Šalkauskas and Dzemyda, 2013; Kvieska, 2015), social business models (Kuklytė and Vveinhardt, 2016; Yunus, Moingeon and Lehmann-Ortega, 2010; Pol, Ville, 2009), Ridley Duff and Bull (2011) have developed a detailed description of social business, its managerial specificity and its place in the inter-sectoral environment. Alter (2007), Martin and Osberg (2007) and Defourny (2001) have made significant contributions to the definition of social business. The social business model has been studied by Gucku, Dees and Anderson (2003), Sommerrock (2010), Guclu et al. (2002) and Perrini and Vurro (2006). The work of foreign scholars such as V. Weiner, A. Carroll, M. Van Marreviyk, J. Sandal, F. Sprekli, Acs et al. (2015), Acs et al. (2018), Alemanno and Cottakis (2017), Bedford and Carayannis (2018), Dey and Steyaert (2018), Tan (2014), Wexler (2006), Wexler (2018), etc. the impact of social business on the society and economy has been studied, and the problems of social business have been analysed. However, these studies have paid very little attention to generalizing contemporary experiences in formulating and demonstrating effective models of social business impact. Other scholars (Dawson and Daniel (2010), Jing and Gong (2012), Velu (2015), Vidal and Michell (2013), Westley et al. (2010)) have pointed out that social business is not profit-driven, it is about generating new ideas and refining existing ones. Meanwhile, scholars (Baregheh et al. (2009), George et al. (2012), Hulgard (2018), Lisetchi and Brancu (2014), Mulgan (2006)) argue that social business combines economic processes (profit-seeking) with social needs and motives.

However, in Lithuania we have very few social business organisations that meet the EU criteria (Stroputė, Kairytė 2016). The benefits of social business have already been realised not only by scientists, but also by entrepreneurs and politicians. EU policy promotes the creation of such businesses, education and information of the general public on the topic of social business. One of the key elements in accelerating the rate of establishment of such businesses and increasing public interest is to demonstrate the benefits of such initiatives. So far, there is no evaluation system in Lithuania to show what value and impact such social business initiatives create - many organisations try to measure the impact of social business by using different impact measurement methodologies. One example is the UK's 'Social Value Act', which encourages procurement officers to respond to the social impact they generate. The theory of the model of change is widely applied in the UK (Synthesis report, 2019) and requires social businesses to set out their vision, their purpose, and to create an outcomes matrix that demonstrates the change that will result from their activities. This approach requires breaking down all business activities into small steps and thinking about the linkages that will generate results. There are tools that calculate the return on social investment, but it is a very sophisticated methodology: cost-benefit analysis is used to calculate the future budget. Research on social business is ongoing in the EU. The first European research project on the emergence of social business, 'Emergence of Social Business in Europe' (EMES), was carried out in 1996-1999 under the EU's Fourth Framework Programme for Research and Technological Development (FP4). This project helped to develop a coherent definition of this fledgling term, identifying the three dimensions of social business (social, economic and governance dimensions) and developing a set of nine indicators representing the "ideal type" of social business. Subsequently, an EU-funded research project on the "Socio-economic performance of social business enterprises in labour integration" (PERSE, 2001-2004) completed the first comparative analysis of Work Integration Social Enterprises (WISEs) across eleven European countries. Since then, numerous other research projects have been carried out at the EU and national level to better understand social business enterprises, to inform policy making and practice, and to demonstrate the impact of social business on society (Synthesis report, 2019).

The object of the research is social business.

The aim of the research is to analyse the transformation of social business.

Study objectives:

- Introduce the concept of social business, arguing for an integrated approach. Clarify the concept of social business.
- Identify the external and internal drivers of social business.
- Identify social business entities in Lithuania.
- To show how the transformation of social business has taken place.

Research methods:

Systematic and comparative analysis of concepts, methodologies and findings published in the scientific literature, logical generation of conclusions, mathematical, statistical processing and questionnaire evaluation methods. The choice of methods was determined by the availability of data. Mathematical and statistical processing methods using SPSS and Microsoft Excel were used to analyse the results of the questionnaire survey evaluation and to analyse and evaluate the statistical data.

THEORETICAL FRAMEWORK FOR SOCIAL BUSINESS

This part theorises the concept of social business, seeks to define the boundaries of the definitions, and distinguishes it from other forms (such as traditional business). It focuses on the regulation of social business in Lithuania, presenting the positive and negative aspects of social business.

Concept of Social Business

There are many different definitions of social business. Some authors focus on the interpretation of the definition of social business, highlighting the main ways in which social business differs from other forms of activity. However, there are also forms that are very close to social business. Some authors identify them, while others argue that they are just forms at different levels. This section discusses the links and dimensions between social business and other forms of social enterprise.

The phenomenon of social business emerged only after the crisis that engulfed welfare states and mixed economies. Research focuses on the distinctive features of social business in terms of operating principles (***Šalkauskas*** and Dzemyda, 2013; Kvieska, 2015) and models of social business (Kuklytė and Vveinhardt, 2016; Yunus, Moingeon and Lehmann-Ortega, 2010; Pol, Ville, 2009). However, in Lithuania, we have very few social business organisations that meet the EU criteria (Stroputė and Kairytė, 2016), and we cannot even name exactly how many.

According to ***Šalkauskas*** (2013), "social business is a form of business in which the social mission of an organisation is pursued in conjunction with economic activity. Such an organisation uses private sector methods to achieve public sector objectives and is able to fully sustain itself through commercial activities. A social business is a business whose innovative activities or structure (including ownership) are used to create a particular social network through economic activity, i.e. the supply of goods, the production of products, or the provision of services.

V. Kvieska (2015) expresses social entrepreneurship as a process through which organisations use innovative entrepreneurial solutions to contribute to or initiate projects for the public good.

J. Kuklytė, J. Vveinhardt (2016) link the origins of social entrepreneurship to an existing form of traditional entrepreneurship, where improvements are made and the business is adapted to create economic value with social impact. This concept of social business uses the management principles of private sector organisations to help meet public sector objectives through commercial activities and the creation of social value for society.

According to S. Navasaitienė (2017), social business as a business model exploits the market mechanism to achieve profits related to social goals and follows the principles of socially responsible business. It is designed to fill a niche that cannot be filled by public services. The definition of a socially responsible enterprise is commonly understood to mean that it is based on voluntary social and environmental principles, with an ideology of close cooperation with the community, local authorities and a focus on socially sensitive/vulnerable groups. "Social" is defined as business directly related to society and its living conditions. Therefore, the first thought when explaining what kind of enterprises can "belong" to the category of social business is that it includes Non-Governmental Organisations (public institutions) addressing social problems, which is usually associated with the terms "non-profit", "voluntary", "non-governmental", "non-governmental", public organisations; associations; public institutions; specific non-profit organisations (Markaitienė, 2018).

Ridley Duff and Bull (2011) have developed a comprehensive description of social business, indicating the place of social business in the business environment. Scholars (Alter (2007), Defourny (2001), Martin and Osberg (2007)) have extensively analysed social business by articulating how social business should be understood. Other scholars (Gucku, Dees and Anderson (2003), Guclu et al. (2002), Perrini and Vurro (2006), Sommerrock (2010)) have analysed the operation of the social business model. However, the analysis of the perception of social entrepreneurship and the analysis of the mechanism of operation of the social entrepreneurship model has not been sufficiently explored because the essential components of the social entrepreneurship model have not been fully identified. According to Yunus (2010), social business is a new type of enterprise that differs from traditional forms of corporate organisation, where the main objective is profit maximisation. The researcher describes two types of social business, two forms of organisation or management, which could thus distinguish "pure" social business from other businesses that may currently acquire the term "social". According to the researcher, there are two main types of social business. Yunus points out that the first type of social business is defined as a company with a balanced income and costs, with no losses and dividends that go towards solving a social problem. Their owners are investors who inherently invest profits to expand and strengthen the business (Yunus, 2010, p. 20). In such a business, investors could define a point in time at which they would withdraw the amount invested.

Wildmannova (2018) points out that the concept of social entrepreneurship is based on public-private partnerships in the provision of public services and the promotion of public employment policies.

The European Commission (2013) defines a social enterprise as follows: "A social enterprise is a social economy entity whose main purpose is to have a social impact rather than to make a profit for its owners or shareholders. It

operates by providing goods and services to the market based on entrepreneurial and innovative principles and uses its profits primarily to achieve social objectives. It is managed in an open and responsible way, involving in employees, consumers and stakeholders affected by its commercial activities". This definition shows that the social economy is a good example at the micro level and how the principles of the market economy prevail, while at the same time delivering social impact rather than profit.

Table 1. Evolution of Social Business Concepts

Author	Year	Understanding social business
Melo Neto and Froes	2002	They believed that social entrepreneurship was designed to create a link between human, social and sustainable development in communities.
Cruz	2006	The perception of social business is still emerging. However, most social movements have been driven by individuals and business groups with a single purpose: to improve the lives of poor people.
Mair and Marti	2006	Social entrepreneurship is a process that involves the innovative use and combination of resources to seek opportunities to create social change and/or address social needs.
Robinson	2006	Social entrepreneurship is defined as a process involving the identification of a specific social problem and its corresponding solution. This process includes the assessment of the social impact of enterprises, the business model and sustainability, and the development of a social mission, whether profit-oriented or not, always considering social sustainability.
Novaes and Gil	2009	Social entrepreneurship is a process that encourages greater participation in local entrepreneurial activities, increasing people's connection to their city, land and culture.
Yunus	2010	Social business is business focused on a social cause. The purpose of the business is to achieve one or more social objectives through its activities. Investors do not want any personal gain.
Nicholls	2010	Social entrepreneurship is understood as a process of changing the supply of public goods and social/environmental services.
Campos et al	2012	Social enterprises tend to operate in situations where government agencies have the primary authority for action and decisions.
Rosolen et al	2012	The concept of social entrepreneurship is anchored in the creation of social value and taking an innovative question into account in the methodology and in the services or products that will bring about social change.
European Commission	2013	A social enterprise is a social economy entity whose main purpose is to have a social impact rather than to make a profit for its owners or shareholders. It operates by providing goods and services to the market on the basis of entrepreneurial and innovative principles and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner, involving in employees, consumers and stakeholders affected by its commercial activities.
Šalkauskas	2013	Social business is a form of business that combines the social mission of an organisation with economic activity. It uses private sector methods to achieve public sector objectives and can be fully self-sustaining through commercial activities. A social business is a business that uses an innovative activity or structure (including ownership) to create a social network through economic activity, i.e. the provision of goods, products or services.
Invitation	2015	Social entrepreneurship is the process by which organisations use innovative entrepreneurial solutions to contribute to or initiate projects for the public good.
Social Business Concept	2015	Social business is a business model that links profit-making to social goals and priorities, using the market mechanism, relying on socially responsible business and public-private partnerships, and applying social innovation.
Kuklytė and Vveinhardt	2016	Links the origins of social business to an existing form of traditional business, where improvements are made and the business is adapted to create economic value with social impact.
Navasaitienė	2017	Social business as a business model uses the market mechanism to make a profit linked to social objectives and is guided by socially responsible business principles. Created to fill a niche that cannot be filled by public services.
Wildmannova	2018	The concept of social business is based on public-private partnerships to deliver public services and promote public employment policies.
Pučetaitė et al.	2019	The narrow conception of social business treats social business as a non-governmental actor that applies business principles to make a profit. Broadly speaking, a social business is an organisation operating in any sector that addresses unmet needs in the private and public sectors.

Source: created by authors

In Lithuania, the Social Business Concept (2015) was approved in 2015. It states that "social business is a business model that uses the market mechanism to link profit-making to social goals and priorities, builds on socially responsible business and public-private partnerships, and embraces social innovation. The Concept states that social business can be carried out by for-profit enterprises whose economic activity is focused on social benefit and by non-profit organisations that apply business models in their activities. The following section uses the concept of social business, which the author understands as encompassing several aspects. Social business is based primarily on the entrepreneurial aspect of regular economic activity, which is measured by indicators such as the share of market revenues and the share of paid labour and voluntary labour; the second aspect of social purpose identifies that the primary motive for the activity is a clear social purpose, which distinguishes social business from traditional businesses and is measured by indicators such as the number of activities designed to provide social benefits and the social problems of the target groups on which these business activities are focused; the governance aspect of social business, which identifies the mechanisms for ensuring the fulfilment of the social purpose, is measured by indicators such as the limited distribution of profits.

The author's concept is close to the definition presented in the Social Business Concept (2015). The concept of social enterprise is also used in the paper, as there is still no legal justification for social business as such in Lithuania as it's only legally recognised as a social enterprise. To make it easier to understand the difference between a social enterprise and a social business, the author uses the concept of a social business enterprise, which is an economic entity carrying out economic and commercial activities focused on social business.

It is noted that social business does not yet have a single concrete definition. But according to the development and perception of social business, two main trends can be identified:

- Anglo-American direction.
- The European direction.

Anglo-American definitions of social business range from not-for-profit companies with a social mission to those with social innovation at their heart. According to J.L. Monzon and R. Chaves (2012), Anglo-American social business models are characterised by different streams that define social business differently. Some social entrepreneurs consider non-profit organisations with a social purpose to be social enterprises, while others consider social enterprises to be only those that, according to Campos, are "linked to social innovation and the satisfaction of social needs, and the form of ownership of the enterprise is irrelevant" (the enterprise can be public, private capitalist, or in line with the European concept of social economy). In contrast, the continental European tradition is based on the three dimensions that characterise social business: "social, entrepreneurial and governance" (Campos, 2012). According to the continental European tradition, Monzono points out that "enterprises are the result of collective entrepreneurship in the social economy" (Monzono and Chaves, 2012). Under the Social Business Initiative, the European Commission classifies social enterprises as a sub-sector of the social economy, as key actors in the social economy.

On the other hand, when analysing how social business is perceived by scholars, it is important to look at how social business is perceived in different countries, and the commonalities and differences in defining social business.

Differences between Social Business and other Activities

There is an opinion that social business is not the same as social enterprises (Šalkauskas, Dzemyda (2015)). When examining the definition of social enterprise, many can be found to be socially oriented, they generate income, their main activities are focused on a certain part of society, the form itself is varied, often the employment relationship is based on voluntary work, the organisations can be non-profit or for-profit, but they can also reinvest in the development and receive support (Institute for SME Research and TSE Entre, Turku School of Economics, 2007). Although all the elements identified above also relate to social business, Thompson, John (2008) argue that social initiatives can take place both in social business and in the authors' completely different form of social enterprise. Yunus (2008) argues that social business is simply one component of social entrepreneurship. In the author's view, those who create and manage such businesses are social entrepreneurs, but not all social entrepreneurs do so in the form of a social business. Yunus (2008) believes that social entrepreneurship is aimed at meeting the needs of ultra-poor consumers in developing countries, and he also sees it as distinct from social enterprise as a form of social initiatives.

Justinas Pagirys (IESEC (2010) conference "The Challenge: Social Entrepreneurship") argues that there are many different definitions and concepts of social entrepreneurship, and that it is necessary to distinguish it from other phenomena, as presented in Table 2.

Table 2: Characteristics of Social Business

Social business is organisation that:	Social business is different from:
– Offers a new product or service that meets a need of people on low incomes. – Provides existing products or services that are accessible to low-income people, meeting their needs. – Has innovative processes involving socially vulnerable groups. – Creates a sustainable model that enables society to benefit from business. – Has the potential to expand or be replicated. – Has income-generating activities integrated with the generation of social impact.	– Corporate social responsibility, based on traditional businesses that allocate part of their budget to social activities. – Traditional non-governmental organisations (NGOs) with other sources of funding are not integrated with the generation of social impact. – A green business is an organisation whose initiatives, product or service have a positive impact on the environment, but no social impact. – Traditional businesses that cater to the needs of those on the lowest incomes, but whose main objective is to make more profit rather than meet the needs of society.

Source: IESEC, 2010

Examining how social business differs from better known and older phenomena, such as corporate social responsibility, traditional business or NGOs, can also help us better understand social business.

It can be noted that other authors confirm the distinctions made by Justinas Pagyris - Maniokas (2014) also distinguishes between social responsibility, which he sees as an additional activity for traditional businesses that can afford to do so because of sufficient profits.

Bozek (2009) advises on how to distinguish social business from other organisations by using a spectrum of social and financial returns.

The spectrum of financial returns shown in Figure 1 helps to distinguish traditional business from social business, traditional non-profit organisations. This is supported by Maniok (2014) who argues that the purpose of social businesses is related to the benefit to society, and another key differentiator from traditional businesses is that profits are invested in the development of the business. There is also a contradiction in the view that traditional businesses are distinguished by the motivation to make profits and money for shareholders, Martin, Osberg (2010) believe that traditional businesses are also driven by the pursuit of a vision and a certain mission. The authors provide a possible solution to distinguish traditional business from social business through the value proposition. It is in the fact that traditional businesses seek to meet an existing need where demand and thus profit is assured, whereas social businesses provide value even though demand is low, the target group is short of money, but there is a significant impact on the target group. Another area of differentiation is the differences between social businesses and non-profits and traditional businesses, as Luke, Chu (2013) put it - social business is associated with a strategy that secures financial stability, typically innovations that solve social problems that have not been solved by anyone and thus create social change value for society. Santos (2012) argues that social business seeks long-term solutions to social problems, whereas traditional business aims to gain a long-term competitive advantage.

There is another view that there is no need to compare the different phenomena - Tukamushaba, Orobia, George (2011) argues that traditional business is not the opposite of social business and that there are certainly commonalities and similarities, but that the percentage distribution of social or economic aspirations differs in these forms of organisations.

However, understanding that social business is distinct from other forms and types of activity, such as social enterprise, corporate social responsibility or green business, allows for a more precise understanding, and a definition of scope is necessary for further research.

There are undoubtedly positive aspects to social business, as evidenced by growing interest, EU funding, a wealth of academic research and a variety of practitioner initiatives.

Social entrepreneurs tackle social problems in sustainable ways by creating social businesses. Solving any social problem clearly benefits the target group and thus society. Although such initiatives start small, according to Santos (2012), social entrepreneurship addresses social problems that are important in a global context, even if they only start on a regional scale. By addressing social problems, such businesses create value, which has been analysed by different scholars through different prisms. According to Driver (2012), the value creation of such businesses is the basis for profound change and leads to a completely different understanding of capitalism. The benefits for one specific type of organisation are seen by Dees (2007) - for NGOs to find innovative, sustainable sources of funding for their activities through social business.

When analysing the benefits or positive aspects of social business, researchers first identify the components of the social business model. As an example, Anacleto et al. (2017) argue that social business is characterised by:

- Social profit impact: unlike financial profit, social profit measures the impact of social business on society. In principle, the business will be good for society. Environmental profit is another feature to be considered if the social business also benefits the ecosystem.

- Social value: designing products and services to deliver social value not only to customers but also to stakeholders, because all stakeholders are involved in the social business model. Another approach is who the products/services will target and who the beneficiaries will be.
- Value creation: internal and external value chains need to be up and running to create and deliver this value to the target customers, which is the production and delivery of products/services respectively. This includes available resources and relationships with partners and suppliers.
- Financial profit: this component describes the need for a cost structure that maximises the revenue generated by the products/services and their respective values, and the recovery of capital employed so that the results of profitability must be reinvested in the business itself.

Other scholars (Jablonski, 2019) have pointed out that the trust attribute can be a component that can be used as a basis for effective social business models, while the benefits created by social business are noted as the most significant positive impact of social business. While the obvious, if difficult to measure, benefits of social business are often highlighted, it is also worth discussing the criticisms that this phenomenon has attracted. The existing law on social enterprises in Lithuania encourages an increase in the number of disadvantaged workers in social enterprises within the framework of the law, which limits the freedom of such enterprises, makes them more dependent on subsidies, and leads to an increase in government spending. According to the European Commission (2014), this is an inappropriate use of public funds. Increasing spending is not supported because it does not address the root of the problem and provides unequal opportunities for the target group.

Practitioners (Borgazo, 2020; Bosma, 2018) also see that a misunderstanding of social business leads to critical and negative attitudes towards such initiatives, and instead of being supported, they are met with restrictive criticism. Argustas (2015) confirms this, arguing that the status granted by the law is used to obtain benefits such as VAT exemptions.

These negative aspects can be addressed by proper regulation, by limiting the activities of social enterprises and by understanding social enterprise more broadly than just integration into the labour market. The European Commission's definition of social business is broader than what is stated in the Social Enterprise Law in Lithuania.

1.1. Factors Influencing Social Business

The law on social enterprises in Lithuania sets out the criteria that an organisation must meet in order to qualify as a social enterprise. The aim of such enterprises is to employ the target groups specified in the law - the economically inactive, those who have lost their ability to work, those who are unable to compete on equal terms in the labour market, to promote the return of these persons to the labour market, their social integration and to reduce social exclusion. According to Simanavičienė (2007), one of the main requirements is that the employees belong to a certain target group and that such employees must make up at least 40 per cent of the average annual number of employees on the rolls, and that there must be at least four such persons:

- "Disabled persons with disability group I, II or III, or with a severe or moderate disability, or disabled persons with a level of incapacity for work not exceeding 55%, or with a level of severe or moderate special needs (whether or not they are registered at the territorial labour exchange);
- long-term unemployed whose unemployment has lasted for more than two years from the date of registration with the territorial labour exchange.
- persons who are within five years of retirement pension age, if the duration of unemployment since the date of registration with the territorial labour exchange is more than one year.
- a mother or father, alone, who has the actual care and upbringing of a child up to the age of eight.
- if the duration of unemployment from the date of registration with the territorial labour exchange is more than six months.
- persons who have returned from imprisonment, where the period of imprisonment exceeded six months, have registered with the territorial labour exchange within six months of their release from correctional institutions, provided that the duration of this registration is at least six months" (Law on Social Enterprises, 2007).

Social enterprise status is mainly based on the condition of employment, and the law also contains existing restrictions on the activities that enterprises seeking this status cannot carry out. Thus, in Lithuania, social business is still perceived in law and regulation mainly in terms of job creation, and social business is equated with social enterprises, which are only partly in line with the global understanding of social business, and only one part of the initiatives to promote labour integration. It is worth mentioning that the Order of the Minister of Economy of the Republic of Lithuania on the Approval

of the Social Business Concept (adopted in 2015) has broadened the concept of social business, and thus the regulated understanding of social business in Lithuania has come closer to the understanding in the EU and in other countries. The Social Business Concept Ordinance (Gustas, 2015) states that "...social business is a business model that links the pursuit of profit with social goals and priorities, using the market mechanism, relies on socially responsible business and public-private partnerships, and applies social innovation. Social business encompasses three main dimensions: entrepreneurial (ongoing economic commercial activity), social (pursuit of social objectives) and managerial (limited profit sharing)."

In Lithuania, apart from the Law on Social Enterprises and the Social Business Concept, there are no other legal regulations or legislative framework or tax incentives for social business. Laužikas, Černikovaitė (2011) note that social business should not be given too much attention to obtaining financial support, but social business should dictate policy objectives. In Lithuania there are, as in other EU countries, various projects funded by the EU Commission aimed at promoting the development of social business (Erasmus + Strategic Partnership Projects, 2015). Like Dzemyda, Šalkauskas (2013) observes that the social business model can be applied to SMEs, community activities in rural areas, and as income diversification for NGOs. This is echoed by Maniokas (2014) who states that in the UK the social business sector brings huge value, with statistics showing that over 800,000 people are employed in such businesses, and that social business is more successful in times of crisis than traditional business. Statistics on the social sector also support the opportunities for social business development, with Moskvina (2013) reporting that in the EU, most of the government spending is in the social sector and one-in-four of established organisations in the EU is a social enterprise. Greblikaite (2012) adds that first of all, research and support from the government is necessary for social businesses to improve their activities, expand and thus lead to economic benefits for Lithuania.

Pranskeviciute (2011) recommends social business as an option for NGOs, stating that NGOs, which according to the author number of over 30,000 in Lithuania, find social business valuable for the following reasons:

- "Ghetto" syndrome.
- "Burnout", short-termism.
- Lack of competence and ideas.
- Low levels of partnership between organisations.
- Low public support (financial and non-financial);
- Non-commercial and commercial resources and revenues.
- Inflexibility.
- Focus on the most popular business areas.
- Lack of partnership with business.
- Too much concern about income.
- Lack of strategic and tactical planning.
- Closed off from the community.

Thus, the author's recommendation that many Lithuanian organisations should think about social business confirms the relevance of the topic. Finally, it can be noted that there is a need for the development of social business both in the rest of the world and in Lithuania, that the topic is new and topical, and that the opportunities are huge.

The development and growth of social businesses across Europe is hampered by several interrelated factors. Studies conducted by researchers (Černikovaitė, 2011; Dzemyda, Šalkauskas, 2013; Maniokas, 2013; Pranskevičiūtė 2011) allow us to distinguish between external and internal factors influencing the development of social business.

Not all of the above factors are equally applicable in all countries - some are more relevant than others, depending on the national and labour market situation. For example, access to finance is difficult and more problematic in countries such as the Netherlands and Denmark (where more than a third of social businesses do not have credit lines), compared to Switzerland where access to finance is not a particularly important issue (at least compared to EU Member States). Further empirical research could show the relative importance and impact of each factor for each country, type of social business and stage of development.

Other researchers (Pušinaitė et al., 2019) also distinguish between internal and external factors affecting social business. However, their assessment differs from those analysed before, as specific factors are identified. Internal factors include company performance indicators, the number of employees, quantitative indicators of company performance (e.g. employee salaries), specific changes in employees' working and social skills, changes in their emotional state, a safe working environment, and the use of idle resources. External factors include changes in the financial situation of the community, other local businesses, promotion of cooperation, changes in attitudes, efficient use of resources, impact on workers' families, reduction of pollution, promotion of entrepreneurial spirit, and changes in health status. This

is more relevant to the thesis research as it allows to specify the impact, to identify stakeholders, and to monetise the social activity, while interpreting possible behavioural changes. Therefore, the choice for further research is to reveal the impact of social business on the economy by calculating the benefits of social business.

It is also possible to identify positive and negative factors that influence social business. Negative factors include (Urmanavičienė, 2019) the lack of a unified methodology for social business impact, the complexity and complexity of important problems to be solved, the difficulties in planning for the future results of the enterprise, the susceptibility of groups of socially vulnerable people to social and economic challenges and risks (So and Staškevičius, 2015), the lack of qualifications or social skills, negative implementation assumptions, the lack of legal regulation, and the absence of a state attitude. Often the assessment of factors does not see the overall problem, and solving individual episodic problems does not always achieve the goal. The lack of comprehensive, systematic research on existing social business enterprises contributes to the scale of negative factors. In the financial market, social enterprises are subject to the same conditions as other enterprises.

Positive factors influencing social business include the support mechanism modelled by the state to promote social business, the emergence of methodologies for impact assessment, the public perception of the benefits of social business, the legal regulation of business, the creation of financial mechanisms to promote social business, and the strengthening of the social business sector (Jakubavičus, 2016). More about the factors influencing social business and the formation of favourable policies will be discussed in the following chapters.

Expressing the Impact of Social Business

Many authors analyse social business as a phenomenon and look at social business models without considering the impacts and benefits of social business. Scholars debate the benefits of social business. Yunus (2010) argues that social business would maximise social benefits. He argues that the failures of capitalism, commonly referred to as market failures, are conceptual failures related to the emphasis on people and their needs: it is usually a mistake to restrict human desires and aspirations to an exclusively economic sphere. However, he argues, the fundamental fact about people is their multiplicity. Social business seems to be an alternative to typical corporate organisations, given that it is different from the latter, which have profit maximisation as their main objective.

Social businesses face difficulties in measuring the benefits they create. This is common for traditional profit-seeking businesses, where it is possible to use tangible figures and rely on a range of financial indicators, but social business, according to Austin, Stevenson, Wei-Skillern (2006), must use sophisticated, and sometimes provisional, methods of calculation. They argue that in the social sector it is very difficult to measure impacts and outcomes and that even if methods are developed to measure outcomes, the real organisational impact is over the long-term. Traditionally, economic value has been assumed to be created by for-profit organisations, while social value has been assumed to be created by non-profit or non-governmental organisations (Maas, 2011). Given this belief, it is not surprising that social impacts are often not even included in evaluations or are ignored. Moreover, existing research focuses on the business case or payback results of corporate social initiatives rather than on the impact of social initiatives. In economic terms, the goal of economic behaviour is assumed to be the maximisation of wealth or profit, achieved by managing scarce resources in the best possible way. Efficiency measures the relationship between the results of a process and its costs. The higher the output of a given input, or the lower the input for a given output, the more efficient the activity, product or corporation. The common understanding of investment and return is based on the traditional distinction between social and economic value. Conventional performance measurement is often based on a goal-oriented approach and does not usually consider social or environmental issues. The assumption underlying the pursuit of purpose is that the objectives of the enterprise/state are identifiable and unambiguous. The effectiveness of the undertaking/state is demonstrated by the achievement or fulfilment of the objectives of the undertaking/state. Organisational objectives, such as increasing production, increasing profits or reducing costs, can be measured using conventional performance measurement techniques. The inclusion of societal impacts in the various dimensions of performance measurement - economic, environmental, social - makes it difficult to identify, measure and evaluate such impacts. While generally accepted financial accounting principles have been established to measure and report economic impact at the organisational level, comparable standards for measuring societal impact have yet to be developed. While it is common to distinguish between social and economic benefits, some scholars argue that it is not worth distinguishing between the two, with Santos (2012) recommending that value should be considered in terms of the total value created for members of society. Social business would undoubtedly attract even more interest if the value referred to by different stakeholders were calculated and quantified in a valid way. Private investors and government representatives would have a tool that would clearly demonstrate the value and impact, while at the same time providing more motivation to work on improving the conditions for social entrepreneurship, its promotion and public awareness.

As González (2017) argues, social value creation is linked to social impact. Other scholars (Gregori, P. (2019),

Jiao, H. (2011), Cohen, B.; Smith, B.; Mitchell, R. (2008), Kuratko (2016), Gordon (2018), Margiono (2018), Choi (2014)) point out that the creation of a positive economic, social, or environmental impact on society is considered as a prerequisite for social or sustainable entrepreneurship. However, there is a lack of consensus in the academic literature on the terms used and on the use of evaluation methods and measurement frameworks. Currently, researchers are confronted with many unclear concepts, tools and methods for purposes other than measuring the impact of social entrepreneurship. For this reason, a wide range of measurement approaches can be found in the scientific literature, considering the different characteristics, activities and objectives of organisations and the aspects to be measured (Grieco, 2015). Retolaza et al. (2016) classify performance measurement methods into five main categories: impact analysis, externalities assessment, economic evaluation, management improvements and rating systems. Integrating social impact into decision-making, planning and problem-solving processes requires an innovative and interdisciplinary approach.

Researchers (Akbulaev, 2019; Alvarez, 2019; Austin, 2006; Casado, 2017; Hysa, 2018; Yunus, 2010) mostly analyse the social benefits, or separately the economic ones. However, there is no need to separate these benefits, and therefore the thesis uses an integrated approach. Benefits consist of several components - social benefits (which result in reduced substance dependence, reduced unemployment benefits, as well as costs due to incarceration, crime, and arrests) and economic benefits. The aim is to show the overall impact - how much a euro spent generates in estimated economic benefits. The paper thus seeks to take a holistic approach by looking at the impact of social business through a socio-economic lens.

The cost-benefit approach used by the researchers highlights the benefits that society derives from the free services to promote entrepreneurship provided by social organisations in pursuit of their founding objectives, and from the management of the income and returns thus generated. To measure the benefits of social entrepreneurship, Hehenberger et al. (2013) have developed a frame of reference common to virtually all social impact measurement approaches, consisting of five steps: defining objectives, identifying stakeholders, assessing outcomes, evaluating impacts, and finally monitoring and presenting the results in a report.

According to Esteves (2012), social impact assessment is now understood as social problem-solving in development. She argues that there is a consensus on what constitutes 'good' social impact assessment practice - it is participatory; it supports affected businesses, advocates and regulatory agencies; it increases understanding of and responsiveness to change; and it seeks to avoid and mitigate negative impacts and maximise the positive benefits over the life cycle of change. It analyses the strengths, weaknesses, opportunities and threats facing social business evaluation. Social impact assessment requires a review of key concepts such as culture, community, power, human rights, gender, justice, place, resilience and sustainable livelihoods.

The social impact assessment methodology was originally intended as a methodology for assessing social impacts on the environment in the preparation of environmental impact assessment reports. However, social impact assessment methodologies are currently being applied by researchers (Gucku, 2002; Huda, 2016; Kiss, 2019; Mair, 2006) and practitioners (Borgazo, 2020; Bosma, 2018) to analyse and monitor processes, to project the social consequences of interventions, and to justify social development aspects.

According to researchers (Franks, 2011; Kemp, 2011; Vanclay and Esteves, 2011), some organisations and companies are using social impact assessment methodologies to evaluate their projects and to better identify social impacts. The business benefits of improved social impact assessment and management processes are now widely recognised (Esteves, 2012) and include:

- greater certainty of the project's investment and a higher probability of success.
- avoiding and reducing social and environmental risks and conflicts faced by industry and communities.
- Better ability to identify problems early and therefore reduce costs and avoidable costs by including them in feasibility assessments and project planning.
- improved planning of social and physical infrastructure.
- a process of informing and involving internal and external stakeholders and building support, trust and a mutually beneficial future.
- improved quality of life for workers and better attraction and retention of skilled workers;
- leaving a positive legacy beyond the project.
- increased competitive advantage through improved social performance and corporate reputation.

As Vanclay (2011) argues, social impact assessment is about how to manage the social problems associated with planned initiatives. In his view, social impact assessment is research and practice, a discourse, a paradigm or a sub-discipline in itself. Practitioners and scholars researching the field have an established knowledge of theory and methods, a wide range of tools, with accumulated practical experience, insights and a history of case studies. There is even an

International Association for Impact Assessment (IAIA, http://www.iaia.org), which provides practitioners and researchers with professional expertise and support in social impact assessment. IAIA is the leading international network of best practice in impact assessment for informed decision-making on policies, programmes, plans and projects. Its mission is to provide an international platform for the promotion of innovative approaches and the dissemination of best practices in all forms of impact assessment, with the aim of further developing local, regional and global impact assessment capacity. IAIA promotes integrated approaches to stakeholder engagement in impact assessment that meet the highest professional standards. The organisation believes that assessing the social, economic, cultural and environmental impacts of activities should be central to informed decision-making and to promoting equitable resource allocation and sustainable development. The organisation is committed to the principles of sustainable development, freedom of access to information and the right of citizens to participate in decision-making processes that affect their interests. The organisation believes that the impact assessment process should be comprehensive and integrated, taking into account a broader range of social and public health impacts, as well as all types of environmental impacts.

It is also important to distinguish the subjects of the impact assessment (see Figure 2).

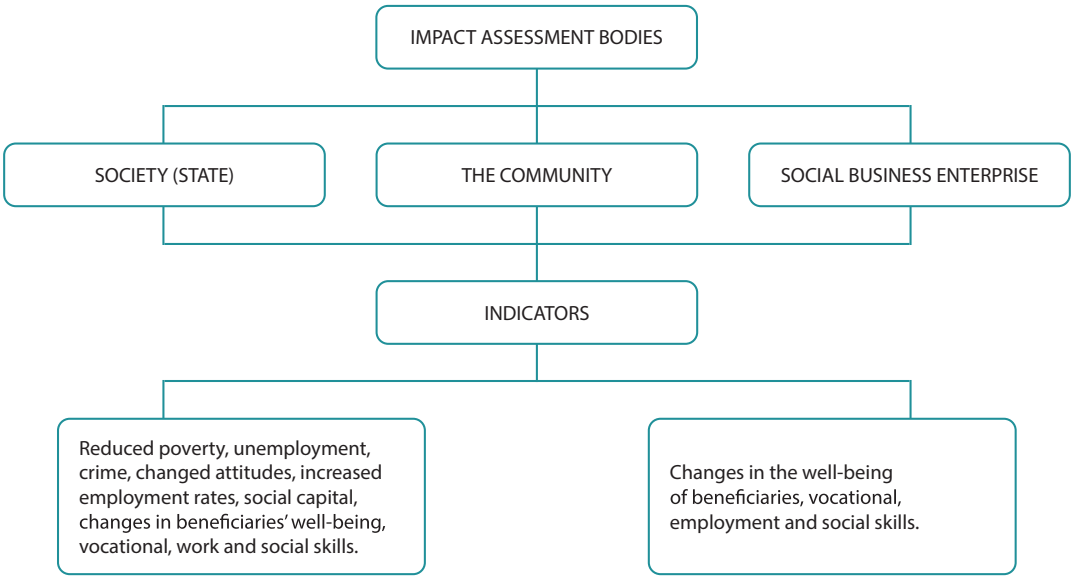


Figure 2: Impact Assessment Subjects

There are many different views on who should be classified as an impact assessment subject. Some scholars argue that it is necessary to distinguish between the actors responsible for the implementation of the whole process, including stakeholders (Noya (2015); Costa and Pesco (2016); Amati, Bengo et al. (2017)). For the sake of objectivity, scholars (Friedman and Miles, 2006) suggest that stakeholders working with target groups, such as NGOs, associations of vulnerable people, should be included among the subjects of impact assessment. It may also include public authorities, and the society or community in which social enterprises operate. There are also opinions (Urmanavičienė, 2019) that associations should be included as an entity that should carry out impact assessments. In the authors' opinion, it would be appropriate to distinguish three groups of entities when conducting an impact assessment of a social business, namely the society (with state institutions included), the community, and the social business enterprise itself, as the impact can be and is felt by all three of these entities. All the subjects of the impact assessment are reached through the reduction of poverty, unemployment, reduced crime, increased employment, changes in the well-being of the beneficiaries, and the enhancement of working and social skills. It should be stressed that social enterprises devote their resources and time to working with the target group, their needs and their family members. This leaves little time for other activities. Therefore, on the other hand, the authorities, society and the community and other stakeholders should ensure the implementation of the social assessment.

METHODOLOGY FOR MEASURING THE ECONOMIC IMPACT OF SOCIAL BUSINESS

The importance of social impact assessment is underlined by EU institutions, which state that social impact assessment is one of the components of social business development. However, the variety of forms and ways of operating social business does not allow for a single or a few social impact assessment methodologies. It is appropriate to examine the various methodologies for assessing the impact of social business and, following an analysis of these methodologies, to present the most appropriate ones for assessing the impact of social business. One of the methodologies for assessing the impact of social business is the Social Return on Investment (SROI) methodology. Table 3 provides a comparison of SROI with traditional economic valuation frameworks.

Table 3: Comparison of SROI with Traditional Economic Evaluation Systems

Cost-effectiveness analysis	Cost analysis	Cost-benefit analysis	Social Return on Investment (SROI)
Main objective			
Compare costs and impacts in the same area	Compare costs and impacts in the same area	Evaluate whether the initiative is worth the investment	Evaluate whether the initiative is worth the investment
Costs			
Monetary value	Monetary value	Monetary value	Monetary value
Benefits			
Benefits related to improving the environment	Benefits related to environmental improvements.	Describing the environmental impact	Environmental impacts are presented based on a "triple bottom line" approach (social, economic and environmental). In addition, it seeks to assess the potential negative impacts of the initiative
In natural units, e.g. jobs created or cases avoided	Reporting of acquired quality-adjusted events	Presented as a monetary value or welfare payment	Presented as a monetary value or welfare payment
		Listing advantages that cannot be readily monetised and explaining why they cannot be monetised	Uses financial proxies to estimate the monetary value of benefits cannot be easily monetised
Level of application			
International level	International level	Usually, international level	Initiative, project, programme, policy or organisation
Analysis time			
Retrospective or prospective	Retrospective or prospective	Retrospective or prospective	Retrospective or prospective
Discounting future value			
Yes	Yes	Yes	Yes
Stakeholder involvement			
No	No	No	Yes
Theory of Change			
No	No	No	Yes
Main result of the analysis			
Additional cost-effectiveness ratio	Additional cost-effectiveness ratio	Cost-benefit ratio (CNR)	Social rate of return on investment (SROI)
		Economic internal rate of return	Net present value
		Net present value	Payback period
		Turning point	
Interpretation of the main conclusion of the analysis			
Intervention with a higher cost-effectiveness ratio	Intervention with a higher cost-effectiveness ratio	CNS > 1 is a worthwhile investment	SROI > 1 is a worthwhile investment
Relevance			
Prioritisation and resource allocation	Prioritisation and resource allocation	Prioritisation and resource allocation	Prioritisation
			Resource allocation
			Building relationships with stakeholders
			Accountability system, management tool

Source: Banke-Thomas, et al, 2015

Table 3 shows that the frameworks traditionally used to calculate social impacts include cost-effectiveness analysis, cost-benefit analysis, cost-benefit analysis and social return on investment. More recently, however, the Social Return on Investment (SROI) methodology has been promoted as a more holistic approach to social impact assessment. Researchers (Nicholls, 2012) note that recent guidelines on SROI methodology define SROI as a framework for measuring and accounting for a much broader concept of value. It aims to reduce inequalities and environmental degradation, and improve well-being by incorporating social, environmental and economic costs and benefits. Vanclay (2011) points out that SROI is the process of understanding, measuring and reporting the social, economic and environmental value created by an activity, programme, policy or organisation. SROI can retrospectively measure outcomes that have already occurred (of the evaluative type) or prospectively predict what the value will be if the activity meets the expected outcomes. As Nicholls (2012) argues, data collection and subsequent analysis allow the calculation of cost-benefit ratios. He suggests that a ratio of 4:1 indicates that £1 invested in a social business investment delivers £4 in social value.

However, a negative outcome of the SROI methodology relates to the difficulty of linking financial values to "soft outcomes" and determining what would have happened without the counterfactual, as well as the poor extent of comparability of SROI between activities.

Researchers, practitioners and consultants are developing an improved (multi-disciplinary) methodology for impact assessment related to multiple value creation. The different approaches to social business impact are presented below (see Table 4).

Table 4: Methods for Measuring Social Impact

Social Impact measurement methods	Methods for measuring social impact
Acumen scorecard	Insights scorecard
Atkinsson compass assessment for investors (ACAFI)	Atkinson Compass Assessment for Investors (ACAFI)
Balanced scorecard (BSc)	Balanced Scorecard (BSc)
Best available charitable option (BACO)	Best Choices for Charity (BACO)
BoP impact assessment framework	BoP impact assessment framework
Centre for high impact philanthropy cost per impact	High impact philanthropy spending and impact ratio
Charity assessment method of performance (CHAMP)	Charity Performance Measurement Method (CHAMP)
Foundation investment bubble chart	Fund investment bubble chart
Hewlett foundation expected return	Metrics for expected return on Hewlett Fund investments
Local economic multiplier (LEM)	Local Economic Multiplier (LEM)
Measuring Impact Framework (MIF)	Measuring Impact Framework (MIF)
Millennium development goal scan (MDG-scan)	Millennium Development Goals scan (MDG-scan)
Measuring impacts toolkit	Impact measurement toolkit
Ongoing assessment of social impacts (OASIS)	Ongoing social impact assessment (OASIS)
Participatory impact assessment	Participatory Impact Assessment
Poverty social impact assessment (PSIA)	Poverty Social Impact Assessment (PSIA)
Public value scorecard (PVSc)	Public Value Scorecard (PVSc)
Robin hood foundation benefit-cost ratio	Benefit/cost ratio of the Robin Hood Fund
Social compatibility analysis (SCA)	Social Compatibility Analysis (SCA)
Social costs-benefit analysis (SCBA)	Social Cost-Benefit Analysis (SCBA)
Social cost-effectiveness analysis (SCEA)	Socio-economic efficiency analysis (SCEA)
Social e-valuator	Social e-assessor
Social footprint	Social footprint
Social impact assessment (SIA)	Social Impact Assessment (SIA)
Social return assessment (SRA)	Social Return Assessment (SRA)
Social return on investment (SROI)	Social Return on Investment (SROI)
Socioeconomic assessment toolbox (SEAT)	Socio-economic assessment toolkit (SEAT)
Stakeholder value added (SVA)	Stakeholder value added (SVA)
Toolbox for analysing sustainable ventures in developing countries	Toolkit for the analysis of sustainable enterprises in developing countries
Wellventure monitor	Monitoring good companies (monitor)

Source: adapted from Maas, 2011.

Businesses need quantitative methods to make intangible results more tangible, and to use social impact assessment for decision-making and monitoring. This list is not exhaustive, but it gives an overview of the main methods used to measure social impact.

Several approaches have been developed by non-profit or governmental organisations, such as Social Return on Investment (SROI), Ongoing Social Impact Assessment (OASIS), Social Cost-Benefit Analysis (SCBA) and Local Economic Multiplier (LEM). Other methods are mainly developed and used by for-profit companies. Examples include Social Return Assessment (SRA), Atkinson Compass Assessment for Investors (ACAFI), TBL, Measurement of Impact (MIF) and Best Available Charity Option (BACO). Although the approach was originally developed for organisations in a specific field, the approach has been used and adapted by other organisations. The use of SROI is a good example of this: originally developed for non-profit organisations, it is now increasingly being used by for-profit organisations.

There is a need for a variety of approaches tailored to the needs of different types of organisations and businesses, depending on their activities, objectives and the aspects of impact they want to measure. There is no single tool or method that can capture a wide range of impacts or that can be adapted by all organisations or enterprises. The multitude of existing methods for measuring social impact confuses managers when choosing a method or researchers when analysing progress in measuring social impact. Existing measurement methods do not reflect a common understanding of what to measure, why and for whom to measure or how to measure. Based on the analysis of the methods mentioned above, the characteristics and types of methods for measuring social impact are presented (see Table 5).

Table 5. Description of Methods for Measuring Social Impact

Characteristics		Types
Goal		Screening
		Monitoring
		Reporting
		Rating
Period		
		Perspective
		Available from
		Retrospective
Orientation		
		Input
		Output
Duration		
		Short-term
		Long-term
Perspective		
		Micro (individual)
		Mezo (organisation, company)
		Macro (society)
Approach		
		Process methods
		Methods of exposure
		Monetarisation

Source: adapted from Maas, 2011

As can be seen from Table 5 below, approaches can differ in the following aspects: purpose, timeframe, orientation, length of time, perspective and approach. In terms of purpose, impact measurement methods can be designed for different purposes, depending on what is intended to be measured. Certain methods are particularly suitable for (a) screening, (b) monitoring, (c) reporting and (d) evaluation. Screening methods facilitate the assessment of investment opportunities and their performance in the light of the specific social and financial objectives of investors. Monitoring methods support management by providing ongoing operational decisions and data for investor oversight. They can also help entrepreneurs identify business model modifications or market opportunities. Reporting techniques are particularly

useful for reporting to external stakeholders such as potential investors, the public or other entities that regularly require performance reports. Evaluation methods can be used for retrospective, ex-post assessment of achievements, not only for academic purposes but also for organisational learning.

When analysing methods by time period, different time periods can be used to evaluate methods. Some methods can be applied prospectively to assess impacts, for example, by answering what can be expected from planned reforms and programmes. These methods have the potential to open up a range of options, to support the design of measures and modifications, and to help decision-makers choose the most appropriate options (IPC 2008). Methods can also be developed with permanent or retrospective objectives in mind. Event-driven methods are useful for testing assumptions. Retrospective methods are useful for assessing past performance.

Based on orientation, methods can be input-oriented or output-oriented. Input-oriented methods are useful to assess input differences, such as cost savings from increased employee satisfaction from social activities. On the other hand, output-oriented methods are useful to measure output differences due to social activities, such as improved reputation.

In terms of duration, approaches can focus on the long or short term. More traditional measurement methods tend to focus on the short term. However, both short-term and long-term focus may be needed to assess social impacts. Impacts often do not occur in the short term; it can take a long time for social impacts to emerge. For example, the impact of global warming caused by greenhouse gases.

Measurement methods can use different perspectives based on perspective. Measurement methods originating, for example, in business evaluation, social science evaluation, policy or programme evaluation all use different perspectives. It should be noted that measuring social impact from a business or micro perspective involves different indicators than measuring social impact from a macro-socio-economic perspective (Maas, 2011). Depending on the perspective used, different indicators will be needed and therefore different impacts will be assessed. Thus, the perspective used is crucial for the measurement results.

Approaches can differ in their approach to social impact. The literature defines three broad categories of approaches: process, impact and monetisation (Franks, 2011). Process methods monitor the efficiency and cost-effectiveness of on-going business processes. In principle, they do not provide an absolute measure of social return. However, outcomes can be measured in terms of the extent to which they correlate with or lead to desired social outcomes. Impact approaches measure performance and its impact, i.e. the reference outcome over and above what would have happened if the organisation did not exist. Impact can be measured in several ways. There are methods that measure impact by linking corporate social performance and corporate financial performance (Kemp, 2011, Vaclay and Estaves, 2011). Another example of impact approaches is the so-called '3P approach', where economic aspects (profits), social aspects (people) and environmental aspects (planet) are measured in a single unit (Nicholls, 2012; IAIA2020). In addition, monetisation approaches describe social and environmental indicators and translate them into a monetary value for comparison with traditional financial data (Borgazo,2020; Bosma, 2018).

All methods are classified according to the above characteristics. The results of the social business impact assessment methods are presented in Table 6.

Table 6. Classification of Methods for Measuring Social Impact

Characteristics	Types	Social impact measurement method number (according to the numbering in Table 30)														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Goal	Screening	X	-	X	X	X	X	-	-	X	X	X	-	-	-	X
	Monitoring	X	X	X	X	X	X	-	-	-	-	X	-	-	X	X
	Reports	X	X	X	X	X	X	X	X	-	-	X	X	-	X	X
	Evaluation	-	-	X	-	X	X	X	X	-	X	X	X	X	X	X
Period	Perspective	X	X	X	X	X	X	-	-	X	X	X	-	-	-	X
	Available from	X	X	X	X	X	X	-	X	-	-	X	-	-	X	X
	Retrospective	-	-	X	X	X	-	X	X	-	X	X	X	X	X	X
Orientation	Input	X	X	-	X	X	X	X	-	-	X	X	-	X	X	X
	Output	-	-	X	-	-	-	-	X	X	-	-	X	-	X	-
Duration	Short-term	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	Long-term	X	X	-	-	-	X	-	-	-	-	X	-	-	-	X
Perspective	Micro (individual)	-	X	-	-	X	X	X	X	X	X	-	-	X	X	X
	Mezo (organisation)	X	X	X	X	X	-	-	-	-	X	X	-	X	X	-
	Macro (society)	-	-	X	X	X	X	X	X	X	-	X	X	X	X	X

Characteristics	Types	Social impact measurement method number (according to the numbering in Table 30)														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Approach	Process methods	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	Methods of exposure	-	-	O	-	X	-		-	-	-	X	O	-	X	X
	Monetarisation	-	-	-	X	-	-	-	-	-	X	-	-	X	X	-
		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Goal	Screening	X	-	X	X	X	-	-	X	X	X	-	-	-	X	-
	Monitoring	-	X	-	X	-	-	X	X	X	X	X	X	-	X	-
	Reports	X	X	X	-	X	X	X	X	X	X	X	X	-	X	X
	Evaluation	X	-	X	X	X	X	X	X	X	X	X	X	X	X	X
Period	Perspective	-	X	X	X	X	-	-	X	X	X	-	-	-	X	-
	Available from	-	X	X	X	X	-	X	X	X	X	X	X	-	-	-
	Retrospective	X	-	X	-	X	X	X	X	X	X	X	X	X	X	X
Orientation	Input	X	X	-	X	X	X	X	-	X	X	X	X	-	X	-
	Output	-	-	X	-	-	-	-	X	-	-	-	-	X	-	X
Duration	Short-term	X	X	X	X	X	X	X	X	X	X	X	X	-	X	-
	Long-term	X	-	X	-	X	X	-	X	-	-	-	-	-	X	X
Perspective	Micro (individual)	X	-	-	-	-	-	X	X	-	X	X	-	-	X	X
	Mezo (organisation)	-	X	-	X	-	-	-	X	-	X	-	X	X	X	X
	Macro (society)	X	X	X	X	X	X	O	X	X	X	O	X		X	X
Approach	Process methods	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	Methods of exposure	X	-	X	-	X	-	O	-	X	-	O	-	-	-	-
	Monetarisation	-	-	X	-	X	X	X	-	-	X	X	-	X	O	-

Source: adapted from Maas, 2011.

Table 6 shows the characteristics of the different methods to facilitate understanding for which purpose the different methods (sampling, monitoring, reporting and evaluation) can be used. The table below shows the timeframe, orientation, duration and perspective chosen by the methods. Finally, the approach taken by the methods can be observed. Almost all of the thirty methods can be used for different purposes. More than half of the methods (17/30) serve a selection purpose, facilitating the assessment of investment opportunities or performance in the light of the investor's social and financial objectives. A similar number of methods (18/30) can monitor social impact. In almost half of the cases (12/30), the two objectives overlap - monitoring and verification. A much more important objective of the methods used to measure social impact is reporting (24/30), which shows that social impact assessment is regularly motivated by the need to report to external stakeholders. Finally, the most important objective of social impact methods (25/30) is evaluation.

The above classification of methods shows that, despite the large number of social impact methods that have been developed, only eight out of thirty methods measure social impact, while four methods can partially measure social impact. Many methods focus on inputs rather than outputs. While most methods are useful for reporting, almost none is specifically designed for reporting purposes. Except for three methods, all are useful for assessing impact. Only one method - the Hewlett Foundation Expected Return - is limited to a purely predictable time and is therefore only useful for verification purposes. All methods use a process approach. In addition, 11 methods have been developed for translating all impacts into monetary units. All the methods that aim to measure impact have a macro-societal perspective. All methods are designed to capture short-term impacts, whereas only 12 methods can capture long-term impacts.

The wide range of methods for measuring social impact makes it difficult for researchers to choose the right method for measuring social impact. Part of the difficulty stems from the lack of consensus on the definition of social impact. However, the challenges are mainly due to the lack of a classification system for these methods. While all the methods identified were specifically designed to measure social impact, the study shows that only eight of the thirty methods do so. All these methods are based on a macro-societal approach. Given the growing interest in measuring social impact, researchers (Pučetaitė, 2019) are also looking at how social business itself perceives the impact of its activities. In this case, economic, social, environmental and cultural impacts are distinguished. The economic impact of the business is perceived through the performance of the company, quantitative indicators of the company's performance (e.g. employees' salaries), the change in the financial situation of the community, the use of efficient resources, and the development of regions.

The guidelines approved by the Minister of Agriculture of the Republic of Lithuania (Guidelines for applicants submitting applications under the measures of the Lithuanian Rural Development Programme 2014-2020, 2017) foresee that the anticipation (planning), monitoring and measurement of social impact is a prerequisite for a well-functioning and purposeful social business. For this purpose, a spreadsheet has been developed with the main objective of measuring positive social impact, where quantitative and qualitative criteria are foreseen and evaluated in order to predict and/or determine whether a specific social business has had and/or will have a positive social impact on society or a group of society. The spreadsheet itself is in Excel format. The main indicators of social impact of the spreadsheet are set out in the Social Impact Measurement Spreadsheet. In the spreadsheet, the completer has to select the following elements:

1. Activity
2. Field in which activity takes place
2.1 Purpose of the action
2.2. Sub-objective
3. Target groups or groups of people suffering from a particular disease/disorder
4. Indicator to measure achievement of the objective
4.1. Type of indicator
4.2. Information topics/services
4.3. Capacities/competences
4.4. Separate calculation methodology for the additional indicator
5. Calculation method
5.1. Frequency of calculation
6. Size of the selected target group (number of persons) at the location of the activity (village, district, etc.)

For most criteria, selections need only be made from the drop-down options in Excel - such as performance targets or sub-objectives.

Possible operational objectives:

1.1. Reduce poverty.
1.2. Promote employment.
1.3 Reduce social exclusion and promote social inclusion.
2.1 Promote interest in healthy lifestyles.
2.2 Promote physical activity.
2.3. Improve physical and mental health.
3.1. Promote crime prevention.
3.2 Reduce the consumption of psychotropic substances and alcohol.
3.3. Promote disease prevention.
4.1 Encourage/contribute to skills development, acquisition of competences.
4.2. Improve learning infrastructure.
4.3 Promote tolerance and citizenship.

Sub-objectives are also set for each objective, and applicants can accordingly choose from the sub-objectives already listed in the Excel table:

1.1.1. Reduce poverty.
1.1.2. Reduce the income dependency of certain target group families/individuals on social benefits.
1.2.1. Increase the employment of people belonging to the target group.
1.2.2. Encourage entrepreneurship among the population/people at risk.
1.2.3. Increase the match between the skills of the labour force and labour market needs.
1.3.1. Reducing social exclusion.
2.1.1. Raise awareness of healthy lifestyles, hygiene.
2.2.1. Increase physical activity among individuals
2.3.1. To improve physical and mental health.
3.1.1. Prevent crime and improve environmental safety.
3.2.1. Reduce the dependence of the population/target group on psychotropic substances, alcohol and carry out prevention activities.
3.3.1. Reduce and prevent the incidence of disease in individuals.
4.1.1. Enhance opportunities/facilities for acquiring competences/developing competences.

4.1.2 Increase attendance at classes and lessons and promote/implement non-formal education.

4.2.1. Improve learning infrastructure by creating favourable conditions (e.g. incentive system) / access to it.

4.3.1. To promote tolerance and citizenship among individuals.

Applicants are further instructed to fill in the table with the figures used for the automatic calculation of the impact, i.e. how much has been achieved in each year (a (t-th) and b), where the size of the target group is used to calculate the impact achieved by year for each row, e.g.: 2021. The impact is calculated automatically. The applicant has to enter the values in the formula (a; b; a(t-1)).

One of the main advantages of the spreadsheet is that it is built on the well-known Excel program.

It is also convenient that many of the items can be selected from a list. However, for some specific activities, this can also be a limitation. The formulas are already in the software, and the user does not have to do any calculations. At the very beginning, a short instruction is given explaining the steps to be followed in the spreadsheet.

The calculator has some limitations - it is aimed at LEADER project applicants and is therefore not widely used, and its relevance is limited by the fact that the project is different from the business. Certain parts of the calculator are difficult to understand, requiring the use of additional data sources and the size of the target group. It also relies on perspective rather than real data, which makes it difficult to check the realism of the figures entered. For these reasons, the calculator is not suitable for assessing the economic impact of social business.

The creation and adoption of the calculator through legislation was an important step towards the proper measurement of impacts but is not sufficient due to the limitations and difficulties already mentioned.

Despite the plethora of social impact methodologies, researchers (Jakubavičius A, 2016; Maas, 2011; Policy Brief, 2015) point out that "...the most common social impact methodologies are: cost-benefit analysis. This methodology is commonly applied in labour integration social enterprises and aims to assess the benefits that the activities of such enterprises provide to public entities and to individuals whose employment opportunities are limited (e.g. persons with disabilities). This methodology is based on an assessment of the costs incurred and the results they generate and is more focused on the evaluation of financing mechanisms. The deeper social context is usually not touched, but often a welfare index is considered. The evaluation can be carried out at two levels: (a) cost-benefit analysis at organisational level; (b) cost-benefit analysis in relation to each eligible (e.g. disabled) person recruited. The results obtained are useful for assessing the performance of social business enterprises and the effectiveness of the use of the funding allocated to them. The drawbacks of the methodology are the volume of information to be obtained and processed, the fact that not all social enterprises are able to carry out the analysis independently, and the fact that it does not address some of the important externalities (social capital produced, benefits to the family of the disabled person, etc.).

Rating-based methodology. This methodology aims to assess the efficiency and performance of different social businesses. It is much more comprehensive than the cost-benefit analysis methodology and considers the specificities of each type of business. The methodology is based on the premise that social business should be reflected through financial benefits and social objectives. The methodology is attractive to private investors due to its separate focus on the assessment of financial performance. The following categories are analysed and evaluated in detail: market position, operating costs, adequacy of solutions, social effectiveness, social innovation.

Social accounting and auditing. This methodology is based on assessing the impact on social groups. It also helps social businesses themselves to identify the needs of their target groups. At the same time, it assesses the effectiveness of the social business itself and takes more account of the needs of different stakeholders (the previous methodology considered the needs of funders). This methodology is widely used in the UK. It has even established the Social Audit Network, a non-profit organisation that promotes the exchange of information and experience on the practical application of social accounting and auditing in measuring social impact/benefit. It also certifies social auditors".

The three social impact assessment methodologies have been analysed in terms of basic principles, scope, advantages and disadvantages (see Annex 1)

The analysis of social business impact methodologies leads to several observations:

Social business impact methodologies are very abstract, as they do not provide quantitative or qualitative indicators to measure the economic benefits of social business.

The wide range of methods for measuring social impact makes it difficult to choose the right method for measuring the social impact of activities. Part of the difficulty stems from a lack of consensus on the understanding of social impact. However, the challenges are mainly due to the lack of a classification system for these methods.

Researchers identify several structures, classification schemes and conceptual frameworks. However, the focus is on environmental accounting.

While all the methods shown were specifically designed to measure social impact, the study shows that only eight of the 30 methods do so. All these methods are based on a macro-societal approach.

Impact Assessment and Cost-benefit Analysis

Cost-benefit analysis is a key method of economic analysis that identifies and evaluates the economic impact of certain measures or initiatives by assessing direct and indirect economic costs and benefits (Boardman et al., 2011; Cordes, 2012). These economic costs and benefits are expressed in monetary terms. In this way, the net benefits of an initiative can be evaluated by comparing different alternatives to each other. The aim of cost-benefit analysis is to determine whether an initiative brings benefits to society and whether it is needed. Cost-benefit analysis is also useful in that it provides a unified methodological framework for assessing the impact of a particular initiative in different dimensions (Commonwealth of Australia, 2005). Impact assessment of various initiatives seeks to answer the key questions that arise in public policymaking: what means are available to achieve the objectives and why, and how much does it cost? The data obtained on the actual impact of a given initiative and the costs and benefits of its implementation allows for the selection of better policy instruments. Impact assessment is also useful for reporting to citizens on the consequences of government action, the appropriateness of public support, etc. (Schober, Then, 2015).

Rotz D., Maxwell N., Dunn A. (2015) used a cost-benefit approach in a study-report supported by the Social Innovation Fund (which combines public and private resources to increase the impact of innovative, community-based solutions with compelling evidence for improving the lives of people in low-income communities across the U.S.) and the Corporation for National and Community Service programmes. The study sought to assess the impact of the social businesses involved in the project. Their joint project was based on a five-year strategy to transform the lives of people with barriers to employment by helping them enter the labour market. The businesses involved in the study had a mission focused on employing and otherwise assisting such people.

The cost-benefit analysis identifies the groups in society that have submitted initiatives and the groups affected by the initiative, and the consequences that these groups have experienced. The positive consequences or *economic benefits* of an initiative are measured as the increase in the well-being of the society or its groups because of the implementation of the planned initiative. The negative consequences of an initiative are the *economic costs or* resources consumed by the initiative or the costs incurred as a result of the implementation of the initiative (Weimer, Vining, 2014)

In a cost-benefit analysis, it is important to determine how a proposed initiative has affected income, housing, health, safety, etc. - the things on which people's well-being depends. It is also important to explain *why* these impacts have been achieved, i.e. the causal links must be explained. Almost all initiatives are linked to cash flow. Cash flow reflects how much money is received and how much is spent during each period of the initiative. *Net cash flow* is determined by subtracting cash inflows from cash outflows. If cash receipts exceed cash outlays, the net cash flow is positive, and if cash receipts are less than cash outlays, the net cash flow is negative. The net cash flow is determined on an annual basis, over the lifetime of the planned initiative.

The further in the future the benefits or costs are generated, the less important or valuable they are, because consumers would prefer to consume the same volume and quality of the good now rather than in a year or a few years. Moreover, according to the value of money principle, a euro received in a year's time is not worth as much as a euro received today, since a euro received today can be invested and be worth much more a year later.

As cash flows are generated at different points in time during the life of the initiative, cash receipts that will be received in the future or cash outlays that will be incurred in the future should be discounted (Boardman et al., 2011).

Thus, the present (discounted) value of future cash is calculated by applying a discount factor:

$$k = \frac{1}{(1+i)^n} \qquad (1)$$

where k is the discount factor; i is the discount rate; n is the year.

The social discount rate is commonly used to evaluate public initiatives. The discount rate is very important in the evaluation of initiatives, as a low discount rate may make an initiative economically viable, while a high discount rate may not make an initiative economically viable. Some authors suggest that a discount rate corresponding to the interest rate of Eurobonds issued in the name of the State is usually used for discounting public initiatives (Gargani, 2017). Other authors suggest using the social discount rate (SDR), which reflects the public's attitude towards assessing the future benefits and costs of the initial investment. The diversity of approaches raises more questions, and after analysis and synthesis of scientific and methodological literature, the recommended SDRs vary from 0 to 8% (Baranauskienė, Aleknevičienė, 2014; Gargani, 2017).

The key indicator for cost-benefit analysis is net present value. Other methods of comparing and evaluating initiatives may be used: internal rate of return, payback period and benefit-cost ratio. Several evaluation methods are used to increase the reliability of the decision to implement a particular initiative.

The present value of cash flows is calculated by discounting the net cash flows:

$$DV = \frac{BV}{(1+i)^n} \quad (2)$$

where *DV* is the present value; *BV* is the future value; *k* is the discount rate; *n* is the year.

The net present value is calculated according to the formula:

$$GDV = \sum_{t=0}^{n} PS_t x k_t = \frac{PS_0}{(1+i)^0} + \frac{PS_1}{(1+i)^1} + \cdots + \frac{PS_n}{(1+i)^n} \quad (3)$$

where *NPV* is the net present value; *CF* is the cash flows; *k* is the discount factor; *i* is the discount rate; *n* is the last year of the period; *t* is the number of years since the decision was taken.

The choice of the discount rate determines the size of the GDV. If a positive NPV (>0) is found for the implementation of the initiative, this means that the proposed initiative generates a net benefit for society or groups of society. The NPV indicator allows a comparison of several alternative initiatives and the selection of the best one. The alternative with the highest NPV is usually chosen. However, in the case of public initiatives, if it is not possible to accurately calculate the benefits and costs involved, additional indicators can be used to compare the initiatives. It may be the case that a proposed initiative generates higher intangible net benefits that cannot be quantified, so that a negative NPV is not a valid reason to abandon an initiative (Schober, Then, 2015).

Another important indicator for evaluating and comparing initiatives in cost-benefit analysis is the internal rate of return.

When it is difficult to determine the appropriate discount rate, internal rates of return (IRRs) are a useful indicator of the effectiveness of an initiative.

The NPV is the discount rate at which the present values of future costs are equal to the present values of future revenues, i.e. the NPV of the initiative's net cash flows is 0.

The ABM is determined by:

$$GDV = \sum_{t=0}^{n} \frac{PS_t}{(1+VGN)^t} = \frac{PS_0}{(1+VGN)^0} + \frac{PS_1}{(1+VGN)^1} + \cdots + \frac{PS_n}{(1+VGN)^n} \quad (4)$$

where *NPV* is the net present value; *IRR* is the internal rate of return; *CF* is the cash flow; *k* is the discount factor; *i* is the discount rate; *n* is the last year of the period; *t* is the number of years from the start of the decision.

Another important indicator for cost-benefit analysis is the payback period. The payback period reflects the number of periods needed to cover the initial monetary cost of the initiative. In other words, the payback period is the time (in years) during which the benefits generated by the initiative cover the initial costs, i.e. when the net cash flow is greater than zero (>0).

The payback period is calculated as:

$$AL = n_{pp} \times \frac{\sum_{t=1}^{n} PS_t}{PS_a} \quad (5)$$

where *AL* is the payback period; is the year before full recovery; is the cash flow at the end of period t; is the sum of the net flow in the year of full recovery; *t* is the number of years from the start of the decision. The shorter the resulting payback period, the more attractive the initiative, other things being equal. However, the payback period indicator has an important limitation as the net cash flows are not discounted. Moreover, the payback period indicator does not reflect cash flows generated after the payback period, i.e. it ignores the subsequent consequences of the initiative. Also, the payback period indicator allows for the measurement of time, but not the value generated by the initiative. It is therefore necessary to complement the payback time analysis with other valuation indicators (NPV and NPV) or to use the payback time as a constraint when deciding whether to implement a particular initiative (Schober, Then, 2015).

The most important criterion for evaluating initiatives is the benefit/cost *ratio* K/S.

The benefit-cost ratio is determined by:

$$\frac{N}{S} = \frac{\sum_{t=0}^{n} DV_{Ip}}{\sum_{t=0}^{n} DV_{Iš}} \quad (6)$$

where is the benefit-cost ratio; is the cumulative net revenue in present value terms over period n; is the cumulative net cash cost in present value terms over period *n*; and *t* is the number of years since the decision was taken.

If the K/N value of an initiative is set above unity, the initiative is considered acceptable because its benefits (as measured by the aggregate present value of net revenue) are greater than its costs (as measured by the aggregate present value

of net costs). The higher the value of the K/N ratio, the higher will be the value of the alternative under consideration.

In order to successfully assess the benefits of an initiative such as social business, it is important to assess the risks involved and the possible consequences in advance. Several approaches can be used to assess risk, depending on the complexity of the decision to implement a particular initiative.

The main method of risk assessment is sensitivity analysis. It reflects how the results of a cost-benefit assessment respond to changes in key indicators (e.g. discount rate, inclusion or exclusion of certain costs, etc.) or other changes. The parameters whose changes have the greatest impact on the results of the initiative are called critical. It is recommended to focus on those parameters or critical parameters where a one percentage point change in absolute terms results in a one percentage point change in NPV (Yates, Marra, 2017).

The sensitivity analysis allows us to answer two important questions: whether the initiative would still be worth implementing if some of the key assumptions were not valid. Whether there are ways to mitigate the risks before a specific initiative is implemented. Sensitivity analysis involves several steps.

First, variables are identified, such as price (real wages, etc.), demand (population, etc.), investment (hourly labour costs, etc.), quantitative or qualitative parameters of the benefits (health improvement rate, etc.), discount rate, etc. It should be noted that the parameters to be analysed must be independent of each other, and that it is therefore necessary to eliminate interdependent variables. Once the relevant variables have been selected, the elasticity of their effect is assessed, i.e. the change in the relevant variables is analysed to see how the change in the significant variables affects the change in the GDV or the VGN (Nicholls, 2017).

When assessing the economic impact of social business, it is important to distinguish its impact from that of other externalities and to measure how and to what extent welfare has changed because of social business rather than other factors. Once the impact of a social business has been assessed, it is essential to monetise the welfare change, i.e. to measure costs and benefits in euro and to compare costs and benefits to determine whether the social business has increased or decreased the welfare of those employed by the business, the social businesses and other entities or groups.

Counterfactual analysis is a quantitative method for assessing net impacts. It seeks to compare the actual consequences with what would have happened in the absence of the proposed initiative (counterfactual). The aim of this analysis is to assess and calculate the net impact of an initiative.

Ideally, the welfare of the same entity (individual, business, society) should be compared in two different situations: with and without the initiative. Such a comparison would solve the two main problems of net impact assessment: it would compare the same entity, with identical characteristics and unaffected by other externalities. This is known as the ideal counterfactual situation.

As the same subject cannot be a member of both the treatment and control groups at the same time, in practice, comparisons are based on one of the following approaches (Rotz et al., 2015): a comparison between the control and experimental groups, which aims to control for extraneous factors and to establish causal links between the initiative and the consequences of implementation. The aim is to test what would have happened to the target groups if the initiative had not been implemented at all. The comparison groups are chosen to be identical in all other relevant respects, except that the control group did not experience the effects of the implemented initiative (Rotz et al., 2015).

Comparison of the same group "before and after the initiative". Comparison of the same group before and after the initiative. The data collected on this group before the implementation of the initiative is called the control group. During the evaluation, they are compared with data collected on the same group after the initiative. In most cases, a 'before-after' comparison is carried out when: a) the target group includes the whole or a very large proportion of the population; b) the absence of influence of other significant external factors is assumed. On the other hand, such comparisons are often not reliable as the latter assumption is usually not correct.

There are several methods of counterfactual analysis:

1) Random selection.

2) Double difference analysis.

3) analysis of the most similar cases.

The first type of counterfactual analysis uses experimental methods, the others non-experimental methods.

The most appropriate approach would be to use experimental methods, but experimental methods are expensive and have important limitations and drawbacks. The experimental group may include subjects who have left the group before the initiative has finished or even started. In addition, experiments are costly in terms of money and time and often raise ethical issues. Also, in the case of a randomised experiment, it is necessary to plan the monitoring process in advance and to ensure that the environment in which the experiment takes place remains unchanged, which is very difficult to achieve when dealing with complex problems (Boardman et al., 2011).

It is important to note that when assessing the net impact of an initiative, it is not appropriate to compare the characteristics of the same target group before and after the initiative. This difference does not reflect the true impact of

the initiative, as it is not known whether the visible results after the initiative would not have occurred in any case, i.e. even without the initiative. Thus, it is not possible to determine with certainty the impact of the independent variables on the dependent variable (the characteristic it measures). In order to avoid this error, control groups are included in the counterfactual analysis. The net effect of the initiative is calculated by comparing the differences in the change in the attributes (characteristics) of the target and control groups (Rotz et al., 2015).

This analysis is based on calculating the double difference between the characteristics of these groups. It calculates the difference in trait change over time (before and after the initiative) and the difference in trait change between the different groups (i.e. between the target group of the initiative and the control group). Such a comparison is only possible when data on the situation before and after the initiative are available.

It is important to stress that it is not sufficient to assess only the differences in the characteristics measured between the target group and the control group after the implementation of the initiative. A visible difference does not necessarily reflect the impact of the initiative, as it may have been caused by other external factors. Moreover, differences between groups may have existed before the implementation of the initiative. Selection bias can be eliminated if data are available on the characteristics measured by the target and control groups *before* the implementation of the initiative. With such data, the net effect of the initiative is estimated by taking the difference in the mean difference in the characteristics of the two groups being compared *before* the implementation of the initiative and subtracting the difference in the mean difference in the characteristics of the two groups after the implementation of the initiative (Rotz et al., 2015):

$$P_G = \Delta s1 - \Delta s2 \quad (7)$$

$$\Delta s1 = C_{G1} - C_{NG1} \quad (8)$$

$$\Delta s2 = C_{G2} - C_{NG2} \quad (9)$$

Where: *P(G)* is the net effect of the initiative Δs1, is the difference in the mean of the compared characteristic between the two groups **before** the implementation of the initiative, *CG1* is the estimate of the mean of the characteristic of the target group **before** the implementation of the policy, *CNG1* is the estimate of the mean of the characteristic of the control group **before** the implementation of the policy, Δs2 - the difference in the mean difference in the characteristics between the two groups **after** the implementation of the initiative, *CG2* - the mean estimate of the target group characteristic **after** the implementation of the initiative, *CNG2* - the mean estimate of the control group characteristic **after** the implementation of the initiative.

The assessment of the double difference involves the following steps (Rotz et al., 2015): defining the indicators, defining the time period, assessing the characteristics of the target and control groups, and assessing the counterfactual.

The first step highlights the manifestation of the initiative's effects and identifies the indicators that will allow change to be quantified.

The next step is to define the evaluation period. Ideally, the evaluation period should cover an equal number of years before and during the implementation of the initiative.

In the third step, the averages of the characteristics of the two groups to be compared and their difference in the two time periods are determined. Table 7 gives an example of the calculation of the double difference with formulas.

The fourth step aims to eliminate the influence of extraneous factors, as the double-difference approach assumes that the extraneous factors have the same effect on the two groups being compared. Additional data are needed to test this assumption. If the analysis included data from even earlier periods before the implementation of the initiative (e.g. 2008-2018), it could be verified that the change in the characteristics (e.g. income) of the two groups before the implementation of the initiative was uniform.

In the final step, a panel data analysis is carried out to test the effects of other potentially significant variables and their changes over time. This also allows for a comparison of whether other significant changes have occurred during the lifetime of the initiative that may better explain the differences observed between the two comparison groups than participation or non-participation in the ongoing initiative.

The analysis of the most similar cases provides an additional way to determine the net benefit of the initiative by comparing the most similar cases, which are selected based on their observable characteristics. This analysis assumes that it is possible to assess all relevant characteristics of the target and control groups and to select a control group that is as similar as possible to the target group. Ideally, the two groups should only differ in one aspect: whether they participated in the initiative. The net effect of the policy would then be the difference between the average estimates of the characteristics of the two groups (e.g. income, employment, etc.)

To determine which groups to compare, a similarity estimate is calculated *(*Maxwell et al., 2013). The similarity estimate is the probability that a sample unit with characteristic X in the target and control groups is in the target group. The similarity estimate (p) falls in the range from zero to one: $0 < p < 1$.

It is calculated by a logistic or probabilistic regression with a dichotomous variable D (where D = 1 is assigned to cases from the target group (participated in the initiative) and D = 0 is assigned to cases from the control group (did not participate in the initiative). The similarity estimate is calculated according to the formula:

$$P_{(x)}=P_r\{D = 1|X = x\} \quad (10)$$

Where *P(x)* is the similarity estimate, *D* is the dichotomous variable, *X* is the characteristic of the sampling unit of the target and control groups.

The analysis of the most similar cases is characterised by the selection of a control group and the use of a difference-in-differences approach, which is like a random selection method. The main difference between a case-by-case analysis and an experiment is that in experimental methods, subjects are randomly assigned to a target and a control group, whereas in a case-by-case analysis, the assignment to the two groups is based on the observable characteristics of the groups.

TRANSFORMING SOCIAL BUSINESS

The Development of Social Business in Europe

In recent years, there has been a surge of interest in social business across Europe, driven strongly by the growing role that social businesses can play in addressing societal and environmental challenges and promoting inclusive growth. There is also momentum from the global economic crisis of 2009, which triggered widespread public discontent with the functioning of the global economic system and stimulated interest in more inclusive and pluralistic economic systems. The subsequent implementation of austerity measures in the context of new and growing social needs has created challenges and opportunities for social business in Europe. Despite the interest in and emergence of examples of inspiring and disruptive social enterprises, relatively little is known about the scale and characteristics of the emerging pan-European social enterprise 'sector'.

Today, many European countries have given legal or official recognition to the concept of social enterprise. According to EU research (A map of social, 2015), 20 out of 28 countries (see Table 8) use a formal or informal but widely accepted definition (or criteria) of social enterprise. In six countries, the concept of 'social economy' or 'social and solidarity economy' is more common. However, in these countries it is possible to find an official definition of a "social economy entity", which has many similarities with the definition of a social business - social enterprise.

There is a growing consensus within and between countries on the common characteristics that define a social enterprise, i.e. an independent organisation that combines social purpose with entrepreneurship. Despite the trend towards convergence, it is important to recognise that national definitions and concepts differ. The main areas of difference are:

- There are very few terms that use the entrepreneurial dimension of social business. For example. The Czech Republic specifies that at least 10% of a social enterprise's revenue should come from market sources. The United Kingdom specifies that a social enterprise should derive at least 25 per cent of its income from trade. The Italian Social Enterprise Law (Law 155/2006) stipulates that a social enterprise must derive at least 70 per cent of its income from business. In Croatia, at least 25 per cent of a social enterprise's income should come from entrepreneurial activities three years after its establishment.
- The interpretation of the social purpose varies from a narrow focus on labour mainstreaming (e.g. the concept of social enterprise as set out in Finnish, Lithuanian, Polish, Slovakian and Swedish national laws and policy documents) to broader societal and environmental objectives, including areas such as renewable energy and fair trade (e.g. UK, Greece).
- While most definitions explicitly prioritise social over commercial objectives, there are some exceptions (e.g. Czech Republic, Latvia, Lithuania).
- Some national definitions imply a full restriction on the distribution of profits (e.g. Italy, Poland), while most other definitions imply a partial restriction on the non-distribution of profits (e.g. Finland, UK). In addition, some national definitions do not consider the reinvestment of profits to be an essential feature of social enterprises (e.g. Lithuanian Law on Social Enterprises).

Table 8. Comparison of National Concepts of Social Business with the Main EU criteria for Defining Social Business

Country	Source of the concept	Links to the definition of social business
Austria	The term "social enterprise" is not used very often in the Austrian context, either in research or in public or professional discourse. The most used German terms are "social economy", "social integration enterprises", "public benefit organisations" and "cooperatives".	Austrian policy makers still tend to think of social enterprises as only related to labour integration social enterprises, which have long been the flagship of Austria's active labour market policy. In recent years, there has been an increased interest in social enterprises within the Ministry of Economic Affairs, but in this case the interest is focused on the wave of social start-ups. Thus, there is no consensus in Austria on what constitutes a social enterprise and, more specifically, on where the boundaries of the concept should be defined.
Belgium	Definition of a social purpose enterprise (transversal social purpose enterprise statute).	The perception fits exactly the definition of a social business, except that Belgian law does not impose any specific governance obligations on social purpose enterprises. The governance model of a social purpose enterprise under Belgian law depends on the main legal form (cooperative or public limited company).
Bulgaria	The National Concept Note on the Social Economy (2012) provides criteria for identifying a 'social economy enterprise'/'social enterprise'.	The criteria developed by the Bulgarian government to identify social enterprises do not explicitly state that the social objective takes precedence over other objectives. While autonomy and independence from public authorities is a requirement, the criterion is not so broad as to define organisational autonomy from for-profit enterprises.
Cyprus	No official definition.	
Croatia	Draft Strategy for the Development of Social Entrepreneurship in the Republic of Croatia 2014-2020.	The draft strategy emphasises the balance between the social, environmental and economic objectives of the social enterprise. While the concept emphasises the high degree of autonomy and independence of the business from the state or public authority, it does not explicitly refer to organisational independence from the for-profit enterprise.
Czech Republic	Informal but widely accepted definition developed by the Thematic Network for the Development of Social Economy (TESSEA) (2011).	The ICESEA definition does not explicitly require the primacy of social objectives over economic objectives. Moreover, the definition only refers to "independence (autonomy) from external founders".
Germany	No official definition. The definition was	
Denmark	developed by the government-appointed Social Enterprise Committee.	A social enterprise must be run independently of public influence. This does not indicate the organisational independence of for-profit enterprises
Estonia	The characteristics of Estonian social enterprises, which have been widely accepted by experts in the field, were identified in cooperation with the public sector and the Social Innovation Working Group in 2016-2017.	The new Public Procurement Law adopted in 2017 creates new opportunities for social enterprises by including a social value requirement in tender documents. Another important document is the Ministry of Social Affairs' Welfare Development Plan 2016-2023.

Country	Source of the concept	Links to the definition of social business
Finland	Definition provided by a working group set up by the Ministry of Employment and the Economy (MEE) in 2010.	This definition does not require social enterprises to include governance models. Organisational autonomy is implied but not explicitly stated in the definition.
France	Social and Solidarity Economy Act (2014) - defines for the first time the scope of the social and solidarity economy.	Organisational autonomy is implicit but not explicitly mentioned in the law.
Greece	Law 4019/2011 on the Social Economy and Social Entrepreneurship sets out the features of the definition of social economy entities, which are more akin to the concept of a social enterprise.	According to the law, social economy entities "shall enjoy autonomy in the management of their activities", but this concept is not further explained.
Hungary	There is no official definition. The government uses the European Commission's definition to define eligible organisations under its grant programme for social enterprises.	The concept of the social enterprise and the social entrepreneur first emerged in Hungary in the second half of the 1990s and the first half of the 2000s with the launch of US-based international NGOs and foundations.
Ireland	Definition developed by Forfás, the Irish Government's advisory body on enterprise policy (2013).	Social enterprises are "separate from government". The definition does not require organisational independence from profit-making or governance models.
Italy	Law on Social Enterprises (Legislative Decree 155/2006) Law on Social Cooperatives (Decree 381/1991).	The requirements of Italian law correspond exactly to the definition of a social business.
Latvia	12 October 2017 The Latvian Parliament approves the Law on Social Enterprises.	The current criteria do not explicitly require the social objective to take precedence over the economic objectives. Governance autonomy is not explicitly included in the list of criteria. However, according to the draft law, social enterprises will be subject to commercial law, which implicitly implies management autonomy.
Lithuania	Law on social enterprises. 1 June 2004. No. IX-2251 (as last amended by No. XI-1771 of 1 December 2011, Official Gazette of the Republic of Slovenia, 2011, No. 155-7352 (20 December 2011)).	The law does not require organisational autonomy for profit (it only mentions autonomy from the state), but it does state that social enterprises must respect the basic legal and operational requirements of their basic legal form. Social enterprises are not required to follow governance models.
Luxembourg	No official definition.	
Malta	A working definition developed by the Ministry of Finance, Economy and Investment as part of the "Social Enterprise Project".	Management autonomy is implicit but not explicitly required in the working definition.
Netherlands	No official definition.	
Poland	The National Programme for the Development of the Social Economy (KPRES) has attempted to define the concept of social enterprise. Social enterprises are perceived as permanent and visible actors in social and economic life at local and regional level. It draws on support from the Labour Fund (LF) (10), the State Fund for the Rehabilitation of Disabled Persons (PFRON) and the ESF until 2020.	Social enterprises are perceived as permanent and visible actors in social and economic life at local and regional level.
Portugal	Social Economy Act 68 / XII. Article 5 of the Law sets out the basic principles of the social economy, which overlaps with the EU definition of the activity.	There is no explicit requirement for social economy actors to engage in economic activity.

Country	Source of the concept	Links to the definition of social business
Romania	Article 3 of the Social Economy Act sets out the principles of the "social economy" (adopted by the Senate in June 2014; debated in the Chamber of Deputies in the autumn 2014 session).	There are no clear restrictions on the distribution of profits, and there is no prohibition of assets law. The law requires the social economy entity to be "a separate legal entity with managerial autonomy and independence from the public sector"; organisational autonomy from profit is not explicitly mentioned.
Slovakia	Act No 5/2004 on employment services (2008 amendment).	No legal requirements related to management autonomy.
Slovenia	Social Entrepreneurship Act (2011).	The law requires social enterprises to be "self-managed" but does not specify what this means.
Spain	The Social Economy Law 5/2011 establishes the basic principles of social economy entities, which overlap with the EU's definition of the activity: the Law on Social Initiative Cooperatives (Law 27/1999) and the Law on the Regulation of Labour Integration (Social) Enterprises (Law 44/2007).	The law only requires social economy entities to be independent from public authorities; there is no clear criterion for profit independence; and there is no mention of the term "social enterprise". The definitions in these laws meet the criteria for social business.
Sweden	Government launches the Social Enterprise Strategy - a sustainable society through social enterprises and social innovation.	The Strategy identifies social enterprises as a heterogeneous group of actors that, regardless of legal form, use business activities to achieve social benefits, measure results in relation to societal objectives and, above all, to invest the profits in the organisation. Businesses and associations meeting these criteria are called social enterprises and are important drivers of social innovation, defined as initiatives that aim to overcome social challenges by providing new ideas and solutions to improve the services provided to citizens.
United Kingdom	Performance criteria used in the UK Government's biennial small business surveys (NB: this definition of social enterprise is broader than the concept of a Community Interest Company, which is a legal form reserved exclusively for UK social enterprises).	No integrative management required. Provides for organisational autonomy; but not explicitly included in performance criteria.
Switzerland	No official definition.	

Source: A map of social enterprises and their eco-systems in Europe (2015). Synthesis Report 43 -45 p.

- In most of the countries studied, the criterion of "independence" is understood as "managerial autonomy" and/or "autonomy from the state". Only in Italy and Portugal do national definitions emphasise independence from the State and other traditional profit-making organisations.
- In some countries, governance is not necessarily seen as a key feature of social enterprises (e.g. Finland, Ireland, UK).
- Some national definitions also include a requirement to report on social impact (e.g. Belgium, Italian law on social enterprises).

However, in addition to the perception of social business in individual EU countries, it is also important to analyse the forms that social business takes. Clarise (2018) distinguishes between two forms - social business and collaborative business. It is thus understood that social and collaborative businesses work with the purpose of being able to grow and better distribute wealth, as their own structure is based on the sharing, distribution and co-production of tangible and intangible goods.

European social enterprises do not have a single legal form (European Commission, 2013; Monzón and Chaves, 2012; Lešinska, Litvins and Pīpiķe, 2012), but the three most common forms are:

- cooperatives. For example, there are social cooperatives in Poland, Hungary, Italy and Greece, while in the UK there are companies that work solely in the public interest - in the community interest. The main activities of cooperatives are related to the social integration of target groups and employment integration. However, the distribution of cooperatives' income varies between EU countries.
- companies. Social enterprises in Finland and community interest companies (companies controlled by companies) in the UK work exclusively for the public good, while in Italy they represent for-profit companies.

- free legal form. In this case, social enterprise status is granted to an organisation regardless of its legal form and is in fact a brand. For example, this legal form exists in Finland.

To identify social enterprises in the EU, the main diversity of organisations that are currently considered social enterprises has been linked to the main criteria for defining EU activities. Table 5 summarises the results of this work (detailed explanations and company profiles can be found in the individual country reports). It shows:

- Legally recognised social enterprises - enterprises with a clear legal identity in the country concerned (based on a legal form created exclusively for social enterprises or on the legal status of a social enterprise); and

De facto social enterprises - In addition to legally recognised social enterprises, entities that fully meet the criteria set out in the EU definition (and are de facto social enterprises) include a wide range of organisational and legal forms, such as cooperatives, associations, public bodies, social cooperatives, etc.

De facto social enterprises are often "hidden" among other organisational and legal forms, in particular:

- associations and foundations with commercial activities.
- cooperatives serving common or collective interests.
- Leading companies with a clear and core social purpose.

Official statistics on social enterprises are scarce and limited: data on the number of legally recognised social enterprises, if any, are usually available, but they do not cover the actual number of social enterprises, which are the majority in all countries.

In some countries, attempts have been made to measure the scale of social enterprises, but these measurements have tended to be related to definitional and methodological issues; and are based on national 'constructs' of social enterprises and are therefore of little relevance for cross-border research.

All statistics are taken from country reports, most of them reflecting data availability between 2014 and 2018. The country reports provide more information on definitions, measurement concepts and the validity and reliability of data.

Table 9. Forms of Social Business Enterprises

Company forms	Countries	Exclusive to Social business form
Public limited company	Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Hungary, Ireland, Italy, Luxembourg, Netherlands, Slovenia, Spain, Sweden, United Kingdom	
Public limited partnership	Bulgaria	
Private limited company	Bulgaria, Croatia, Estonia, Germany, Ireland, Lithuania, Luxembourg, Netherlands, Poland, Slovakia	
Limited liability company	Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Ireland, Italy, Latvia, Luxembourg, Slovenia, Spain, United Kingdom	
Individual enterprise	Austria, Bulgaria, Croatia, Denmark, Germany, Hungary, Lithuania, Netherlands, Sweden, United Kingdom	
Private institution	Croatia	
Economic Interest Group	Croatia, Ireland	
Economic partnership	Austria, Estonia, Hungary, Ireland, Netherlands	
General partnership	Bulgaria, Croatia, Denmark, Finland, Germany, Italy	
Limited partnership	Finland, Netherlands	
Banks	Croatia, Denmark	
Credit union	Croatia, Denmark, United Kingdom	
Foundation, private or in the public interest	Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Italy, Latvia, Malta, Netherlands, Poland, Portugal, Romania, Spain, Sweden	
International non-profit organisation	Belgium	
A company with a social purpose	Belgium	

Company forms	Countries	Exclusive to Social business form
Cooperative	Bulgaria, Croatia, Czech Republic, Finland, France, Germany, Hungary, Italy, Luxembourg, Malta, Portugal, Slovenia, Spain, Sweden, United Kingdom	
Cooperative for people with disabilities	Bulgaria	Yes
Specialised company for people with disabilities	Bulgaria	
Trust	Austria, Ireland, Malta	
Partnerships	Croatia	
Clubs	Cyprus	
Public benefit corporation	Czech Republic	
Association of interests of legal persons	Czech Republic	
Foreign companies	Denmark	
Mutual insurance organisation	Estonia, Finland	
Entrepreneur	Finland, France, Germany, Ireland	
Social cooperative enterprise	Greece, Hungary, Italy, Poland, Czech Republic, Portugal, France	Yes
Social cooperative with limited liability	Greece	
Women's agro-tourism cooperatives	Greece	Yes
A friendly society	Ireland	
Committee	Italy	
Social enterprise	Italy	Yes
Non-profit organisation	Belgium, Cyprus, Hungary, Poland, Slovakia, Sweden	Yes
Public body	Lithuania, Slovenia	
Association	Austria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania	
Social integration centres	Poland	
Religious associations for social solidarity	Portugal	
Mutual aid workers' associations	Romania	Yes
Pensioners' mutual aid associations	Romania	Yes
Organisations set up by municipalities	Slovakia	
Civic associations	Slovakia	
Cooperatives for social initiatives	Spain	
Social integration companies	Spain	
Special employment centres	Spain	
Utility Partnership	Spain	
Community interest company	United Kingdom	
Charitable organisation	United Kingdom	

Source: compiled by the authors from country reports on social business.

Table 9 shows that only seven forms of social business enterprises were dedicated exclusively to social business.

Given the large uncertainties in the data and assumptions, the figures in Table 14 should be treated as a broad indication of the extent of social enterprise activity in each country (rather than as precise estimates) and should not be added to arrive at an EU total. The figures are based on indicative (and often subjective) estimates of the share of social

enterprises among certain groups of actors and other assumptions. The reporting periods for which data are available sometimes differ between entities. In view of these caveats, the results should be interpreted with great caution.

Studies have been carried out to clarify the possible forms and range of 'national social businesses' and to distinguish these evolving forms from the social and conventional economy, but the diversity of national economic structures, welfare and cultural traditions and legal systems mean that measuring and comparing social business activity across Europe remains a challenge. Statistical information on social enterprises is lacking and inconsistent across Europe. Since 2013, the European Commission has started to receive reports from different European countries on "Social Enterprises and their Ecosystems in Europe", which include social business initiatives, their activities and several statistical data. These reports describe the broad contours of social business activities and ecosystems in 29 European countries (EU28 and Switzerland), using a common "operational definition" and research methodology. However, the sufficiency, consistency and integrity of the statistics are not addressed by these reports. In many countries, there is still insufficient information on social business statistics (number of enterprises, number of employees, share of income generated).

Table 10. Estimated Scale of Social Business Activity across Europe in 2019

Country	Number of social businesses	Number of employees
Austria	1535	n.d.
Belgium	737	n.d.
Bulgaria	3674	26000
Croatia	526	3500
Czech Republic	3670	n.d.
Germany	1786	n.d.
Denmark	282	3483
Estonia	122	1603
Finland	2500	n.d.
France	28000	n.d.
Greece	325	n.d.
Hungary	15344	77388
Latvia	200	700
Lithuania	148	6600
Malta	50	n.d.
Netherlands	5000	n.d.
Poland	20784	103201
Portugal	8011	145373
Romania	5302	12469
Slovakia	900	n.d.
Slovenia	254	378
ES	8500	n.d.
Sweden	343	3500
United Kingdom	27000	272000

Source: authors' compilation of country reports on social business

As can be seen from the data in Table 10, a small number of European countries are aware of the number of social enterprises operating in their countries and of the number of employees working there.

According to Eurostat, one in four new companies set up each year in Europe (and one in three in France, Finland and Belgium) is a social business (Social enterprises and their ecosystems in Europe. Comparative synthesis report, 2020). EU Member States, including Lithuania, have chosen social business as one of the means to tackle poverty, lack of educational opportunities, unemployment and growing social exclusion. An unfavourable legal and tax environment, lack of institutional recognition, lack of financial support, and low visibility of social entrepreneurship limit the development of social entrepreneurship in Lithuania.

Social Business Entities in Lithuania

Lithuania recognises two forms of social business enterprises: the social enterprise and the social enterprise for people with disabilities. A social enterprise is a legal entity or a subdivision of a legal entity that has acquired the status of a social enterprise in accordance with the established procedure and employs at least four employees belonging to the target groups of persons employed by social enterprises. Social enterprise for persons with disabilities - a legal person or a subdivision of a legal person which has acquired the status of a social enterprise for persons with disabilities in accordance with the established procedure, where the number of employees belonging to the target groups employed by social enterprises is at least four and where the number of employees working in the social enterprise for persons with disabilities, who are employed for a total of at least 80 hours per month, is at least 50 per cent of the annual average number of employees of a social enterprise for persons with disabilities on the list (Social Enterprise Act, 2020). Researchers (Jakubavičius et al., 2016) point out that in Lithuania, "the set of social business entities can be identified by modelling three sets of entities:

- economic operators carrying out economic and commercial activities.
- social enterprises.
- non-governmental organisations".

According to Jakubavičius (2016), "the choice of these three sets of entities was determined by the following elements: the basic potential to develop commercial economic activity and the potential/interest/, the potential to fulfil the social mission or the basic potential to fulfil the social mission and the potential/interest/opportunity to develop commercial economic activity".

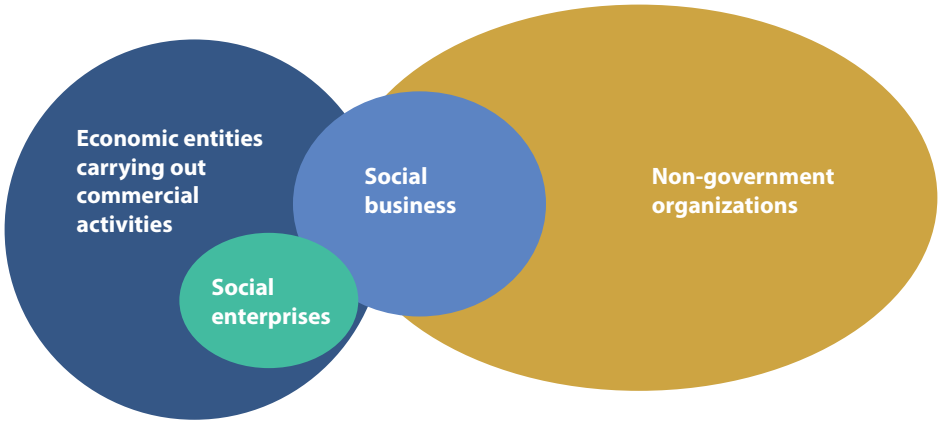


Figure 4: Modelling Social Business Entities
Source. Jakubavicus, 2016

As can be seen from Figure 4, social businesses are much more broadly conceived than social enterprises.

However, in addition to social enterprises for people with disabilities or social enterprises, there are also genuine social business enterprises in Lithuania, where a part of their profits is dedicated to the achievement of the social goals of society. These can be all forms of businesses operating in Lithuania. Therefore, it is possible to extend the understanding of social business offered by Jakubavičius (2016) and to indicate that social business entities in Lithuania can include:

- Businesses that carry out economic and commercial activities and allocate part of their profits to the achievement of society's social objectives.
- social enterprises.
- social enterprises for people with disabilities.

There are no statistics on such companies in Lithuania, and no state support is provided to them.

According to the data of Versli Lietuva, at the end of 2018 there were almost 90 social businesses in Lithuania, while in Plymouth (UK) alone, with a population of only 260,000 people, there are 150 social business enterprises.

According to the data of the Employment Service under the Ministry of Social Security and Labour (2020), 175 social enterprises operated in Lithuania. There are social enterprises in nine cities in Lithuania (see Figure 5).

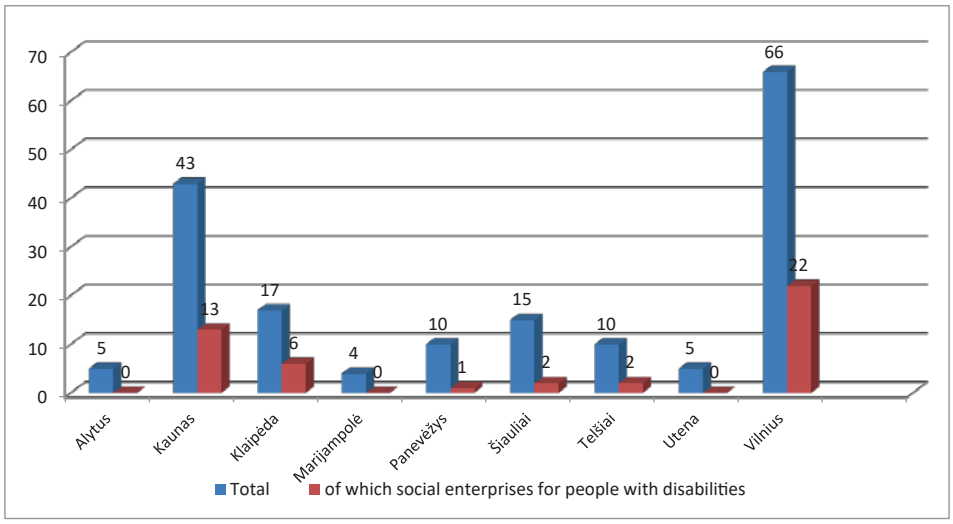


Figure 5: Number of Social Enterprises in Lithuania

Source: the Employment Service under the Ministry of Social Affairs and Labour Protection, 2020.

As we can see, social enterprises are concentrated in two major cities - Vilnius and Kaunas (37.7% and 24.6% respectively). According to the Classification of Economic Activities (see Table 11), most social enterprises are concentrated in manufacturing (35.75%) and administrative and service activities (20.23%). In contrast, in other activities social businesses are scattered and active in a range of activities from 7.6% to 0.5%.

Table 11. Activities of Social Business Enterprises according to the Classification of Economic Activities

Agriculture, forestry and fishing	0.5
Manufacturing	35.75
Water supply Wastewater treatment, waste management and recovery	2.19
Construction	7.25
Wholesale and retail trade; repair of motor vehicles and motorcycles	4.72
Transport and storage	2.19
Accommodation and food service activities	1.35
Information and communication	2.02
Financial and insurance activities	1.35
Real estate operations	1.85
Professional, scientific and technical activities	7.6
Administrative and service activities	20.23
Education	2.19
Human health care and social work	4.72
Arts, entertainment and recreation activities	1.18
Other service activities	4.56
Activities of households as employers of workers; activities of households engaged in the production of undifferentiated goods and services for own use	0.35

Source: compiled by the author from the Classification of Economic Activities and Employment Service data

If we compare with other European countries, we can see that social business activity has developed differently in different countries. For example, in Italy, Hungary and Romania, social businesses are most focused on health, care and education, but in Sweden they are more active in the utilities sector and in the UK in the accommodation, including catering, sector (European Commission, 2020).

In terms of the number of employees, the lowest rates of employment in social enterprises are found in Latvia, Lithuania, Slovenia, Croatia, Denmark and Sweden, where employment in such a model is less than 2% of the total workforce in those countries.

Another little-studied potential social business actor is non-governmental organisations.

There is a lack of research in Lithuania that analyses the value NGOs bring to the economy or to solving social problems. There is also no data to clearly define the extent to which the NGO sector is involved in addressing social problems. However, NGOs have all the potential to transform themselves into a social business entity, as their main activities are related to the fulfilment of social missions. Further research could analyse the methods and principles of transforming NGOs into social businesses.

In summary, it can be stated that in Lithuania the perception of a social business entity is much broader than that of a social enterprise, as it can include all economic entities that carry out economic-commercial activities and allocate a part of the profit to the implementation of social goals of society. The main criterion for classification as a social business is the allocation of profits to the fulfilment of social needs of society.

The Impact of Social Business on the State

The benefits of social business have been outlined in previous chapters, but it is worth emphasising that one of the benefits of social business is the creation of economic wealth in the society in which it operates. Indeed, a distinction can be made between micro- and macro-level impacts (see Figure 8).

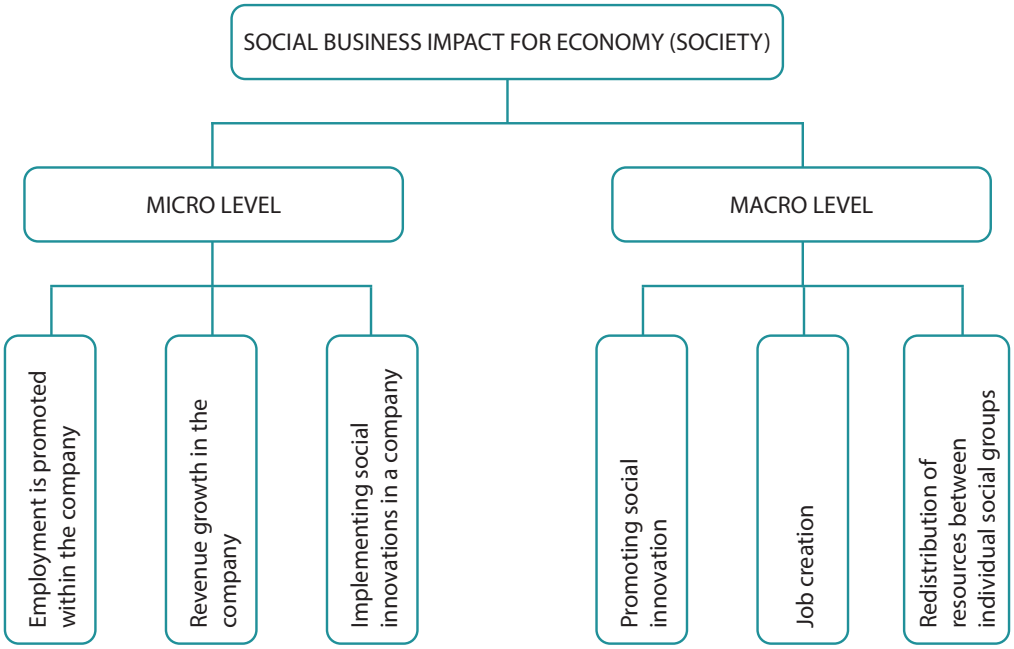


Figure 6: The Macro and Micro Economic Impact of Social Business

Social businesses contribute to employment in the society in which they operate, to the growth and circulation of incomes within society, to the availability of specific products or services and to the promotion of citizenship. At the macroeconomic level, the benefits and impacts generated by social enterprises are manifested in the promotion of social innovation, job creation and the redistribution of resources between different social groups. The social enterprises studied in the study were active in the field of employment, employing specific target groups.

The study traced the impact chain (see Figure 7).



Figure 7: The Social Business Impact Chain

The contribution of a social business enterprise includes the resources it has that are used for social business activities, such as money, volunteers, equipment, etc. The activities themselves are designed to fulfil a social mission. Direct results are defined as the number of people employed to achieve the social mission, the number of services provided, the number of services/goods produced, the changes in beneficiaries (performance) that occur over the medium and longer term of the enterprises' activities. Already among the impacts are changes in the behaviour, attitudes, skills etc. of the beneficiaries, reduced poverty, crime, increased entitlements, changes in fundamental social norms and changes in attitudes in society. Based on the logical value chain of impact, and as shown by the results of the study, it can be

argued that impact is the final changes in the impact chain that occur in the long- or medium-term of an organisation's activities, and that may not always be quickly and easily achieved, and may include social impacts, economic impacts, etc. Such impacts can be achieved in the community and society. In many cases, such changes may only occur after a long period of time and are therefore very difficult to observe and measure. It was therefore appropriate to look more at social rather than economic impacts. The social business enterprises studied have created impact in several directions and in several ways, thereby increasing the impact they create. For example, in addition to developing products or services for the socially vulnerable, employing people belonging to the target groups, the enterprise has also developed new social activities and programmes that are not related to their direct activities, but are socially beneficial. For example, through their activities, companies have encouraged young people to act, set up charities, promote volunteering, etc. Clearly, this was aligned with the company's core mission and stakeholders. These complementary activities contribute to the development of a company's sustainability, reputation and financial well-being. The social businesses studied in this way can be said to have 'opened the door' to other opportunities for creating social impact, i.e. to increase the social impact they create in society and thus involve many more stakeholders in their activities. It is up to each company to choose how it will create impact. It is also noteworthy that the social businesses studied chose one main avenue for creating impact (integration of socially vulnerable people into a full social life and the labour market; helping people with fewer opportunities to find a job; people with intellectual disabilities), while the other avenues were more secondary, but they are also important because they have an impact on society and the environment. In most cases, the primary mode of impact creation is directly linked to the social mission of the company: the products and services it provides to its customers and the social change it aims to bring about. This is why the study shows that the primary impact of social businesses in employment is created through the choice of human resources, through the employment of people belonging to the target groups. As the study showed, social enterprises have created impact in several ways, not only by employing socially vulnerable people, but also by employing people belonging to the target groups, i.e. people with intellectual disabilities, former drug addicts and convicts.

Taken together, the study and the calculations presented here provide a detailed analysis of how social business can influence the employment and life stability of the people it employs, as well as their value to different stakeholders. As mentioned earlier, the study focuses on four areas, namely state support for housing, stable housing, criminal activity and health.

Table 12. Number of Persons/Families Receiving Compensation for Part of the Rent or the Rent for the Purchase of Housing of 31.12.2019 Lithuania

Name of the list	Number of persons (families)	Number of recipients
Young families	164	469
Families with three or more children and/or children in permanent care	138	683
Persons without parental care and their families	41	85
Persons with disabilities suffering from severe forms of chronic diseases and their families	136	223
General	402	788
Total	**881**	**2248**

Source: Statistics Lithuania, 2020

As we can see, the highest number of benefit recipients is in low-income families. The results of the study show that housing, a key indicator of stability in the study, has stabilised after a year of working in a social business enterprise. The percentage of employees working in social business enterprises renting or owning a home or an apartment has increased from 74% to 96% over the past year. According to Statistics Lithuania (2020), the amount of compensation for the rent or the leasing part of the housing rent per person in 2020 ranged from EUR 3.84 to EUR 92.42 (depending on the size of the municipality). Therefore, the increase in the gross income of those in employment has a significant impact on the State. As the survey data show, there was a significant increase in gross income (from EUR 417/month to EUR 525/month) and a significant increase in labour income (from EUR 149/month to EUR 480/month) among the employed in the social economy, with a correspondingly significant increase in the share of labour income in total income (from 36% to 92%). The share of income from state benefits did not change significantly, ranging from 10% to 19%. The results showed that the share of those in employment with stable housing did not change significantly but remained relatively high (96%). Among the employed respondents, the share of respondents who worked for pay in the last month increased from 74% to 96% (significant difference). The share of those who have worked for pay in the

last six months and the share of time spent working in the last year also increased significantly. There were no homeless people among those employed in social business. Among those employed in social enterprises, there was a significant increase in gross income (from EUR 417/month to EUR 525/month) and a significant increase in labour income (from EUR 149/month to EUR 480/month), and a significant increase in the share of labour income in total income (from 36% to 92%). Stable housing costs, or a decrease in compensation, resulted in a loss of EUR 849 for one social worker.

The impact of social businesses working to promote employment and thereby impact the economy is the reduction of poverty in society, which was as much an indirect result of their activities as it was an indirect result of their activities, as other external factors can often contribute to the creation of this impact, which also have a significant influence on the impact, such as perhaps the reduction of poverty in society as a result of the activities of other organisations working in this field, or for other reasons, such as other poverty-reducing measures by the government. Impacts are rarely achieved by a single enterprise, but more often result from the activities of several enterprises, organisations or programmes. This is due to the complexity and complexity of the social problems addressed. Thus, in determining the impact generated by a social business enterprise, all other circumstances that may also have contributed to the changes that have occurred have been considered.

Respondents to the survey reported that their physical and mental health levels improved over the year after starting their job, with a benefit of EUR 100 per person employed by the social enterprise.

The results show that the workers became economically self-sufficient one year after being recruited by the social business. The main objective of the social business was to create economic self-sufficiency through employment and work experience in the social business. The study showed that six months of employment improved individuals' wages, long-term job retention and labour force attachment. The study showed that employment in social business increased by 19 percentage points after one year. The results are particularly significant for ex-convicts and drug addicts. The study shows that employees in social enterprises increased their earnings one year after starting their jobs. The impact of social business on labour income increased by EUR 311.17. There was also a significant increase in the total income of EUR 368 per employee in the last month in the social business enterprise. The increase in labour income of EUR 3,734 per employee in the social business is also highlighted. Moreover, the experience of social businesses for taxpayers is significantly higher than the subsidies they receive from the government (only social enterprises in Lithuania receive them) and other funders.

The criminogenic situation in Lithuania also influences the life of society. Therefore, it is very important to implement various programmes to reduce crime. As Table 13 shows, the number of criminal offences in Lithuania is decreasing and in 2019, the number of criminal offences registered per 100,000 inhabitants in Lithuania amounted to only 1,841, with a greater decrease in urban areas of Lithuania. This can also be attributed to the merit of social business enterprises.

Table. 13. Number of Registered Criminal Offences in Lithuania

Criminal offences, years	Number of criminal offences recorded | number			Number of recorded criminal offences per 100,000 inhabitants | number		
	Town and countryside	City	The Village	Town and countryside	City	The Village
2019	51 449	38 459	12 990	1 841	2 043	1 425
2018	57 830	43 473	14 357	2 070	2 319	1 561
2017	63 846	47 699	16 147	2 257	2 513	1 735
2016	59 075	44 834	14 241	2 060	2 326	1 513
2015	72 343	52 592	19 751	2 490	2 693	2 074

Source: the Lithuanian Statistical Department, 2020.

The study found that the number of avoided arrests after a year of working in social entrepreneurship was 2.4. The proportion of those arrested in the last year working in social business dropped significantly from 59% to 11%. The number of counselling sessions for addiction to intoxicants or narcotic substances did not change significantly (26% to 29% of the respondents had attended counselling in the last year). The study calculated the benefits in terms of avoided arrests at EUR 2,794 and the benefits in terms of reduced alcohol or drug dependence at EUR 967.

The study constructed an impact chain in which the impact results in benefits to society (through the economy, EUR 34,288), to the social business worker (EUR 817), to the social business as a business (EUR 7,970), to taxpayers who are not directly connected to the social business (EUR 22,607), and to friends and relatives of the social business worker (EUR 2,808).

The study revealed that there is currently no established culture of social impact assessment in social business enterprises and organisations of other identified assessment subjects, therefore, there is a need to educate the public and

authorities about the importance of social impact assessment, to organise educational events and conferences, and it is important to motivate the managers of social business enterprises to implement social impact assessment in their companies and organisations. The study found that networking would help the implementation of social impact assessment, and therefore social enterprises need to form associations, share information on social impact assessment practices and gain knowledge and competences on the social impact assessment process. At regional level, it is important to create a network on social impact assessment to involve businesses, experts and researchers. Such a network would actively contribute to the development of a culture of social impact and the promotion of research.

The study has shown that, although there are barriers and constraints in the internal and external environment of enterprises, the social business enterprise in the employment sector must remain the main subject of the impact assessment, as the results of the assessment influence better decision-making and improvement of activities.

The study found that support for social initiatives is crucial. Therefore, it makes sense for social businesses to form umbrella organisations, and to interact with academic institutions and the government sector.

The survey of social business enterprises was carried out, and all the enterprises were linked to one strand: employment. Therefore, when formulating further research directions, it is important to identify measurement indicators that are relevant not only for social enterprises operating in the employment field. The survey has led to the identification of indicators related to employment. In the formulation of social impact measurement entities, it is important to distinguish three levels: macro, meso and micro. The study has shown that the evaluation of social businesses should be carried out at meso-level, which could be carried out by the umbrella organisations of social businesses and by regional authorities, and at macro-level by national authorities in cooperation with universities and research centres, as this is a long-term monitoring of change, which requires special competences and high costs.

The three levels (macro, meso, micro) should also be respected when identifying measurement indicators. In order to develop indicators of the impact of social entrepreneurship in other areas, it would be useful to select indicators linked to the levels in question with the help of experts.

As a recommendation to national authorities, attention should be drawn to the dispersion of social business initiatives across ministries. The Ministry of Economy and Innovation of the Republic of Lithuania introduces social business, provides various overviews and recommendations, and provides funding for social business projects. The Ministry of Social Security and Labour provides measures to promote social entrepreneurship and business development. There is no inter-ministerial coordination. The third ministry that tries to apply an ineffective social business calculator and give the image of supporting social business in agriculture is the Ministry of Agriculture. There is no coordination between ministries. Therefore, to create a favourable tax and financial environment for social business in Lithuania, it would be advisable for all ministries to first coordinate their actions related to the implementation of the policy of promoting social business.

In the context of social business policy-making, social impact assessments can help to raise awareness among stakeholders and the public of the importance of social businesses, to prevent behaviour that is inconsistent with a company's stated mission, and to justify possible favourable treatment of the public sector in the light of its demonstrable contribution to addressing social issues. It is important to encourage the use of impact assessment practices. It would be appropriate for the implementation of social impact assessment practices to go hand in hand with the formal recognition and regulation of social business enterprises, as currently only social enterprises are recognised as social business enterprises in Lithuania. Social impact assessment requires not only specialist skills but also time, money and effort. This is especially true in the absence of easy-to-use, mostly common tools and metrics developed together with the social enterprises themselves. Time is needed not only to implement the various steps of the measurement process, but also to identify and collect the necessary data, to carry out the analysis and to report and disseminate the results. Establishing the causal links needed to truly measure the impact of a social business enterprise is one of the most complex tasks in the social sciences, and requires specific, specialised skills. The complexity increases when it is necessary not only to assess the effectiveness of a particular initiative or enterprise, but also to compare the impact of different interventions, or to set up equivalent treatment and control groups to determine how results may differ. Social businesses, especially small ones, do not have (and probably never will have) the resources to pay for staff dedicated solely to impact evaluation activities or to acquire the necessary competences in the market. Social businesses operate in labour-intensive sectors with lower profit margins, whether they are funded by the public sector or by providing services to consumers. Given these high costs, potential distortions in the market could arise if social businesses were the only ones to have to measure and report on their social impact. If the same requirements are not applied to public authorities or traditional businesses, these organisations will have a clear advantage (in terms of lower costs) compared to the social businesses with which they compete. For all these reasons, it would be fair to apply the same social impact assessment requirements to all the criteria) and to look for ways to compensate for the additional costs they would have to bear. Given the difficulty of developing effective social assessment tools, it would probably be more sensible to promote indicators for impact analysis that are widely shared, easy to implement and require minimal staff time. Perhaps projects should be launched and

supported at national level to develop social impact measurement models focusing on more mainstream activities such as labour integration, childcare or services for people with disabilities. Rather than developing new indicators (as some have already been developed), these projects should aim to establish methods of data collection and analysis so that the impact of companies, organisations and institutions can be measured and compared in a uniform way. At present, there are no statistics on social business enterprises in Lithuania. It would be appropriate to create a social business platform (as has been done with for socially responsible companies) where social businesses could submit data about themselves.

The assessment of the economic impact of social business shows that the impact is experienced at both micro and macro levels. At the micro level, social business enterprises are associated with job creation, the inclusion of target groups to promote employment, and the introduction of social innovation at the enterprise level. At the macroeconomic level, the benefits and impacts generated by social business enterprises are manifested in the promotion of social innovation, the creation of jobs in society and the redistribution of resources between different social groups.

CONCLUSIONS

The analysis of social business concepts shows that social business is defined by three principles: social business solves social problems that the public sector does not address; the main motive of social business is social benefit; social businesses use market mechanisms to create social benefits (without rejecting existing ones). Research has shown that social business does not yet have a single concrete definition, but according to the development and perception of social business, two main strands can be identified: the Anglo-American strand and the European strand. While some social entrepreneurs consider non-profit organisations with a social purpose to be social enterprises, others consider social enterprises to be only those that are concerned with meeting social needs. In this case, the form of ownership is irrelevant. In contrast, the continental European tradition is based on the three dimensions of social business: social, entrepreneurial and governance. The analysis carried out has allowed us to clarify the concept of social entrepreneurship and to show the different interpretations of it in different countries. The research has shown that social business can take many different forms but has also identified differences between social business and the traditional business model. Research has shown that social business addresses pressing social problems without seeking to maximise shareholder profits, and therefore most profits are primarily used to address social problems, i.e. reinvested in the development of their own operations or used for social and charitable activities. The scope of social business has been clarified.

The literature identifies external and internal factors influencing the development of social business. Research has shown that not all factors are equally applicable in all countries - some are more relevant than others, depending on the national situation. For example, access to finance is difficult and more of an issue in countries such as the Netherlands and Denmark (where more than a third of social businesses do not have lines of credit) compared to Switzerland where access to finance is not a particularly important issue (at least compared to EU Member States). The possible forms of "national social businesses" and their range are explained. A distinction is made between these evolving forms and the social and conventional economy. Further empirical research could show the relative importance and impact of each barrier for each country, type of social business and stage of development. The analysis of the academic literature has shown that many authors analyse social business as a phenomenon by looking at social business models without considering the impacts and benefits of social business.

Research has shown that the benefits of social business are debated among researchers. Social businesses face difficulties in measuring the benefits they generate. This is straightforward for traditional profit-seeking businesses, where it is possible to use tangible figures and rely on a range of financial indicators, but for social businesses it requires complex and sometimes provisional methods of calculation. Research has shown that it is very difficult to measure impact and results in the social sector, and even if methods are developed to measure results, the real organisational impact is in the long term. Currently, researchers are confronted with several obscure concepts, tools and methods designed for purposes other than measuring the impact of social business. For this reason, the academic literature is full of measurement approaches, considering the different characteristics, activities and objectives of organisations and the aspects to be measured. Traditionally, frameworks such as cost-effectiveness analysis, cost analysis, cost-benefit analysis and social return on investment have been used to measure social impact. More recently, however, the Social Return on Investment (SROI) methodology has been promoted as a more holistic approach to social impact assessment. However, the negative aspect of the SROI methodology relates to the difficulty of linking financial values to 'soft outcomes' and determining what would have happened without the counterfactual, as well as the poor comparability of SROI between activities.

The assessment of the impact of social business on the state shows that social impact assessment can be carried out at macro, meso and micro levels. The assessment of the impact generated at the micro level can be carried out by the enterprise itself. Meso-level assessment - the impact generated in the community and for beneficiaries at regional level. Macro-level evaluation - evaluation of the impacts generated at the societal level on society and beneficiaries is carried out by national authorities.

Social impact assessments can help to raise awareness among stakeholders and the public of the importance of social businesses in the development of social business policy, prevent behaviour that is inconsistent with a company's stated mission, and justify possible favourable treatment of the public sector in the light of their demonstrable contribution to addressing social issues. It is important to encourage the use of impact assessment practices. It would be appropriate for the implementation of social impact assessment practices to go hand in hand with the formal recognition and regulation of social business enterprises, as currently only social enterprises are recognised as social business enterprises in Lithuania. Assessing the social impact of requires not only specialist skills, but also time, money and effort. This is especially true before there are easy-to-use, common tools and metrics developed with social enterprises themselves.

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