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Comparison of Lithuanian, Italian and British Social Business Models

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ABSTRACT

Daily life in the world is accompanied by a variety of global social problems such as discrimination, ignorance, suicides, poverty, hunger, environmental pollution and several others frequently caused by human beings. These have been particularly exacerbated by the recent and arguably ongoing economic crisis. Traditional global market makers and participants are gradually getting involved in the creation of social welfare while acting in a socially responsible manner, however, such actions are often led by a certain "fashion" or public pressure. Social entrepreneurship is cited as one of those alternatives. This business model is driven by the desire to have social impact, it is one of the main tools being used as a response to fight against growing social exclusion and unemployment, dealing with sensitive regional problems. According to European Commission, one of four start-ups each year is a social business company. It is being championed as a new opportunity to reduce inequality and exclusion so as to encourage economic growth. However, although social entrepreneurship has won the attention of scientists, its inconsistent theoretical basis and very limited perception are widely argued. It is claimed that poor perception of the social business model is a major barrier to the development of such entrepreneurship in Europe. Lithuania is mentioned as one of seven countries where social entrepreneurship development lags behind and, therefore, is not involved in most of comparative reports of European countries. Accordingly, a lack of concrete data about this business model development and perception in Lithuania and its comparability with other countries is noted. The main object – Lithuanian, Italian and British social business models. .The aim of article – compared Lithuanian, Italian and British social business models. The main results of study. Social entrepreneurship creates 6% of GDP in Europe. There is abo-

ut 2 million social companies in the European Union which employ more than 2,06% of the active population workforce, most of which are men. An empirical study of Lithuanian population perception and awareness about social enterprises stressed that a great number of residents do not know anything about the existence of these social models. Those that know often tend to confuse it with other social business models or the social business model itself. Given the low level of population awareness about social enterprises there arises a need of awareness promotion.

INTRODUCTION

Europe is currently working with eight models of social entrepreneurship, although Lithuania has only adapted one called social enterprise, which is helping to create opportunities for the disadvantaged in society. Meanwhile, social business leaders like Italy and the UK admit that any business acting as social enterprise, ought to have its first mission as the desire to create social value. Most European social business companies are formed as a service (16,7% of all social enterprises in Europe) such as advisory, catering, health care, etc. While in Lithuania most of them usually worked in production and processing sectors in 2013-2014 (32,9% of all Lithuanian enterprises).

At least 15,408 million Euros were designated as financial aid for social enterprises in Lithuania in 2015. A sizeable portion of this amount, 96,5 % of it was assigned as wages and social security payment and only 0,1% on training. In terms of employment in a period of 2004-2014, it was constantly growing and got more efficient after the Social enterprises Amendment in 2011, which was adopted as a result of misuse of the social enterprise status. In 2014, Lithuanian social enterprises had 5413 employees. Also, there were 143 social enterprises legally declared in Lithuania by the end of March in 2015, with about 80% of them being noted as profitable. However, there are just about 0,1% of all non-financial companies described as social models. A forecast analysis of social entrepreneurship in Lithuania has shown a 1,42% decrease in the amount of social companies in 2015, it is expected that only about 139 enterprises will still remain. The main object – Lithuanian, Italian and British social business models. The aim of article – compared Lithuanian, Italian and British social business models. The main results of study - social entrepreneurship creates 6% of GDP in Europe. There is about 2 million social companies in the European Union which employ more than 2,06% of the active population workforce, most of which are men.

1. COMPREHENSION OF SOCIAL BUSINESS

European Commission (2013) admits that there is no single business concept which would be accepted by the mutual decision, and it describes social business as a business model, positioned between a traditional private and public sectors. The Commission as well as Kerlin (2006) states that its essential principal is a realization of social, public aims, combined with the interests of a private sector, reinvesting the revenue to the development of social activities, or appointing them to the decision of social problems outside the company, satisfying the interests of a particular segment, as well as broader interests. Grenier (2003) simplified the concept of social business – enterprises that seek to make a significant social impact, by using their manufacturing activities.

This model is based on innovations that are applied not only for the processes of organization's management or manufacturing, but also that the goods and services themselves would have an innovative concept. Such companies often hire the most vulnerable groups of the community, contributing to the mentioned social inequality and the reduction of unemployment (European Commission, 2015; Dees, 1998; Martin et al., 2007). Therefore the essential criteria,

which is followed in all the Europe, emphasizes the frames of social business quite widely – first of all, the mission of implementing activities has to be focused on the sensitive social or environmental problems (Bornstein et al., 2010).

In the edict for the approval of Lithuanian entrepreneurship actions plan 2014 – 2020, the minister of Lithuanian Economy Ministry Evaldas Gustas explains the social business as a business model that operates by being exploited, and not by rejecting the mechanism of the market, this means a traditional demand-supply model. In accordance with the collaboration provisions of socially responsible private – public and private sectors, social innovations are being developed, and the revenue is connected with an implementation of social networks, as well as with a reinvestment to the development of activities (Martin et al., 2007). In other words, social business is those organizations that perform a public mission and that apply business strategies, seeking for the defined social and environmental objective. This means both the nonprofit organizations that are applying business models, and profit seeking organizations, the main aim of which are social benefits (Bornstein, 2007).

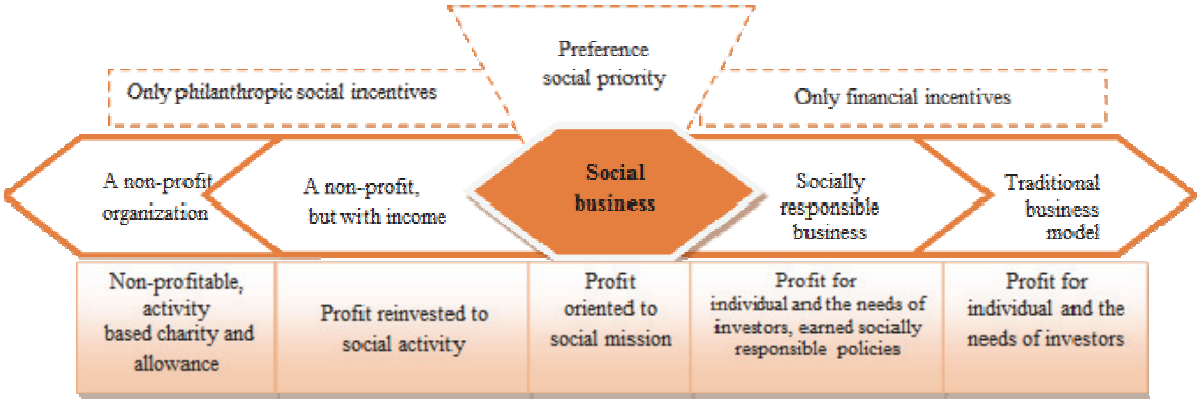
A social entrepreneur – initiator, who has identified the actual social problem within the community and who has an idea of how to solve it, seeks for the implementation of the idea and the solution of the problem itself, by creating a sustainable organization and following business principals. Therefore he/she works as a traditional entrepreneur, although his/her primal aim is not the benefit, but many times mentioned social impact (Ashoka, 2015). Other authors claim, that social entrepreneurs are not moderate individuals, seeking for a public progress and rejecting the "status quo". This approach is formed with reference to the use of such popular terms in massive media like "revolutionist", "change maker", "uncommon hero" or "inconsistent person" (Skoll Foundation, 2015; Dees 2013; Ashoka, 2015). David Bornstein (2007) defines such an entrepreneur as "the destructor of the existing road", who is obsessed with a powerful idea of change that covers a real ethic problem, as well as a creative vision of its solution. In the literature of other authors, social entrepreneurs are defined as brave and tenacious leaders, business oriented, socially committed individuals, obsessed by the opportunity to implement an innovative idea (Catania, 2012; Dey et al., 2010).

Thus, this social economy phenomenon does not concentrate only to the profit maximization, but contrary to that, operates for an implementation of social, environmental or public goals that are beneficial for the community (Defourny 2001). Such businesses often use selected social innovations while creating their own goods or services, organizing the work and production. Individuals from socially vulnerable groups are often recruited, what encourages the reduction of social inequality, provides opportunities to integration into the community, while creating new job positions, urging economic and social growth in the country (Enterprise Lithuania, 2014).

Nevertheless, in order to define the social business precisely, it is important to plan the limits of the concept, without which the picture of social business becomes too abstract, vague, and is leaving various interpretations. According to Bridges Ventures (2013), it is necessary to understand that the social business idea is limited by private (profit) and the third (non-profit) sector models (see Fig.1).

Critical separation between the private and social businesses is in the value proposition. This proposition for the entrepreneurs is designed and organized for the market's, which buys the entrepreneur's goods or services, as well as for the maintenance and creation of financial profit. Such business is expected to bring in financial profits to both personally to the entrepreneur and investors (Martin et al., 2007). Profit is essential for regulating risk factors of the business, adapting to the size of the market or fulfilling it, thus keeping the success of the business – meeting personal demands – creating a desired product – meeting demands of the market (Miller et al., 2008).

Figure 1. The range of social business model



Source: created by the report of Bridges Ventures "Bridges IMPACT Report".

European Commission underlines the importance of social business for the development of economic, social, public and moral environment, as well as for the encouragement of market competitiveness in European Union countries. However, according to Evaldas Gustas, the Economy minister of the Republic of Lithuania (2014), the individual application of the limits of such entrepreneurship concept remains the same for the member states, and it is combined with their cultural-social, economic, legal, and technological environment. The concept of social business is new in Lithuania; therefore it is still not fully understood. It is often identified with a social enterprise, which is only one of the six social business models that are being applied today. The state invests in the development of this model only – social enterprise. Therefore such business is often identified only with an integration of disabled or persons with addiction.

Because of the factors of social goals involvement into a business core, Gregory Dees (1998) calls the social business company model as hybrid. The hybridity of social business is defined as a dynamic trait, which makes an impact to the whole structure of organization, as a selection, distribution and control of production supply or output supply chain (Grassl, 2012). This means making decisions that are not necessarily the most economical, but the most socially responsible. In addition, because of the hybridity social businesses are more innovative, by providing more diverse revenue streams, which allow to create a various value proposition and to create a new approach to the evaluation of non-profit efficiency and its importance (Alter, 2007). Grassl highlights, that the integration of the hybridity of social business allows the usage of various business models and proprietary (Grassl, 2012).

Although an enthusiastic social entrepreneur is able to realize his/her ideas by selecting a model of different activities of a company, especially in European countries the main social business forms are organized in these three fields:

- Integration into a job market. It covers various trainings, education, and reintegration of socially vulnerable groups into a job market. These are, for example, people, who because of their physical, financial, or other reasons lack the education, and therefore experiences difficulties in finding a job;
- The development of socially separated areas, defining social businesses in particularly far located areas, rehabilitation programs in villages and surroundings, a development of neighborhoods etc. (Enterprise Lithuania, 2014);
- Personal services, for example, services for individuals who demand constant attention or care for certain physical or other problems, socially separated individuals, elderly people, also a care of children with difficult behavior can be included in personal services. (Enterprise Lithuania, 2014). Such social business is based on a community's trust between each other,

and therefore promotes social capital as well, which Putman (2001, p.195) defines as a value of collective social networks, and an incentive that is created for helping each other, or working for each other.

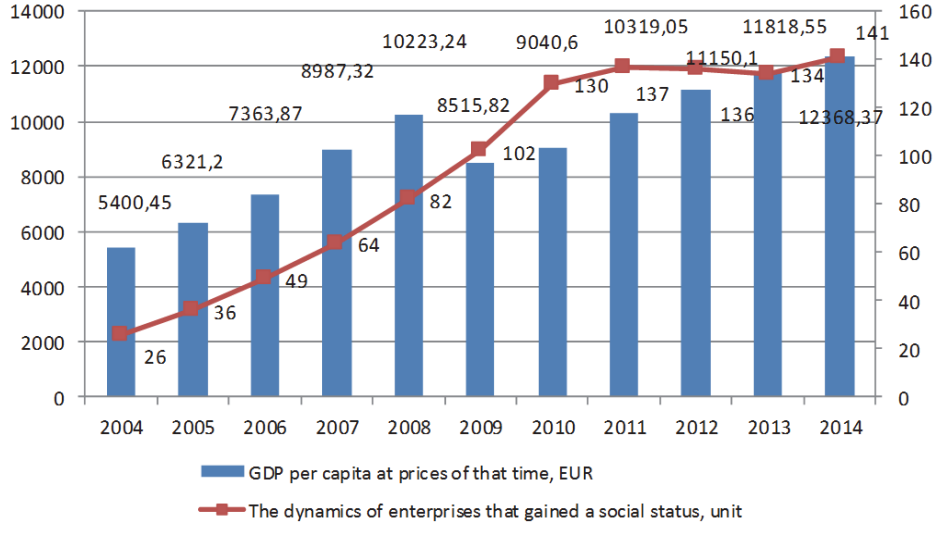
Only one social business model exists in Lithuania – social enterprises, which concept refers to the law of Social Enterprises. It states that the goals of social enterprises must be related only to the employment of the groups targeted by the law – the vulnerable groups of a community (not less than 40% of employees of the annual average number of a company, not less than four individuals), development of their working and social skills, and social integration. Even though, according to Bridges Ventures (2013), the social business idea is at the boundary of private (profit) and the third (non-profit) business sectors' models, its concept within the community stays abstract and vague.

To sum up, social business not only creates prosperity of a community, but also initiates it, by changing the community's approach to each other, promotes tolerance and trust.

2. ACTIVITIES OF LITHUANIAN SOCIAL COMPANIES

Until the end of April, 2015, 143 enterprises that gained social status and maintained it were included into the social enterprises' list of Lithuanian job market. Until then a considerable amount of companies either lost their status or changed it – from a social enterprise to a social enterprise for disabled people, or vice versa (a list of Lithuanian Labor Exchange, 2015). Since 2004, when social business model was legitimized in Lithuania, according to Lithuanian Labor Exchange data, 141 social enterprises were founded and still exist (see Fig.2). The last one of them was registered on January 1st, 2015. It is the biggest indicator of the amount of social enterprises during the period of the registration of social companies in Lithuanian Labor Exchange. 80% of them are profitable (European Commission, 2014).

Figure 2. 2004-2014 GDP per capita at prices of that time, EUR, and the dynamics of enterprises that gained a social status, unit



Source: prepared in accordance with the data of Lithuanian Labor Exchange and the Statistics Department of the Republic of Lithuania

Until 2011 the indicators of an amount of social enterprises were increasing constantly. This means that more enterprises were yearly registered in than out. Moreover, until 2010 this number was rapidly growing, and reached its maximum – 28 enterprises per year (from 102 to 130 social enterprises were registered).

However, in 2011 when the growth decreased to 7 (from 130 to 137 registered enterprises), the indicator started to signal, that the number of enterprises which were registered out exceed the number of enterprises which were registered in. The indicators were decreasing for two years, until 134 enterprises left in the lists in 2013. It is believed that it was due to the amendment of Social Enterprises law in 2011, by which it was sought to reduce the amount of assistance provided by the State to the targeted groups for employee education, to make the establishment of social enterprises and the growing demand for financial support stricter, as well as to promote the actual employment of the target groups, and the enlargement of the percentage in an overall employee context. (Ministry of Social Security and Labor of the Republic of Lithuania, 2014; Bardauskas et al., 2011; Čižikienė et al., 2013). Therefore for several years enterprises used to lose the status more often than they used to gain one. However, for the last years, which were examined, the number of social enterprises has slowly grown to 141. According to the last data of Lithuanian Labor Exchange (23 April, 2015), no enterprise was registered out.

Thus this shows that the crisis which went through Lithuania not only did not stop the creation of social business, but also let us look at it as at an alternative of economical salvation, therefore the most social enterprises were established during that period. This fact is based on the table of social enterprises that gained-lost the status which was created in 2004-2014 (see table 1).

The most social enterprises were registered during the beginning of such business validation in Lithuania: after the release of a highly attractive law, 26 companies immediately took an advantage of social business benefits. During the rest of the period, the most enterprises were included into the list in 2008-2010 (accordingly 19, 22, and 20 enterprises) – during the stage of the global crisis. In 2010 no enterprise lost its status. Thus in Lithuania, as well as in Europe, social enterprises (according to "Europe 2020") became some kind of a step from the social and moral downfall, promoting economy at the same time.

Table 1. Number of companies that gained or lost their social enterprise status in 2004-2014, unit

	2004	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*
Gained status, pcs.	26	12	14	17	19	22	20	10	5	4	8
Lost status, pcs.	0	0	1	2	1	4	0	5	6	6	1

Source: prepared in accordance to the data of Lithuanian Labor Exchange.

In addition, there is a noticeable tendency that after the validation of Social law amendment in 2011, the amount of social enterprises has decreased a lot: in 2011 there were only half as many enterprises – 10 – established as there were in 2010, and in 2012 their number decreased another 50% - to 5 enterprises. The least enterprises were included into the list in 2013 – the status was not granted for 4 businesses. During the same period of 2011 – 2013 the most enterprises that lost their status – accordingly 5, 6, 6 enterprises, were registered. Therefore the year 2012 – 2013 were marked as the most negative indicators of social enterprises.

Furthermore, in order to evaluate the importance of social enterprises in Lithuania, it is worth to determine their part in a non-financial context (see table 2). The results of the year 2014 are not formed as there was a shortage of data about the non-financial companies of that year. It is significant, that the burst of non-financial companies is noted in 2005, when their number

increased more than double. These changes were promoted by the economical pre-crisis peak, when the demand was growing very fast in almost all the markets. In 2009, when the crisis started, many companies had to stop or cancel their business (in comparison to 2008, the indicators decreased by 20,60% or by 33445 companies). The next year the number grew only by 2,23% or by 2881 company.

Table 2. A part of social enterprises in a context of non-financial companies in Lithuania in 2004-2013, %

	2004	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*Average:*
Part of soc. ent. in non-financ. com., perc.	0,04	0,03	0,03	0,04	0,05	0,08	0,1	0,09	0,08	0,08	0,06

Source: arranged by the authors, in accordance to the data of Lithuanian Labor Exchange and Statistics Department of the Republic of Lithuania

However, the part of social enterprises in a context of non-financial companies was small in 2004-2013 and it fluctuated only a little – between 0,03 – 0,1%. On average during that particular time social enterprises in a context of non-financial companies took 0,06%. The lowest percentage was recorded during the first four years after the validation of social enterprises in the country (0,03-0,04%), and increased by double in 2009 (to 0,08%), and became the biggest in the previously discussed year 2010 (0,1% was reached)

Nevertheless, such a maximum tenth part in all the non-financial business shows, that a model of social enterprise is still not active, and the new political tightening, which is applied to this business, could slow down its perspective and the compliant promotional policy of the European Commission strategy “Europe 2020”.

3. COMPARISON OF SOCIAL BUSINESS MODELS IN LITHUANIA, ITALY, AND GREAT BRITAIN

Lithuania, Italy, and Great Britain are the three European countries of different size, geographical location, and a density of population. The last two of them are the leaders of an application of social business, while Lithuania is assigned to a group of those standing behind in this field. This comparison is meant for indicating how strongly Lithuania’s position differs from the leaders, what kind of policy, which determines the success in a social business, is applied by them.

Table 3. A part of social business enterprises among all the enterprises in the country in Lithuania, Italy, and Great Britain in 2013, %

	Lithuania	*Italy*	*Great Britain*
A part of social business enterprises among all enterprises, %	0.08	0.2	1.46

Source: arranged according to the data of Unioncamere, Statistic Department of the Republic of Lithuania, LLE, and BMG Research

In 2013 there were 134 enterprises in Lithuania, 12070 enterprises in Italy, and 70000 social enterprises in Great Britain. Since these countries differ in their proportions and population, in order to keep the objectivity, the research of an amount of social enterprises was estimated by the calculation of the percentage among all the enterprises in that country (see table 3). The year 2013 was chosen because there is a lack of data of the year 2014.

The obtained results clearly show that the percentage part of social enterprises in Lithuania in 2013 (0,08%) was less significant than it was in Italy (0,12% more), and the indicators of both of these countries are incomparably lower than the indicators of Great Britain (more than 18 times higher than in Lithuania, and more than 7 times higher than in Italy). Therefore it is noticeable that Italian results in a practical application are not very high too, but the model is considered to be especially successful. This is because this country admits that it has approx. 12070 social businesses, only 768 (0,64%) of which are social enterprises, and all the rest – social cooperatives (11302 enterprises, or 99,36%). However, according to the standards of European Commission, it is estimated that there are approx. 35000 enterprises that actually meet this model (European Commission, 2014). In this case, the percentage of social business among all the enterprises in Italy is 0.58%, however, this indicator is still almost three times lower than in Britain, and stands behind such countries as, for example, Switzerland, which is not included into the list of social business leaders. This allows to assume that practical development results are not the most important indicators for evaluation of a successful application, which Lithuania should focus on, in order to develop in this area.

Since the higher employment indicators of social enterprises are being highlighted in Lithuania, according to the amendment of Social Enterprises law of 2011, as well as to other political – economical strategies (for example, "Europe 2020"), it is important to compare their effectiveness to the indicators of the other two countries that are being discussed (see table 4).

Table 4. A percentage of employees in Lithuania, Italy, and Great Britain in social business enterprises among all the workers in the country in 2013

	Lithuania	*Italy*	*Great Britain*
A percentage of employees in social business enterprises among all the workers	0.37	2.02	2.4

Source: arranged according to the data of the Statistics Department of the Republic of Lithuania, LLE, BMG Research, Unioncamere

The research shows, that based on this indicator (0,37%) Lithuania stands behind both of these countries (from Italy – 1,65%, from Britain – 2,03%). It seems that the percentage is small and covers large proportions of population. Therefore the identification of differences of the countries has a significant value. In addition, types of people who are sought to be hired by a social enterprise are also different: disabled individuals, as well as long time unemployed persons, or other socially vulnerable parts of a community are marketable in Lithuania, while in Italy or Britain, where integration is not essential, they are searching for high qualification physiotherapists, physical therapists, nurses, assistants for disabled individuals, education and training specialists, who could take care of those socially vulnerable groups of community (Unioncamere, 2014; BMG Research, 2013; Social Enterprise law of the Republic of Lithuania, 2004). Thus it can be stated, that the development of social business enterprises in an overall area of labor market is an important indicator, in order to explain the success of these countries in an application of such business.

Table 5. An average number of employees in social enterprises in Lithuania, Italy, and Great Britain in 2013, %

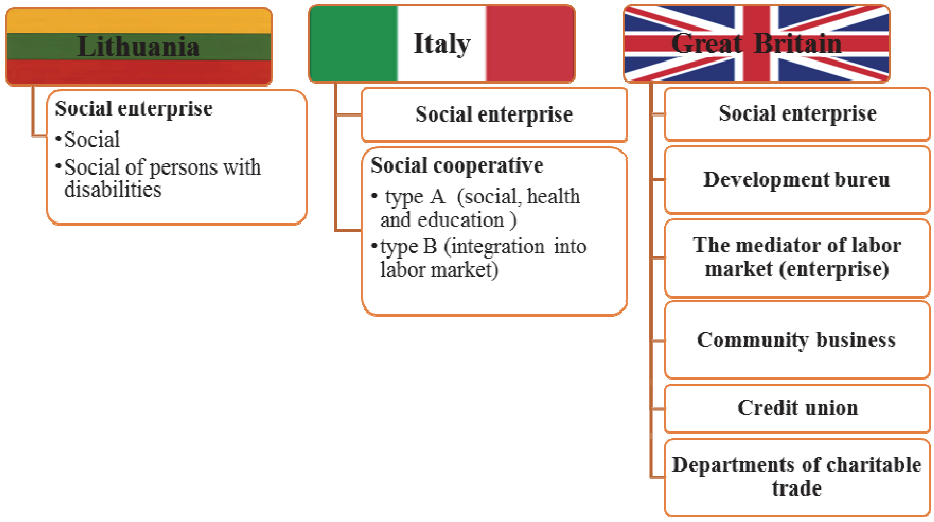
	Lithuania	*Italy*	*Great Britain*
An average number of employees in social enterprises, pcs.	36	39	10

Source: arranged according to the data of LLE, BMG Research, Unioncamere)

Although what is important in an overall aspect of labor market is not described by an average number of employees in one social business enterprise (see table 5): Great Britain has the most employees in social business, but hires only 10 persons, this means, 3,6% less than Lithuania, and 3,9% than Italy.

However, the roots of the essence of social business model are not in economical results, but in political decisions, which usually have the main influence to economic development. Therefore it is important to pay attention to the legally acknowledged form of a model in a country while comparing social business models of the countries (fig.3)

Figure 3. Social business forms in Lithuania, Italy, and Great Britain



Source: arranged according to the set of ES-28 reports of European Commission, 2014

As mentioned before, only one form of social business is legal in Lithuania – a social enterprise. It is also divided into social and social of persons with disabilities, however both of them perform the same function – an integration of socially weaker group into a labor market, and they differ only in the aspect of assimilation of integration. An equivalent of Italian type B social cooperative and British social enterprise and development trust is applied for this Lithuanian model. An exception is noticeable in Italy – non-profit funds, committees and associations, as well as profitable businesses all are assigned to social enterprises. However their possible fields of activities are defined specifically: health protection, social care, education and training, environmental protection, academic and post-academic education, a protection of cultural heritage, social tourism, scientific researches, and a development of cultural services. Therefore this is not the same understanding of a social enterprise concept, which is proclaimed in EU: not only that the integration into the labor market is not defined, but it is also moved from any kind of business activity to certain

areas. In general, it can be noticed that social business in Italy is mostly organized in the aspect of services. Italian educational and training types of social enterprises are an equivalent to the intermediaries of British labor market. Moreover, both of the countries have the forms of financial services of social business, but Lithuania does not. Britain additionally separates a social business that focuses on the local development. Figure 12 shows, that both Italy and Great Britain recognize any kind of business as social, if it creates a social value as a primary mission of its existence, while the goal of social business in Lithuania is only one – to provide job opportunities to target groups. Such a different model of perception of social business enterprise concept has an impact to the percentage significance of social enterprises' part among all the other enterprises: it is logical that the wider a sphere is perceived, the bigger are the results.

As already mentioned, social business in the countries differs not only in its forms, but also in the orientation to the sectors. According to the opportunities to divide the data, the table 6 is created on the basis of the distribution of sectors in Italy.

Table 6. A distribution of social business enterprises activities in sectors in Lithuania, Italy, and Great Britain in 2013-2014, %

State / *Sector*	*Lithuania*	*Italy*	*Great Britain*
Education, integration, communication	6.5	8.0	5.1
Health, medicine, wardship	6.1	50.0	13.1
Leisure and culture	3.8	4.0	6.4
Accomodation and feed	8.5	3.1	28.6
Manufacturing, processing	32.9	10.0	2.9
Construction, real estate	7.0	5.0	4.8
Financial services	-	6.7	13.2
Transport, services	15.0	7.6	2.8
Explorative, professional activity	1.4	3.2	3.5
Other	18.8	2.0	19.6

Source: arranged according to the data of LLE, BMG Research, and Unioncamere

In 2013-2014 the work of enterprises in Lithuania were mostly oriented to a production and processing sector (32,9% of all social enterprises). It includes a production and processing of wood, plastic, rubber, paper, glass, metal, and a production of motor transport, electrical equipment, electronics and so on. Most services in Lithuania's social enterprises were organized in a sector of transport-transportation and services (15% of all the enterprises). Other sectors, that have one social enterprise each, include such activities as photography, funeral, archiving, and utilities. The "other" also include cleanliness and sanitation services, which occupy about 15 enterprises, this means 10,6% of all the social enterprises, and more than a half of "other" category members. As mentioned before, Lithuanian social business is being organized between the non-financial enterprises, and therefore it does not refer to financial services (Business news, 2015). In Italy or Britain, on the other hand, where financial enterprises perform as a social business, the indicators are significantly higher and takes an important place – accordingly 6,7 and 13,2%.

Social business in Britain is mostly oriented to an accommodation and catering services (29,6%), and even half of the Italian social business activities are focused on a sector of health, medicine, and care (in Britain this indicator is the third – 13,1%, and in Lithuania it is the seventh

– 6,1%). Here this business is oriented to assistance to socially vulnerable layers of a community. A production here takes about 10% in general, and that is three times less than in Lithuania. A production sector in Britain takes only 2,9% in all the distribution of social business activities. Thus States-leaders organize social business activities mostly in a field of services – this reflects a natural situation of developed countries, where the third sector of economy is mostly developed.

According to the data of European Commission (2014), the State support for the social business in these three countries that are being discussed is conveyed to the added value tax of subsidies (in Lithuania and Britain it is applied by 0%, in Italy – by 4%), an installation of working places (in those enterprises, where the socially weaker community group is employed), salaries and employee training, etc. In Lithuania at least 5% of public purchases in a public sector have to be from social enterprises, whereas in Britain and Italy social researches are being promoted by investments. On the scale of the support provided, Italian State support is one of the highest in Europe. In addition, social businesses of all the EU members, also of these three countries, are candidates for a support of programs organized by EU for social business. The European Commission survey of workers from social enterprises revealed that the State support for training is often unavailable, only single individuals receive support from EU funds for training (European Commission, 2014).

In respect of social funding, various funds that are founded for supporting social business initiatives widely operate as community support mechanisms in Italy and Great Britain. Some of the those funds are operating for a dispersion of social business idea, seeking as higher employment of socially vulnerable community group as possible, therefore this is what supports and promotes the social business products getting into the market, others – promotes the partnership, alliance, and the others – the ideas that are promoting local community development, etc.

As it is known, social business does not rely only on funding, but also creates the major part of the revenue itself. Some of them are created from the purchases in a private sector, while others – in a public sector (see table 7).

Table 7. Sources of income of social enterprises in Lithuania, Italy, and Great Britain, %

State / *Sector*	*Lithuania*	*Italy*	*Great Britain*
Public sector	28.86	42.19	31.71
Private sector	71.14	57.81	68.29

Source: arranged according to the data of European Commission 2014)

In all the countries that are being discussed the social businesses create their major income from the purchases in a private sector, but in Great Britain, and especially in Italy the public sector operates more actively in a creation of income of social enterprises. It is possible that the interference of the public sector not only by subsidizing, but also by directly creating the income of social business enterprises, is one of the main factors in an application of the model, because the aim to promote public purchases from this business allows the enterprises to ensure the yields, therefore to create business ideas with a lower risk.

CONCLUSIONS

Studies show that the flow of social business ideas was promoted by the concern about inveterate social problems, such as aging of population, environment degradation, the inequality of

gender and income, xenophobia, corruption, growing unemployment, and poor protection of minorities. Every year one of four created enterprises is a social business, in France, Finland, and Belgium – one of three. The tendency was not stopped by the crisis. There are about 2 million social business enterprises in European Union, which on average have employed more than 2,06% of active population, what means more than 5 million individuals. The research of statistical data revealed that men are dominating in European social enterprises as employees. According to the proportion of turnover, social enterprises employ more individuals than any other small companies.

The analysis of scientific literature revealed that the evaluation of social business is abstract in European countries, therefore the values of a "from – to" number of social enterprises are presented in their major reports of economic and social indicators. According to an evaluation of the average values, the prosperity of social business is the most successful in Great Britain (40250 enterprises), and less successful in Malta (38 enterprises). The average level of spread of social business among 20 European countries in 2012 was only 3,05%: it is mostly spread in Croatia (5,95%), Finland (6,06%), and Iceland (7,36%), and least spread is in Spain (0,85%), Russia (1%), and Bosnia and Herzegovina (1,08%).

Studies show that most of the social enterprises are formed in a sector of social services (16,70% of all the social enterprises in Europe), where such services are provided as consulting, intermediation, organization of catering, home cleaning, health care, personal hygiene, etc. The least resolve of creating a social business is in such sectors as law, advocacy and politics (1,63%), investigations, and media.

In theory, social business operates in various forms, although its primary mission is not a personal, but public-social benefit, and the major part of its income is firstly reinvested in the development of social activities, employee welfare, or used for social, charitable activities. Eight social business models are applied in Europe, but only one of them is adapted in Lithuania – social enterprise, which objectives must be related to the employment of vulnerable groups of the society, the development of their working and social skills, as well as integration. Social enterprises are mostly regulated by the Social Enterprise Law, which describes the criteria of such business model, target groups, rights for information and sources of funding, as well as obligations in respect to employment of target groups.

Studies show that Lithuania, in respect to the overall employment indicator (0,37%) of social enterprises, stands behind both countries (from Italy – 1,65%, from Britain – 2,03%). However, even though British companies have the highest percentage of employees in social business, they employ only approx. 10 workers each, this means 3,5 times less that Lithuania, and 3,9 times less than Italy.

The analysis of foreign countries experience shows that Italy and Britain have the forms of financial services of social business, whereas Lithuania does not. Social business which focuses on the local development is additionally distinguished in Britain. In both Italy and Great Britain, any kind of business is accepted as social, if it creates a social value as a primary mission of its existence, while in Lithuania the objective of social business is one – to provide working opportunities to target groups.

Studies show that 0% of VAT is applied for social business in Lithuania and Great Britain, in Italy it is 4%, subsidies for the installation of working places, salary, employee training, etc. In Lithuania at least 5% of public purchases in a public sector have to be from social enterprises, in Italy and Britain social researches are promoted by investments. Italian State support is one of the highest in Europe.

Studies showed that in respect of social funding, the funds that are created for supporting various social business initiatives in Italy and Great Britain are widely operating as mechanisms of social support. Such activities in Lithuania are still in a beginning stage. Therefore European Commission in its 2014 report about Lithuanian social business does not indicate any of such initiatives or its potential direction to such activities.

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