Abstract
There are currently no specific legal structures or exclusive regulations for social enterprises in Sweden. But there are different ‘versions’ and the phenomenon attracts attention both in the general debate and among policy makers – in spite of different and at times vague definitions. The Swedish setting highlights social enterprises in a welfare society in transition. The public sector that has dominated the provision of social services is now partly replaces by competitive based models for procurements in which different types of actors are to compete for contracts. The different types of social enterprises that can currently be identified in Sweden take slightly different roles in relation to the state as well as other actors in society.

Key words Social enterprise, social entrepreneurship, societal entrepreneurship, social economy, civil society, welfare state, welfare society, Sweden
Introduction

The interest in social enterprises seems to be global. This is on the one hand not surprising since social challenges and some kind of response to these challenges are universal. On the other hand, the common and ‘universal’ terminology, in spite of certain variations, raises questions about the ‘phenomenon’ social enterprises. In this paper social enterprise will be elaborated on and related to a Swedish context, which includes role(s) in relation to the organization and reconsideration of a welfare state.

The concept social enterprise, as well as social entrepreneurship, was introduced in Sweden in the 1990’s and has since then become increasingly common in practice, policy and academy. It is many times used together with, at times synonymous with societal entrepreneurship (which also will be elaborated on later in this paper). The debates in which these concepts are used are also many times related to discussions of the role of the public sector, civil society and (ordinary) enterprises in the organization of the commons as well as meeting and cooping with current and future challenges. This means that these concepts on the one hand relates to a debate of society at large. On the other hand they relate to specific discussions on conditions for and form for initiatives dealing with social activities.

But the “phenomenon” or “phenomena” as such has a much longer history. Without going back to ‘dawn of time’, the current practice and debate of social enterprises is based on and palpably influenced by the extensive and strong welfare state that emerged during the early twentieth century and has since then characterized the Swedish (and Nordic) society.

Methodologically, this paper is based on many years research on social enterprises, social entrepreneurship, civil society as well as work on ‘main stream’ entrepreneurship where business ‘logics’ dominate the field. In total these studies has covered approximately 150 cases/initiatives and also studies of the policy development related to these phenomena. These studies have included some quantitative analysis but first and foremost they have been conduced in a qualitative approach. Documents in the form of both official and informal reports have been complemented with a large number of interviews and also observations of every day operations as well as meetings over time. A more developed methodological account is found in Gawell 2014a, 2014b.

In the first part of this paper, the historical trajectory and the different concepts used in the Swedish context will be elaborated on. In the second part, the main social enterprise
models in Sweden will be presented. In the third part of this paper, the institutional trajectories of these social enterprise models in Sweden will be described and finally a concluding discussion will follow.

Concepts in (Swedish) Context
In this section a historical trajectory is first described and then followed by an account of the current context and debate related to social enterprises. This account includes also other concepts than social enterprise, which in different way portraits both historical trajectory and the current context. They all, however, relate to an understanding of social enterprises in Sweden.

Historical trajectory
During the nineteenth century poor people’s protests were partly hearkened by an emerging middle class that were influenced by an international humanistic movement. There were several initiatives to reach out to poor people and others in need during this time. Some of those initiatives became the basis for today’s large organizations. In Sweden the labour movement, temperance movement and the religious revivalist movement played an important role in the transformation towards a democratically based welfare society during the latter part of nineteenth century and early part of twentieth century. In this transformation, highly influenced by the social democratic movement, the state was ascribed an active role in creating a welfare society as a good home for all citizens based on consensus and equality. It was called Folkhemmet (‘people’s home) and it was an explicit vision from the 1930’s and at least into the 1970’s (Larsson 2008). The ‘spirit’ of Folkhemmet influenced policies in such areas as housing, education, health care, child care, elderly care and taxation (Larsson 2008).

The Swedish welfare model described above fits into the ‘socio democratic welfare regime’ in Esping-Andersen’s typology of different ways to organize welfare in societies (Esping-Andersen 1990). In this regime there are general public social security system and a high level of social services provided by the public sector. Social security and social services are primarily funded by a tax system based on individuals’ income and contain redistributive features to facilitate equality between citizens (Esping-Andersen, 1990).
In the ‘Swedish model’ that dominated the Swedish society during a large part of twentieth century, hospitals, schools, child care etc. was only to a limited extent operated by third sector organizations (Pestoff 1998; Stryjan 2001). Different types of non-profit organizations did however exist. The most typical organization type was what has been named *popular mass movement organizations* (Folkrörelse). These organizations were, and still are, membership based non-profit associations with a broad and open membership base and democratic governance structures. Leisure associations, alternative educational organisations with roots in adult education and other sectors have compensated in terms of both the number of associations and financial turnover to provide Sweden a non-profit sector comparable to those of many other Western countries – but with special characteristics (Lundström and Wijkström, 1997). These organizations were supported by the state based on arguments that they fostered democracy and mobilised social values such as solidarity, humanity and public health (SOU 2007:66). Also the co-operative movement was integrated in the development of *Folkhemmet* and the co-operative principles are to a large extent consistent with the principles of *Folkrörelser* even though differences related primarily to members’ economic interest (Pestoff 1998; Stryjan 2001). It can therefore be argued that co-operatives were a kind of ‘Folkrörelse-businesses’ in which people mobilized collective economic interests.

The relationship between the (local, regional and national) state and civil society was however paradoxical (Trägårdh 2007). It was on the one hand centralized and corporatist, and on the other hand Sweden was a democratic society in which citizens had access to politicians through formal channels as well as informal networks (Trägårdh 2007). The paradox has partly been governed through formal control. But even more often, a strong emphasis on finding collaborative solutions has facilitated a ‘consensus spirit’ with corporatist tendencies. The Swedish labour market treaty from 1938 can be seen as one example. It was preceded by conflicts on the labour market as well as a parliamentary defeat to politically regulate working conditions. Instead the Swedish Trade Union Confederation and the Swedish Employers Association agreed on a negotiating model that has dominated the labour market for decades and still is part of the characteristics.

In the 1980’s and even more explicitly during the 1990’s shifts in debate and policy could be noticed. Deregulations and public procurements of the financial sector, rail transport and electricity distribution was carried out. In 1992 a school reform facilitated
private schools to access public funding. The same year a more general law on public procurement was passed as a part of the adjustments to the membership in the European Union in 1995. Since then health care, elder care and other related types of welfare services have to a large extent become subject to competition through procurements or different types of client-choice models. The number of private for-profit and non-profit service providers has thereby increased. These changes were made both under social democratic-led governments (1982-1991 and 1994-2006) and liberal/conservative-led governments (1991-1994 and 2006-2014).

During these decades, economic, industrial and enterprise polices dominated the political debate (Gawell 2014a). The focus on economic growth almost displaced the third sector from public policies. Instead competitiveness and commercialisation was highlighted. The third sector, and discussions related to it, did still exist however - even though slightly ‘put aside’ until rather recently when there was a renewed interest in civil society. This time the interest was first and foremost referred to civil society as ‘putty’ in society, creator of social capital facilitating financial growth, and as important for the advancement of innovations (Swedish Government 2008, 2012a).

Partly aside of the economic growth oriented policies, there has also been other changes related to the third sector. Some of the changes were primarily shifts in terminology. As for the shift in terms - *Folkrörelse* (popular mass movement organization) was to a large extent replaced by the term *ideell organisation* (non-profit organization), which is more ‘neutral’ as for specific characteristics or structures. Through the use of this term also other types of organizations such as foundations was recognized in the Swedish organizational landscape. It also allowed international comparisons (for example within the John Hopkins project on non-profit organizations) and through that highlighted some of the specific characteristics that Sweden to a large extent share with the other Nordic countries (Lundström and Wijkström 1997).

With the membership in the European Union (1995) the term *social economy* was also introduced in Sweden (Swedish Ministry of Interior, 1998; Swedish Ministry of Culture, 1999). The influence of co-operative principles in the discourse on social economy had more in common with the traditional *Folkrörelse* model compared with some of the other types of non-profit organizations, such as charities without open democratic membership structures.
The term *charity* was even taboo in Sweden for decades, since it was associated with inequality and unfair dependency.

The term *civil society* (civilsamhälle) has become increasingly common since the turn of the millennium in general discussions, politics and research (Amnå 2005). The government used the concept civil society when they launched a policy bill in this field in 2009 (Prop 2009/10:55). Even if they refer to all of the above mentioned concepts (as well as social enterprises, social- and societal entrepreneurship) this bill also state another policy approach to these types of organizations than the former *Folkhem/Folkrörelse* relationship (Gawell 2014a).

This briefly sketched historical trajectory of the Swedish setting is a background to the current debate of social enterprises. There is on the one hand an approach explicitly highlighting the strive for equality, (democratic) participation and bottom-up processes in which people (such as beneficiaries) have a right to represent themselves. This approach has a strong position both among representatives for traditional organizations and in public policies related to so called disability-, or user-organizations. On the other hand, there is an approach in which the identification of needs to respond to, rely on civil servants and/or individuals that does not necessarily ‘belong’ to the beneficiaries nor allow beneficiaries to formally participate in decision making. Initiation and governance of interventions is then more ‘top-down’, or ‘from-the-side’, and beneficiaries’ possibilities to influence are arbitrary (Gawell 2011, 2013).

Grounded in the above described historical trajectory, the competitive bidding within spheres of public and social services have facilitated private for- and non-profit actors to promote their ventures. Policy makers have explicitly argued that the competitive bidding and different types of client-choice models should be neutral and not favour specific types of actors (Gawell 2014a). This means that private actors have entered the welfare scene without specification of the traditional principles of the Swedish public sector, such shared responsibility, citizens’ influences, equality and democracy on the one hand (Ringqvist 1996), and the language as well as practices of businesses on the other hand (Lundström and Sundin 2008).
Current context and state-of-the-art of social enterprises in Sweden

The concept social enterprise started to be used in the mid 1990’s. It was then, first and foremost used by groups within the co-operative movement who started to call social co-operatives social enterprises. Many times references were made to the Italian model(s) (Nutek 2007). This version of social enterprises has since then developed partly through support from the European Social Fund (ESF). One specific project funded by ESF’s Equal program 2004-2007, had a focus on national development of social enterprises in Sweden. Within this project, criteria for what later has been specified as work integrating social enterprises (WISE) were set. These criteria are to a large extent in line with the EMES criteria for social enterprises (www.emes.net). Later on the thematic group’s criteria have been adopted by the Swedish Agency for Economic and Regional Growth as well as the Ministry of Enterprise (Nutek 2007). The criteria are: Enterprises conducting business activities and have an overarching aim to integrate people with great difficulties to get or keep a job into work life and society. They are furthermore to create participation through ownership, agreement or through other documented methods. They are also to reinvest profits in their own or similar activities, and to be organizational independent from the public sector (www.sofisam.se) [authors translation]. Based on these criteria, the Swedish Agency for Economic and Regional Growth have developed a list of social enterprises. There are approximately 300 social enterprises on this list (www.sofisam.se). There are however no legal foundations for the identification of these particular social enterprises so the list is based on qualitative research and review (see discussions below).

But this is not the only type of social enterprises in Sweden. There are partly parallel discussions both in practice, policy and in researcher. Apart from the above mentioned version, three other versions – or rather sets of versions – has been identified (Gawell 2014b). One can be named non-profit social enterprises, and another social purpose businesses. Then there are references to the concept societal entrepreneurship. These different versions will be further elaborated on in the next section. In addition to these rather distinct versions, if it at all is possible to refer to them as distinct, there are also other initiatives that mix characteristics to the extent that it is not possible, or not meaningful to categorize them according to similar criteria (Gawell 2014b).
Identification of Social Enterprise Models

Even if there are no specific legal structures for social enterprises they do exist in the sense that ventures combine a social mission with running some kind of enterprise. Four major versions of social enterprises have been identified in Sweden (Gawell 2014b). Due to the lack of formal regulations there are overlaps and therefore referred to as ‘versions’ rather than categories. The version with the strongest policy framework is the work integrating social enterprise (WISE) with strong influences from European co-operative traditions. The second version is here referred to as non-profit social enterprises, which is closely connected to discussions in and about the non-profit sector. The third version, the social purpose businesses, is influenced by the so called business school approach to social entrepreneurship. There is furthermore a fourth version that is highlighted in this paper. It relates to discussions on societal entrepreneurship which at times are used synonymous with social entrepreneurship but with slightly different application (see below).

The following figure illustrate the different versions of social enterprises that emerge through entrepreneurial processes in which different types of characteristics are set. These choices are at times well thought through. But some time they rather seem to be based on former experiences, taught skills or what comes handy (for further discussions see Gawell 2014b). The illustration draws on practice, but has been further developed based on analysis of a large number of social enterprises. The three first versions referred to above can be found in the bottom part of the figure.

![Diagram of different versions of social enterprises](Image)

*Figure: Different version of social entrepreneurship and social enterprises. Developed figure based on: Gawell 2014. Societal entrepreneurship and different forms of social enterprises. In Lundström et al. (ed.) Social entrepreneurship: Levering Economic, Political and Social Dimensions. Springer.*
Work integrating social enterprises (WISE)

In the work integrating social enterprises (WISE)-version traditional well known aspects such as participatory approaches is combined with (southern) European traditions to organize social services. It is furthermore highly influenced by the EMES approach to social enterprises (www.emes.net). In the beginning (that is in this case mid 90's) general social aims such as empowerment for personal wellbeing was highlighted in discussions of WISEs and work was expressed as a tool to reach those social aims. Many of these social enterprises stated that they wanted to work with “the ones that need it the most” (Gawell 2011, 2013). Gradually, a strong focus on long time unemployed people emerged partly due to a policy interest to use these types of social enterprises as labour market tools for work training and adjusted work opportunities for people with employment problems. Many of these social enterprises still express a broader social aim when interviewed but rather stress the ‘work line’ as they positioned themselves towards public actors (Gawell 2013).

Most of the WISEs combine sale of work rehabilitation services to local or national authorities, public subsidies compensating for individuals’ reduced working capacity (connected to individuals and channelled through employers no matter if it is a non-profit/profit organization or private/public employer), as well as income from sales of products or services such as carpentry, art work, cafés or hotel accommodation. There are no specific subsidies for work integrating social enterprises. This means that any type of organization or enterprise can sell the same types of services or benefit from public subsidies compensating for individuals’ reduced working capacity. In practice, few for-profit enterprises do however employ people with great needs for adjustments or support.

A rather clear ideal type of WISE has emerged and been adopted by the public authorities. It includes enterprises conducting business activities as well as having an overarching aim to integrate people with great difficulties to get or keep a job into work life and society. They create participation through ownership, agreement or through other documented methods and they reinvest profits in their own or similar activities. They are also organizational independent from the public sector (www.sofisam.se).
Among the ‘long time unemployed’ there are many people with disabilities, mental illness, drug problems etc. Some of these WISEs target specific groups, but many of them do not. Generally they do not want to raise discussion on the beneficiaries’ diagnoses etc. Instead they argue the importance to depart from each and every ones abilities and their right to work “100 % of once capacity” - even if that is only a few hours a week (sofisam.se).

According to the ideal type these social enterprises support individual’s possibilities on the labour market in general but also the possibility to become co-owner in the enterprise. . There is however a great variation of how this is being done. In some enterprises, most participants only take part in limited training programs, while other enterprises have systematic on-the-job training and schemes for co-ownership.

The government has commissioned the National Agencies working with enterprises, labour market and social insurances to collaborate to improve the conditions for work integrating social enterprises. They work together with a number of actors that have identified themselves as advocates for work integrating social enterprises. The European Social Fund has funded the development of several work integrating social enterprises with a focus on long time unemployed.

In 2013 there were almost 300 WISEs identified by the Swedish Agency for Economic and Regional Growth. Almost 9 000 participated in their activities. 2 500 of these were employed (sofisam.se).
Non-profit social enterprises

The interest in non-profit social enterprises has also increased – specially related to the increased interest in private social service providers in welfare policy areas. Non-profit organizations have been referred to compete with each other as well as with private for-profit enterprises as public authorities manage competitive bidding or different kinds of client-choice models in health care, child/elderly care, education and psychiatry. These services are still basically publically funded. This means adjustments to market like conditions for the non-profit organizations in general. There are also several non-profit organizations promoting them selves as (social) enterprises based on non-profit principles (Gawell 2014b). They are here referred to as non-profit social enterprises even if all of them do not use the specific term. Among these ventures there is a great variety of organization/business models (Wijkström and Lundström 2002; SCB 2014). Without going into details, some highlights will here be addressed.

Of interest to current studies of social enterprises, are the so called user based organizations (brukarorganisationer), in which for example people with disabilities organize both services as well as interest based advocacy. Typical for these organizations are, as already discussed in first part of this paper, that people that them selves are affected by for example disabilities or former drug abuse, represent them selves and have the power to influence decision making. These organization is in that sense the opposite to charity organizations in which resourceful people articulate other peoples’ needs and control how those needs are addressed. These organizations are primarily structured according to the traditional popular mass movements principles with membership and democratic decision making structures.

The second example is social service delivery organizations such as for example faith based organizations that for a long time have conducted social services in the periphery to the strong pubic sector. They are now operating on a competitive market for public contracts in health, social care, education etc. They compete with both other non-profit organizations and other types of social enterprises. But even more so, they compete with for-profit enterprises. Activities funded through public contracts are also, of course, regulated by public authorities. Some of these non-profit social enterprises have governance structures according to democratic principles. Others do not.
Also other non-profit organisation relate to what can be conceptually referred to as social enterprises. Many non-profit organizations, at least the larger ones, are registered to partly run business activities to fund their social activities.

**Social purpose businesses**

There is a ‘trend’ that (ordinary) enterprises relate to the social enterprise discourse in their presentations. Some present themselves as entrepreneurs committed to and engaged in social services for example in elderly care or education and that they therefore run social enterprises. Some argue that the economic priorities including making a profit and also distribution of profit to owners are just a practical mean to reach social aims. Some even argue that profit and distribution of profit to owners/investors, is an important drive that benefit social aims. These conceptually based types of social enterprises can not be identified in statistics. Instead cases have to be identified on qualitative means.

There are an unknown number of smaller and especially new enterprises using a social enterprise terminology. Some present themselves as social entrepreneurs or social enterprises with double or triple bottom lines – that is combining economic, ecologic and/or social aims in their business model. They often present a variety of arguments to support these statements. At times these arguments are related to social outcome of their commercial businesses or the entrepreneurs’ intentions. Others’ relate to more adjusted business models. Without having sources for exact numbers, it is possible to find especially young people adopting the Anglo-American business based approach to social entrepreneurship and social enterprises.

There are yet no public policies for these types of social enterprises. They relay on the same legal structures and taxes as other businesses.

**Societal entrepreneurship**

In the discussions related to social enterprises there is another concept that also is discussed in Sweden. That is societal entrepreneurship. The term was first used in the mid 80’s when Johannisson (1985) and Alänge (1987) used it with reference to entrepreneurial initiatives with the development of the local community in focus. It was then translated to community entrepreneurship in English. The term was not commonly used until the early 2000’s and then with a basic definition of ‘innovative initiatives with public benefits’ (Holmberg et al. 2007; Gawell et al. 2009).
Societal entrepreneurship has primarily been used as an umbrella concept including what internationally would be referred to as social entrepreneurship, community entrepreneurship, cross sectorial initiatives and social enterprises, but also for-profit businesses engaging in public activities e.g. cultural entrepreneurs (Gawell et al. 2009). Societal entrepreneurship, and specific ventures belonging to this sphere, are many times presented as responsible, with high profile aims to contribute to the societal/community development and not only to their own performances. Even if individual entrepreneurs are elaborated on also in this ‘sub field’, collective processes that many times stretch across sectorial boundaries dominate the field (Gawell et al. 2009; Berglund et al. 2012; von Friedrichs et al. 2014).

There are no statistical accounts or other systematic investigations of this version of social enterprises either. There are however studies including several different cases of societal entrepreneurship available (Johannisson 1985; Alänge 1987; Holmberg et al. 2007; Gawell et al. 2009; Berglund et al. 2013; von Friedrichs et al. 2014).

**Institutional Trajectories of Social Enterprises in Sweden**

As already mentioned earlier in this paper, there is no specific legal structure or regulations addressing social enterprises. People running social enterprises rely on “ordinary” regulations for businesses in different forms and/or non-profit associations or foundations. Some, but not all, argue that there is a need for an institutional recognition to facilitate the development.

Even if it is difficult to relate to institutional trajectories in the sense of legal structures, the social enterprise models identified in the earlier section relate to overarching discussions of private actors in the welfare society and the ‘division of labour’ between the state and social enterprises as well as other types of actors/institutions. Policy decisions leading to competition for public contracts during the last two to three decades have had a strong influence on the development of social enterprises and other actors in many, even most, social branches.

Firstly in this section, current explicit policy measures related to social enterprises will be discussed. These measures provide a framework for social enterprises even though not fortified in legal structures. Secondly, the observed shifts in the Swedish’ welfare mix is
related to the ‘welfare triangle’ that has been developed to understand the interplay in welfare societies. Finally, this paper ends with a concluding discussion on the state of social enterprise discussions in Sweden.

**Current explicit policy measures**

*Work integrating social enterprises (WISE)* relates primarily to labour market policies as well as enterprise policies on the national level. These two policy fields are also relevant on a regional or local (municipality) level. But on regional/local level the way social matters are handled vary. The extent and routines for procurements/client-choice models vary which effect social enterprises as well as other actors. On a national level, public agencies for enterprises, labour market policies and social security have been commissioned to cooperate to improve information and possibilities for social enterprises to operate – within ordinary regulations. The collaboration between actors on regional and local levels are also improving.

WISEs are influenced by the conditions and terms for compensations for people with reduced working capacity (lönebidrag), rehabilitation assignments and other services that they might offer public authorities. The level of public funding in social enterprises, primarily through sales, is high – as for any for- or non-profit enterprise/organization providing social services in Sweden. They are therefore dependent on the emerging social enterprise market on which public policies and public authorities dictate terms. And WISEs struggle to survive – especially if they target those that need it the most (Gawell 2013). Many WISEs have been granted project support from the European Social Fund (ESF) or the Swedish Heritage Fund (Arvsfonden) (Gawell 2013).

*The non-profit social enterprises* are also affected by the shifting welfare structure through the public procurements, but also through reconsiderations of and at times decreased grants that funded their activities before. Some of the well established organizations have build their (non-profit) business models according to earlier policy structures and resources channelled through these structures for many years. Depending on how well these venture match public authority decisions and/or other sources of income, the shift means increased opportunities or increased struggle. For some, this has primarily been a shift in routines rather than in actual recourses.
To support non-profit organizations and other ‘idea based’ organizations with a social aim and asset lock (no matter if they relate to the term social enterprise or not) to operate in the new welfare structures a Compact (Överenskommelsen, www.overenskommelsen.se) between the Swedish government, approximately 70 organizations, and the Association for Local Governments and Regions was launched in 2008. This compact was limited to health- and social care. In this compact these organizations’ right to independence and sustainability, dialogue and transparency, quality and diversity were recognized.

The social purpose businesses are primarily affected by the general business climate but also the conditions of procurement etc. depending on their venture/services. Since there are no formal criteria for these types of social purpose businesses it is difficult and even close to impossible to give account for this version of social enterprises. Example indicates that these social enterprises are more market dependent and attract private investments through owners as well as philanthropic donations.

The societal entrepreneurship version is affected by all the above structures and institutions depending on what type of activities the venture engage in. In addition, regional development policies, including the European Structural Funds policies, are important for the development of societal entrepreneurship that many times focus on initiatives based on cross-sector collaboration in rural areas.

In the latest national innovation strategy civil society has furthermore been highlighted as a driving force for innovations that can ‘meet future challenges’ (Swedish Government, 2012b). Also social enterprises and social- and societal entrepreneurship were highlighted in this strategy but not to the same extent as the concept civil society which attracted most attention – apart from businesses, academia and public actors. None of these concepts were however clearly defined. This was a change compared to former innovation strategies, which did not pay attention to any of the third sector conceptualizations (Gawell 2014b). There is however a common innovation-narrative related to the established Folkrörelse-organisations and the emergence of the welfare state. In the historical Swedish grand narrative on popular mass movement their innovative and entrepreneurial role has been highlighted as they initially provided social services. The Red Cross for example provided school lunches and dental care for children since it at that time was a need for better nourishment and health. Other organizations, like the Temperance movement, initiated reading groups, alternative education programs and what later became libraries. These services were then passed over
to the public agenda and the public sectors as it developed during the twentieth century (Gawell 2014a).

**Social enterprises with different positions in the welfare triangle**

The transition of the Swedish welfare state and reconsideration of roles can be related to the welfare triangle that elaborates on the position of third sector in relation to the state, market and private community.

![Welfare Triangle Diagram](image)

**Figure 3: The third sector and the welfare mix.**


There has been a palpable shift towards more market like conditions for the increased number of service distributors in Sweden during the last three decades due to policy shifts. Many of these new service distributors are private for-profit enterprises but social enterprises also operate to a large extent in the market-sphere of the welfare triangle. Labour market policies are the most apparent policy partner for work integrating social enterprises (WISEs). While health- and social care policies are the most palpable policy partner for other non-profit social enterprises. Since these services are still publically funded this means a renewed partnership between the state and private actors.

There are still non-profit oriented social enterprises that primarily rely on (public) grants and therefore ought to be positioned as third sector organizations with close
connections to the state in the welfare triangle. There are however indicators that the number of organizations and the extent of this type of funding have decreased during the last decade. On the other hand, social enterprises that rely more on private funding and thereby can be positioned closer to the community/market based part of the welfare triangle have at least attracted attention even if it still is tricky to draw conclusions about the actual levels of reimbursement.

Even if there is a move towards more market like conditions for the third sector, social enterprises and other types of organizations are highly dependent and even more in detail controlled by public authorities through funding conditions. The possibility to propose and try out new and/or alternative activities have even decreased in some areas – in spite of a policy rhetoric that highlight freedom of choice and diversity. The arrows added to the welfare triangle below illustrate shifts of the last decades’ policies affecting current situation for social enterprises.

![Welfare Triangle Diagram](image)

**Figure 4: The third sector and the welfare mix and illustration of current paradoxes in Sweden.**

**Social enterprises in Sweden - intertextual consensus and hidden paradoxes**
The discourse on social enterprises has a very positive connotation. Liberal and right wing oriented politicians argue that they represent free enterprising individuals providing diverse
welfare services. Socio democratic and left wing politicians argue that social enterprises provide participation and co-owned services. There is an all together common intertextual vision of social enterprises as a part of a ‘good development’ – even if the phenomenon is ascribed slightly different roles (see also discussion in Gawell et al. 2014 related to societal entrepreneurship in local and regional development discussions).

During 2006-2014 Sweden had what in Swedish terms is called a right wing government. They have argued that the policy shift, in which the number of private service providers increased, also benefited the development of social enterprises. There is however a paradox. The same government has also prioritized restraints and even cut backs in public spending. This economic pressure combined with competition also from private for-profit enterprises has led to opportunities to act but also it has also led to a financially difficult situation - especially for those ventures working with social problems that demands great resources over time.

There is yet another paradox behind the positive rhetoric. Behind promotion of client choice models and choices of service distributors, is a funding system that to a large extent is influenced by so called New Public Management (NPM), which control in detail what should be done and how this should to be accounted for. NPM has influenced the organization of the public sector for approximately three decades (Jakobsson et al. 2015) and has spread to social enterprises and other types of private actors through the different types of reimbursement systems during the last decade or two depending on branch of activity.

Behind the positive expressed intertextual consensus and hidden paradoxes are numbers of initiatives in a society with a relatively high living conditions and an engagement in social aspects of society. Still, not everyone share a sense of well being and many social enterprises struggle to mobilize resources in their search to find solutions to what they perceive necessary to act upon.
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