



## DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN LATVIA

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**Abstract.** The development of social entrepreneurship as a special business type is in its beginning in Latvia, therefore its development conditions have been researched very little. The legislation regulating this type of business activity commences on the 1<sup>st</sup> April 2018. In order to promote the development of social entrepreneurship and at the same time promote employment opportunities for unemployed persons who are less favoured, persons with disabilities and other socially vulnerable persons, the EU Structural Funds support for the realization of these strategic goals is available for social businesses. The research carried out a comparative analysis of the legal framework regulating social entrepreneurship in the Baltic States and an analysis of economic preconditions and the support system for social entrepreneurship. The present research contributes to research on social entrepreneurship in two aspects: 1) the legal framework distinguishing this business form from others is analysed; 2) economic preconditions for social entrepreneurship as well as its socio-economic goals and the relevant institutional framework in Latvia are analysed. The subject of the research: preconditions and prerequisites for social entrepreneurship. Methods of the research: the monographic method, statistical analysis and comparative analysis.

**Keywords:** social business, social entrepreneurship, legislation, employment, region.

**JEL Classification:** K22, D02, J11, H74, R11.

### Introduction

Social enterprises belong to the social economy sector. Their purpose is rooted in the targets of the European Commission's strategy Europe 2020 (European Commission, 2016): to promote a sustainable and competitive economy, social and territorial cohesion and employment in Europe. Unlike other agents of this sector, the framework of social entrepreneurship encompasses a specific target – social effect, which enterprises have to make through producing goods or services for the market in an innovative way (European Commission, 2013).

The role of social entrepreneurship in Europe increases (Lukjanska & Ćirule, 2014). However, social entrepreneurship is a new phenomenon; therefore, it has to be researched in order to build up information and shape discussions on its expansion, taking into account economic, social and other preconditions in a particular region.

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The formation of an excellent environment for entrepreneurship in the EU Member States and experience transfer to social enterprises promote the development pace of social entrepreneurship. However, a number of problems could be identified in the environment for entrepreneurship in Latvia that can affect business development in the social economy sector. According to the World Economic Forum report (World Economic Forum, 2017), Latvia ranked not high in business innovation and excellence (innovation and sophistication factors) (rank 58, score 3.7 out of 7) and the efficacy of corporate boards (rank 55, score 5.0 out of 7), while public trust in politicians (rank 95, score 2.5 out of 7) and market size (rank 96, score 3.2 out of 7) were ranked as low.

As stressed by the National Development Plan of Latvia (LR Saeima, 2012), the drivers of an effective environment for entrepreneurship, including those of social entrepreneurship, are as follows: clear and competitive preconditions for business start-up, a complete legal framework for social entrepreneurship, a predictable tax policy, support for the development of social entrepreneurship and a high match between demand and supply in the labour market.

Since social entrepreneurship in Latvia is at the initial stage of development, the preconditions for it has been little researched. The research aim is to perform an analysis of the legal prerequisites and economic preconditions for social entrepreneurship.

## **1. Methods of the research and research limitations**

Methods of the research: the monographic method, statistical analysis and comparative analysis. Data on support measure participants were acquired in direct interviews and at meetings of the teams working on the legal framework for social entrepreneurship at the Ministry of Welfare of the Republic of Latvia. The subject of the research is preconditions and prerequisites for social entrepreneurship.

Research limitations. The research is based on an analysis of legal prerequisites and economic preconditions for the start-up of social entrepreneurship, including 1) an analysis of the latest available statistical data on unemployment in the regions of Latvia (2017) and data on unemployment among age groups in Latvia, which were compared with the data for 2013 when, in the authors' opinion, a period of active preparation for social entrepreneurship began in Latvia (within the meaning of the legal framework); 2) an analysis of support (financial, legal) for social entrepreneurship includes an analysis of funding available from the EU Structural Funds, an analysis of the application of the Social Enterprise Law in relation to specific provisions and the Commercial Law in relation to general provisions as well as a comparative analysis of the legal frameworks for social entrepreneurship in the Baltic States.

Abbreviations used in the research: social enterprise – SE; Limited Liability Company – Ltd; Social Enterprise Law in Latvia – SELL.

## **2. Social enterprise as an actor of the social economy sector**

The concept of social enterprise is new. It is believed that social enterprises emerged in Italy in the late 1980s and later in the other European countries (Vukmirović, 2014). At present in Europe, social enterprises as a specific form of business, just like cooperatives (housing cooperatives, agricultural cooperatives, worker cooperatives, consumer cooperatives) mutual

societies, non-profit associations, foundations, are considered to be social economy sector agents (European Commission, 2018).

Even though all agents of this sector are united by a number of common goals – social, ecological, cultural etc. –, which often lead to an understanding that this is a non-governmental sector or a non-profit sector, there are differences among the agents. The problem is larger due to the fact that the term social enterprise is explained in different ways and is often unclear (Thomas, 2004). A social enterprise has some specific indications, the most important ones are as follows: 1) it operates in favour of society, fully or partly; 2) economic risks; 3) paid employees; 4) enterprise management autonomy; 5) limited profit distribution. For these reasons, an SE is an intermediate link between a commercial enterprise and a non-profit one.

Entrepreneurship within social goals is specific to social enterprises; consequently, they more contribute to social solidarity within society. They create an opportunity for their actors to make economic and social gains without becoming investors or owners. A common feature of social economy enterprises is the fact that they, unlike conventional companies, serve their shareholders or the target group (European Commission, 2018). The European Commission believes that social enterprises are the driver of social innovation, as the services or products produced by them have to be competitive.

The effect of social enterprises, as well as the social economy sector as a whole, is significant particularly in the field of employment – 4.5 million working-age individuals were employed in this sector in the EU-27 in 2009–2010 (Monzón & Chaves, 2012).

One can conclude that the role of the social economy sector increased – 2.8 million individuals were employed in the social economy in 2002–2003, and most of them (92%) were employed by associations, foundations and other similar accepted forms of enterprises (European Commission, 2013). In 2002–2003 the Baltic States belonged to those European countries where the social economy sector was poorly developed; compared with Sweden, where 11% of the population were engaged in the social economy, in the Baltic States this sector comprised only 2% of the population.

Social enterprises in Europe have no single legal form (European Commission, 2013; Monzón & Chaves, 2012; Lešinska, Litvins, & Pīpiķe, 2012), yet the following three forms are the most common:

- cooperatives. For example, social cooperatives operate in Poland, Hungary, Italy and Greece, while in the United Kingdom there are enterprises that work only in favour of society – community interest companies. The main activity fields of cooperatives pertain to the social integration of target groups and employment integration. However, the distribution of revenue of cooperatives differs across the countries;
- companies. Social enterprises in Finland and community interest companies (enterprises regulated by companies) in the United Kingdom are those working only in favour of society, whereas in Italy they represent for-profit enterprises;
- free legal form. In this case, the status of a social enterprise is granted to an organisation regardless of the legal form and, actually, it is a brand. For example, such a legal form exists in Finland.

The European Commission (2013) gives the following definition of social enterprise: “A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities”. The definition indicates that particularly the social economy is a good example at the micro-level and how market economy principles dominate, while also making social impacts instead of profits (European Commission, 2013).

### **3. Development of social entrepreneurship in Latvia and its role in the economy**

The authors who analysed the development of social entrepreneurship in Latvia and in the EU (Lešinska et al., 2012; L. Dobele, A. Dobele, & Sannikova, 2010; Dobele, 2013; Lešinska, 2014; Lukjanska & Cirule, 2014; LR Labklājības ministrija, 2018; European Commission, 2013; European Commission, 2016; European Commission, 2011) find as well as the latest data on the establishment of social enterprises in 2017–2018 in Latvia reveal that several periods could be distinguished in the development of social entrepreneurship in Latvia: 1) the 1990s–2013; 2) 2013–2017; 3) from 2018 onwards.

In the first period, the concepts of social economy, social entrepreneurship and social enterprise began to be understood not only in Latvia but also in Europe (Dobele, 2013). Nevertheless, the nature of social enterprises was still unclear in Latvia in 2012–2013 (LTRK, 2013).

The most important event and stimulus for social entrepreneurship was the 2009 report of the European Parliament (2009), in which the European Commission and the Member States were called for recognising the social economy in legal acts and political priorities, contributing to its development and enshrining it in the legal acts. Since 2011, the concepts of social responsibility and social enterprises have entered the political arena in Latvia, and a response to it is the situation where a number of nongovernmental organisations and even enterprises, based on the concept of corporative ethics, call themselves social enterprises (Lešinska et al., 2012).

Until 2018 in Latvia, mostly non-governmental organisations were involved in the social field, and their legal form was usually an association, which means that it united particular individuals for the purpose of achieving a common goal (Lešinska, 2014). Many nongovernmental organisations acquired the status of public benefit organisation, which gave them an opportunity to receive higher aid intensity in regional project proposal competitions or to get tax relief.

In the period 2013–2017 in Latvia, a new legal framework for social entrepreneurship was gradually designed: 1) the Cabinet of Ministers of the Republic of Latvia adopted the conception “On Opportunities to Introduce Social Entrepreneurship in Latvia” (30 October 2014); the Cabinet of Ministers adopted the “Inclusive Employment Guidelines for 2015–2020” (12 May 2015); 3) since 2015, a team of the Saeima has worked on a draft law on social entrepreneurship; 4) in 2016, Ministry of Welfare ESF project No. 9.1.1.3/15/I/001 Support for Social Entrepreneurship was started; in the result, the Social Enterprise Law was passed on 12 October 2017 (LR Saeima, 2017) and the development of binding legal acts was started.

Table 1. Change in the economically active and economically inactive population aged 15–74 in Latvia (source: authors' calculations based on CSP 2018)

Residents aged 15–74	2013	2017	Change, 2017/2013
	Number	Number	%
Employed	893.9	894.8	0.1
Unemployed	120.4	85.4	–29.1
Economically inactive	521.8	443.1	–15.1

Problems with socially vulnerable groups, e.g. the disabled, pre-pension age people and other groups determined the economic need to improve the legal framework for social enterprises in Latvia. Even though the number of the unemployed among the population aged 15–74 decreased in Latvia in 2017 compared with 2013 (–29.1%) and the number of the employed slightly increased (+0.1%), the absolute number of the unemployed indicated that the number of economically inactive residents was large in Latvia (Table 1).

In 2017 in Latvia, according to the statistical data, the total number of economically active residents aged 15–74 was equal to 980.3 thousand (69.0% of the total age group), of which 8.7% were the unemployed, while economically inactive residents represented 31.1% of the total age group. Among the regions of Latvia in 2017, the highest unemployment rate was in Latgale region – 10.6%, in Zemgale region it was 10.1% and in Vidzeme region 8.0%, while the lowest unemployment rates were reported in Pieriga region – 5.7%, Riga region – 7.4% and Kurzeme region – 6.5%. One of the target groups for social entrepreneurship in Latvia is the population aged over 54. According to the authors' calculations, the unemployed aged 55–74 totalled 16.0 thousand in Latvia in 2017. One can conclude that unemployment problems in Latvia in the period 2013–2017 were urgent in the country as a whole, in the regions and among certain age groups.

Among the economically inactive population, there were individuals who could not find a job for a long period and, consequently, lost or did not wish to acquire unemployed status. According to a public report by the State Commission of Physicians for Health and Work Capacity Examination (VDEK 2017), there were 182.0 thousand disabled individuals in Latvia in 2017, including those aged 18 and over – 173.8 thousand. Many of them, particularly Group I (14%) and Group II (48%) disabled individuals as well as those with functional impairment and mental diseases were not employed, as entrepreneurs incur additional costs to employ them, e.g. workplaces have to be equipped for this purpose or communication has to be adapted.

A draft regulation “Procedure for Granting Business Support for Social Enterprises” (LR Ministru kabinets, 2018) was made publicly available at a meeting of State secretaries held on 21 January 2018. Applying for the status of social enterprise and, later, financial support from the EU Structural Funds (LR Ministru kabinets, 2015, 2017) has been possible since the autumn of 2017.

The data acquired by the research show that social entrepreneurship draws quite a lot of attention, and 45 Ltd (48%) and 49 associations and foundations (52%), of which 58 (59%) had a positive decision, while 11% applications were not processed, applied for the status of

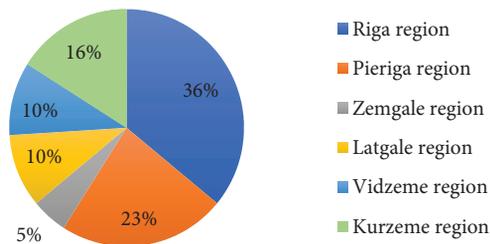


Figure 1. Percentage breakdown of qualification applications for the status of social enterprise by region of registration of economic activity of the applicants in Latvia as of January 2018 (source: authors' calculations)

social enterprises in January 2018. As regards the regional aspect, enterprises, associations and foundations from Riga region accounted for the highest proportion in the total applications (36%). The authors explain it by the region's large contribution to GDP – according to the Central Statistical Bureau, the GDP of Riga region in real prices in 2016 made up 54.0% of the national GDP (CSP, 2018).

The first data for 2018 give insight into the fields of economic activity in which the enterprises (58) that acquired the status want to implement social entrepreneurship in Latvia: employment integration (25%), health promotion, sports, cultural diversity and the environment (18%), promotion of an inclusive civic society (16%), social services (13%), enhancement of the life quality of target groups (13%), education (8%) and medical services (75). Based on the experience of the applicants in social entrepreneurship, one can find that 25 (43%) were newly registered enterprises.

In 2018, before the SELL comes into force, the target groups for social entrepreneurship are determined by the Cabinet of Ministers based on the socio-economic situation in the country and the effects of it on individual target groups. Even though the relevant regulations have not been adopted as of the time of working on the present research, one can conclude, based on the information acquired from the teams working on the legal framework for social entrepreneurship and their meetings where one of the authors participated, that the following socially vulnerable groups are going to be involved: 1) the disabled and persons with mental impairment; 2) persons fitting the status of poor family (person); 3) the unemployed having dependents, the unemployed aged over 54 and the long-term unemployed; 4) an ethnic minority – the Roma; 5) prison inmates or those released from imprisonment; 6) persons addicted to alcohol, drugs, psychotropic and toxic substances, gambling or computer games as well as those whose place of residence is a night shelter; 7) victims of human slavery and persons with refugee status granted in the Republic of Latvia, with alternative status or stateless persons; 8) orphans and children aged under 15 who have lost their parents as well as adults aged under 24 belonging to this group.

The flow of the working-age population occurs in the economy (Figure 2), as some individuals move from one economic sector to another or from the sector of economically

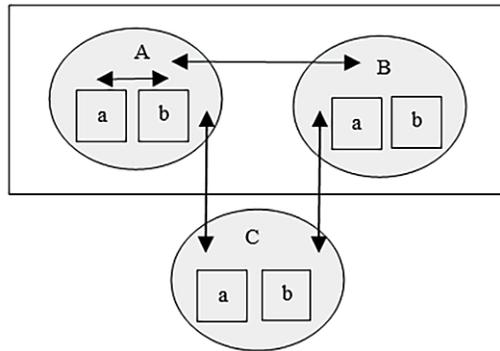


Figure 2. Flow of the working-age population in the economy (source: authors' construction)

active residents (consisting of the employed (A) and the unemployed (B)) to the sector of economically inactive residents (C).

In the context of social entrepreneurship, one can conclude that the identified target groups are also represented by individuals with poor (or even non-existent) professional experience and skills. This indicates that human resources, in particular, could become a factor decreasing the competitiveness of social enterprises if, at the same time, no other factors make their effects (Melihovs & Dāvidsons, 2006).

Besides, the location of a social enterprise in a particular region being at a different stage of development (World Economic Forum, 2013), in interaction with a potentially low level of knowledge of labour resources makes a different impact on regional development (Sannikova, 2014; Sannikova, A. Dobele, & M. Dobele, 2015).

The adaptation of enterprises to the specifics of social entrepreneurship does not occur fast. Quite often, significant support is needed for the start-up of entrepreneurship – funding or even ideas. Insufficient financing, in particular, is one of the key problems in Latvia, which limits the development of social enterprises (Dobele, 2013). For this reason, EU structural funding available in the programming period 2014–2020 could be used to contribute to the development and initiatives of social entrepreneurship (LR Ministru kabinets, 2015).

EU structural funding and other kinds of public funding change the market balance and make a positive effect on labour market demand. The direct effects of EU structural funding (LR Finanšu ministrija, 2007, 2011) might be viewed from four economic perspectives: 1) investment in equity capital (K); investment in human capital (H); 3) investment in the productivity of the factors of production (A); 4) investment in technological change (F).

Even though it is difficult to estimate an increase in human capital because the national account system does not provide an opportunity to acquire and accumulate the data, a change in it could be attributed to a change in labour endowment (L) that is exploited by entrepreneurs or to a change in labour productivity. The authors agree that an increase in human capital makes a positive effect on output (Melihovs & Dāvidsons, 2006). In the case of social enterprises, an increase in human capital, in particular, could affect the competitiveness and sustainability of natural resources and enterprise owners.

#### 4. Legal framework for social enterprises in Latvia

An analysis of legal provisions for social entrepreneurship in Latvia done by the authors reveals that the Social Enterprise Law (SELL), (LR Saeima, 2017) becomes effective in Latvia on 1 April 2018. The SELL defines for the first time the concept of social enterprise – it is a limited liability company (Ltd) that is granted the status of social enterprise in accordance with the procedure prescribed by the Law and that performs economic activity making a favourable social impact (e.g. provision of social services, formation of an inclusive civic society, promotion of education, support for science, environmental protection and preservation, animal protection or a contribution to cultural diversity (Section 1, Social Enterprise Law (LR Saeima, 2017)) – and prescribes the goals of social enterprises as well as criteria and procedure for acquiring the status of social enterprise. If the goal of an enterprise is the employment of a target group, it could acquire the status of social enterprise only as an Ltd, in which one or several public persons have no majority of votes (Sociālo un darba lietu komisija, 2016; LR Ministru kabinets, 2018).

The provisions of the SELL complement the legal framework by matters not dealt with in other national laws – the Commercial Law, the Voluntary Work Law, the Law on the Prevention of Squandering of the Financial Resources and Property of a Public Person and other relevant laws. Upon identifying an inconsistency between legal provisions of the same legal force, a general provision (in this case the Commercial Law) is applicable to the extent it does not limit a specific provision (in this case the SELL), (Tiesu namu aģentūra, 2013). However, it has to be concluded that no case law exists in Latvia in relation to the application of the SELL and there is no single international case law in the field of social entrepreneurship, and the applicability of these provisions has not been researched yet. For this reason, the further research focuses on an examination of the inconsistency of the SELL with other laws.

The SELL stipulates that a social enterprise in Latvia may be only an Ltd. The authors conclude that in order for an enterprise to become a social enterprise, first of all, an Ltd has to be founded and registered in accordance with the Commercial Law (Figure 3).

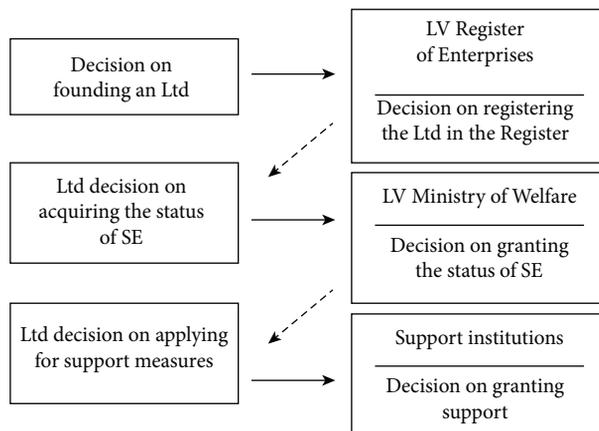


Figure 3. Acquisition of the status of social enterprise and of support in Latvia by newly established enterprises (source: authors' construction)

In Latvia, in accordance with the Commercial Law (Section 135), (LR Saeima, 2000) an Ltd is a legal entity, and it is considered to be founded and acquires the status of a legal person on the day when it is registered in the Commercial Register. The legal address of an Ltd is the address where the management of the company is located (headquarters of the company). The Commercial Law prescribes also the establishment of the executive board of an Ltd, the responsibility of executive board members, the size of equity capital and the procedure for the payment of equity capital as well as regulates mutual relationships among the shareholders of the company.

In Latvia, the Commercial Law prescribes that an Ltd is a closed company, the shares of which are not publicly traded and the founder of it is a natural or legal person or a partnership that has established the company or on behalf of which it has been established (Section 140, Commercial Law). An Ltd may be founded by one or several founders (Section 135, Commercial Law)

In 2014, a list of risk addresses and a list of persons of risk were created in Latvia, which raised the responsibility of any member of the executive board. The Law on Taxes and Duties (Paragraph 31, Section 1) stipulates that an Ltd can become a person of risk because of tax debts and this status is in force for three years (Section 34.3, Law on Taxes and Duties (LR Saeima, 1995). The prohibition of holding positions in an Ltd is stipulated in the Law on the Enterprise Register of the Republic of Latvia (Section 4.12).

Neither the SELL and the Commercial Law nor other national legal acts define the number of limited liability companies in which the same legal or natural person may be a shareholder. From 2018 onwards, the Register of Enterprises of the Republic of Latvia takes control measures during the registration of an Ltd to reduce the risk of tax evasion. The checks are carried out based on a decision by the State Revenue Service of the Republic of Latvia (Uzņēmumu reģistrs, 2017).

In accordance with the SELL, in order for an Ltd to acquire the status of social enterprise, the Ltd has to meet all the criteria set in the Law and the goal set in the statute of the enterprise has to be consistent with that set in the Law (Sections 1, 2, Social Enterprise Law). A decision on granting the status of social enterprise (Figure 1), refusing the status or cancelling the status is made by the Ministry of Welfare. Upon losing the status, in accordance with the Commercial Law, the legal form of Ltd is retained. The Ministry of Welfare creates and maintains the Register of Social Enterprises (Ulande, 2017).

The SELL prescribes that a social enterprise may receive support for social entrepreneurship (Figure 3) (Section 8, Social Enterprise Law). However, the Commercial Law stipulates the responsibility of the executive board of an Ltd. One has to conclude that in view of the provisions of the Commercial Law (Section 137), an Ltd is not responsible for its shareholder's liabilities and its shareholder is not responsible for the company's liabilities. It follows that the responsibility of legal persons for the attraction and use of funds for support activities of social enterprises lies upon only the executive board members of the Ltd, while the shareholders of the company do not bear any responsibility.

Before establishing a social enterprise, the provisions of both the Commercial Law and the SELL have to be examined very carefully. In Latvia, the Commercial Law does not set any restrictions on what kind of economic activity a limited liability company may perform, while the SELL sets some restrictions. The SELL prohibits businesspersons engaged in social

entrepreneurship from 1) doing systematic transactions with securities or real property, except for renting out premises; 2) doing business in such areas as the production and sale of explosives, weapons and ammunition, the production of alcoholic beverages (except for small alcoholic beverage facilities), the production and sale of tobacco products, gambling and betting, financial and insurance services or in areas that endanger the security and health of society; 3) making loans, except for loans for the target group if prescribed in the statute of the social enterprise (Section 9, Social Enterprise Law).

However, the primary criterion to be assessed in relation to the relevant legal framework is the goal of establishment and operation of the social enterprise set in its statute, as the goal has to be oriented towards benefiting the society or tackling problems being important for the society by means of business methods, as contrasted with the goal of doing business and making profits for the owners (Frīdenberga, 2016). The research found that the rules in relation to the distribution of profits in social enterprises are different across European countries – there are various terms and conditions: 1) profits may not be distributed among the owners; 2) no restrictions in relation to the distribution of profits; 3) profits may be distributed to the extent set by the law.

In Latvia, the Commercial Law provides that Ltd shareholders have the right to receive dividends. However, the social enterprise has to purposefully allocate all its funds (including profits) for achieving the goals set in the statute – benefiting the society. This indicates that the specific provisions of the SELL regarding profit distribution contradict the general provisions set by the Commercial Law.

After analysing the legal frameworks for social enterprises in Estonia and Lithuania, the authors conclude that:

- Estonia has no specific law defining a SE and regulating its operation. The Estonian Association of Social Entrepreneurs, which was established in 2012, represents SE interests and provides a platform for discussions on social enterprises as well as represents social entrepreneur interests at the level of policy-making (Lešinska, 2014);
- in Lithuania, the Law on Social Enterprises is in force. The Law was adopted on 1 June 2004. An amendment made on 1 November 2006 cancelled a provision stating that a social enterprise has to meet the criterion of a small or medium enterprise. At present, Lithuanian legislators intensively work on a new law that is scheduled to be adopted in 2018 (Kneyzevichiene, 2017; Nikolaychik, 2017). A special register for social entrepreneurs, which is maintained by a national institution, was created in Lithuania (Lešinska et al., 2012).
- no particular legal form for social enterprises has been set in Lithuania and Estonia. In Lithuania, the status of social enterprise could be acquired in accordance with the legislation, and the legal acts define the characteristics to be met by social enterprises (Lešinska et al., 2012; Teder, 2011).

## Conclusions

Development of social entrepreneurship as a special business type is in its beginning in Latvia, therefore its development conditions have been researched very little. The present research contributes to the research of social entrepreneurship theme in two aspects: 1) economic con-

ditions of social entrepreneurship are analysed as well as socially economical goals and institutional basis in Latvia; 2) legal conditions separating this business form from others are analysed.

- The authors of the research concluded that:
  - social enterprises are important agents of the social economy sector in the European Union (EU). Their economic impacts take the form of promoting employment and tackling social, economic, cultural and other problems for socially vulnerable target groups in society;
  - general trends in EU policies and the wish of Latvia to foster entrepreneurship and contribute to employment determined the creation of a specific framework for social enterprises in Latvia, particularly for certain target groups;
  - in Latvia, fast expansion of social entrepreneurship was observed in the period 2013–2017 when the concept of social enterprise was defined and the Social Enterprise Law, which comes into force on 1 April 2018, was adopted. The Law defines the concept of social enterprise and the goals of a social enterprise, the procedure of acquiring the status of social enterprise as well as other matters;
  - in view of the fact that the Social Enterprise Law is a specific law in Latvia, and there are other laws applicable to social entrepreneurship, e.g. the Commercial Law, it is not difficult to introduce a single approach to the application of legal provisions to social entrepreneurship;
  - to promote the sustainable development of social entrepreneurship and employment among the unemployed being in the most unfavourable situation, the disabled and socially vulnerable groups, EU structural funding – EUR 6.919 million – is available in the period 2018–2023 for achieving these strategic goals in Latvia.
  - a common characteristic feature of the legal frameworks of the Baltic States is that the profits of social enterprises are not distributed among their shareholders but allocated for achieving the social goals of the enterprises.

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