



# FINLAND

OECD Global Action on Promoting Social and Solidarity Economy Ecosystems

Finland adopted a **Strategy on Social Enterprises** in 2022. Available data present partially the social and solidarity (SSE) landscape in the country, which hosts over **21 000 entities**, three quarters of which being associations, that employ altogether **95 000 people**.

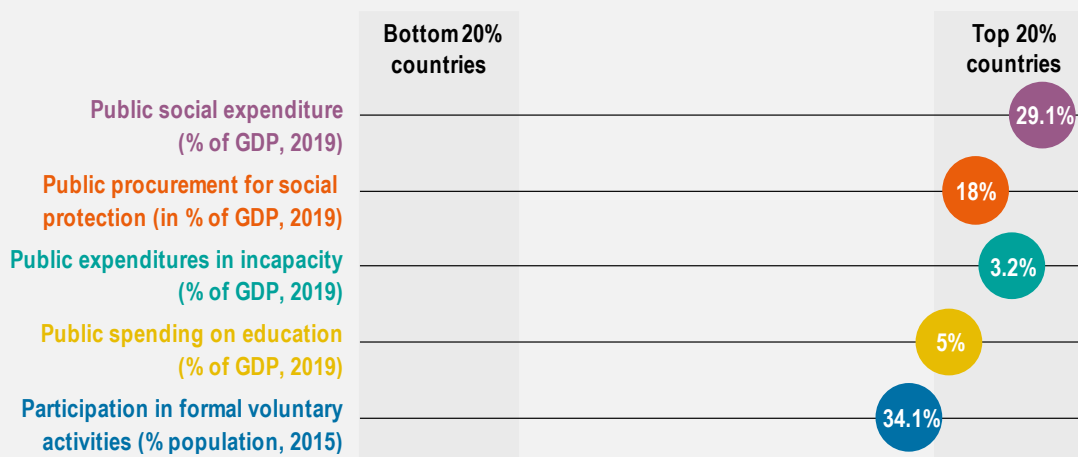
## SOCIO-ECONOMIC INDICATORS

Finland is a unitary country and a member of the European Union. It is a high-income country with a very high human development level.

	GDP per capita	Labour force participation rate	Youth not in employment, education or training (NEET)	Poverty rate	Gini coefficient	Rural population	Stakeholder engagement for developing regulations
<b>Finland</b>	USD 59 463	79.9%	11.9%	6.7%	0.273 / 1	39.0%	2.2 / 4
<b>OECD</b>	USD 53 937	73.2%	14.8%	11.0%	0.313 / 1	23.1%	2.1 / 4

Note: Data from Finland refer to 2022, except for NEET (2021), poverty rate (2020), Gini coefficient (2021) and stakeholder engagement (2017). OECD data refer to 2022, except for poverty rate (2018), Gini coefficient (2020) and stakeholder engagement (2017). GDP per capita OECD is an estimated value. See sources at the end of the document.

## Country position in selected social indicators



Note: For each indicator, the position of the bubble on the line represents the country's ranking compared to OECD and EU countries. Higher rankings are on the right. The panel of countries for the international ranking can vary from an indicator to another due to data availability. See sources at the end of the document.

## SOCIAL AND SOLIDARITY ECONOMY ECOSYSTEM

### Definition of the social and solidarity economy in Finland

The social and solidarity economy (or social economy) is not defined in any legal or official text in Finland. The country recently defined the term "social enterprise" as follows:

A **social enterprise** pursues business in order to achieve its **societal objective** and uses **most of its profits or surpluses to promote this primary objective**, as laid down in its articles of association or statutes. In addition, a social enterprise emphasises **responsibility, openness and transparency** in its activities, as well as **inclusion and democracy** in its administrative model.

Note: For more information, refer to the [Strategy for Social Enterprises \(2022\)](#).

## Institutional frameworks



### Institutions

The Ministry of Economic Affairs and Employment and the Ministry of Social Affairs and Health are jointly responsible for issues related to the SSE.



### Legal instruments

The Finnish government adopted the **Strategy for Social Enterprises** in 2022, developed by the Ministry of Economic Affairs and Employment. The Act on Social Enterprises (2003) that regulated work integration social enterprises was repealed in 2023.



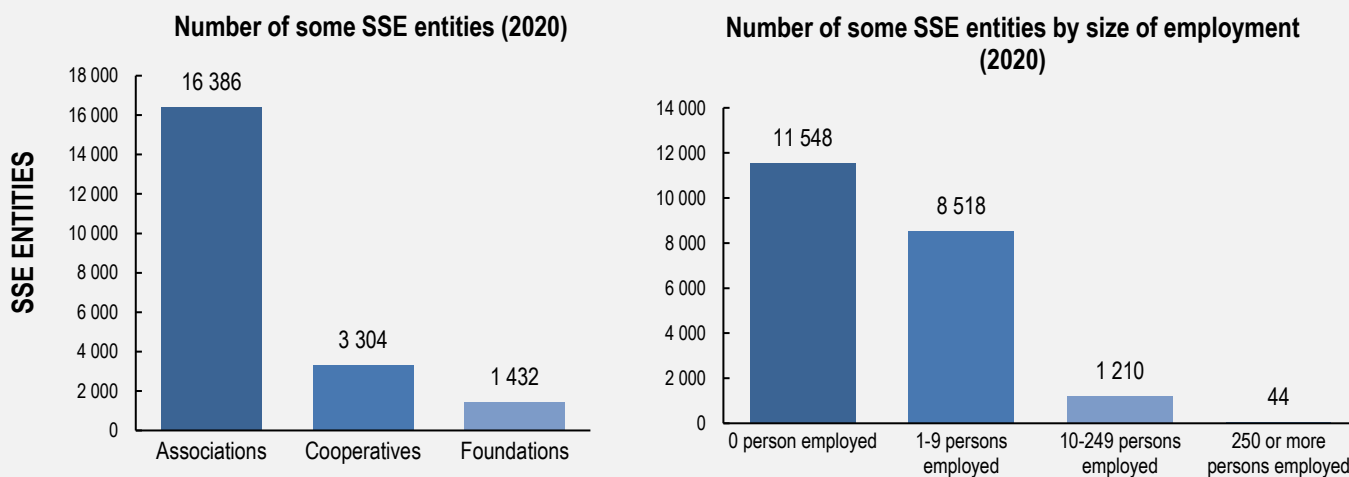
### Stakeholder engagement

The Ministry of Economic Affairs and Employment is also responsible for the management and oversight of the newly established **Centre of Expertise for Social Enterprises** aiming at providing guidance services and raising awareness of social enterprises.

## Main figures

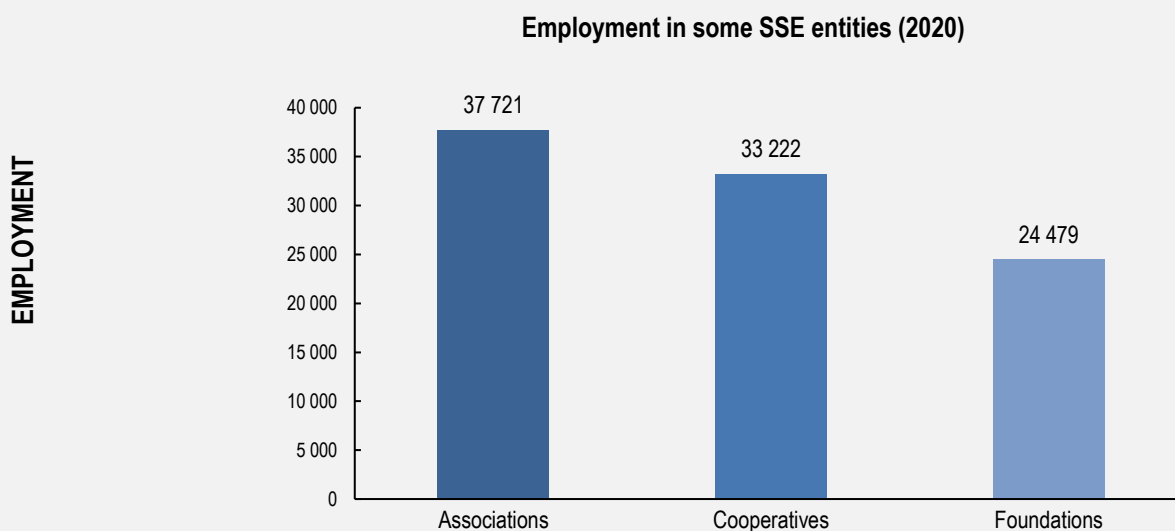
Available data on SSE entities in Finland only provide a partial picture as some relevant SSE entities are not taken into account. The country hosts **16 386 associations, 3 304 cooperatives and 1 432 foundations**, that employ altogether over **95 000 people**.

**SCOPE** Data cover some components of the social and solidarity economy. For the associations and foundations, only entities with a turnover are included, which was determined on the basis of tax information.



Note: The data covers the SSE space in Finland only partially as it does not take into account other relevant types of SSE entities, and therefore does not provide a comprehensive picture. The number of SSE entities by size of employment is calculated in full time equivalent.

Note: SSE entities (such as associations and foundations) could exclusively rely on volunteering, which may put them in the "0 person employed" group. Similarly, cooperatives can have members such as producers or consumers, but no workers, putting them again in the "0 person employed" category.



Note: Employment information is provided in headcounts. It does not provide a full picture of employment in SSE as other relevant types of SSE entities are not taken into account.

## Legal frameworks

Legal frameworks to support the development of the SSE can be adopted at the national and subnational levels. They can regulate the SSE as a whole, or specific legal entities of the SSE (such as associations, cooperatives, mutual societies, foundations and social enterprises).

<b>For the SSE</b>	<i>Not available.</i>
<b>For specific SSE entities at national level</b>	<ul style="list-style-type: none"><li>• Cooperatives Act (2013/421) - <a href="#">Link</a></li><li>• Associations Act (503/1989) - <a href="#">Link</a></li><li>• Foundations Act (2015/487) - <a href="#">Link</a></li></ul>

Note: The list above is not exhaustive of all existing legal frameworks around SSE in Finland.

## Fiscal treatment

Different fiscal treatment can be established for the social and solidarity economy as a whole, or for specific SSE entities, at the national and subnational level.

<b>Fiscal treatment of SSE entities</b>	<b>Fiscal treatment for contributors to the SSE</b>
<ul style="list-style-type: none"><li>• Work integration social enterprises (WISEs) and labour cooperatives are eligible for public wage subsidies for disadvantaged employees that vary depending on the specific characteristics of the employee.</li><li>• Non-profit organisations are generally not taxed on their activities contributing to the general interest. However, they pay income tax on income received from business activities as well as on income from real estate units that are used for other purposes than the general interest or non-profit activities.</li><li>• Non-profit organisations that pursue an activity of social significance may be granted a full or partial tax relief from income tax. If the tax relief is for business income, it is required that the applicant's activities cause no disruption of competitive neutrality i.e. the activities must not cause difficulty to others who conduct business in the sector. If the relief is for rental income (from real estate), it is required that more than half of the applicant's real estate is in public use or non-profit use.</li><li>• Specific business operations such as health care, social services, education, vocational training and others are exempt from value added tax (VAT).</li></ul>	<ul style="list-style-type: none"><li>• There are no tax incentives for individual donors, except that an individual donor may deduct donations (of at least EUR 850 and up to EUR 500 000 to a publicly-funded university or college in the European Economic Area or to an associated university for the purpose of promoting science or art.</li><li>• Corporate donors may benefit from tax deductions for donations of at least EUR 850. The maximum amount of donations that is tax deductible depends on the recipient.</li></ul>

Note: The list above is not exhaustive. Information is retrieved from OECD desk research and "Relevant taxation frameworks for Social Economy Entities" published in 2023 by the European Commission.

## Social impact measurement initiatives

Driven by a mission of social purpose, SSE entities are increasingly requested to demonstrate the positive value that they generate through their activities. Social impact measurement enables them to assess their positive contribution to society. A diverse range of possible initiatives are available to governments and practitioners to foster a social impact measurement culture.



### Capacity support initiatives

- [The measure of good project](#) (2016) △ Hyvän Mitta
- [Impact co-creation method](#) (2019) △ Sitra

Note: Capacity support initiatives offer dedicated funding or training from specialised intermediaries and mobilise networks of expertise and other resources.

## FURTHER READING ON THE SSE IN FINLAND

[Ministry of Economic Affairs and Employment: Strategy for Social Enterprises](#) | [Ministry of Economic Affairs and Employment: Social Enterprises in Finland](#) | [Centre of Expertise for Social Enterprises](#) | [Statistics Finland: Legal forms of enterprises and corporations in Finland](#) | [Nordic Council of Ministers, Nordic Council of Ministers Secretariat: Social entrepreneurship and social innovation in the Nordic countries: Initiatives to promote social entrepreneurship and social innovation](#) | [EU Social Economy Gateway: Finland](#)

## DATA SOURCES

- Socio-economic data refer to 2022 unless stated otherwise, and relate to data downloaded as of 17 July 2023. Datasets used: GDP per capita, current PPP: OECD national accounts statistics, <https://doi.org/10.1787/na-data-en>; Labour force participation rate (15-64 year old): OECD Employment and Labour Market Statistics, <https://doi.org/10.1787/data-00310-en>; NEET (15-29 year olds, all levels of education): OECD Education at a Glance 2022, <https://doi.org/10.1787/19991487>; Poverty rate (after taxes and transfers, poverty line 50%): OECD Social and Welfare Statistics (database), <https://doi.org/10.1787/data-00654-en>; Gini coefficient (disposable income, post taxes and transfers): OECD Income Distribution Database, <https://www.oecd.org/social/income-distribution-database.htm>; Rural population (OECD): OECD, CFE Regions and Cities databases, <http://oe.cd/geostats>; Stakeholder engagement for developing regulations: OECD Better Life Index, <https://www.oecdbetterlifeindex.org/#/111111111111>; Public social expenditures: OECD Social Expenditure Database (SOCX), <http://dotstat.oecd.org/Index.aspx?QueryId=26920>; Share of public procurement for social protection (in % of total general government procurements): OECD (2022), "Government at a Glance - 2021 edition", <http://dotstat.oecd.org/Index.aspx?QueryId=107598>; Public spending on incapacity: OECD (2022); Public spending on incapacity (indicator), <https://doi.org/10.1787/f35b71ed-en> (Public spending on incapacity refers to spending due to sickness, disability and occupational injury); Spending on education (primary to tertiary level, in % of GDP): OECD Education Statistics (database), <https://doi.org/10.1787/c4e1b551-en>; Participation in formal voluntary activities (% of people): Eurostat table [ilc\_scp19], based on the 2015 EU-SILC ad-hoc module.
- SSE data were collected through OECD questionnaire in May 2022. The data were provided by the Ministry of Economic Affairs and Employment and Ministry of Social Affairs and Health. Diaconia University of Applied Sciences facilitated the production of data.
- Further information on the methodology followed in the country fact sheets can be found [here](#).

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