



Experience Building Policy Development In Social Enterprises in Some States And Lessons For Vietnam

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Abstract: Social Enterprises (SE) are developing all around the world in increasing numbers, as confirmed by national and international statistics and analysis. Some countries have put efforts on creating new development policies in order to support this kind of enterprise and enhance their chances to make a better value. The concept of Social Enterprises appeared in Vietnam from the last decade and expanded its value to many worlds. In this study, we analyzed and collected some experiences from some countries and gave lessons properly for Vietnam.

Keywords: Social Enterprises (SE), Development Policy, Lesson

1. Experience in developing SE development policies in the United Kingdom

The UK is one of the oldest SE in the world. SE in the united kingdom develop extremely diverse in many forms such as community benefit companies, limited liability companies, joint stock companies, credit funds, business branches of charitable organizations non-profit, self-employed enterprises, cooperatives, development funds, housing associations. He acts as a reference point for the mature policy framework, because the country has: (i) a SE sector supported by the leadership of three consecutive government cabinet in nearly two decades; (ii) include a range of sophisticated policy instruments integrated into a comprehensive long-term strategy for the SE ecosystem; (iii) a large number of public and private organizations support the activities of SE; (iv) a large, vibrant and organized SE area.

In the UK, the development of SE has always had a close relationship with the state through two points:

State viewpoints and visions in the provision of public services: Since the 1980s, the British government has become increasingly aware of the inadequacies of the state's direct provision of public services. of the 3rd economic sector (differentiated from the private and public sectors), including the SE, has actually been strongly promoted and developed.

Leverage policy: specifically supporting and encouraging SE to develop, especially encouraging the community to be autonomous, take initiatives and solve their own problems. The state provides support through economic leverage, primarily to encourage SE to participate in the public service supply chain. Besides, the state also offers many other financial support programs for civil society organizations, including SE.

One of the current development goals is the sustainable development which entails that in the UK, SE are also driven by the state to develop in a larger ecosystem with many participants to make an impact. and sustainable performance. The British Government believes that, by promoting cooperation between SE with other organizations, with private enterprises and with the state, it will enhance the efficiency and sustainability of SE, meeting increasingly better the diverse needs of the community. Some other goals will be more effective through volunteering, SE and changing public perceptions. Government is the decisive factor in how to enhance the impact of SE in the new period. The British government is currently implementing the SE development policy in the following four main directions:

Firstly, support SE to develop their operations on a larger scale through organizational development support and, when possible, support them to link, cooperate, build networks and multiply across the franchise model.

Secondly, encourage a culture of sharing and social responsibility, especially through supporting SE and contributing to volunteering activities to support public services.

Third, transfer of public services for the purpose of promoting social initiatives and improving efficiency.

Fourth, encourage and request when necessary the implementation of corporate social responsibility

With this approach, in 2006, the British Government launched a Social Business Plan of Action, which involves cross-sectoral participation of 12 different ministries and agencies such as Ministry of Business, Enterprises and Institutional Reform; Ministry of Health; Department of Children, schools and families, as well as the Third Regional Office to promote and support SE. The UK government's support policy focuses on several areas:

First, foster SE culture through social entrepreneurship training programs, promote communication, research and social impact assessment (SROI).

Secondly, strengthening advice and information for the establishment and development of SE: the government devotes resources to activities such as business development support (£ 6 million), advisory capacity building and in-depth support (£ 6 million) and support for the modernization of SE during the crisis (£ 8 million).

Third, improve access to financial capital and diversify forms of investment. An estimated 315 million pounds has been devoted to SE through: capacity building on public service provision and construction of VC funds.

Fourthly, the social investment program (impact investment): provides capital and solvency for intermediaries currently investing and SE;

Fifth, training on financial management.

Sixthly, facilitate cooperation between SE and the government: conduct a study to identify areas where SE can contribute such as health, community development, business development. in disadvantaged areas and reintegrating people are released from prison. on that basis, the government formulated strategic cooperation programs with SE.

In 2010, British Prime Minister David Cameron launched the Vision of a Big Society. This was a key point in his campaign. Great society is to help people collaborate and improve their lives. It also demonstrates the Government's determination to give people more power than before. This is considered a great effort of the current Government to redefine the role of the state and promote entrepreneurship in the community. The Office of Civil Society under the Cabinet Office will help coordinate relevant ministries and departments and implement this Government policy through the following programs:

Big Social Bank: In March 2012, the British Prime Minister approved a decision to set up the Big Social Fund to use £ 600 million from unused accounts for the past 15 years, capital are frozen at banks (dormant accounts) to invest in social projects. These projects, when operating effectively and profitably, will return capital and interest to the fund. This is one of the obvious moves of the state to enable SE to access financial capital for community-based activities.

The Citizen Services Program will bring together young people over the age of 16 from different living backgrounds to carry out community development activities. Expected summer 2011-12 will have 10,000 young people join.

The program supports community leaders. During the parliamentary term, 5,000 people with a desire to improve the community will receive training and support to better understand community needs and become an agent of those changes.

The community is firstly a new fund aimed at promoting the development of social activities among groups of people in disadvantaged and underdeveloped areas.

The investment of the government and with the great efforts of intermediaries, SE and related parties have formed an "ecosystem" for SE to develop quite completely in the UK. This can be considered a good model for Vietnam in the future.

State and the birth of hundreds of professional intermediary organizations. The State plays a role as both a motivator, nurturer and a big customer of SE. This is an important difference between the development of the SE movement in the UK with other countries around the world such as the US and some other countries. There are many consensus comments besides critics about this policy. We found that the choice of SE development models will depend heavily on the context and needs of each country.

2. Experience in developing SE development policies in Korea

Since 2007, Korea has had a legal definition of SE since the SE Promotion Act. This is the first legal definition for SE in Asia. According to Article 2 of SE pa defines SE as "a company certified under Article 7, for an objective of pursuing social goals, such as improving the quality of life of local people, by providing vulnerable groups with social services or work while conducting business activities, such as producing and selling goods and services, etc. "

Article 7 of the SE Promotion Act states that a SE must: (i) meet certification requirements and (ii) obtain certification from the Ministry of Labor and Employment, Article 8. Provide a list of requirements for certification. When considering the whole SE law, the main components of korean SE are (based on the ILO translation of the SE Act 2006):

Pursuing social goals, such as improving people's lives, ...

Provide vulnerable groups with social services, work or contribute to local communities: Vulnerable groups are those who have difficulty in buying the social services they need with market prices or particularly difficult to recruit. Social service refers to the service in the fields of education, health, social welfare, environment and culture, and other equivalent services.

Employ paid workers and conduct business activities (e.g. production and sale of goods and services)

Ensure that two-thirds of distributed profits are spent on social goals (33% of profits can be distributed, with 66% being spent on social goals). The law states that this only happens if SE are in a form that allows profit distribution (for example, a limited company or partner, not a nonprofit).

Use participatory decision-making structures

Meet specific minimum revenue requirements

Certified by the Ministry of Labor and Employment as a SE

An organization that wants to be certified as a SE should first have an appropriate legal status: an associate is registered under civil law; a company registered under Commercial Law; a non-profit private organization, etc. In addition, to be recognized as a SE, organizations must provide evidence to show the relationship between the organization's activities and social objectives. (for example, an activity that benefits the disadvantaged, or activities related to environmental issues, etc.).

SE play an important role in the country's development, so the Korean government also has certain support policies to encourage SE to register under the law. South Korea is one of the few countries in Asia to have a law to promote social entrepreneurship. This law was passed in 2006 with the purpose of contributing to improving the quality of life of people by expanding social services, and at the same time, this law also contributes to creating jobs for workers. The Government has a Korean SE Promotion Agency (KoseA). The agency also conducted several programs to promote the business environment as well as private SE in the country.

Financially, Smile Micro-Banking and Funds and small corporations for SE have applied for a loan. The maximum loan amount is 4.5 million won with an annual interest rate of 3-4.5% and repayable in 5-8 years. In addition, the Regional Credit Guarantee Foundation and the KODIT (Credit Guarantee Fund KODIT) stand out to ensure the repayment of debts to SE without talent. mortgage.

KoseA conducts many programs and events to encourage SE to develop:

Organize events such as: SE Week, SE Holidays and other weekly events. At these events, there are many stakeholders of SE so that government and private companies can meet. They also provide relevant information such as measurement and evaluation reports on SE in the form of autonomous management announcements of these enterprises.

KoseA is also developing an integrated information system, which will manage and store information; share relevant information and resources of different actors in the business environment.

Open The SE Academy to improve the quality of human resources, train management skills for entrepreneurs

KoseA awards awards through competitive social ventures

Provide advice, link with investors, advise and support the cost of starting a SE (the amount of support can be up to 50 million won, based on the feasibility of each ENTERPRISE SOCIETY). SE registered under statutory regulations are financially supported by regional organizations (coordinated by the Korea SE Promotion Agency). Financial support includes employee allowances, employee costs, social

insurance and project funding for business development, and tax-free and tax-exempt concessions related to donations. For SE. In addition, non-financial assistance includes support in consulting, marketing and advertising services. In addition, the Korean Ministry of Labor adopted a "pre-certification" system in 2011 to assist SE to meet some, but not all, of the legal requirements for SE. .

3. Experience in developing SE development policies in Malaysia

Malaysia has no legal definition of SE nor does it define the operation of SE. Practitioners and consultants came in to define SE. Malaysia's Global Innovation and Innovation Center (MaGIC), which receives government funding to promote SE, proposes the following working definition: SE is an entity that achieves its mission social using the business model. SE incorporate elements of non-governmental organizations (NGOs) and non-profit companies ”.

According to MaGIC, a SE consists of 2 elements:

A social task: it is a social or environmental problem that an organization wants to solve. The mission of this business responds to a legal issue that has been ignored by the public and private sectors. It has a specific target group of beneficiaries (eg individuals underestimated by the market). This extends beyond job accessibility

A business model, generating income and profits. Entities selling products or services according to market needs. SE Malaysia has the right to pay dividends to investors before reinvesting a certain portion in enterprises.

MaGIC adds that SE have the following additional features: fair compensation; accountability and transparency, including equity and governance.

Regarding Malaysia's legal framework for SE, Malaysia does not have a specific legal structure for SE. The founders of SE will often use one of the prescribed traditional legal forms, including private companies and associations. They will often change their legal form so that they are allowed to be a SE.

Financially, the Prime Minister, YAB Dato 'SriNajib Razak has donated RM 20 million to set up the Social Entrepreneurship Start-up at MaGIC. However, SE in Malaysia still need other financial support. In general, there is much other financial support for SE: CRADLE - an agency of the Ministry of Finance has succeeded with the investment program of RM 100 million to help entrepreneurs focus on public technology for the environment; In addition, MAVCAP - a venture capital fund also receives support from the Government in investing in new ICT companies.

In developing capacity and human resources, Blueprint looks at strategies to integrate social entrepreneurship into public education programs as well as in private schools (starting at the second level). MaGIC recommends that SE teach lessons on how to discover new ideas, ways to achieve growth and balance. It also donates money to SE Track - the nation's first social entrepreneurship promotion program. Through the program, entrepreneurs get an initial capital of RM30,000 to develop the idea, 1500 RM monthly for each applicant, free accommodation during the program and 1000 RM for travel expenses to participate. programme.

In terms of information and systems, the Government through MaGIC supports the organization of summits, events to raise public awareness about SE: The Summit on full Social Business Bridge 2013 (Global Social Business Summit): a talk about local social entrepreneurs; SE Bootcamp: a 48-hour course that provides basic skills for social entrepreneurs; Community outreach activities: SE (SE Community Outreach): Visiting local people in urban areas and farmers to introduce SE; Amplify Award: to honor and support the growth potential of SE and help them develop ideas

2.3.4. Lessons for Vietnam

Since before the 2014 Enterprise Law, the concept of SE has not been recognized in any legal documents. Therefore, organizations and businesses that operate primarily for the purposes of social and community development, non-profit or optimal but not for profit are established according to the types of businesses specified in the Enterprise Law or microfinance institutions or charitable funds, social or cooperative funds, or science and technology organizations.

Some SE quite successful in the field of community and social development are listed as Hoa Sua Tourism - Economic College, KOTO Restaurant in Hanoi, An Dien Battery Factory, Company. Mai Handicrafts Ltd. in TP. Ho Chi Minh City, Vision and Technological Solutions Joint Stock Company, To he Joint Stock Company, Fund to support capital for poor self-employed workers - CEP, Nhan Dao

Cooperative, Research Center and Community Development Training, etc. These SE have a number of common characteristics: (i) High autonomy, (ii) Provide innovative social solutions, (iii) Social and environmental goals are dominant, reflected throughout and transparent, (iv) Highly competitive and market-oriented, (v) Optimized but not maximized profits, most beneficial Profits are used for reinvestment and expansion, not for investors, (vi) Collective and community ownership, democracy and participation of people who share needs and goals. , and (vii) Accept high risk.

Currently, the concept of SE in Vietnam has just been defined in the 2014 Enterprise Law adopted by the National Assembly on November 26, 2014. This is the highest and only legal document issued up to now to recognize a new economic type since July 1, 2015. It can be said that this will be a turning point for the development of SE in Vietnam when the State and society are expecting the growth and sustainable development of this type of enterprise. Therefore, policy-making agencies and related state management agencies need to study thoroughly and deeply refer to international experience on this issue to promulgate guiding documents. details, efficiency and associated with appropriate incentive policies can bring into full play the potential internal force of this block of enterprises, at the same time, it will bring double value to society and community.

Based on the empirical research in some countries with relatively complete legal framework such as in the United Kingdom, Korea and other countries in the previous section, this study temporarily provides some guidelines to encourage , promoting the development and effective management of SE in Vietnam in the process of formulating policies for this type of enterprises as follows:

Financial solutions:

Because SE always pursue goals for society, community and not for profit, the State should promulgate a number of specific policies to encourage and promote SE to develop both physically and physically. amount. According to international experience, exemption of enterprise income tax for SE in the first 5 years of establishment is absolutely necessary, so Vietnam should not be an exception. At the same time, there should be a policy to reduce income tax according to each level corresponding to the profits used for reinvestment in the following years so that SE can sustain themselves in the initial difficult period.

In parallel with tax exemption and reduction policies, other support policies can be listed such as: incentives in bidding when SE participate in bidding to supply products, public services and products and services. social and environmental services; incentives when SE invest in difficult and extremely difficult areas and areas; incentives for the State to prioritize the purchase or consumption of products and services of SE, incentives to receive aid capital sources, official development assistance capital with special preferential interest rates or non-refundable to deploy projects for the community, ...

In addition, the State also needs to consider and establish a SE Development Fund to develop sustainable financial resources to support SE. This fund will be allocated from the state budget or other support sources. Not only limited by the state budget, the Fund will expand the ability to cooperate and receive funding from charitable organizations and social investors at home and abroad.

Land solutions:

In addition to financial support, SE should be encouraged and facilitated access to information and infrastructure of the State, or use of State works and infrastructures. Program for community activities with preferential fees.

Preferential long-term land rental, registration fee exemption when registering land use rights, property ownership with land, and other fees and charges related to land use rights and attached assets with land, ... will help SE have conditions for development.

Solution of legal services and consultancy:

In the group of legal service and consultancy solutions, there are three lessons drawn from experience in developing SE development policies of countries in the world:

Firstly, there should be regulations and guidelines on the use of the name of SE.

There should be clear regulations on the use of the enterprise name with the phrase "social" in the proper name element if it is SE. The specific provision of the proper name of the enterprise with the phrase "society" aims to distinguish between ordinary enterprises and SE, and at the same time, restrict the intentional use of SE' names in order to cause confusion. or profiteering. In case of meeting the conditions of being a SE as prescribed in Article 10 of the Law on Enterprises 2014, the enterprise can use the phrase "society". At the same time, it is required to prohibit the use of the above phrase if the enterprise is not eligible as a SE and has accompanying sanctions if violating. When SE are ineligible to be SE or upon the expiry of their commitment to continue the social and environmental objectives, it is compulsory for the enterprise's proper name to remove the phrase "society" by registering change of enterprise's name at state management agencies. Because businesses commit themselves to pursue social and environmental objectives and take responsibility, when satisfying or failing to meet conditions as a SE, naturally, they must accept the change of the enterprise's name. SOCIETY . Countries such as the United Kingdom, Italy and South Korea all have regulations on the use of SE 'names and sanctions when enterprises violate the use of SE' names.

Second, there should be regulations, guidance and legal support, advice on the registration of SE.

The previous study provided a specific SE registration process in the United Kingdom and South Korea, whereby, in order to be granted a SE certification, a specialized in-charge appraisal unit is required. SE REGISTRATION for commitments such as profit sharing in financial statements, debt repayment plans, loans, employment situation, etc. In Korea, the registry SE are independent of the business registration agency, while in the UK, the business registration authority is the authority that issues certificates for businesses with social and community goals. copper.

For Vietnamese practices, in order to become a SE, apart from the documents specified in the enterprise registration dossier, a number of documents proving / committing to fulfill the environmental and commune objectives must be attached. Assembly, community. According to the Enterprise Law 2014, for ordinary businesses, the time for issuing enterprise registration is only 03 working days after the business registration agency receives the dossier. Because SE belong to one of the types of enterprises prescribed in the Law on Enterprises 2014, if the grant time is maintained within 03 working days, the registration agency can only review the application file for registration of SE and record the commitment information in the record, unable to verify the commitment data in the record. If the relevant management agencies coordinate and evaluate the application file for SE, the time limit for issuing the certificate to SE cannot be guaranteed according to the regulations. Therefore, this study proposes a procedure for SE registration similar to the normal enterprise registration process, the time is still 03 working days and the business registration agency is responsible for the conformity. The registration documents, record the information that SE have committed. The operation process of SE will be under the management of specialized management agencies.

Thirdly, in order to ensure that SE operate effectively and transparently in financial management and use, the State also needs to step up the inspection and supervision of the operation process, the implementation of the commitments of SE for the pursuit of goals. Accordingly, it is necessary to have a coordinated coordination of specialized agencies in monitoring the operation and registration process of SE to ensure the continuity in implementing the commitments of SE. The reporting regime must be timely, transparent and have strong enough sanctions when a SE breaks the commitment that the objectives have been pursued or not maintained, did not meet the conditions in the Charter of the ENTERPRISES. ASSOCIATION (failure to fulfill commitments to social, environmental objectives and retained earnings for reinvestment, delayed or failing to submit business reports, profit sharing to competent authorities, if it is late or does not submit reports on receipt of aid, funding, reports of social impact assessment to the business registration agency, etc.), the state management agency may recover the remaining financial amount. grants and aids to SE to transition to other SE pursuing social and community goals.

In addition, the State needs to promulgate a strong legal framework to monitor SE using aid for improper purposes, with no refunds or inadequate refunds. Sponsorship exclusively for SE.

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