

Implementtation of Mechanism and Policy Social Enterprise Development

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Abstract: From the results of the evaluation of achievements after 5 years of social enterprise type recorded in Article 10 of the Law on Enterprise 2014 in Vietnam. Research and preliminary assessment of the performance of this type of enterprise and synthesize the documents. The legal version has an adjusted effect on this type of business, from which conclusions and recommendations are made to improve the policy and legal mechanism as a stable foundation to promote this type of business. Sustainable development brings practical results and the right goals and purposes of the expected society. The study proposes 4 solutions, including: Policies to promote human development; policies to support creative start-up social enterprises; supporting policies on capital, and perfecting the legal system.

Key words: implementtation of mechanism; policy; social enterprise development

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1. Place the Problem

A social enterprise is an enterprise, organization, unit, the community that participates in solving social and environmental problems (for the benefit of the community), social enterprise for the first time as specified in Article 10 of the Law on Enterprise 2014. Accordingly, Social Enterprises are enterprises registered for establishment in accordance with the law of Vietnam; operational objectives to solve social and environmental problems for the benefit of the community; use at least 51% of the annual total profit of the enterprise to re-invest to achieve the registered social and environmental goals.

Social enterprises have made great contributions to the community, including: social issues that are not paid attention to by investors, businesses such as poverty reduction, environmental waste treatment, integrate into the community of the underprivileged, rural jobs.

Although carrying a rather specific mission, businesses outside the business function to seek profit have the appearance of a chain of community activities with high social character (for the benefit of the community, solving social problems festival). However, regulations, legal frameworks and policy mechanisms for this particular type of business are still fuzzy and monotonous, not having enough positive effects to support this type of business to thrive. Strongly worthy role for the community of this type of business. Therefore, researching and proposing to improve policy opportunities, developing social enterprises is one of the practical issues in the current period and as a basis for sustainable development in the future for this type of joint venture. this business.

2. Concepts

British Government (2002), “Social enterprises are a business model established to achieve social goals and use profits to re-invest for that goal or the community, instead of maximizing profits, profit to shareholders or owners”. Organization for Economic Cooperation and Development (OECD) defines: “Social enterprises are organizations operating under many different legal forms that apply entrepreneurship in order to pursue both social and economic goals at the same time. health. Social enterprises often provide social services and jobs to disadvantaged groups in both urban and rural areas. In addition, Social Enterprises also provide community services, in the fields of education, culture, environment”.

Definitions of some associations such as: Ashoka, Echoing Green, Skoll Foundation and Schowab Social Entrepreneur Fund: “Social enterprises are a model to develop innovative and effective solutions to solve social problems in the world”. Some Asian government agencies defined: “Social enterprises are business models that provide training and employment opportunities for marginalized target groups”.

The Centre for Social Initiatives Promotion (CSIP, Vietnam) identifies “Social Enterprises are a concept used to refer to the activities of social entrepreneurs in many different forms depending on their purposes and conditions. Social entrepreneur activities in many different forms depending on the purpose and specific operating conditions. Social enterprises take social benefits as the main goal, led by entrepreneurship to achieve both social / environmental goals and economic goals.

Enterprise Law 2014 defines (Article 10): is an enterprise registered to be established in accordance with the provisions of the Enterprise Law; the objective of operation is to solve social and environmental issues for the benefit of the community; Use at least 51% of the total annual profit of the business to re-invest to achieve the social and environmental goals as registered.

3. Vietnam’s Social Enterprise Development

Cooperatives in Vietnam in the 1950s and 1960s were a form of this type, but had not yet transformed into law and could not develop stably because it fluctuated in certain stages of development and had no solutions overview.

By 1999, there were signs of change in this type when, Decree No. 73/1999/ND-CP (August 19, 1999) of the Government on policies to encourage socialization of activities in the field. education, health, culture and sport. This is a legal milestone that has encouraged this type of business to grow. Continuing to promote this type of socialization, in 2005 the Government issued Resolution No. 05/2005/NQ-CP (April 18, 2005) of the Government: Resolution on promoting the socialization of activities in education, health, culture and sport and by 2008, continue to issue Decree No. 69/2008/ND-CP (May 30, 2008) on policies to encourage socialization for activities in the fields of education, vocational training, health, culture, sports, the environment. Besides, during this period, the type of social enterprise has not been recognized and has not been legitimate.

Until 2014, the Law on Enterprises 2014 (No. 68/2014/QH13), this type of social enterprise was officially recognized and until now, this type of enterprise is increasingly developed. There is a legal record for social enterprises, along with some policies to encourage the development of this area. However, up to now, there is no specific policy to develop specifically for this area into implementation.

Currently, Vietnam has about 200 organizations that are considered to have all the characteristics of social

enterprises. Also, there are tens of thousands of organizations and enterprises that have the characteristics of social enterprises. Social enterprises are operating quite effectively, initially contributing to solving social and environmental issues such as vocational skills training for children of poor families, ethnic minorities, people with disabilities ... They have stable jobs and relatively high incomes in the general social conditions.

Most of the social enterprises have a small scale of human resources, 70% of them have less than 20 employees. However, this area is made up of many walks of life, with 74% of the workers coming from the disadvantaged groups in society and 90% from the local people. Small-scale social enterprises account for 40%, with a turnover of around 1 billion VND. 19% of businesses report revenues between 1 and 5 billion VND and 23% to have revenues between 5 and 25 billion VND; 12% of enterprises reported revenue of more than 25 billion VND. Most of the social enterprises made profits. More than 60% of businesses surveyed reported that they were profitable last year. 6% reach breakeven and only 10% of the total are losses. Firms tend to work in labor-intensive industries, with relatively low skill levels and technological innovation. The most popular sector is agriculture, which accounts for 35%. Followed by health (9%), education (9%) and the environment (7%).

There are many businesses operating successfully and capable of meeting the goals such as: Koto Vocational Training School, Mai Craft Company Limited (MVH), To He Social Enterprises, Zó Project ... Promoting type of business rise to be one of the typical solutions of this type of business for the social and community development goals.

However, after 5 years, this type of enterprise is officially recognized by the law, this type of enterprise is still quite limited in terms of quantity and quality, low revenue, limited capital resources, development conditions. there are still many difficulties.

The first difficulty is capital: The origin of the starting point is that the large capitalists are often passionate about business goals, unable to have time to invest in social enterprise development. People who are passionate about social development often have limited capital to do business and lack of capital lack social relations, lack of conditions for marketing, lack of infrastructure and are difficult to get loans because they do not have collateral... the result is a lack of knowledge and access to legal barriers to resolution.

The next difficulty is the human factor: For social enterprises to truly develop sustainably, it requires leaders to have a business management strategy and constantly learn, acquire new knowledge, innovate and accept change. change old and outdated ones, ready to invest in new technologies, innovations. However, this is very difficult because the nature and nature of business leaders are not simply finishing university but derived from culture, from the shaping process, maturing from the daily lifestyle experienced through the process of shaping thought from the time of student to adulthood, is the result of literary thought. With a passion for development and a will to progress, with a passion for creativity, a passion for development for the community. Rather than simply learning the technical expertise or a single discipline, it is possible to form a comprehensive human being for the society. This is the key point of the current educational method, the weakness of the whole society today is that there is no certain standard orientation, but the mixed method is spreading more and more, lack of a consistent model in cultural thought. society. The top goal is still human development, improving the qualities and capacities of social enterprises leaders. Besides, legal barriers are also a big challenge.

We do not have a legal system to support the establishment of private charitable funds as widely as in some developed countries. Most of the current capital sources of social enterprises are their capital and loans from banks. But borrowing money from banks as a legal entity of Social Enterprises is facing more difficulties than borrowing money as a household.

For the policy of promoting creative start-ups is a trend today, however, it is very difficult to register an innovative field in terms of procedures, to register a type of production and business. If not in the list of registrations, it is not accepted by the provincial planning department, if being created, it is obviously not just something that has “disguised” to be creative.

Besides, the policies to support these types of businesses are also inconsistent. Some leaders of social enterprises said that they do not know which departments of the government will help me with the procedures, do not understand legal documents and find it difficult to find investors, non-governmental organizations are also difficult. I do not know how to write a report to apply for funds.

Social Enterprises in Vietnam are in the early stage of development, but their development potential is still huge. Social enterprises contribute to sharing responsibility and social burdens with the State by their own creative, economical, practical and effective ways, and at the same time helping to offset a difficult defect of the market mechanism. is operated by the profit engine. In the difficult conditions of the country as a result of prolonged wars, frequent natural disasters, but limited resources, activities join hands for the community, for people with disabilities..., people with difficult circumstances... Social Enterprises are practical action. There are thousands of community organizations, voluntary organizations, and non-profit organizations in various forms that have been established and have the ability to transform into social enterprises.

4. Social Enterprise Development Mechanisms and Policies

Although Social Enterprises were officially recognized only from 2014, when the Enterprise Law 2014 (No. 68/2014/QH13) was born and concretized in Article 10. However, the basis for forming this clause comes from The previous undertakings included:

- Decree No. 73/1999/ND-CP dated August 19, 1999 of the Government on policies to encourage socialization of activities in the fields of education, health, culture and sports.
- Resolution No. 05/2005/NQ-CP 18/04/2005 of the Government: Resolution on promoting socialization of education, health, culture and sport activities.
- Decree No. 69/2008/ND-CP dated May 30, 2008, on policies to encourage socialization of activities in the fields of education, vocational training, health, culture, sports, environment.
- Circular No. 135/2008/TT-BTC dated December 31, 2008, of the Ministry of Finance guiding Decree No. 69/2008/ND-CP dated May 30, 2008, of the Government on policies to encourage communes Association for activities in the fields of education, vocational training, health, culture, sports, environment.

After the Law on Enterprises 2014 was issued, there were accompanying documents such as: Decree No. 59/2014 / ND-CP dated June 16, 2014, of the Government, amending and supplementing a number of articles of the Decree. No. 69/2008/ND-CP dated May 30, 2008, of the Government on policies to encourage socialization of activities in the fields of education, vocational training, health, culture, sports, and Circular No. 156/2014/TT-BTC dated October 23, 2014, of the Ministry of Finance amending and supplementing a number of articles of the Circular No. 135/2008/TT-BTC dated December 31, 2008, of the Ministry of Finance. Finance guiding the implementation of Decree No. 69/2008/ND-CP dated May 30, 2008 of the Government on policies to encourage socialization of activities in the fields of education, vocational training, and health. culture, sports, environment; Decree No. 96/2015/ND-CP dated October 19, 2015, detailing a number of articles of the Law on Enterprises.

Decision 1466/QD-TTg A detailed list of types, criteria, sizes and standards of institutions implementing socialization in the fields of education - training, vocational training, health care, culture and sports, the environment. Circular 04/2016/TT-BLDTBXH.

However, according to the current terms, it can be clearly seen that social enterprises differ from other businesses in terms of operating objectives, and the profit use plan must serve that purpose. While ordinary businesses can do business for profit purposes and are free to use profits as long as they comply with the provisions of the law. Social enterprises publicly commit to implementing social and environmental goals such as: Social and environmental issues; methods that the business intends to implement to solve such social and environmental problems; duration of activities aimed at solving social and environmental problems; Percentage level (%) Annual retained profits are reinvested to solve social and environmental problems, principles and methods of using grants and grants from organizations and individuals; principles, and methods of handling residual grants and grants when enterprises are dissolved, or transformed into a normal enterprise (if any).

Social Enterprises receive aid and sponsorship: Foreign non-governmental aid; Asset financing, finance or technical assistance from individuals, domestic agencies, organizations and registered foreign organizations operating in Vietnam. Purpose of receiving aid and sponsorship: To offset management costs and operating costs to solve social and environmental problems that enterprises have registered; In addition, not to use grants and grants for another purpose.

Obligation to report on the operation status: In case of receiving incentives, grants or sponsorships, the social enterprise must send annually to the Department of Planning and Investment or the aid and sponsorship management agency of the Committee. Provincial people where the head office of the social enterprise is headquartered the social impact assessment report on corporate activities has been made within 90 days from the end of the fiscal year.

Social impact assessment report has the following contents: incentives, grants or grants received, Business activities performed during the year; social and environmental issues that the enterprise has solved, the benefits and social impacts that the enterprise has achieved and the respective beneficiaries; clearly state data proving the impact and benefits achieved (if any).

In addition, social enterprises are also affected by all laws and other legal documents related to business activities such as the Law on Corporate Income Tax (14/2008/QH12) and the Law Amending and Supplementing Supplement many articles of the Law on Corporate Income Tax No: 32/2013/QH13 (June 19, 2013), the Law on State Budget (Law No. 83/2015/QH13); Land Law. To the Decrees, Circular attached to the above-mentioned Laws such as: Decision No. 693/QD-TTg dated May 6, 2013, amending and supplementing a number of contents of a detailed list of types, criteria of scale, and standards of institutions implementing socialization in the fields of education and training, vocational training, health, culture, sports, environment, issued together with Decision No. 1466/QD-TTg dated October 10, 2008, of the Prime Minister and Decision No. 1470/QD-TTg dated July 22, 2016 amending and supplementing a number of contents of a detailed list of types, criteria, scales and standards of institutions implementing socialization in the education sector — e-training, vocational training, health, culture, sports, environment issued together with Decision No. 1466/QD-TTg dated October 10, 2008 of the Prime Minister.

And more, in the provinces and cities, based on the provisions of the superior documents, there are specific local incentives such as Lao Cai with: Resolution 08/2012/NQ-HDND On the amendment and supplementation of adding a number of policies to encourage socialization in the fields of education — training, vocational training,

health, culture, sports, environment and Decision 41/2012/QD-UBND Amending and supplementing a number of articles Regulations on a number of policies to encourage socialization of activities in the field of education — training and vocational training; medical; culture and sports; the environment in Lao Cai province issued together with Decision No. 11/2011/QD-UBND dated 24/3/2011 of Lao Cai Provincial People's Committee; Decision 11/2011/QD-UBND Promulgating some key regulations books encouraging socialization of activities in the field of education - training, vocational training; medical; culture and sports; the environment in Lao Cai province. Kien Giang province has: Resolution No. 150/2015/NQ-HDND dated December 9, 2015 of the People’s Council of Kien Giang province on a number of policies to encourage socialization of activities in the education sector, vocational training, health, culture, sports, environment, judicial assessment in Kien Giang province and Decision No. 09/2018/QD-UBND, June 8, 2018, promulgating regulations on a number of policies to encourage socialization of activities in the fields of education, vocational training, health, culture, sports, environment, judicial assessment in Kien Giang province, the People’s Committee Kien Giang Province. These documents detail the time support for land rental exemption and reduction according to the province’s socialization incentive and credit incentive policy.

Thus, through reviewing laws and legal documents that the field of social enterprises is dominated is quite large, more responsible than binding than support mechanisms. A normal business enterprise can register for one place but operates within (scope) of the country with the same regulations. As with Social Enterprises, each province has different incentives, leading to the ability to learn and smooth the operation circuit is difficult and heterogeneous.

The fact that the unit responsible for supporting this type of business is not one-to-one, but scattered in each segment of the leading industry units, leading to access to registration, guidance, and support. Difficulty and time consuming.

Therefore, the government needs to uniformly change the approach and detailed regulations for this type of business and create a sustainable and well-controlled development foundation to avoid taking advantage of support. support for illegal profit and negative impacts on community development in the future.

5. Solution and Conclusion

5.1 Solution

After 5 years, social enterprises have had the first legal foundation for establishment and operation. However, the development of the social enterprise sector is still modest, small-scale, in need of basic fundamental solutions, the stable legal basis to create strong momentum in the future are practical solutions. need comprehensive research and specific solutions to the following problems:

Firstly, solutions to promote human development: The government should have a policy of cultural orientation, in educating people from the school and all classes of the people by promoting idols to The ideal person contributes his strength to the development of the social field, the environmental field, for the community and develops prosperity, and limits the phenomenon of “title” shock, the sentence “view (likes)” promotes Showbiz a flashy way lacks the depth to cultural development, progressive spirit and will to serve the development cause of themselves, the nation and the country. At the same time, to research and orient training programs at the university level on the management of this type of business.

Secondly, perfecting the legal system: (1) In the field of reviewing and reducing overlapping documents, it is

necessary to learn from Korean experience (since 1997, the Korean government has focused on reforming the system. legal system governing business activities of enterprises as well as issuing business licenses. Korea has abolished at least 50% of the regulations and assigned an agency to act as the focal point in issuing the principles. fundamentals of policy, develop and implement an overall PAR plan; review and review all regulations). At the same time, convergence of discrete documents, content to support businesses scattered in different documents into a unified document and planning departments need to have a specialized department to guide specific businesses, want to invest in this type. (2) Focus on the implementation of e-Government, drastically reform administrative procedures, review to abolish unnecessary business procedures and conditions, simplify the implementation of administrative procedures and conditions. to strictly control the issuance of new business conditions. Create a favorable environment that encourages people and all economic sectors to participate in monitoring the activities of enterprises as well as supervising the implementation of state management of enterprises by the state management apparatus. All opinions and problems of individuals and organizations towards enterprises when being transferred to state agencies must be received and answered publicly and transparently, ensuring the principle that there is always a specific state agency. can be responsible for solving the problem.

Third, policies to support creative social entrepreneurs for startups: Creative startups often encounter difficulty in licensing procedures, because creativity is not in the category of licensing. If in the list, it is not possible to prove that there is innovation or in other words the legal basis for recognition that a creative startup has not yet been framed, defined, and there are no instructions in registration for this type of business. detailed way. Therefore, it is necessary to have specific guidance documents and specialized units to evaluate investment incentives and license for businesses and monitor this activity.

Fourthly, support policies on capital: Most social enterprises operate on a small scale, financial capacity is not strong, do not have assets, mortgage factories, so it is difficult to access credit capital, if they can borrow, the interest rate Borrowing is often higher than the profitability of social enterprises. Social enterprises again implement public benefits, leading to business in high-risk markets, low financial yields, so they are not attractive to commercial investors. Therefore, the ability to access and mobilize commercial investment capital sources is very limited. Survey results on asset structure of social enterprises show that most of social enterprises' capital is equity (20.3%) and accumulated capital from production and business activities (45.4%), a small portion from sponsorship (5.3%), other loans such as banks, family, and friends only account for 28.8%, while this is an important working capital source for production and business development. In addition to the difficulties in capital and access to capital, current social enterprises also have to face the problem of human resources. Human resources of Social Enterprises are mainly disadvantaged and unlucky groups like people with disabilities ... who are low-quality, low-stable labors, so labor productivity is not high. Along with that is the cost of training this human resource is also higher than normal. Therefore, the Government needs to have specific policies to support startup capital for this type of development to help solve social problems such as employment problems, poverty reduction ... to contribute to solving problems. social issues, reduce the burden on the government in social security work in the present and the future.

5.2 Conclude

In order to promote the sustainable development of social enterprises, it is necessary to have both a long-term human training strategy at the national level and at the same time to create a stable legal institution with a long-term orientation to uphold entrepreneurship. social, social innovation, entrepreneurship create social impact.

Through the form of social entrepreneur training for startup students through creative competitions. Expanding this important approach will contribute to replicating the training and dissemination of the necessary knowledge and skills to equip and prepare students to become generations of entrepreneurs and social entrepreneurs. dynamic in the future.

Promoting and supporting this type of business in order to contribute to the community to promote solutions such as: Offering solutions to social problems such as new energy, environmental waste treatment; to integrate into the community the vulnerable and the poor.

This type of enterprise is still weak in terms of both human and capital (financial), so the government needs to have clear, phase-specific support policies and strict monitoring methods in investment activities. Countries need to have additional preferential policies for social enterprises to participate in the provision of public goods and services for the production activities of the poor, areas with difficult socio-economic conditions, and households. ethnic minorities.

An advisory committee (provincial or district level) should be set up for small businesses and community start-up models. Besides, it is necessary to create more favorable loan support policies for businesses and business households. The loan level must be reasonable to do business effectively and avoid wasting State loans; at the same time, creating favorable conditions for local businesses to develop business.

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