



**Policy Recommendations for  
EU, National and Local  
Stakeholders on Mutual  
Advantages & How to Improve  
Collaboration  
Between SEEs and  
Mainstream Enterprises**

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## Introduction

In today's rapidly evolving business landscape, collaboration between social enterprises (SEs) and mainstream businesses is increasingly recognised as a powerful strategy for driving social impact and economic success. SEs prioritise social and environmental goals alongside profit and bring unique value propositions to the business ecosystem. However, bridging the gap between SEs and mainstream businesses in business-to-business (B2B) engagements can be challenging.

Social responsibility has become essential for companies across all industries in the modern business environment. As businesses increasingly recognise their role in contributing to societal well-being, one powerful avenue for impact is through partnerships with SEs.

Social enterprises are unique entities that prioritise social and environmental goals alongside profitability. By leveraging B2B relationships with mainstream businesses, these organisations can amplify their impact and profitability. The potential benefits of these partnerships extend beyond economic gains, contributing to improving community welfare and achieving broader social objectives.

Developed within the framework of the BFSE-B2B project, this report is part of Work Package 3, titled *"Capacity Building and Training for SEEs and B2B Events for Mutual Learning"*. This work package provides the foundation for the current report, which focuses on improving the competitiveness and commercial capacity of social enterprises by fostering meaningful partnerships with mainstream businesses.

Through targeted training and capacity-building initiatives, as well as B2B events designed for mutual learning, the BFSE-B2B project aims to strengthen partnerships and facilitate business agreements that serve the interests of both for-profit companies and social enterprises. The project specifically focuses on sectors linked to the circular economy, such as textile recycling, fashion and eco-design, helping SEs navigate the challenges of entering and thriving in competitive markets.

### Project Objectives:

- Strengthening partnerships between social enterprises and mainstream businesses to improve market access for SE products and services;
- Facilitating business agreements between for-profit companies and social enterprises to foster valuable new business relationships;
- Enhancing the competitiveness and commercial capacity of social enterprises through targeted training and capacity-building efforts;
- Increasing awareness and understanding of the impact of social economy organisations, making them more visible and influential in the B2B context.

By linking capacity building with practical B2B engagements, the project seeks to create a sustainable ecosystem where social enterprises can thrive alongside mainstream businesses, contributing to a more inclusive and responsible economy.

The section below gives an overview of the challenges to partnerships and sets out the recommendations that derived from the four regions where the project was

implemented. These recommendations are the result of a synthesis of conclusions developed by project partners through B2B events, awareness-raising campaigns, and training activities.

The first section outlines general recommendations that emerged consistently across all four regions. The second section focuses on specific recommendations designed to foster successful partnerships between SEs and mainstream businesses. The last section adds recommendations to enable better collaboration across the EU.

## Challenges to B2B collaboration

Despite the advantages of partnering with social enterprises, various challenges hinder the development of robust B2B relationships (based on the data that derived from the B2B meetings organised in the project implementing regions).

- **Limited Production Capacity:** Social enterprises often produce goods in limited quantities, making it difficult to meet the supply demands of larger retailers.
- **The production costs for ethical products often make them less competitive than mass-produced alternatives.** In countries like Romania, social enterprises lack subsidies or tax incentives to bridge the gap in labour costs, particularly for work integration social enterprises that support vulnerable groups. They also do not have access to free land or spaces to lower operating expenses, despite the Social Economy Law allowing such allocations. Without clear secondary legislation, social enterprises must compete with mainstream companies for these spaces and pay rental fees.
- **Logistical Constraints:** Many SEs lack the necessary logistical infrastructure to fulfil large-scale orders or meet the rigorous auditing standards required by mainstream retailers.
- **Cash Flow Issues:** Social enterprises frequently experience challenges related to cash flow due to extended payment terms expected by larger retailers.
- **There is a lack of information and understanding of the social economy sector and the social enterprises that operate in the market, both by companies and their clients.**
- **Legal issues:** SEs generally do not have legal departments, and access to specialist expertise can be very expensive. Lack of knowledge of legal and contractual legislation and terms may put them in a weak position when negotiating with mainstream businesses.

## General recommendations

*(synthesis of national recommendations from four partner countries)*

### **1. Integrate Social Enterprises into National Development and Sustainability Strategies**

- Ensuring that social enterprises are integrated into national development strategies and sustainability frameworks is a key factor in boosting their visibility, credibility, and impact.
- This integration should also be aligned with the sustainable development goals (SDGs) and with corporate social responsibility (CSR) priorities.
- CSR integration is a critical part of building sustainable, mutually beneficial partnerships. Social enterprises help profit-driven businesses meet their CSR goals, and companies should actively seek to invest in these collaborations for long-term impact.

### **2. Provide Targeted Financial and Legal Support**

- Develop National Social Innovation Funds to support collaborations.
- Introduce grants, tax incentives and low-interest loans for social enterprises.
- Ensure the legal clarity ( e.g. clear and balanced contracts, compliance with ESG criteria and legal status) of Social Enterprises to reduce risks and ensure successful collaborations between social enterprises and mainstream businesses.

### **3. Foster Capacity Building, Education and Training**

- Providing training and capacity-building opportunities for both social enterprises and mainstream businesses that includes strengthening skills in communication, marketing, sustainability, legal aspects, business management and scaling up production/services to ensure effective partnerships.

### **4. Promote Collaboration Platforms and Networking Opportunities**

- Establish knowledge-sharing platforms to encourage reciprocal knowledge exchange through collaborations, allowing both sectors to learn from each other to foster learning, partnership-building, and the sharing of successful practices.

- Establishing collaborative spaces (B2B events) for dialogue and partnership-building is essential to strengthening B2B relationships and facilitating these connections.

## **5. Enhance Public Awareness, Recognition and Understanding**

- Launch public awareness campaigns (or educational campaigns) to:
  - actively communicate their social and environmental impact to elevate the visibility of social enterprises and foster positive perceptions in both the business community and society;
  - demonstrate the value of these partnerships in introducing the concept of being purpose driven rather than profit driven businesses.
- Hold networking events, showcasing success stories and case studies to demonstrate the tangible benefits of B2B collaborations. They can act as both motivators and marketing tools for other businesses to explore similar partnerships.

## **6. Strengthen Communication, Marketing Strategies and Transparency**

- Implement effective communication and marketing strategies for both sectors to highlight the mutual benefits of collaboration. Social enterprises must present tangible social, economic and environmental results to appeal to mainstream businesses.
- Foster open communication, providing regular updates and transparency on the outcomes of their collaborations.
- Introduce a social economy labelling system to promote SEE-mainstream products.

# Recommendations on partnerships between SEEs and mainstream enterprises

## 1. Develop a Clear Value Proposition

- A **clear and compelling value proposition** is essential for social enterprises to differentiate themselves and show how their offerings expand and become more core to mainstream business values and mission. This includes emphasising the long-term benefits of collaboration for both business growth and social impact.
- Social enterprises must **highlight their social and environmental impact** and the tangible business benefits for mainstream businesses, such as contributing to the United Nations Sustainable Development Goals (SDGs).
- Social enterprises **need to communicate how their products/services can create economic and social value** for profit-driven companies, focusing on sustainability and social innovation or in other words people, profit and planet in equal measure.

## 2. Create Flexible Partnership Models

- Explore innovative, flexible and mutually beneficial partnerships models such as outsourcing services to social enterprises or creating long-term supply agreements or even joint ventures to maximise shared value and promote sustainable growth.

## 3. Align Values and Objectives

- **Ensuring a shared vision and alignment** of values and objectives is foundational for successful collaboration. Both sectors must focus on long-term societal benefits such as environmental conservation and regeneration, sustainable and ethical economic growth, and community development, which enhances credibility and reputation.

## 4. Leverage Public Procurement and CSR Initiatives for Collaboration



- **Use public procurement** as a tool to incentivise **collaboration** between social enterprises and mainstream businesses. This could involve incentivising **purchasing decisions** that prioritise social and environmental outcomes, as well as creating **dedicated procurement categories** for social enterprises.
- **CSR integration** by mainstream businesses in collaboration with social enterprises, including sustainable procurement and fair-trade practices

## 5. Encourage Long-Term Commitment

- **Long-term commitment** to B2B collaborations is essential for achieving lasting impact. It ensures that both partners work together over time to adapt, innovate, and maximise their social and environmental benefits.

## EU-Level recommendations

### 1. Policy Integration

#### Incorporating Social Value in Procurement Policies

The *Public Procurement Directive (2014/24/EU)* empowers public authorities to include social and environmental considerations in awarding contracts. While this has been a significant step, mainstream SMEs and social enterprises often lack the structure or resources to compete in such tenders independently.

- Design procurement frameworks that explicitly encourage consortia between SMEs and social enterprises. For example, an SME could handle logistical or manufacturing aspects, while a social enterprise manages community engagement or sustainability features.
- Offer simplified processes for joint applications, reducing the administrative burden for smaller players.
- Introduce mandatory social value criteria: require a minimum percentage of evaluation criteria in public contracts to focus on social impact, favouring bids that involve partnerships with social enterprises.
- Provide training and tools to SMEs and social enterprises to understand and meet social value criteria.
- Develop match-making platforms where SMEs and social enterprises can find complementary partners for procurement opportunities.

### 2. Access to Finance

The *European Social Fund Plus (ESF+)* and *InvestEU* already provide funding opportunities for social projects. However, SMEs and social enterprises often operate in silos, limiting collaborative access to these funds.

- Establish a special fund or financing stream under *InvestEU* aimed at collaborative projects between SMEs and social enterprises (for example: grants for co-developing social impact initiatives; low-interest loans for SMEs investing in partnerships with social enterprises).
- Incentivise blended finance models to offer tax credits or subsidies to SMEs that allocate part of their CSR budgets to joint ventures with social enterprises.
- Introduce social impact bonds that link SME performance metrics to social outcomes delivered in partnership with social enterprises.
- Evaluating criteria for public funding programs to remove barriers for social economy entities.

Increased investment in sustainable models can pressure traditional companies to adopt more responsible practices, as they look to attract the growing number of socially conscious investors, therefore it is important to:

- Promote retail investors' access to sustainable business models, sectors, products and services driven or supported by the social economy.
- Mobilise private financing through public guaranteed schemes, in line with state aid rules, to attract both specialised and mainstream business to social economy enterprises.
- Raise awareness of the needs of social economy enterprises to help mainstream private funders to provide tailored financial support.
- Facilitate business development and investment readiness support for social economy enterprises across their lifecycle, including awareness programmes for incubators and accelerators.

### 3. Social Innovation

The *Social Business Initiative (SBI)* promotes a supportive ecosystem for social enterprises, while policies like the *Small Business Act* emphasise the importance of innovation for SME competitiveness. Social innovation sits at the intersection of these goals.

- Expand the *European Cluster Collaboration Platform (ECCP)* to include clusters dedicated to social innovation, encouraging SMEs and social enterprises to collaborate on shared goals like the circular economy or affordable healthcare solutions.
- Introduce EU-supported accelerators where SMEs and social enterprises co-develop socially innovative products or services.

### 4. Incentivising Corporate Social Responsibility (CSR)

The EU promotes CSR and sustainable business practices as part of its broader push towards the UN Sustainable Development Goals (SDGs). SMEs often struggle to implement comprehensive CSR strategies due to lack of resources while social enterprises are naturally aligned with CSR principles, but they lack access to larger markets.

- Offer tax deductions or credits to SMEs that actively engage in partnerships with social enterprises, such as incorporating their services into supply chains or co-developing socially responsible products.
- Develop an EU-level certification/ labelling for SMEs that demonstrate impactful collaborations with social enterprises. This could improve the

marketability of these SMEs, particularly for consumers who choose more ethical products.

- Provide EU grants specifically for CSR initiatives that involve SMEs and social enterprises addressing shared challenges like poverty reduction, renewable energy, or community engagement.
- Simplify sustainability reporting requirements for SMEs that partner with social enterprises, aligning this with EU directives on non-financial reporting for larger companies.

## 5. Skill Development and Knowledge Sharing

EU initiatives such as *Erasmus for Young Entrepreneurs* and the *European Skills Agenda* focus on fostering entrepreneurial talent and closing skill gaps. However, cross-sectoral skill exchanges between SMEs and social enterprises are nearly non-existent.

- Establish EU-supported mentorship programmes where SMEs provide guidance on financial sustainability, scaling up and market access to social enterprises, while social enterprises offer expertise in integrating social impact and sustainability into business operations.
- Develop training sessions, workshops, or online courses designed for SME and social enterprise leaders to collaborate on themes like circular economy strategies, social impact measurement, and ethical supply chains.
- Create knowledge sharing platforms where SMEs and social enterprises can share case studies, toolkits, and success stories about collaboration.
- Step up the provision of mentoring, match-making and facilitation services to help social economy enterprises develop long-term partnerships with the wider business community.

## 6. Creating Collaborative Platforms

The *European Cluster Collaboration Platform (ECCP)* connects businesses across Europe to foster innovation and collaboration. However, specific clusters for SME-social enterprise collaboration are not there.

- Expand ECCP or create a dedicated platform focused on partnerships between SMEs and social enterprises, that could include match-making tools for identifying potential partners and event calendars for joint conferences, hackathons, or pitching sessions.
- Fund the establishment of regional hubs where SMEs and social enterprises can co-locate and work on shared projects, benefiting from shared infrastructure and resources.

- Create a funding mechanism for cross-border collaborations between SMEs and social enterprises, encouraging knowledge and technology transfer across EU member states.
- Assisting social economy enterprises and entrepreneurs in leveraging new technologies to access private markets via social economy-focused online platforms, collaborative spaces, and the digital commons.

## 7. Regulatory and Legal Support

The *Social Economy Action Plan (2021-2030)* aims to strengthen the social economy ecosystem. However, the lack of harmonised definitions and legal frameworks for social enterprises across member states complicates collaboration with SMEs. The Council recommendation of 27 November 2023 on developing social economy framework conditions (C/2023/1344) aims to guide Member States on promoting enabling policy and regulatory frameworks for the social economy.

To foster collaborations between social and mainstream enterprises it is recommended to:

- Provide templates for contracts and agreements between SMEs and social enterprises, simplifying legal negotiations and reducing the risk of conflicts.
- Simplify social impact reporting across the EU, making it easier for SMEs and social enterprises to demonstrate their contributions to EU policy goals.
- Encourage and assist employees of work integration social enterprises (WISEs) in collaborating with mainstream businesses to gain experience in the open labour market

## 8. Public Awareness Initiatives

Fund campaigns at the EU level that educate businesses and the public about the benefits of social enterprises, showcasing successful partnerships that emphasise purpose-driven business models:

- **Storytelling and Success Stories:** produce short, engaging videos showcasing collaborations between SMEs and social enterprises. Focus on tangible outcomes like job creation, environmental sustainability, or community benefits.
- Develop visually appealing materials highlighting collaboration benefits and distribute them via digital platforms and printed materials at relevant events.

- Organise high-profile conferences/summits bringing together SMEs, social enterprises, policy-makers and investors to network and share insights.
- Raise awareness about *social added value* by promoting best practices that encourage mainstream businesses to involve social enterprises in their long-term supply and value chains and consumers to buy goods or services produced by social economy enterprises.

## Project partners

