

## SOCIAL ENTERPRISES: EQUAL WORK AND BUSINESS OPPORTUNITIES

- The "*Social Enterprises: Equal Work and Business Opportunities*" seminar was organised by the Finnish Ministry of Labour, with the support of Italy, Poland, Sweden and the European Commission. It forms part of the series of events mainstreaming the learning from the work in the social economy theme of the EQUAL programme. It followed seminars held in [Warsaw](#) in May 2006 and in [Tivoli](#) in December 2006, and led up to the policy forum on inclusive and social entrepreneurship in [Hannover](#) in June 2007.
- Its objectives were to contribute to the mainstreaming of good practices in social enterprise; to bring new topics into the discussion of social enterprises and their employment potential, especially for the most disadvantaged groups in the labour market; to broaden discussion by involving policy makers at different levels; and to provide a forum at which those from within and outside the EQUAL world could discuss the development of and support for social enterprises.
- The seminar took place in Helsinki on 5th and 6th February 2007, and some 200 people from 23 countries took part.

One purpose of the event was to demonstrate the immense range of successful businesses that exist in the social enterprise universe. Since Finland's legislation came into force three years ago, 90 social enterprises have been founded, and it is certainly the aim of Matti Pukkio, Director in the Ministry of Labour, to increase this rapidly. "*If social enterprises are wanted, the only option is to support them,*" he said. "*If social enterprises are not supported, and if they have to start far behind mainstream companies, then none would be founded, and no jobs would be created either. These facts have already been confirmed in Finland.*"

Mentioning their role in public service provision, local development and the intermediate labour market, the Minister of Labour, Tarja Filatov, agreed. "Finland's new ESF programme will focus on those most disadvantaged. The continuing development of social enterprises is essential," she said.

"*There are no no-go areas for social enterprise,*" said Jon Bland, CEO of the Social Enterprise Coalition in the UK, as he showcased the diversity among Britain's 55,000 social enterprises. These range from London bus companies, housing associations and football clubs to windfarms, coffee importers and even a 'social wood'. They exist in a legal environment that is more inclusive than Finland's, where the defining feature is the objective of work inclusion. However a legal reform is under way, so perhaps the British examples will prove a useful inspiration.

One field where social enterprises have taken the lead in Finland is in the recycling of electronic waste. Sepp Eisenriegler, the vice-president of the European network RREUSE, explained the 'triple dividend' that such enterprises create. They have created 16,000 jobs in Europe, while the three enterprises he is involved with in Vienna provide 160 jobs while recycling 1,000 tonnes of refuse every year, of which around 95% is successfully reused or recycled.

### Four dimensions of social enterprise

#### Rethinking finance for social enterprise

In its four parallel workshops, the seminar looked at four dimensions of social enterprise. In the first of these, on finance, facilitators Christopher Guene and Alberto Brugnoli turned some conventional thinking on its head. Social enterprises are generally looked at as having only weaknesses, and the issue of finance therefore becomes one of compensating for this. Yet in fact they have considerable assets, in the form of the social capital that flows from the trust and close

social relations on which they are built. Traditional 'relationship banking' relied on the mutual knowledge between lender and borrower to keep costs and risk low. Applying the wrong financial instruments not only ignores the potential gains that social capital can bring, but actually increases the risk. It is thus to be regretted that the reforms that have been made to the EU's banking system have actually made it more difficult, not easier, to operate financial institutions that serve social needs. It is a major irony that mutual lending institutions such as the Grameen banks, whose founder Mohammed Yunus has just been awarded the Nobel peace prize, are illegal in the EU.

The workshop looked at a number of good practices from Italy, including MAG2, the provincial round tables, the Finanza IN project and local currencies. In order to reap the benefits of social capital, policy makers should make use of it in their own conduct, by setting up dialogues among the public authorities, banks, civil society and the social economy. Meanwhile social enterprises should diversify their sources of income as much as possible, and leaven any grants with earnings.

### **Finding tools to aid growth**

The second topic was the business opportunities that social enterprises have, facilitated by Toby Johnson, Per-Erik Andersson and Gordon Hahn. One-fifth of the current EQUAL partnerships take as their main task the promotion of social enterprises in care and personal services, improving the quality of life, culture, leisure and the environment. These are among those 19 'new sources of jobs' identified by the Commission in 1995 and as relevant as ever today.

The workshop drew lessons from the cases of RepaNet in Austria, Werk.Waardig in Flanders, CASA in England and AGDOR in Sweden. It looked at the different motivations for setting up a social enterprise, the 'cloverleaf' model of mixed financing, and at franchising as a replication method. Apart from the overriding necessity for any business – a gap in the market – participants identified a number of other factors that are critical to the success of a social enterprise: a clear legal framework, acceptance by society and the business community, adequate finance, support and training. But in the end social enterprises are essentially about self-help, and there are many ways in which they can act together to increase their strength: by creating federations, brands, joint purchasing and marketing arms, investment funds, vertical integration and so on.

### **No single model of support**

The third issue was support structures, and here the workshop, led by Dorotea Daniele and Kuba Wygnański, compared the merits of various different models. In 12 regions in Italy, support is being mainstreamed by co-operative federations and chambers of commerce who have built local alliances and set up Observatories of Civil Economy. By contrast in Sweden, the 25 specialist local co-operative development agencies gain strength from being part of their national federation, Koompanion. Poland is setting up Support Centres for Social Co-operatives, while in France the 80 or so Business and Employment Co-operatives offer a step-by-step path to business start-up. Support can also be from business to business, as in the case of social franchising.

Giving adequate support to new businesses requires a broad range of tools, and EQUAL has helped to define what these are. It is up to national and regional authorities to ensure that their Structural Fund programmes include them.

### **Let's be clear about public service delivery**

Fourthly came the workshop on social enterprises and the provision of public services, led by Kate Annison and Barbara Torazza. Neither the legislation on public procurement nor that on state aid is necessarily inimical to social enterprise, yet many public procurement officials lack the know-how to adapt their tendering procedures to ensure that social aspects are not forgotten. What is needed is clarity, and indeed the Commission has already published 'interpretive communications' and a Buying Green handbook. But awareness of this is still too narrowly spread. Hence the recommendations are quite practical: that three handbooks should be written and distributed – on state aid, public procurement and public-social-private partnership. These should be accompanied by training for both public purchasing officers and social enterprises

## **A European future**

When it was time for debate, several issues were on people's minds. Would the sector benefit from a stronger brand image? Here opinions were divided – on the one hand Cafédirect is the sixth biggest brand in the UK coffee market, and has redefined the terms of trade for a key commodity. Yet on the other hand diversity is also a strength – and small firms as a whole don't have a brand. Even a united voice at EU level is currently beyond the sector's grasp.

Participants' thoughts also turned with some trepidation to the future of the sort of transnational work that had led to this seminar. Wolfgang Borde reassured participants that after EQUAL finishes, transnational work will continue, under the leadership of the Member States. Louis Vervloet gave the example of how Flanders will be managing transnational work: 5% of the ESF budget has been earmarked, with the priority going to strategic and thematic work, not collaboration between individual projects.

The sector's profile needs raising among policy makers as well as the general buying public. Jan Olsson, a member of the European Economic and Social Committee, suggested a remedy. A Communication from the Commission on Social Enterprises would be useful to take stock of their contributions and put them on the policy map. The Lisbon Agenda has the aim of promoting jobs, growth and inclusion where social enterprises can play an important part to ensure this gap is filled.