

NEW IMPULSE FOR SOCIAL ECONOMY IN GERMANY

Germany has launched seven national thematic networks in the second half of EQUAL. The network for the social economy has attracted some 25 members and has spawned three working groups. These will meet quarterly to prepare tools and recommendations on working with short-term job subsidies, the best vehicles for spinning off viable businesses from subsidised training schemes, and monitoring and marketing tools.



The members of the German social economy national thematic network

The German EQUAL network in the social economy took off with renewed energy at a meeting held on 6-7 December 2005 in the new offices of the Science and Technology Ministry alongside the Berlin-Spandau Ship Canal. With 25 people present, interest far outstrips the nine development partnerships that are formally classified in the social economy theme. Claus Annus-Simons, who is responsible for the network within the national EQUAL support structure, explains how this came about. "In the first round of EQUAL we supported 14 national thematic networks, the most of any country. This time round we cut this down to seven, and invited all DPs to take part in any of the networks that

interested them." The methods of the social economy are obviously of wide interest.

Germany's seven national thematic networks in round 2

- Young people at the interface between school, training and career
- Age management
- Support for business start-ups
- Social economy
- Lifelong learning in SMEs
- Reconciliation of family and career
- Asylum

There are also three 'co-ordination networks' dealing with gender mainstreaming, prisoners and migrants.

Aiming for structural change

Mr Annus-Simons took the opportunity to remind participants of the network's role: "We are here to share experiences and results, to learn from each other, and to identify and document the innovation potential of our work. Such 'horizontal mainstreaming' will enable us to improve our own practice. But beyond that our objective is to achieve structural change. We want to affect the education and training system, the everyday work of businesses, and labour market and training policies at the regional, national and European levels. Our main tool to influence policy in this way, through 'vertical mainstreaming', will be to hold national mainstreaming fora."

Toby Johnson, technical assistance expert for the social economy theme at European level, pointed out that mainstreaming is taking place at European level too. "Interest in the social

economy in EQUAL is stronger than ever,” he said. “There are now 265 partnerships working in this field, which makes it the third most popular theme. At least six Member States are keen to support mainstreaming events at European level, and we are planning seminars in Poland, Italy and Finland. These will feed into a major policy forum on inclusive entrepreneurship to be held here in Berlin during Germany’s EU presidency in the first half of 2007.”

Building on the past

Most of those attending were new to EQUAL, but an element of continuity was provided by four of the partnerships which have continued their work from the first round.

More and better jobs for all – management tools in the social economy

The forthcoming handbook covers the following subjects:

- Management methods and techniques: co-operative management, management information systems, organisational consultancy
- Staff development methods: personnel development specifically for social employment enterprises, the MELBA profile matching system, jobs and self-evaluation
- Performance review: social audit, benchmarking, balanced scorecard, indicators, inventory control system
- Linking social enterprises: regional context analysis, networking

Helmut Arnold from the Dresden-based partnership *PAKT – Partnerschaftliche Arbeits- und Kompetenzförderung im Tandem* (‘Partnership Work and Competence Promotion in Tandem’) brought participants up-to-date on the network’s activities during the first round of EQUAL: “We have put together the text of a handbook on social economy, which will soon be published. It was hard work but it will provide a very useful practical toolkit, based on the principal that ‘short is good, shorter is better’. As regards making a policy impact, I’d say the lessons are to focus better and to set achievable deadlines.” For Hans-Gerd Nottenbohm of the Innova partnership, the key lesson to be drawn from previous vertical mainstreaming efforts is the important role played by strategic partners, particularly those inside the Bundestag (parliament).

Three priorities

Members split into three working groups to tackle topics devised by the EQUAL Monitoring Committee. “In the first round we worked in a more bottom-up way, but by now we have clearer ideas as to the priorities,” says Mr Annus-Simons. “The Monitoring Committee is the place where the social partners and interested bodies such as the League of Welfare Associations can comment on the decisions the federal and *Land* authorities take.”

• Working group 1 – making the best of short-term job subsidies

The first group was led by Truda Ann Smith of Bundesarbeitsgemeinschaft Arbeit, the federal body for social firms aiming to integrate unemployed people, which is leading the partnership *Wandel – Innovation – Botschaft: neue Wege in der geförderten Beschäftigung* (‘Change – Innovation – Message: New Ways into Supported Employment’). It addressed the issue of the benefit system, and more particularly the quality of the 250,000 or so jobs created using the so-called ‘€1-job’ programme introduced under the Hartz labour market reforms.

“In fact the nickname ‘€1-jobs’ can be misleading,” says Martin Koch, also of BAG Arbeit. “The proper name is *Arbeitsgelegenheiten* (AGE) or ‘Work Opportunities’.” The scheme is managed by joint committees set up by the *Agentur für Arbeit* (Labour Agency) and the local authority, or by the local authority alone. “It means that an employer who creates a short-term job for a long-term unemployed person receives a flat-rate *Fallpauschale* of €150-300 a month, which normally covers the administrative costs, as well as the so-called *Mehraufwandsentschädigung* (MAE) or ‘compensation for additional expenses’ which goes to the worker in question, as a supplement to their unemployment benefit. After more than a year on the dole, their benefit will usually be up to €345 per month, plus housing and child allowances. With the MAE as well, it can reach up to €500 a month plus allowances.”

Though the system is clearly not as mean as it sounds, it has received a lot of public criticism, and indeed provoked mass street demonstrations. But the situation is more complicated than it might appear. The scheme is implemented in a very decentralised way at the level of the *Kreis* or district. This means that the rules can vary even within a city such as Berlin. In Germany in some employers can receive a relatively generous capitation fee, of €300 and more a head per month, which allows and to some extent obliges them to offer some training that might improve the beneficiaries' chances of finding a permanent job, or to go out and 'sell' their trainees to possible employers – but others do not. Some allow private firms to participate, while others restrict access to public organisations and non-profit public-benefit (*gemeinnützig*) organisations.

Whatever the precise local rules, the scheme runs up against two limits: firstly the work it provides must be of public benefit and 'additional', that is, it must not compete with existing businesses and must not replace regular jobs within the employing organisations. Secondly, there is no employment contract between the firm and the worker. "In practice, these rules sometimes make it hard to create permanent jobs," says Mr Koch. "The enterprises have to find individual solutions to cope with these challenges."

Despite these doubts, several EQUAL partnerships plan to use the *Arbeitsgelegenheiten* grants in a transitional way, in an attempt to create sustainable jobs in such areas as care and environmental improvements and demonstrate best practice in the use of such temporary job subsidies.

- **Working group 2 – launching spin-off enterprises**

The second group, moderated by Hans-Gerd Nottenbohm of Innova eG, is perhaps the one that has the greatest chance of achieving change, according to Mr Annus-Simons. It is looking at how to promote the creation of businesses out of subsidised employment and training projects, including through such techniques as franchising.

Debate in the working group was quite intense, as the choice of vocabulary can make a big difference to perceptions. The group adopted the term *Unternehmen* in preference to *Existenz* to signify 'enterprise', feeling that the latter term was too tied up with the idea of an individual rather than a collective entrepreneurial effort. The group agreed that it is vital to promote a wide variety of business forms: not only self-employment but team businesses such as co-operatives, as well as vehicles for spin-offs from existing firms and schemes. These might include agencies, franchises, incubators and subsidiaries. "Social enterprises that co-operate are stronger than isolated ones. We need to find the best way that the welfare associations can establish what we might call 'satellite enterprises' based on their existing activities," Mr Nottenbohm suggests.

This question revolves around the issue of who EQUAL's target group is. Peter Stadler of FAF (Fachberatung für Arbeits- und Firmenprojekte), the leader of the INCUBE partnership, was clear that for the target group he serves – disabled people – it is just not realistic to treat them as 'entrepreneurs'. "We should not imagine that everyone can start their own business – they will just end up failing and getting into debt," he said. "They need to work in a group, with proper support. For them, the point about entrepreneurship is that they take responsibility for their own work." Accordingly, INCUBE is focusing on identifying franchising and replication opportunities, such as the *CAP* supermarkets.

The group agreed a work programme that commits them to collecting, analysing and disseminating evidence as to what the most promising personal profiles, business ideas and replication methods are. "This will be a useful job that complements the work of the thematic group on start-up support," Mr Annus-Simons commented.

"We are not starting from scratch," Mr Nottenbohm said. "In round 1, we made proposals for improving public procurement which are on ice at the moment. However a parallel set of proposals for the reform of co-operative law are likely to come into force as part of the transposition into German law of the European Co-operative Statute in August next year."

- **Working group 3 – monitoring and marketing tools**

Klaus Reichenbach of the 'Open Paths' partnership, based in Kassel, reported on the work of the third group on management tools and methods for social enterprises: "We are faced with the fact that the partnerships have very varied needs and are at very different stages. We have therefore decided to focus on some specific areas. These include performance monitoring – because it is important to look at the non-monetary results of the enterprises' activity so as to be able to show public authorities the benefits the social economy can bring – and marketing – especially via the web. By the end of the period we aim to have identified the most useful tools."

Now that the three working groups have agreed their agendas, the network plans to meet over two days every three months, which will give it around eight meetings over EQUAL's remaining lifetime. It will be supported by a communications platform hosted on the German EQUAL website.

Thematisches Netzwerk *Stärkung der Sozialwirtschaft*

Contact: Claus Annus-Simons

Organisation: Arbeitsgruppe Technische Hilfe, National Koordinierungsstelle EQUAL, Bundesministerium Arbeit und Soziales

Tel: +49 1888 615 3583

E-mail: claus.annus-simons@bmas.bund.de

Website: www.equal.de