

Stockholm, 17 April 2006.

Comments submitted by *NTG Socialt företagande – en väg till arbetsmarknaden* (National Thematic Group Social enterprise – a way to the labour market).

Concerning a consultation on action at EU level to promote the active inclusion of the people furthest from the labour market.

The overriding issue of the communication is how minimum income schemes and measures to integrate people excluded from the labour market could be combined. The European Commission is also calling for proposals for suitable EU measures to support national policy. The intention is to launch a public consultation with the social partners, public authorities and organisations "catering for the interest of persons targeted by such schemes".

A. How to combine integration measures and minimum income schemes/support schemes

This issue consists of three dimensions when it is transferred to the situation prevailing in Sweden.

First, what does the labour market into which these people are to be integrated look like? Are there vacant positions that correspond to the resources and capabilities of the people? Is the labour market ready to absorb all the currently excluded groups?

Second, how can the labour market measures become more effective at integrating the people furthest from the labour market?

And third, how is this assistance for the individual — first and foremost social assistance — to be "handled" to stimulate additional labour supply?

There is a link between these dimensions, as can clearly be seen from the experiences analysed within *Equal NTG Socialt Företagande*.

Therefore, we would like to note the following:

1. Social enterprise has proven to be successful in integrating the most vulnerable groups and is an important but hitherto undervalued active labour market measure and part of the labour market.

The social firms are not merely a way of integrating the most vulnerable groups in the existing labour market — they also involve an expansion of the labour market. More jobs are being created that are specially adapted to the capabilities of the most vulnerable groups to use their resources, to develop in their work and to gain a stronger position in the labour market. This will also mean additional labour supply when the demand for work is replaced by the demand for labour.

For this reason, particular action is needed to initiate and promote the establishment of social firms and to develop competence and business activities in social firms, as well as to develop business activities and methods that promote empowerment and to find better solutions in terms of financing.

Against this background, social enterprise ought to be a priority for action for both the Social Fund and the Regional Fund of the EU. As it is a matter of both individual assistance and enterprise, this action will require close cooperation between the two funds.

2. Social enterprise is based on empowerment. The participation of staff is fundamental to the system, and they are directly involved in the activities. People gain in self-confidence and can develop their innate skills.

Where active labour market measures are organised within the framework of an empowerment perspective in which staff participate, the people furthest from the labour market will have a more positive attitude towards taking up a job and it will be easier to integrate them into the labour market. Increased participation will also increase the labour supply. This in itself is a result, irrespective of the form of remuneration for the work and its "profitability".

Therefore, public measures to assist jobseekers and the individual action plans must be based on the empowerment perspective. In 2005, the Swedish Government decided on new measures to facilitate the integration into the labour market of people with disabilities resulting in partial incapacity for work. These measures are: 1) in-depth planning and guidance, 2) development positions, and 3) security positions. The measures are suitably ambitious but they should be extended to cover more groups of people and should be implemented by other providers, as social firms, for example, are generally better able than the authorities to meet the empowerment perspective. If the public sector and the social firms cooperate, it will be possible to develop and provide social services that both increase the opportunities in the labour market for vulnerable people and improve the conditions for establishing and operating social firms that expand the labour market and increase the labour supply. Social services that take forward the research to which COM (2006)⁴⁴ refers: that job training in private firms and activation similar to ordinary work is the most promising approach.

3. The labour supply and the number of potential jobs in social and other firms would increase even further if wage subsidies were granted for all vulnerable groups. The fact that there are positions with wage subsidies is an important question of principle for staff. In normal circumstances, work is remunerated in the form of wages. Working while receiving social assistance can stigmatise the person concerned. For this reason, it must be possible for social assistance, early retirement schemes or sickness benefit to be transformed into wage subsidies. The possibilities that already exist for implementing such a transformation need to be implemented in a manner completely different to that used until now.

The current social security system rules make the transition from benefit to paid employment harder because the economic incentives to work part-time disappear as benefits are reduced once a person receives an income. This needs to be reviewed.

At the same time, the often short-term decisions on wage subsidies (reviewed every year), the lack of resources to cover expenses and the management structure mean that the economic risk for social and other firms when employing people is often unreasonably great. This is particularly the case when employing people from the most vulnerable groups (physically disabled, former alcohol or substance abusers, etc.).

It is also important that people who work and in respect of whom a wage subsidy is paid to the firm are entitled to appropriate wage development and training.

For this reason, the Labour Market Agency and other financiers and interested parties, not least social enterprise, should review the rules, conditions and practices in order to increase the labour supply among the most vulnerable groups and to encourage more positions to be made available.

B. Consultation

Equal NTG Socialt företagande has published an action plan entitled "*socialt företagande — en väg till arbetsmarknaden*" (social enterprise — a way to the labour market). Reference is made to the action plan in the Swedish action plan for the Lisbon Strategy. The action plan calls for dialogue with interested parties — both the authorities and the social partners.

Consultation between social enterprise and other partners could take many forms and incorporate different aspects. This will be an important part of the continued work of the NTG.

As its next step, the European Commission should therefore review how the consultation as a whole, and not just between the social partners, is to be carried out in the different Member States. In Sweden, a special consultation should be undertaken between social enterprise and the

relevant Ministry under the leadership of the Ministry of Industry, Employment and Communications.