Social entrepreneurship and other models to secure employment for those most in need (Croatia, 2013)¹

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Open University

1. Introduction: The European policy framework

The Peer Review approach uses the open method of coordination to encourage mutual learning to improve policy amongst official representatives and experts from different participating countries, and from EU delegates and other relevant stakeholders at European and national levels. It also aims to disseminate more widely the key outcomes and policy messages arising from this Peer Review exercise.

This Peer Review brings together two complementary themes: programmes/models for the employment of disadvantaged groups, and social entrepreneurship. It is in the Social Protection and Social Inclusion’ Programme, carried out in the context of PROGRESS – the EU’s employment and social solidarity programme, which has an overall aim of financially supporting the implementation of the objectives of the European Union in employment, social affairs and equal opportunities. PROGRESS supports policy and legislation, development and implementation in five interlinked policy sections: Employment, Social protection and Social Inclusion, Working Conditions, Anti-discrimination, Gender Equality. And the themes within this policy section are developed and guided by the Social Protection Committee (for details of current work programme and reports of this advisory committee. See: http://ec.europa.eu/social/main.jsp?catId=758&langId=en)

There are also a number of specific EU policies which are highly relevant to addressing the themes of this Peer Review – employment for disadvantaged people, and social entrepreneurship. For more than 50 years, the European Social Fund (ESF) has been an important source of support for the integration of disadvantaged people into work and society, including through the EQUAL initiative (from 2000-2008). It is an EU Structural Fund which aims to reduce differences in prosperity and living standards across the European Union, by improving jobs, skills and companies’ capabilities, and thereby promote economic and social cohesion.

But the overarching EU policy framework for the next 7 years is Europe 2020, the EU’s growth strategy for the medium term future. This emphasises that the EU needs to become a smart, sustainable and inclusive economy in order to achieve high levels of employment, productivity and social cohesion. The recent financial and economic crisis has also emphasised the importance of developing good economic governance. Within the framework of Europe 2020, the EU has set five ambitious objectives – on employment, innovation, education, social inclusion and climate/energy, which it aims to reach by 2020. Several of these themes link quite closely to social entrepreneurship and work integration of disadvantaged people.

In addition developments relating to the EU Single Market provide an important platform for social entrepreneurship. Since it was established in 1992 to facilitate a functioning integrated market, there has been a growing recognition of the Single

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Markets limitations in the free movement of goods, services, capital and people, due to missing legislation, administrative obstacles, etc. So the European Commission adopted proposals in April 2011 for The Single Market Act with the aim of approving it by the end of 2012. This Act proposes twelve instruments to boost growth and strengthen confidence: including improving access to finance, taxation and the regulatory environment, consumer rights, European networks, etc. But several instruments are particularly relevant to social entrepreneurship: improving finance for social entrepreneurship, [boosting social cohesion through regulations on posted workers, and clarifying fundamental social rights of workers], and improving the public procurement framework in various ways to simplify procedures, improving access to SMEs, and emphasising the need to be responsive to demand for environmentally friendly, socially responsible and innovative goods and services. And in October 2012 the Commission proposed a second set of more specific actions (Single Market Act II) to further develop the Single Market – the detailed legislative proposals for these will be set out in 2013.

More recently, in October 2011, and linking with the Single Market Act, the EU Social Business Initiative was launched. This has strong support from several Directorates; DG Enterprise, DG Market and DG Employment are involved in order to set out an action plan at EU level to stimulate the establishment, development and growth of social enterprises. The Social Business Initiative aims to encourage responsible business (CSR), facilitate social entrepreneurship, and cut red tape for SMEs. The main features of its action plan for social entrepreneurship to support the development of social enterprise are:

- Improving access to funding
  - Facilitating access to private funding;
  - Mobilisation of EU funds.
- Increasing the visibility of social entrepreneurship
  - Developing tools to gain a better understanding of the sector and increase the visibility of social entrepreneurship;
  - Reinforcing the managerial capacities, professionalism and networking of social businesses.
- Improving the legal environment
  - Developing appropriate European legal forms which could be used in European social entrepreneurship;
  - Public procurement;
  - State aid.

But other measures are also being explored: financial measures (dormant bank accounts, venture capital, new aid categories, adapting tax regimes – including for volunteers/donations, ethical investment, improve access to funding, social trading platforms,) targeting older people, promoting research, use of dormant patents, use of asset locks, and possible European statutes.

And the draft Common Strategic Framework 2014-2020 for EU’s Cohesion Strategy, which draws on both ESF and ERDF budgets, has identified three main lines of action relevant to social entrepreneurship:

- To increase the rate of creating sustainable social enterprises by providing direct support for capacity-building of teams starting a social enterprise;
- To stimulate the development of a supportive eco-system through delivery of high quality supply of business development and support services (education, training, networking or coaching, together with learning for public authorities on ways to support social enterprise through public procurement);
To facilitate access to finance for social enterprise by setting up financial instruments that provide “patient capital”.


Further development of supportive frameworks may be seen in the EU programme for Employment and Social Innovation (EaSI), which with a proposed budget of €815 million for the 2014-20 period, will bring together three existing programmes:

- Progress (Programme for Employment and Social Solidarity);
- EURES (European Employment Services); and
- European Progress Microfinance Facility (which supports microfinance intermediaries, and social investment for social enterprise).

The aim will be to support Member States design and implement employment and social reforms at European, national as well as regional and local levels.

Together these measures represent an important recognition of the role of the social entrepreneurship in Europe, going forward to 2020. The emphasis on improving finance, research to increase understanding and visibility, capacity building to improve performance, legislation, and facilitating access to public procurement are key areas for developing social enterprise; and will enhance the potential of social enterprise to deliver economic and social outcomes relevant to the future of Europe.

**Employment policy for disadvantaged people**

In terms of policy for the integration of disadvantaged people into employment, the broad policy framework for employment is the "Employment package", launched in April 2012; it comprises a set of measures to boost jobs, aiming to:

- Support job creation
  - reducing taxes on labour;
  - using hiring subsidies effectively;
  - exploiting the potential of key sectors, such as green economy, ICT, or health and care sector.

- Restore the dynamics of labour markets
  - helping workers succeed when changing jobs or getting back into work;
  - mobilising all actors to implement the reforms required;
  - investing in skills based on better forecasting and monitoring of needs
  - promoting the free movement of workers.

- Strengthen the governance of employment policies
  - reinforcing their monitoring with the EU countries so that employment and social concerns do not lag behind economic ones.

It builds on Europe 2020's Agenda for new skills and jobs, and it is supported by the European Employment Observatory (EEO) and the Mutual Learning Programme (MLP).
Before considering employment/integration policy for disadvantaged people, it is worth considering how wide the variation between standard unemployment, and disadvantaged people’s unemployment is, using the example of youth unemployment in 2007:

The graph clearly indicates the wide variation between standard unemployment and youth unemployment – indicative of a variety of factors including priorities of labour market inclusion, the impact of different educational systems, and the influence of quite different labour market policies towards standard and disadvantaged people. This may be because of dual labour markets with well protected employment regimes for standard employed, but much less protection and support for disadvantaged people.
And statistics for social inclusion provide an equally diverse picture, with very different levels and trends:

Ref Eurostat:

And by Gender:

And in figures on next page:
## People at risk of poverty and social exclusion

### Percentage of total population

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Note: 
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- e = estimated
- b = break in time series
- p = provisional

And in the related area of disability, where there is a similarly wide variation in levels of unemployment, we can see a clear unanimity in policy trends towards active integration, and away from passive benefits/compensation policies.

A central aim of the Europe 2020 Strategy 'An Agenda for new skills and jobs' is to achieve an EU employment rate target for women and men of 75 % for the 20-64 years age group by 2020; and this combines with targets for young people to improve educational levels.

**Trends in employment policy for disadvantaged in Europe**

The following trends for addressing labour market issues can be seen in Europe. They have helped support the recognition of the value of social entrepreneurship in assisting the most disadvantaged back into the labour market; and they have led to the growth and institutionalisation of a social enterprise innovation: the work integration social enterprise or WISE. These trends can be summarised:

- an increasing focus on the employment rate rather than just on unemployment; this has included increasing the participation of the economically inactive population, with a growing emphasis on policies for a smart, sustainable and inclusive economy in Europe 2020;
• an increasing European interest in improving the work integration of claimants of health/incapacity/inactive benefits.

• similarly linked to the same focus—an interest in disadvantaged groups who are recipients of benefits other than unemployment benefit; this has included social assistance and disability benefits, where across Europe there have been large increases in numbers of claimants over the last 10/20 years; this has led to strategies for helping the socially excluded;

• a greater priority placed on social cohesion and social inclusion objectives – for the disadvantaged and for those some distance from the labour market.

• many countries have invested in more active labour market policies (ALMPs) to improve the efficiency of the labour market through: better information flow, better access and mobility, better employability skills via training and employment experience, and improvements in matching of participants and employers – via better information, better search capabilities, etc.

### Part A: Programmes for employment of disadvantaged groups

The broad framework for labour market reforms ranges from activation strategies (UK) to flexicurity policies (DK). The main themes have been strengthening the economic framework for work integration, introducing tougher regimes, and customising and integrating services - by developing **good linkages between policy and the implementation of policy**, particularly through ensuring good inter-agency collaboration, in some cases via integration of agencies (one stop shops). This can be developed further by improving the alignment of the two systems (benefits and ALMPs) so that they are complementary. In detail the main themes are:

• Making the economic case, typically through: tighter eligibility criteria, less generous benefits, making the combination of wages and benefits more attractive, and tighter job search criteria, tighter linkage between benefits and participation in ALMPs.

• Addressing welfare traps and labour market traps: for example in many European countries people are not allowed to earn, nor allowed to volunteer whilst on benefits;

• Tougher measures with more compulsion: based on the idea of “mutual obligations”; this also involves monitoring benefit recipients to ensure they comply with eligibility conditions and if necessary, apply temporary sanctions or benefit exclusions. Work first approaches (workfare) have been used where benefits are strictly dependent on participation in ALMPs.

• Integration and customisation applies throughout the value chain: by improving links between the different phases in the process: tailor made services for particular target groups, individual integration contracts between clients and relevant agency; pre-programme inclusion strategy; ALMP implementation: information, matching, training/employment; placement; follow-up and support once someone is employed;

• early intervention in the unemployment cycle, and a high contact density between jobseekers and employment counsellors;

• regular reporting and monitoring of work availability and job-search actions;

• For more difficult to reach target groups, the approach needs to be well integrated and customised through: early profiling, personalised counselling, integrated multi-service approaches, using flexible pathways.

• “Active social policies” have become more important for the most disadvantaged; similar in approach to ALMPs, they use social inclusion programmes (linked to employment objectives of ALMPs), but precede or supersede them, and include
use of case workers; with sensitivity to (sub-) cultural issues (like role of extended family, and participation in informal economy).

- Extension of partnerships to third sector organisations which have specialist expertise with particular target groups.

(Ref. OECD, 2007)

Approaches for addressing the needs of the more disadvantaged reveal the relevance of social entrepreneurship; Standard ALMP programmes are not always very effective for the socially excluded – largely because of the need for a tight integration of the diverse social/training/work support measures for such groups. This has led to recognition of the value of specialist type of organisation for integrating the more disadvantaged. The social economy has a long history of working for and with the disadvantaged in society, particularly through the new form of Work Integration Social Enterprise (WISE). Typically these have strong links with local communities and their democratic governance structures help to consolidate and develop social capital. And historically non-profit associations have a well-established role and expertise in giving specialist support to particular types of disadvantaged people.

**A.1 Overview of the situation in Member States**

The impact of the economic crisis has been felt drastically differently within Europe, with some countries suffering extremely high levels of unemployment, particularly for disadvantaged groups.

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* Source: Eurostat

Analysis of crisis management for European labour markets (GHK et al, 2009) argued that labour market policy has moved to centre stage. It noted 3 different types of national approach: state oriented (CY, ES, FR, LU, MT, (AT)), stability oriented (BG, CZ, DE, GR, IT, LV, LT, NL, PO, SE, SI), and liberal approaches (BE, DK, FI, HU, PL, SK, UK, (AT)). And it classified the types of measures that need to be taken in Europe as follows:

- Restructuring the financial sector (including regulation, training for risk);
- Defending existing jobs;
- Preserving vulnerable jobs;
• Restructuring the labour force;
• Addressing social imbalances.

The latter two measures emphasise the importance of continual investment in human resource development during the crisis, together with regional mobility programmes, and the need for solidarity with lower skill groups so that they remain employable even if unemployed.

Workfare – there has not been a lot of evaluative studies, but evidence (Crisp & Fletcher, 2008) from three countries (US, Canada, Australia) that operate workfare schemes indicates that effectiveness in reducing welfare caseloads is not down to workfare alone, but is also driven by other elements such as intensive job search requirements and time limits on claiming welfare; there is little evidence that workfare increases effectiveness in improving employment outcomes and the likelihood of finding work; and workfare is least effective for individuals with multiple barriers to work. And in the US there seems to be a growing preference for ‘softer’ and more flexible models offering greater support.

See Appendix 1 for more details.

Joint public-private local partnerships for employment to cope with the recession
http://www.eurofound.europa.eu/emcc/erm/studies/tn1010012s/tn1010012s.htm

Local public-private partnerships offer the prospect of delivering economic and employment benefits in a locally focused and targeted manner. However looking across Europe, there is a great diversity of experiences; with some countries (UK including Scotland, and Ireland) with a strong tradition of bottom up local partnership, while in other countries where employment policy is centrally determined and locally implemented, there is much more of a top down approach to local partnership. In some countries local partnerships impacts are institutionalised and quite widespread, but in other countries particularly the newer members of Europe local partnerships are relatively new, and bottom up tendencies engaging with local communities are often driven by EU funding, particularly ESF.

During the current economic crisis, although local PPPs have the potential for engaging more strategically in local economic development (LED), they have tended to remain with more modest social inclusion strategies, partly because

“There has been a tendency for national policymakers to see LED as a tool to help alleviate the hardships of ‘poor people in poor places’, rather than as a policy tool with wider utility. This has resulted in LED often being overly focused on labour market insertion or social exclusion.” (p12).

Generally crisis measures have had to be introduced rapidly by central government in a top-down manner, combining general economic support measures with specific employment measures. However despite limited financial resources, and a relatively weak position within national policy, local PPPs have engaged in a number of activities that would favour recognition of their untapped potential:
• reintegration of vulnerable groups;
• the provision of active labour market measures for workers made redundant;
• developing education and training for various groups such as workers, unemployed and disadvantaged groups;
• the support for innovation to encourage future economic growth.
Ref: Joint public-private local partnerships for employment to cope with the recession. European Foundation for the Improvement of Living and Working Conditions, 2011.

A.2 Thematic links to earlier policy debate and research

The key lessons learned from two previous Peer Reviews were as follows:

- Peer Review 'Initiatives by the social partners for improving the labour market access of disadvantaged groups', (Austria 2008): the contexts for initiatives are very diverse and very important for influencing outcomes – thus different relationships between statutory and non-statutory organisations very much depend on local contexts and cultures; similarly different contexts and cultures shape perspectives and strategies - their opportunities and constraints. Where possible it is important to develop longer-term strategic approaches within established structures. In terms of successful initiatives, it is clear that the similarities and differences between good practices in different countries – thus innovations need to be contextualised to different country situations. Quota systems and incentive systems have a role in social inclusion strategies. Achieving a balance between external support and individual/organisational agency is important. Intermediary spaces and structures can be important when developing inclusion strategies, thereby allowing temporary intermediate solutions. There can be a tension between economic exigencies and social integration – achieving an appropriate balance can be assisted through social dialogue.


The table overleaf provides examples of different strategies used by some of the participating countries:
Peer Review: ‘Developing well-targeted tools for the active inclusion of vulnerable people’ (Norway, October 2009): this focused on a well-resourced new programme supporting people with severely diminished working capacity to...
get into full-time employment. It involved the creation of a new agency, to coordinate provision from different public bodies at various policy levels, a strong client focus, and a good level of income support during the programme. Lessons include: the new client focused agency, despite initial inter--public body difficulties, could perform a valuable integrative function; this also involved case managers designing plans to address all dimensions of the clients’ needs; development of staff to support such a focused programme required training, time and new tools (e.g. needs assessment); for the most vulnerable clients that could be a tension between addressing social and health needs, and moving on to address vocational skills and job search development activities; and programme commitment from the client could be an issue which needed to be addressed through various measures used in different countries.

Ref: http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=1433&fur therNews=yes

Part B: Social entrepreneurship

There are very different approaches to social entrepreneurship due to its diverse roots in different parts of the world. One approach is that it is a way for non-profit/charitable organisations to become sustainable by generating a commercial income stream. Another approach is that it’s primarily concerned with social innovation, rather than with generating income. A more business oriented approach is that it’s concerned with businesses which have social purposes as their primary goal. And the work of Yunus is influential in placing an emphasis on helping the poor through cooperatives and joint ventures.

Within Europe the work of the EMES network has been very influential; their view is that social entrepreneurship is about creating social enterprise which to varying degrees comply with three sets of economic/social/governance dimensions as follows:

Economic and entrepreneurial dimensions of social enterprises
a) continuous activity producing goods and/or selling services
b) a significant level of economic risk
c) a minimum amount of paid work

Social dimensions of social enterprises
d) an explicit aim to benefit the community
e) an initiative launched by a group of citizens or civil society organisations
f) a limited profit distribution

Participatory governance of social enterprises
g) a high degree of autonomy
h) a decision-making power not based on capital ownership
i) a participatory nature, which involves various parties affected by the activity

These are not seen as criteria which have to be fulfilled, but rather as dimensions of an ideal type, which organisations approach to varying degrees.

The European commission’s Social Business Initiative, launched in 2011 has some influence from the EMES model; it defined a social enterprise as:
A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.

Encapsulating the common features of social enterprise across Europe it avoids the historical ‘trap’ of definition by legal form; rather, characteristics of social enterprises as defined by the Social Business Initiative include the following:

- **Precedence of social objectives over commercial objectives** - Those for which the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation;
- **Recycling of profits** - Those where profits are mainly reinvested with a view to achieving this social objective;
- **Ownership models reflect their mission** - The method of organisation or ownership system reflects their mission using democratic or participatory principles or focusing on social justice.

And the SBI is currently engaged in a project to determine operational criteria for defining social enterprise.

There are a wide range of social enterprises but three major types of social enterprise that appear most prominent are those that:

- Provide employment for disadvantaged and disabled people: work integration;
- Deliver services – e.g. welfare services, childcare, local/community services, environment/recycling;
- Provide value based goods/services especially fairtrade.

And social enterprise have their origins both being established organisation that there in reconfigured by new dynamics – the growth of public sector markets influencing third sector organisations, traditional social economy structures becoming more socially or ethically oriented; but also new organisations driven by individuals, groups, and communities wanting to create more sustainable social purpose organisations. They may take the form of charities, co-operatives, public sector organisations that are spun out to become independent and contract for services, small business doing good, organisations with primary goals of providing ethical goods and services. Thus we can see a range of types in Europe:

- Traditional co-ops/mutuals, becoming more social/ethical;
- Associative structures contracting for welfare services + temporary/permanent employment;
- Mutuals/nonprofits delivering health/social care services;
- Social co-ops (Italy, UK, Sweden, Spain);
- Community business for services + training/employment initiatives (UK, Sweden, and Ireland Régie de quartier in France);
- Transitional employment enterprises (work integration);
- Housing organisation developing additional support services;
- Sheltered workshops for disabled people moving into commercial activity.

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2 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation; COM(2011) 682; Brussels, 25.10.2011.
In terms of their support, there is a growing emphasis on the concept of “ecologies of support” which help to provide a diversity of resources, skills, expertise that parallel that provided the private sector, recognising the distinctive differences of social entrepreneurial entities. There is currently considerable interest in different forms of social finance: ranging from ethical funds, government funds/subsidies, social venture capital, social investment bodies, peer lending systems and crowdsourcing.

One area of considerable discussion is whether the organisational form of social enterprise needs to be based in the third sector or social economy; an alternative view is that it is useful to be open to for profits with strong social purposes operating in the field; the debate hinges on what might be appropriate constraints on opportunistic behaviour by such organisations.

B.1 Overview of the situation in Member States

As is apparent from the above section, there is considerable diversity amongst social enterprise internationally. One highly influential model is that of the Italian social cooperatives which emerged in the 1980s, and became more formally recognised through there and legislation in 1991. These comprise two types: Type A concerned with the provision of welfare services, and Type B concerned with work integration of disadvantaged people. (This legislation has been a model used in other European countries). And there has been considerable evolution in the field, thus for example in Italy new legislation emerged in 2005, which broadened the scope of social enterprise to activities with the aim of generating social utility: which includes environmental/ecological, culture, heritage, social tourism, research, education, as well as the former categories of welfare services and work integration.

In the UK, a stronger business emphasis has been officially established, where social enterprises are defined as “businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners”.

As noted above, there has been a growing development of legislation in Europe and internationally, with a strong emphasis on work integration structures:

- Italy Social cooperative (1991 A+B) 12,000+
  - Social enterprise (2005/2006 All) 600
- Belgium Social finality enterprise (1995 All) 600
- Portugal Social solidarity cooperative (1996/8 B) 500+
- Spain Social initiative cooperative (1999 A+B)
- Work integration enterprise (2007)
- Greece Limited liability social co-operative (1999 B mental health)
  - Social co-operative enterprises (2011 B+A) 274
- France Collective interest cooperative society (2002 A) 94
- Lithuania Social Enterprise (2004B) 137
- Poland Social cooperative (2006 B)
- Finland Social enterprise (2003 & 2012 B) 154
- UK Community Interest Company (2004 All) 8600
- Slovenia Social Entreprise (2012 A+B)
- South Korea (2007 All) 700
However it should be noted that in some of the countries with more established social enterprise, legislation followed the growth of such organisations which used an adapted pre-existing legislative forms such as for nonprofits and cooperatives. And looking at different levels of international development of social enterprise, we see different levels of institutionalisation depending on the growth and longevity of the sector; and it appears that 3 types of institutional contexts shape social entrepreneurship:

- New legal forms within structured public frameworks (Italy social co-ops);
- Self/labelling forms and networks;
- Ad hoc constructed contexts (with new types of social enterprise).

And these different types of institutional contexts match different levels of recognition, identity, public policy frameworks, support structures, and professional support.

The work integration social enterprise model (WISE)

This is the most common form of social enterprise (Nyssens, 2006); and it varies according to 2 dimensions. Firstly whether it provides permanent or temporary jobs, and secondly whether it uses permanent or temporary subsidies - permanent subsidies would be used for people with permanent disadvantage of disability who would never reach average rates productivity in employment; typically these may take the form of continued use of all worry proportion of welfare benefits whilst the person is working. These two dimensions leaked to 4 types of social enterprise, those providing:

- Transitional employment (temporary jobs, temporary subsidies);
- Permanent self-financed jobs (permanent jobs/temporary subsidies);
- Integration with permanent subsidies (permanent jobs/permanent subsidies);
- Socialisation through work or productive activity.

The most common form of WISE is the one providing transitional employment, with a social enterprise takes in disadvantaged people trains them while they are working over a period varying from six months to 2 or more years (depending on the country), and places the trained worker in a conventional organisation (public private or third sector).

As noted above it is increasingly recognised that social enterprise, as emerging forms of organisation, need different kinds of support arrangements (or ecologies of support) in order to get themselves established, and compete with other forms of organisation. The UK has one of the most developed policy frameworks for social enterprise, which has 3 main themes:

- Create an enabling environment for social enterprise
  - Government role (interdepartmental coordination, enabling, direct support to 3rd Sector);
  - Legal and regulatory issues (Community Interest Company);
  - Public procurement or contracting.

- Make social enterprises better businesses
  - Business support and training (including incubators, support networks);
  - Finance and funding (e.g. loan funds, feasibility grants).
Establish the value of social enterprise
  o Establish the knowledge base (research);
  o Recognise achievement and spread the word;
  o Create trust: social audit and quality.

B.2 Thematic links to earlier policy debate and research

The key lessons learned from two previous Peer Reviews were as follows:

- Peer Review ‘The social economy’ (France, December 2012): this examined some of the recent innovations being developed for the well established French social economy. Three areas of innovation were noted: increasing the knowledge (education and research) about the social economy through statistics and establishing common principles to improve understanding and visibility; improving financial support especially for young social entrepreneurs; and capacity building a nurturing environment for growth and effectiveness of social enterprise, through legislation, funding, and local support. Two innovative forms of legislation supported the growth of social entrepreneurship – through community-based cooperatives, and business and employment cooperatives. And although many features of the French social economy and its support environment are highly developed, it was recognised that many other countries are at different stages of development with regard to the social economy; thus it is important to work on establishing appropriate preconditions, and supporting different pathways relevant to their different historical and contextual development.

- Peer Review ‘The social economy from the perspective of active inclusion’, (Belgium, June 2008): this sets out the extensive experience in Belgium’s social economy organisations which uses different forms of work integration and proximity services to integrate those people far from the labour market. The social economy organisations played important roles in addressing this important issue, not only by tackling poverty but also by giving everybody access to the resources, rights and services needed for participation in society. However there were lessons both about scaling up such initiatives, and diffusing good practice more widely. Social innovations with regard to proximity services and service voucher system were recognised as important contributions. However factors influencing success also need emphasising - such as professionalism, and being outcome oriented. And an appropriate institutional framework is vital: both in terms of enabling public authority, appropriate legislation, systems supporting dialogue and mutual learning amongst stakeholders.

2. Conclusions

During the last five years the ongoing economic crisis has had a huge impact on many parts of Europe. And the impact has been felt very differently by the different countries in Europe. And this differential impact has hampered the capacity of these countries to respond to labour market challenges through traditional measures. This discussion paper has attempted to bring together two overlapping thematic approaches to address the labour market challenges for the most disadvantaged in society. Innovations in developing more strongly activated labour market measures have been developed effectively; and the paper has outlined some of the principles underlying those measures.
At the same time the growth of interest and experience of social entrepreneurship has brought a complementary approach to addressing the challenges faced by the most disadvantaged in the labour market. Comparative studies of the experience of work integration social enterprise (WISE – see Nyssens, 2006) have also revealed useful and effective innovative models. The additional advantage of social enterprise is the broadening of focus to a wider range of economic, welfare, environmental, and socially useful activities.

3. Questions/issues for debate

Arising from this review of European experience and strategies for addressing the labour market challenges of those most in need, it is important to note the differential challenges faced by different countries with different levels of resources for labour market measures, and differing levels of development and social entrepreneurship - typically operating in a resource constrained environment. Nonetheless it is possible to identify a number of themes for discussion and debate, reflecting on different national experiences in addressing the following questions:

- What themes in activation strategies have proved most appropriate and effective – strengthening the economic framework for work integration, introducing tougher regimes, customising and integrating services?
- What areas of active labour market policy give the greatest payoff – better information flows and search capabilities, better access and mobility, better employability skills, et cetera?
- How effective can improvements to active labour market policies be in addressing the needs of the most disadvantaged people?
- How can the systems of benefits and active labour market measures be better aligned?
- Which disadvantages (youth, age, gender, ethnicity, et cetera) are the most challenging and what innovations have proved effective?
- Which measures, strategies or approaches can best address youth disadvantage and its manifestations, such as long-term unemployment, low educational attainment, truancy, substance abuse, delinquency et cetera?
- Which strategies work most effectively for people with multidimensional disadvantages?
- Can work integration social enterprise play a role as part of the system for addressing those most in need in the labour market?
- What are the most appropriate structures of support to help establish social entrepreneurship in this challenging area?
- How can civil society organisations be encouraged to engage with social entrepreneurship to help address those most in need in their communities?
- How to develop an appropriate strategy for social entrepreneurship?
- How to develop appropriate expectations from all stakeholders engaged in social entrepreneurship?
Bibliography


Appendix 1: Workfare Comparative Analysis

This report examines the impact of workfare schemes that mandate participation in unpaid work activities as a condition of receiving social assistance (‘work for benefits’). It reviews the evidence from three countries that operate workfare schemes: the United States (US), Canada and Australia. The report finds that there are few systematic evaluations that isolate the impact of workfare from other elements of welfare-to-work programmes such as compulsory job search activities. The limited evidence that does exist on workfare indicates that:

- **Effectiveness in reducing welfare caseloads**
  - Dramatic reductions in welfare caseloads in the US and Canada cannot be attributed to workfare alone. Other elements of welfare reform such as intensive job search requirements and time limits on claiming have contributed to falling caseloads whilst economic growth has also enabled recipients to find work.
  - Workfare has a deterrent effect which stops people claiming or encourages them to leave welfare before the workfare phase. This makes it harder to measure the tangible outcomes of welfare.
  - The proportion of welfare recipients engaged in workfare is low in all three countries studied, even in the US which has the most extensive and well-established workfare programme.

- **Effectiveness in improving employment outcomes**
  - There is little evidence that workfare increases the likelihood of finding work. It can even reduce employment chances by limiting the time available for job search and by failing to provide the skills and experience valued by employers.
  - Subsidised (‘transitional’) job schemes that pay a wage can be more effective in raising employment levels than ‘work for benefit’ programmes.
  - Workfare is least effective in getting people into jobs in weak labour markets where unemployment is high.
  - Levels of non-participation in mandatory activities are high in some workfare programmes.

- **Effectiveness for clients with multiple barriers**
  - Workfare is least effective for individuals with multiple barriers to work.
  - Welfare recipients with multiple barriers often find it difficult to meet obligations to take part in unpaid work. This can lead to sanctions and, in the most extreme cases, the complete withdrawal of benefits that leaves some individuals with no work and no income.
  - Some states in the US have scaled down large-scale, universal workfare programmes in preference for ‘softer’ and more flexible models that offer greater support to those with the most barriers to work. This includes a greater reliance on subsidised jobs that pay wages rather than benefits to participants.