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Social enterprises as part of a European welfare policy

Social business for people with mental health difficulties

Cyprus 19-20 June in Nicosia



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1 Introduction

This paper draws a European overview on experiences and approaches adopted to develop social businesses focusing on the labour market integration of people with mental health difficulties. It is thus particularly concerned with two areas: social enterprises and people with mental health problems at risk of poverty and social exclusion, and how social enterprises promote the labour market integration of people with mental health problems.

Firstly, the paper analyses the concept of social enterprise and compares it with commercial enterprises. It also presents a typology of the dimensions of social enterprises and what sort of activities are included to these dimensions. Then it presents the results of studies on how social enterprises support the employment and social inclusion of people with mental health problems.

In addressing the policy context, it briefly presents the EU's mental health strategy and the financial instruments for supporting people with mental health problems; followed by a comparison of national approaches.

The European experience underlines the need for a holistic approach involving all the stakeholders of mental health services to work together in a flexible and networked way. However, we still face multiple discrimination of people with mental health problems. The hybrid model of social enterprises could, in this situation, be effective and highlight the own voices of people with mental health problems, although social enterprises targeted at people with mental health problems are still scarce compared to the needs they address.

2 Social enterprises and the labour market integration of people with mental health problems

2.1 Social enterprise: definition and forms

A social enterprise can be defined as a social economy actor, whose main objective is to achieve a social impact rather than produce a profit for the owners or shareholders. It produces goods and services for the market in innovative ways and uses the profits primarily to achieve social goals. It is managed in an open and responsible manner, with particular reference to workers, consumers and stakeholders affected by its commercial activities. This definition of social enterprises is the one adopted by the European Social Business Initiative¹ and is quite a common one. According to the European Commission², social enterprises operate mainly in the following four areas:

- Work Integration – education, (vocational) training and integration of people with disabilities and the unemployed.
- Personal social services - health, wellbeing and medical care, childcare, elderly services or services for disadvantaged persons.
- Local development of disadvantaged regions - social enterprises in peripheral rural areas, urban development and rehabilitation, development aid and development cooperation with third countries.

¹ The Social Business Initiative of The European Commission. 2015.

<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=6&ved=0ahUKEwjaz9Ti-crbAhUiKpoKHyerDVsqFghaMAU&url=https%3A%2F%2Fec.europa.eu%2Fdocsroom%2Fdocuments%2F14583%2Fattachments%2F3%2Ftranslations%2Fen%2Frenditions%2Fnative&usg=AOvVaw3zKIT2Or1uaCrnaBgIAk9Z> [Accessed 11.6.2018]

² The European Commission and social enterprises. 2018.

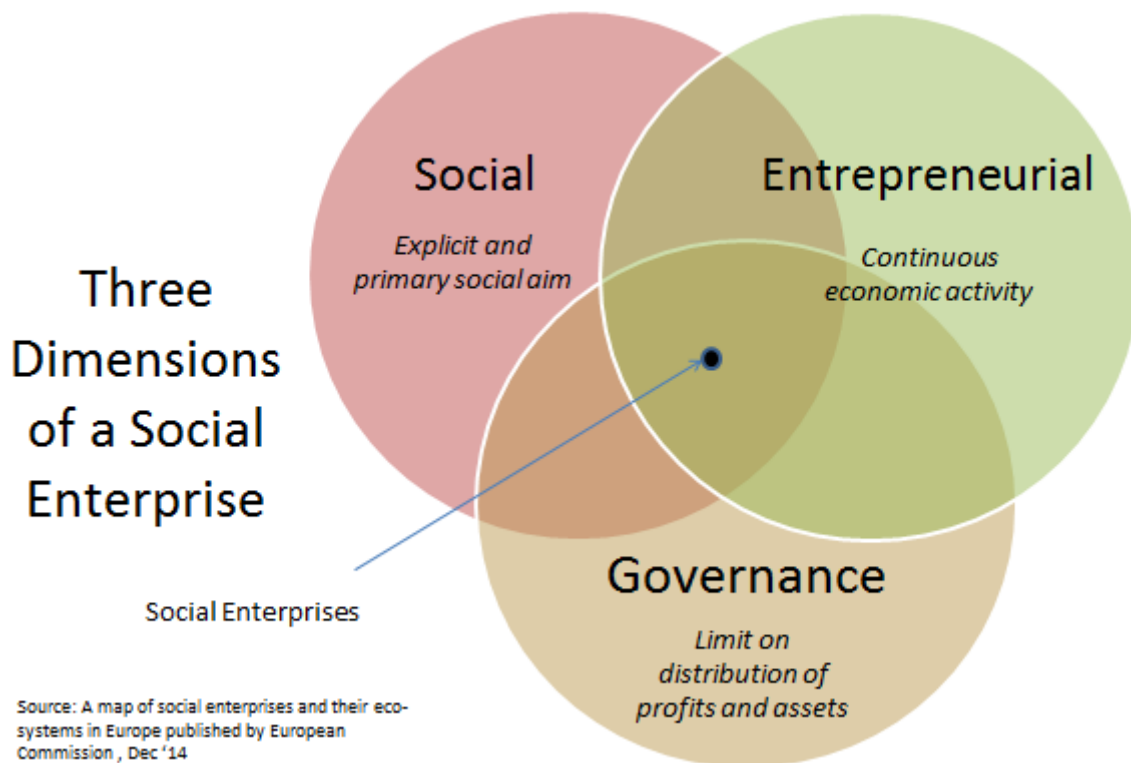
http://ec.europa.eu/growth/sectors/social-economy/enterprises_en [Accessed 11.6.2018]

- Other - including recycling, environmental protection, sport, art, culture or historic preservation, science, research and innovation, consumer protection and amateur sport.

Social enterprises differ from commercial enterprises. While commercial companies usually operate on the basis of economic rationality and focus on operational efficiency, giving priority to making a profit, social enterprises focus on socially important objectives, prioritizing social impacts. For example, social enterprises can get involved in activities that are less likely to produce profits, but benefit people and the environment. However, economic efficiency and financial sustainability still play a key role in social enterprises. Economic efficiency and financial sustainability are necessary for social enterprises to remain on the market and increase their social impact, although financial gains are not their main goal. (Trivedi and Stoklos 2011.)

The following figure (Figure 1) summarises the manifold characteristics of social enterprises.

Figure 1. Three dimensions of social enterprises (Source: Wilkinson 2015)



Social enterprise is increasingly becoming an important area of study in the European academic debate, and a broad range of literature has been produced on the various, relating arguments. One of the aspects least focused upon, however, regards the issue of governance, a fundamental aspect that could lead to an improvement in the efficiency and effectiveness of social enterprises. The need to combine both social and economic aims in the decision-making process emphasizes the importance of stakeholders' participation. The production of social utility goods and/or services is directed towards a plurality of local actors, which must be guaranteed a high level of accountability and transparency (Travaglini et al. 2009).

The entrepreneurial dimension, i.e. continuous economic activity, distinguishes social enterprises from traditional non-profit organizations / social economy units. The social

dimension means a clear social purpose that differentiates social enterprises from mainstream (profitable) companies. The governance dimension is often also different both from mainstream enterprises and from traditional non-profit organizations / social economy units.

In terms of forms of social enterprise, European social enterprises often use the cooperative forms of business and organization, drawing from each country's tradition of cooperative activity, although they strive for some common approach (Defourny & Nyssens, 2008). In Europe, cooperatives and social enterprises are becoming increasingly widespread. Cooperatively organized social enterprises are also growing in number, including in mental health, especially through the influence of the Italian social cooperative model.

In addition, it is important to distinguish between social enterprises and social entrepreneurship. According to the EMES network, 'social enterprise or social businesses' refers to organisations fulfilling certain criteria, while 'social entrepreneurship' refers to an approach driving social change and social innovation. (UNDP/EMES 2008.)

Annex 1 shows clearly the emerging typology of contemporary social enterprises in Europe, and Figure 1 shows how social enterprises integrate the entrepreneurial, social dimensions and governance dimensions.

2.2 Social enterprises supporting people with mental health problems

Social entrepreneurship is seen as a better solution compared to the market-oriented approach, since social enterprises may include clauses limiting profit distribution and consequently ensuring that profits are used for improving the organization. (Kostilainen and Pättiniemi 2016.) Entrepreneurs tailor their activities to be directly tied with the ultimate goal of creating social value. In doing so, they often act with little or no intention to gain personal profit. (Dees 1998).

Mental health problems have become one of the leading causes of work absenteeism and early retirement all over the European Union. The economic recession of the 2010s and its effects on the job market are likely to add to the problems in employment and quality of life experienced by people with mental health problems and their families.

Several studies provide evidence that people with mental health problems employed in social enterprises are likely to experience positive mental health changes (Roy et al. 2014). It is found that, if participants have continued relationships with their family, participation for example in a goal-focused vocational training program provided by social enterprises would lead to increased feelings of familial respect and sense of self-esteem, particularly in relation to their accomplishments. Furthermore, the study presents a range of evidence that social enterprises can also enhance self-confidence or self-esteem and motivation, as well as commitment to goals/life direction. It is reported that the social enterprise work environment helps participants to feel calm and relaxed, so that, for instance, they are better able to express their ideas. Overall, this evidence suggests that working in social enterprises enables people with mental health problems to fulfil their desire to participate in meaningful occupation and reduces depressive symptoms, by providing the financial incentive to participate in activities that hold meaning and give them direction and structure. These results demonstrate that, for employees with psychiatric disabilities, working in such an environment made them feel better, kept them healthy and prevented boredom.

3 Policy context

The European Mental Health Action Plan 2013-2020 (2015)³ is based on four core strategic objectives:

- Everyone has an equal opportunity for mental well-being throughout their lives and this requirement must not exclude the most vulnerable groups of people.
- People with mental health problems are full citizens whose human rights are respected and promoted.
- Mental health services are accessible and reasonably priced. In addition, their availability must be secured.
- People receive effective and respectful treatment—offered the way people want it.

These strategic objectives are supported by 3 cross-cutting objectives:

- Physical health and mental health depend on each other;
- Mental health care needs partnerships and accountability;
- Good and transparent knowledge and information must be available on existing measures and services for mental health and mental disorders.

Today the European Social Fund (ESF) is Europe's main tool for job creation, helping people to find a better job and better jobs for all EU citizens. It aims to support investments in European human capital - workers, young people and all job seekers-, as well as employment creation and social inclusion. According to the Europe 2020 Strategy (2013) the EUR 10 billion of ESF funding per year are meant to improve the employment prospects for millions of Europeans, especially those who have difficulty finding work. The ESF supports a wide range of social enterprises supporting people with difficulties to enter the labor market, such as people with disabilities, former convicts, marginalized communities and many others.

3.1 Social enterprises as a supportive welfare tool

Social enterprises are increasingly considered as a top priority in EU and national social policies. The EU Social Business Initiative (SBI) (European Commission, 2013) represents a political recognition of the importance of social enterprises for the future development of the EU. Indeed, the SBI is a first step towards implementing measures to create a friendlier European environment that enables and supports the growth of social business and ultimately contributes to economic growth, increases employment opportunities and takes into account social and environmental issues. Europe seeks to respond to the social consequences of the crisis in a way that does not increase the financial burden on the Member States, and the social enterprise model offers a potentially effective means to support economic, social and environmental well-being. However, the development of social business in some EU Member States is currently limited. In this context, implementing the SBI's efforts of social businesses could become a policy priority. (O'Byrne et al., 2014).

One of the target groups of social enterprises have been people with mental health problems, also since the Italian experience with psychiatric patients. The first post-deinstitutionalization social cooperative was formed at the Trieste Psychiatric Hospital

³ World Health Organization. (2015) The European Mental Health Action Plan 2013–2020. Copenhagen: World Health Organization.
http://www.euro.who.int/__data/assets/pdf_file/0020/280604/WHO-Europe-Mental-Health-Acion-Plan-2013-2020.pdf?ua=1 [Accessed 7.6.2018].

as a way to pay patients for their work at the hospital. This first social cooperative was followed by Cooperativa Lavoratori Uniti Franco Basaglia, currently running a coffee shop in Trieste. These Italian social cooperatives have become standard models for social enterprises in Europe. (Mandiberg 2016.)

4 National approaches

4.1 National support for social enterprise

Social entrepreneurship and social enterprises comprise of several different models across Europe, often developed in collaboration with government, the third sector, and civil society. There are hybrid organisations that make the distinction between governmental non-profit, non-profit (NGOs) and for-profit sectors less clear. Especially the relation to the public sector is important and often debated, with the extension and complementation of public health, education or social services (via public sector contracts or even public owned social enterprise) or as independent third sector actor activities.

Legislation related to social enterprises is present in 18 EU countries: Belgium, Croatia, Czech Republic, Denmark, Finland, France, Greece, Hungary, Italy, Lithuania, Luxembourg, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and United Kingdom. (Wilkinson 2015; Fici 2017.)

It is difficult to define the political framework of social businesses because of their specific form, scope, content and financial resources, as well as the importance and necessity of public support vary widely across European countries. Social business policies are also part of a wider policy framework targeting the social economy, civil society and the non-profit sector, as well as active labor market policies and the promotion of social inclusion. Therefore, the definition of existing and new policy lines, either in the social dimension or in the dimension of entrepreneurship, cannot be clearly stated, as national policy frameworks often build on many different starting points in EU countries. Only seven of the 28 countries in Europe have implemented a policy that encourages and supports the development of social business (Sweden, UK, Luxembourg, France, Italy, Slovenia and Bulgaria). In these countries, work integration social enterprises can get public support like pay-subsidies for the salaries and start-up funding. (Wilkinson 2015.)

The form and relationship of social enterprises with people with mental health problems can be explained by the different European welfare regimes and the statuses of people with mental health problems in different European countries, as was historically developed. (Scaratti et al. 2018.)

4.2 Good practices of social enterprises with mental health issues

Good practices of social enterprises with mental health issues can be found especially in "Work Integration Social Enterprises" and "Social Cooperatives" or in their combination. An international systematic review of the IPS Supported Employment Method (Marshall et al. 2014) showed that the employment outcomes reported in reviewed studies show that participants who received supported employment had significantly higher rates of employment in the open labour market than others. The primary goal of the IPS-supported workplace is to help participants achieve competitive employment, defined as jobs that pay at least the minimum wages in socially integrated communities that are directly owned by consumers and are not reserved for the disabled or service providers. The IPS model includes the following key principles: services focusing on competitive employment, consumer choice (interest or desire) based on eligibility rather than the traditional work capability (for example, diagnosis and symptoms), a long-term recruitment assessment, training and counseling instead of fast job search, rehabilitation and integration of mental functions (so that employment

specialists regularly participate in the design of a clinical team), attention to the consumer's choice in such a way that services are based on consumer preference rather than convictions of journalists, unlimited (in terms of time) and unique continuous support, systematic job creation and personal benefit counseling. (Marshall et al. 2014.) With the IPS model, the ability to work has improved so that partially work-capacity workers can start working specifically in social enterprises, with more attention being paid to the need for employee support in proportion to work ability. (Ferguson 2013.) Other employment outcomes that were significantly improved were the number of hours worked, the number of weeks worked per year, wages, and number of days to enter the first open labour market job. Research on the long-term effects of supported employment suggests that positive outcomes may be sustainable. For example, one study reported that about half of those who participated continued to work over three to five years. Additional findings suggest positive outcomes for up to 12 years; 71% of those who were re-interviewed 12 years after receiving supported employment (N=38) reported working for more than half of the follow-up years.

A cross-country study (Huysentruyt 2016) covering China, Germany, Hungary, Portugal, Romania, Russia, Spain, Sweden and the UK, shows that people with disorders (including people with mental health problems) are a specific target group for employment in social enterprises in all above mentioned European countries, except in Germany. In Germany people with mental problems are included among the target group of low income households. All in all people with mental problems can be included in every beneficiary group.

According to a more specific survey study in the UK (Gilbert et al. 2013) social firms (the term usually adopted in the UK for social enterprises) show positive results in employing people with mental problems. However, the number of social firms and employed people with mental health problems is quite small. This UK example is representative of the situation of employment of people with mental health problems in Europe. Most of them are unemployed, because of their individual problems, and social enterprises provide a path to employment.

In the so-called Visegrad-countries i. e. Czech Republic, Slovakia, Poland and Hungary, there have been some particularly innovative and successful social entrepreneurial efforts specifically aimed at promoting rights and community-based services for people with mental disabilities, that might now serve as models for replication and scaling-up. Two models of activity can be recognised in these countries. One favours a service-oriented, community-based model in which NGOs provide much needed support directly to people with disabilities and their families. The other, less common, NGO model favours a human rights advocacy approach. This approach challenges government agencies and politicians to do more to protect the rights and freedoms of citizens with disabilities. The Mental Disability Advocacy Centre in Budapest is an example of this model. (Holland 2014.)

5 Discussion and learning

Social enterprise includes, on the one hand, work integration social enterprises which offer employment to the disabled, including people with mental health problems, and the long-term unemployed, and which are provided for by law, and on the other hand, organizations which have adopted a social enterprise business model and are therefore eligible for the social enterprise mark.

Good practices of social enterprises with mental health issues can be found especially in "Work Integration Social Enterprise", in "Social Cooperatives" or in combinations of these typologies. The form and relationship of social enterprises with people with mental health problems depends on the national welfare regimes and the statuses of people with mental health problems in different European countries as was historically developed.

The situation of social enterprises in Europe appears to be even more differentiated when looking at their role in supporting mental health care. Semrau et al (2011)

summarize the central topics of the issue, and underline that there is still a gap between population needs and actual service provision across Europe, both between and within countries. To reduce the gap between the Eastern and Western parts of Europe and to scale up services across regions, the focus should be on the development of community-based services in the low and middle income countries, whilst sustaining and improving services in high income settings. Furthermore, equal access for all needs to be ensured within countries, that is across different regions and subgroups of the population. Changes in service provision should be carefully planned to ensure gradual, balanced and sustainable reform, which takes into account local conditions and resources, as well as the cultural context.

One important factor in making services accessible to all is the integration of mental health services into primary health care, and the improvement in the quality of care systems. This may be facilitated by ensuring that there are sufficient numbers of primary care staff, providing training, organizing adequate and ongoing supervision of primary care staff by mental health professionals, addressing staff attitudes, and by developing and managing coordinated support networks with specialized community-based mental health services and other relevant sectors (such as social welfare, health, housing and employment, as well as NGOs and the private sector).

The lack of adequate community-based mental health services in some parts of Europe may lead to the social isolation of people with mental health problems, or even a violation of their human rights through neglect and abuse. Even in high income countries (where community services tend to be more established), people with mental health problems may still be subject to stigma, prejudice and discrimination. National programs and plans should therefore be implemented to ensure that the human rights of people with mental disorders are upheld, their social inclusion and full integration into society (including in the workplace) is encouraged, and stigma and discrimination are reduced. These may include public mental health promotion, advocacy and awareness-raising programs, both for the general population (for instance through media campaigns) as well as for health staff and personnel in the other relevant sectors mentioned above. Furthermore, care services should be monitored and reviewed regularly to ensure that human rights standards are upheld. Importantly, the views of service users, their families and carers (as well as any other stakeholders) should be included in the planning and implementation of policies, and in service development, monitoring and provision.

In some EU countries mental health issues are addressed by social enterprises. Social enterprises and cooperatives have been established to create employment for people with serious mental health problems. This role of social enterprises has been crucially important when the only alternatives for people with mental health problems or with other serious disabilities, are to be involved in day care, occupational schemes, and traditional sheltered workshops, where the main emphasis was on providing day care based on very basic occupational activities with very little commercial values and meaning for society. (Schwarz 2011).

6 Conclusions and open issues

Mental health problems have become one of the leading causes of work absenteeism and early retirement all over the European region. The economic recession of the 2010s and its effects on the job market are likely to add to the problems in employment and quality of life experienced by people with mental health problems and their families.

Despite the efforts of the European Union to improve the situation of people with mental health problems, all the time there are news about the unacceptable treatment of these people. The poor situation of mental health problems is not necessarily due to their illness, but due to social barriers such as low income, loneliness, lack of social support, gender inequality, low levels of education, unemployment and discrimination. (Silva et al., 2016)

Even though social enterprises have had good results in employing different types of people with mental health problems on different models across Europe, it must be remembered that social enterprises have different roles in different situations. They may be regarded as an extension of the services provided by the public sector, or rather as an independent third sector actor and a viable alternative to solving various problems. If social enterprises are considered as an extension of the public sector, the business aspect may be forgotten. On the other hand, some views suggest that social enterprises should be considered as an expanding third sector and not part of a social service, care or rehabilitation system. Nowadays social enterprises are hybrid organizations. The pursuit of the dual mission of financial sustainability and social purpose is the main characteristic of social enterprises. This characteristic could be the only solution to maintain a degree of autonomy and critical potentiality towards public services, although the collaboration between social enterprises and public services is a reality in contemporary modern societies. (Doherty et al. 2014.)

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8 Annexes

Annex 1. Emerging typology of contemporary social enterprises in Europe (Source: Alter 2007)

Strong ← entrepreneurial dimension → Weak

Characteristics	Profit-with-purpose businesses (mission locked)	Purpose-driven businesses	Purpose-driven and entrepreneurial non-profits
Distribution of profits/ surplus	Limited distribution of profits to owners, members and/ or social investors (voluntary)	Limited or no distribution of profits - legally constrained	No distribution of profits (distribution of profits is prohibited by law)
Legal forms	Traditional cooperatives, Share companies, Sole proprietors	Tailor made social enterprise legal forms e.g. social cooperatives CICs/SCICs	Associations Foundations Institutions Hybrid forms (e.g. trading arms of charities)
Governance	Business voluntarily locks-in social mission in its governance/ business model Governance model driven by underlying legal form e.g. cooperatives are democratically governed whereas share companies do not necessarily follow a collective model	Mission locked by law The law typically promotes inclusive governance (stakeholder participation and/or democratic decision making)	Non-profit by law Governance model driven by underlying legal form e.g. associations are democratically governed, but foundations/ institutions do not necessarily follow a collective model
Main sources of income	Earned income	Earned income Subsidies (WISE)	Membership fees, grants and donations Subsidies (WISE), Earned income
Type of workforce	Paid workers	Mainly paid workers with some volunteers	Paid workers and Volunteers
Markets	Private markets – consumers and other businesses (particularly, those that are socially conscious) Public sector (mainly competitive)	Public sector (competitive and direct contracting) Private markets – mainly consumers, but also other businesses	Public sector (mainly direct contracting) Private markets – mainly consumers, but also other businesses
Fields of activity	Wide spectrum of activities including social services, education, environment, culture, arts, tourism and 'new' activities such as renewable energy, fair trade and transport etc.	Social and community services, other public services, education, housing, work integration etc.	Social and community services, other public services, education, environment, culture, arts, tourism etc.

