

## The role of the social economy in expanding the employment market and creating the right conditions for integration into society and working life for groups “distanced from the employment market”.

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### The situation in Sweden today

The population of Sweden is just over 9 million today and despite relatively low unemployment statistics, there are currently approaching one million people of working age who are not part of the labour force. A few statistics:

- 435,000 are on permanent disability benefit i.e. early retirement.
- 132,000 are registered as job seekers at job centres
- 73,000 are on job creation and other job market schemes
- 130,000 live permanently on social security benefits

25,000 have criminal records, are substance abusers, homeless etc.

Particularly vulnerable groups include: individuals with disabilities due to psychological ill health, former substance abusers and people with criminal records and non Nordic immigrants/refugees.

At the same time, there is a shortage of qualified people within certain areas (where higher education is required) and this shortage will increase, not least within the areas of healthcare and care.

The present government is engaged in a major drive to “end exclusion” and to get more people into work. Government policy and the changes being implemented are on several lines, of which the clearest are:

- Changes in the social security system that aim to create financial incentives to work rather than live on benefits and raising the threshold for e.g. disability benefit
- Changes in the social security systems that aim to counter previous locking in effects and stimulate part time employment and study.
- Financial incentives to persuade employers to take on employees
- Investment in alternative vehicles and methods for employment market measures and rehabilitation

- Interest in the social economy and in particular opportunities for social enterprise to offer job opportunities (grant aided and otherwise)

In November 2007 the Swedish government jointly commissioned Nutek, the Swedish Public Employment Service, the Social Insurance Office, the National Board of Health and Welfare and Swedish local authorities and county councils to develop a proposal for a programme for “More and growing social enterprises”. This proposal was presented to the government on 22 May this year.

The government has entered into a dialogue with the “not-for-profit sector” to create a set of rules for it and the government, regional and local authorities in the social area. The aim is to enhance the role of the not-for-profit sector as an independent voice and opinion former and to support the development of greater diversity of vehicles and suppliers in the social area, primarily within healthcare and care. A proposal for such agreement is now at the referral stage.

## How and where can the social economy be part of the community, Swedish experiences?

Over the past 10-15 years, social economy organisations have assumed an increasingly active role in efforts to develop methods and contribute to enable groups furthest from the job market to being given opportunities to work. Cooperative Development Agencies, (CDAs) (now Coompanions) have been and are a powerful driver for this development while client/abuser organisations, the temperance movement, ethnic-based organisations and local development groups are also becoming more active in this area.

There is currently a great deal of interest in joining in the development of new Work Integrating Social Enterprises, (WISEs). Here, the social economy can provide know-how on, proximity to and opportunities to mobilise and activate target groups that would otherwise risk being excluded from e.g. employment market policy initiatives.

WISEs have proved to be effective in creating work for disadvantaged groups of people and also for individuals who are not disadvantaged in terms of capability to work, but who are excluded from the employment market on account of e.g. previous substance abuse and or a criminal record.

There are currently around 150 WISEs in Sweden with a total of 4,500 active workers/employees although naturally there is huge potential for more. The definition of a WISE is as follows:

An enterprise that seeks to be a viable trading organisation (produces and sells goods and/or services):

- where the overall purpose is to integrate people with major disadvantages into the employment market in order to gain and/or keep a job and a place in the working and social community
- that creates participation for employees through ownership, agreements or other documented way

- that primarily reinvests its profits back into its own or similar organisations
- that is structurally independent of public sector organisations

Three (at least) categories of WISE can be defined although in practice many are a combination of at least two of these:

*Social enterprises with the emphasis on work, but a viable trading organisation oriented to salaried jobs.*

Here, some of the employees often stay with the enterprise for a long time and play an active part in the development of the enterprise as shareholders/members and part of the work force. They provide rehabilitation, job training etc services and have a developed production of goods or services on the market. As other people join the enterprise and after a longer or shorter period of time, they leave to take other work, study or revert to unemployment. (Permanent (often partly) self-financed jobs with a combination of temporary and permanent subsidies).

*Social enterprises with a greater emphasis on transitional employment or rehabilitation.*

These enterprises also seek to be viable trading organisations that employ the “target group” but where the focus is more on rehabilitation and enabling them to return to the employment market or study elsewhere. A larger proportion of revenue comes from the public sector rather than production output. People can stay with the enterprise for a long time depending on their circumstances and also if there are no suitable paths to other employment. (Transitional employment or rehabilitation. Temporary jobs, temporary subsidies)

*Social enterprises with the emphasis on socialisation and productive activity.*

These enterprises pursue viable trading with a high degree of adaptation to the capacity and needs of the individual for support. Here, employees rarely have salaried jobs but are funded through the social security system. (Socialisation through work or productive activity).

## Relationship to laws and national policy

Sweden currently has no social enterprise or WISE legislation. The proposed programme presented to the government proposed that the government should consider developing a national directive for WISEs. This would mean there would be opportunities in the future to take into consideration a possible common EU policy in this area.

## Can the policy be implemented in Sweden? How? Likelihood?

The policy described by Roger Spear is largely in line with the programme to support social enterprise that was very recently presented to the Swedish government. It is very likely that the government will resolve to implement a several year programme with a three-pronged approach:

1. Sector wide cooperation and training initiatives under public sector administration.
2. Programme initiatives directed towards potential and established social enterprises
  - Information and advice
  - Training and other skills development
  - Capital provision
3. Learning, statistics production and initiation of research

The programme proposal also includes several proposals related to job market and social security policies to ease the transition from benefits to employment with the support of WISEs, and also in other enterprises.

## Current issues in Sweden, being debated?

The issues most frequently debated in relation to the development of WISEs are:

- fear of being locked into an employment market with lower status
- fear that publicly funded enterprises will gain competitive advantages over private enterprise
- what obstacles and opportunities would arise from the (application of) Public Sector Procurement legislation
- difficulties in applying rules within employment market and social security policies in the development and operation of WISEs

## Key issues in the debate at the review meeting

A major obstacle to development in Sweden has been the lack of foresight and long-termism and with it the opportunity of creating a long-term sustainable WISE as a result of constant changes of policy and regulations. How can a common policy be structured and implemented in order to create favourable long-term conditions for development in the member states.

## How do we measure success?

There are no public statistics available in this area nor is there any consistent method for measuring the effects of WISE activities. One method for measuring the socioeconomic benefits and business results has been developed and tested in a number of areas. It is in the own

interests of the social economy and WISEs to use and develop a method of social accounting. At the same time the public statistics need to be developed such that it will be possible to find and monitor WISE activities.