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P8\_TA(2015)0320

## **Social entrepreneurship and social innovation in combating unemployment**

### **European Parliament resolution of 10 September 2015 on Social Entrepreneurship and Social Innovation in combating unemployment (2014/2236(INI))**

(2017/C 316/26)

*The European Parliament,*

- having regard to the Commission communication of 3 March 2010 entitled 'Europe 2020: A strategy for smart, sustainable and inclusive growth' (COM(2010)2020),
- having regard to its resolution of 6 February 2013 entitled 'Corporate social responsibility: accountable, transparent and responsible business behaviour and sustainable growth' <sup>(1)</sup>,
- having regard to its resolution of 19 February 2009 on Social Economy <sup>(2)</sup>,
- having regard to its resolution of 2 July 2013 on the contribution of cooperatives to overcoming the crisis <sup>(3)</sup>,
- having regard to Article 184 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds,
- having regard to its resolution of 20 November 2012 on the Social Business Initiative — creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation <sup>(4)</sup>,
- having regard to its declaration of 10 March 2011 <sup>(5)</sup>,
- having regard to the Council conclusions of 20 May 2014 on promoting youth entrepreneurship to foster social inclusion of young people <sup>(6)</sup>,
- having regard to Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ('EaSI'), which introduced the microfinance and social entrepreneurship axis,
- having regard to the communication from the Commission of 25 October 2011 to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, entitled 'Social Business Initiative' (COM(2011)0682),
- having regard to the Commission communication of 6 May 2015 entitled 'A Digital Single Market Strategy for Europe' (COM(2015)0192),
- having regard to the Commission communication of 20 February 2013 entitled 'Towards Social Investment for Growth and Cohesion — including implementing the European Social Fund 2014-2020' (COM(2013)0083),
- having regard to Rule 52 of its Rules of Procedure,
- having regard to the report of the Committee on Employment and Social Affairs (A8-0247/2015),

<sup>(1)</sup> Texts adopted, P7\_TA(2013)0049.

<sup>(2)</sup> OJ C 76 E, 25.3.2010, p. 16.

<sup>(3)</sup> Texts adopted, P7\_TA(2013)0301.

<sup>(4)</sup> Texts adopted, P7\_TA(2012)0429.

<sup>(5)</sup> OJ C 199 E, 7.7.2012, p. 187.

<sup>(6)</sup> OJ C 183, 14.6.2014, p. 18.

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- A. whereas the social and solidarity-based economy provides employment for more than 14 million people, representing around 6,5 % of workers in the EU; whereas there are 2 million social and solidarity-based economy enterprises in the EU, representing 10 % of undertakings in the Union;
- B. whereas, as a consequence of the economic and financial crisis, levels of poverty and social exclusion have increased, as have long-term unemployment, youth unemployment and social inequalities;
- C. whereas those most affected by the economic and financial crisis have been the most excluded and disadvantaged groups on the labour market, such as people with disabilities, young people, older people, women, the long-term unemployed and disadvantaged workers;
- D. whereas the economic and financial crisis should be seen as an opportunity to work towards a more sustainable EU economic model paying greater regard to social and territorial cohesion and environmental sustainability; whereas any improvement in the economic and financial situation should be complemented by strong support for inclusive, sustainable, quality employment; whereas the social and solidarity-based economy can contribute to achieving this goal and should also be regarded as a driver in this transition, able to help balance social, environmental and economic issues;
- E. whereas social support and health service providers, many of which are social enterprises, represent one of the key job growth areas in the EU, having created 1,3 million jobs between 2009 and 2013; whereas this demonstrates the sector's dual ability both to create new jobs, even in times of crisis, and to strengthen social and territorial cohesion in Europe, in particular by helping bring service users into employment;
- F. whereas the conference 'Unlocking the potential of the social economy for EU growth', held in Rome on 17 and 18 November 2014, recognised that the social and solidarity-based economy plays a key role in European countries and contributes to achieving a number of key EU goals, such as job creation and preservation, social cohesion, social innovation, rural and regional development and environmental protection;
- G. whereas increasing the employment rate in the 20-64 age range from 69 % to at least 75 % and reducing by 25 % the number of people in Europe living below national poverty thresholds by taking more than 20 million people out of poverty, are targets of the Europe 2020 strategy which have not so far been attained;
- H. whereas the Strasbourg Declaration of January 2014 states that social enterprises must play a greater role in the future of Europe;
- I. whereas the EU is the region with the largest elderly population and the lowest population growth in the world; whereas, according to forecasts, by 2050 the average age of EU citizens will be over 50; whereas the ageing population and demographic change pose a challenge to social welfare systems;
- J. whereas social and solidarity-based economy enterprises not only aim to improve economic and social conditions, but can also offer flexible and innovative working conditions and may be more capable of adapting to economic and social circumstances;
- K. whereas social and solidarity-based economy enterprises are characterised by their democratic governance arrangements, the strong involvement of their members or partners in the management of the enterprise, and a high level of transparency in their operations, and respond to the growing public demand for ethical, social and environment-friendly business behaviour;
- L. whereas social and solidarity-based economy enterprises comprise a wide range of companies, and most of these enterprises are not recognised by a European-level legal framework, but only at national level in some Member States, with different legal forms;

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- M. whereas cooperatives are providing high-quality jobs that are not vulnerable to relocation, are open to everyone and are surviving the crisis; whereas thanks to their cooperative business model they increased turnover and growth during the crisis, with fewer bankruptcies and redundancies;
- N. whereas Regulation (EU) No 1296/2013 on a European Union Programme for Employment and Social Innovation (EaSI) defines 'social enterprises' and 'social innovations' in its Article 2(1) and 2(5);
- O. whereas social innovation refers to the development and implementation of new ideas, whether they be products, services or social organisation models, that are designed to meet new social, territorial and environmental demands and challenges, such as the ageing population, depopulation, balancing work and family life, managing diversity, tackling youth unemployment, the integration of those most excluded from the labour market, and combating climate change;
- P. whereas social investments are investments in people designed to strengthen their skills and capacities and support them in fully participating in employment and social life; whereas social investments generally refer to policies in the areas of education, childcare, healthcare, training, job-search assistance and rehabilitation;
- Q. whereas the lack of recognition faced by social and solidarity-based economy enterprises, which are sometimes not even recognised as economic stakeholders, makes it more difficult for them to access both public and private financing; whereas the Structural Funds and European programmes should contribute to modernising economic structures, including the social and solidarity-based economy, which is represented by different types and sizes of undertakings (cooperatives, mutual societies, foundations, associations and new forms of social and solidarity-based economy enterprises), most of them SMEs and micro-enterprises;
- R. whereas education and training must be priority areas in terms of fostering the entrepreneurial culture among young people;
- S. whereas the gender gap in social entrepreneurship is smaller than in traditional forms of entrepreneurship; whereas women social entrepreneurs contribute significantly to the reduction of social exclusion and the creation of new development opportunities;
- T. having regard to the need to provide training and retraining in the social sector for the long-term unemployed in order to afford them new opportunities in an innovative environment such as that of the social and solidarity-based economy;
- U. whereas social and solidarity-based economy enterprises, and in particular training and placement enterprises, offer job opportunities especially for those most excluded from the labour market, for whom unemployment often turns into long-term unemployment; whereas Member States could consider ways of supporting social and solidarity-based economy enterprises that recruit unemployed people or benefit claimants, including by, where applicable, reductions in taxes and social premiums;
- V. whereas the complementary and supplementary effect of the social and solidarity-based economy is also important alongside other measures promoting employment; whereas greater attention must be focused on solutions promoting the reintegration into the job market of people lacking the most basic capabilities and competitive wherewithal, so that they can later benefit from the advantages offered by the more innovative solutions of the social and solidarity-based economy;
- W. whereas social dialogue is essential for the functioning of the EU's social market economy, and is crucial for promoting both competitiveness and fairness; whereas social dialogue and the consultation of social partners within the EU's policy-making represent a major social innovation;

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- X. whereas procurement often takes the form of large one-off tenders for services or supplies which may exclude smaller actors;

### **Introduction**

1. Notes that social and solidarity-based economy enterprises, which do not necessarily have to be non-profit organisations, are enterprises whose purpose is to achieve their social goal, which may be to create jobs for vulnerable groups, provide services for their members, or more generally create a positive social and environmental impact, and which reinvest their profits primarily in order to achieve those objectives; points out that social and solidarity-based economy enterprises are characterised by their commitment to upholding the following values:

- the primacy of individual and social goals over the interests of capital;
- democratic governance by members;
- the conjunction of the interests of members and users with the general interest;
- the safeguarding and application of the principles of solidarity and responsibility;
- the reinvestment of surplus funds in long-term development objectives, or in the provision of services of interest to members or of services of general interest;
- voluntary and open membership;
- autonomous management independent of the public authorities;

2. Believes that the Commission should recognise the diversity of social enterprises and ensure that actions are taken at EU level to support social and solidarity-based enterprises of all types;

3. Calls on the Commission and the Member States to consistently implement all the measures set out in the 2012 Social Business Initiative without delay; calls on the Commission to put forward a second stage of the initiative as soon as possible, in partnership with Member States and local and regional authorities, civil society organisations and key players in the social and solidarity-based economy, which would broaden and deepen its scope;

4. Notes that the social and solidarity-based economy cannot replace the welfare state and public services;

5. Notes that the social entrepreneurship model often appeals to young people and gives them an opportunity to provide innovative responses to the current economic, social and environmental challenges;

6. Points out that social and solidarity-based economy enterprises have a strong local and regional basis, which gives them the advantage of being more aware of specific needs and able to offer products and services, most of them community-based, which match those needs, thus improving social and territorial cohesion; considers that the cooperation of social and solidarity-based economy enterprises across national and sectoral boundaries must be promoted so as to enable the exchange of knowledge and practices in such a way that the growth of such enterprises in particular can be supported;

7. Calls on the Commission and the Member States to propose plans and measures to improve territorial organisation, especially in areas with permanent natural or demographic handicaps, which will not only help establish and develop social and solidarity-based economy enterprises and the promotion of social innovation and entrepreneurship, but will also help strengthen social and territorial cohesion in the EU and make it easier to meet the demographic challenges facing the Union;

8. Warmly welcomes the increase in the number of conventional enterprises which apply corporate social responsibility strategies as part of their business plans; stresses, however, that applying such strategies is not in itself a sufficient condition for being considered a social and solidarity-based economy enterprise;

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9. Believes it is important to determine the origins of the smaller gender gap in social entrepreneurship so that these factors can be taken into account by policy-makers whilst promoting social and traditional entrepreneurship;
10. Believes that social innovation makes a significant contribution towards laying the foundations for a type of growth which serves a more sustainable, inclusive society generating economic, social and territorial cohesion; notes that social innovation must have the aim of improving the quality of services in an efficient manner rather than simply lowering costs;
11. Welcomes the fact that four EU Member States (Spain, France, Portugal and Belgium) have national legislation concerning the social and solidarity-based economy, while Poland has launched a strategy to develop the social and solidarity-based economy and Romania is discussing the adoption of legislation to regulate the social and solidarity-based economy;
12. Believes that the Commission should recognise and support the role of not-for-profit social service providers, both politically and financially;
13. Highlights the need to promote an exchange of practices among innovative social and solidarity-based economy enterprises, schools, the academic world, and social investment stakeholders, also taking into account societal needs, in order to boost entrepreneurial skills and strengthen the conditions that will enable social and solidarity-based economy enterprises to develop and grow, as well as creating social innovation poles; considers it important to take into consideration the views of stakeholders, including the social partners and consumer organisations; calls on the Member States to promote the cooperative enterprise model;
14. Stresses the need for cooperation between all Member States in order to create the necessary framework conditions for a system of social innovation in all Member States, as the social and solidarity-based economy alone cannot combat the symptoms and causes of the most pressing social problems;

***The Europe 2020 strategy***

15. Recognises that the EU remains far from achieving the targets set in the Europe 2020 strategy, particularly those relating to employment, innovation and the reduction of poverty and social exclusion; notes that the social and solidarity-based economy contributes not only to a more sustainable, smart and inclusive economic model, but also to the European social model, and is part of the single market, deserving to be strongly recognised and supported by the EU and the Member States, as provided for in the constitutions of some Member States and various key EU documents; asks, therefore, that consideration be given to taking the social and solidarity-based economy into account when revising the Europe 2020 strategy, given the significant contribution it can make to meeting the strategy's goals;
16. Points out that demographic trends are bound up with new models of consumption, and that the ageing of the population in developed countries is making growing demands on social services, but will also provide opportunities to create socially responsible businesses;
17. Emphasises that, given its social and inclusive nature, the social and solidarity-based economy offers jobs to the groups most often excluded from the open labour market, thereby contributing to solidarity and social cohesion as well as to economic growth;
18. Believes that social and solidarity-based economy enterprises can develop processes that allow more efficient, responsible and transparent management of shrinking resources, and can further the implementation of socially responsible measures;
19. Calls on the Member States to better integrate social and solidarity-based economy enterprises into action plans for employment and social integration, as well as into the National Reform Programmes, with a view to unlocking and exploiting their job creation potential and the contribution they can make to meeting the Europe 2020 headline targets;

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20. Welcomes the fact that the pre-financing budget for the Youth Employment Initiative has been increased to 30%; calls on the Member States to coordinate measures to promote social entrepreneurship with their national Youth Guarantee Implementation Plans; calls on the Commission and the Member States to encourage social entrepreneurship and innovation in the ESF's national Operational Programmes; urges that the Youth Guarantee schemes be implemented effectively and efficiently;

### **Public procurement**

21. Points out that social and solidarity-based economy enterprises face difficulties in accessing public procurement, such as barriers related to size and financial capability; calls for the swift and effective implementation of the new public procurement and concession directives (Directives 2014/24/EU, 2014/25/EU and 2014/23/EU) in order to achieve greater participation by social and solidarity-based economy enterprises in tendering procedures for public contracts, improve the earmarking of contracts for such enterprises, foster their role, and promote social inclusion and social innovation; calls for action to facilitate the participation of such enterprises in public procurement by providing appropriate advice, simplifying procedures and drawing up tenders in a way that makes them accessible to smaller operators; calls for bids to be rewarded that offer the most economic and social value rather than the lowest price in public procurement, with social or environmental criteria being included in public procurement contracts;

22. Welcomes the reform of the public procurement and concession directives, which includes social clauses and criteria in order to promote social inclusion and social innovation and contracts earmarked to foster the employment of the most disadvantaged people on the labour market; calls on the Member States to implement these procurement principles properly in all tendering and selection procedures, with wide use of the MEAT (Most Economically Advantageous Tender), in compliance with environmental, social and labour law obligations; urges the Member States to include social clauses and criteria in public procurement procedures in order to strengthen the position of disadvantaged people on the labour market, reduce administrative burdens, simplify procedures and take more effective measures against corruption;

23. Regrets that the Commission Digital Single Market strategy for Europe fails to mention social and solidarity-based economy enterprises and their potential contribution to the achievement of the Union's goals; deplores the failure of that strategy to take account of the need to ensure full, equal and unrestricted access for all to new digital technologies, markets and telecommunications, in particular with regard to people with disabilities; highlights that technology-based social and solidarity-based economy enterprises can play a crucial role in tackling societal challenges in a straightforward and cost-effective way;

### **Financing**

24. Regrets the fact that social and solidarity-based economy enterprises encounter even more difficulties than traditional enterprises in securing financing, whether through public or private channels, and therefore calls for public authorities and financial service providers to develop a wide range of appropriate financial instruments which will effectively support social enterprises at all stages of their business development, particularly during their foundation, and to create a framework to bring together potential investors and specialised funds;

25. Points out that access to financing is hindered by the fact that financial intermediary managers have little knowledge of the actual situation of social and solidarity-based economy enterprises; stresses the need to improve training for these managers with regard to such enterprises, so as to facilitate their access to financing; calls, therefore, for the introduction of a European trustmark for 'social entrepreneurship' enabling investors to identify funds with a portfolio comprising social enterprises, with particular reference to the European Fund for Social Entrepreneurship;

26. Stresses the need to provide greater stimulus for the creation of, and support for, social enterprise networks in order to promote synergies in the organisation, exchange and dissemination of technologies and the development of services among producers in different regions;

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27. Stresses the need to promote a more structured dialogue between SMEs, social and solidarity-based enterprises and financial institutions, by means of dedicated on-line platforms;
28. Welcomes the adoption of the regulation on European social entrepreneurship funds;
29. Welcomes the fact that part of the funding for the EaSI programme is earmarked to help provide access to finance for social and solidarity-based economy enterprises; highlights the role to be played by the social entrepreneurship axis of EaSI, the ESF and all other relevant EU programmes in improving the functioning of such enterprises; highlights the need for greater awareness-raising with regard to funding opportunities; calls on the Member States to establish national contact points or one-stop shops to help social and solidarity-based economy actors access the EU's funding schemes;
30. Calls on the Commission to review the ceiling for loans to social enterprises laid down under EaSI, and to determine whether this reflects market conditions;
31. Highlights the need to support social and solidarity-based economy enterprises with sufficient financial resources at local, regional, national and EU level, creating synergies among the various types of enterprises; calls on the Member States and the Commission to acknowledge the fact that the requisite funding must be made available; considers it necessary, therefore, to improve access to financing for the social and solidarity-based economy by various means, such as European funds, risk capital funds, microcredit and crowdfunding;
32. Calls on Member States to reinforce public services (for example health and education) through local authorities, using them as a driving force to improve the quality of services so as to provide job opportunities and raise the level of the services provided with the aim of reducing poverty and social exclusion;
33. Points out that the state aid rules should not constitute an impediment for public funding to social and solidarity-based economy enterprises and social services; in this sense, calls on the Commission to be flexible in the application of state aid rules for such enterprises and services, and to help ensure that local and regional authorities understand and apply correctly state aid targeted thereon;
34. Regrets that the regulation establishing the European Fund for Strategic Investment only refers to the social and solidarity-based economy sector in its recitals; calls on the Commission to continue promoting the social investment approach as presented in the Social Investment Package, and for projects relating to the social and solidarity-based economy to be taken into account when assessing European Strategic Investment Fund projects;
35. Criticises the fact that training and placement enterprises, set up on the basis of partnerships between social and solidarity-based economy enterprises, are generally prevented from accessing funds intended for SMEs; calls on the Commission to propose a new exception to the legal definition of 'SME', similar to those which already apply to public investment corporations, venture capital firms and non-profit-making universities and research centres, so that a training and placement enterprise can be classified as an autonomous enterprise even if another enterprise holds, alone or jointly with other enterprises, more than 25 % of its capital or of the voting rights on its administrative board;

**Training**

36. Calls on the Member States to promote an entrepreneurial culture and the cooperative enterprise model and to include social entrepreneurship, as well as the principles of the social and solidarity-based economy, in education and training curricula; also invites them to encourage the establishment of business incubators within universities for social and solidarity-based economy enterprises;
37. Points out that the social and solidarity-based economy could help considerably to reduce youth unemployment in the EU; calls on the Member States to promote greater participation of social and solidarity-based economy enterprises in education and training programmes in the Member States, in particular through dual training systems;

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38. Calls on the Member States to equip employment centres to provide effective information for people intending to work in the social and solidarity-based enterprise sector;

39. Points out that some social and solidarity-based economy enterprises are competitive and are at the forefront of their sector, while others require specialised knowledge in order to launch, develop and manage their enterprises; calls on the Member States to develop training programmes targeted on and specifically tailored to entrepreneurs in the social sector, with particular reference to groups with lower employment rates such as women, young or disadvantaged workers, with a view to developing basic business management skills and knowledge;

40. Calls on the Member States to promote lifelong learning and career guidance for older workers, the long-term unemployed and people with disabilities via social and solidarity-based economy enterprises, and thus to help them move into the labour market;

41. Points out that a proper understanding of human rights is essential for achieving the social aims of social and solidarity-based enterprises; calls on the Member States, therefore, to draw up training programmes to acquaint specialists in the social sphere with the proper implementation of human rights principles in Europe;

42. Calls on the Commission and the Member States to fully exploit the potential of programmes such as Erasmus +, thereby encouraging exchanges of students and teachers as well as other innovative entrepreneurs;

43. Points out that sectors with a wide margin for growth and job creation, such as the 'white' and 'green' sectors, are those in which the social and solidarity-based economy is very much present; urges the Member States, accordingly, to promote education and training in those sectors;

#### ***Support and promotion***

44. Deeply regrets the low level of recognition of the social and solidarity-based economy at European level; takes the view that improving the collection of gender-disaggregated data and the exchange of information and best practice at European level, together with greater media coverage of the social and solidarity-based economy and its achievements, would help to boost society's involvement in the social and solidarity-based economy, thus securing it more understanding and recognition and raising its profile;

45. Is in favour of creating a multilingual digital platform for exchanging information aimed at social enterprises, business incubators, business clusters and investors in social enterprises, and of facilitating information-sharing and access to support from EU programmes; believes that the development of such a platform should be preceded by consultations with interested groups;

46. Calls on the Commission to carry out a comparative analysis of national certification and labelling systems for the social and solidarity-based economy and to facilitate the exchange of best practice, in close cooperation with social and solidarity-based economy enterprises;

47. Calls on the Commission and the Member States to promote the creation of business incubators for social and solidarity-based economy enterprises, and to implement and effectively promote the internet platform for data exchange between social investors and social entrepreneurs (the Social Innovation Europe Platform), details of which have been agreed on;

48. Calls on the Member States to enhance the exchange of best practice with regard to possible ways of supporting social and solidarity-based economy enterprises and to social investment including, where applicable, tax reliefs or incentives for such enterprises which deal with vulnerable groups, such as people with disabilities;

49. Calls on the Commission to monitor closely the practical measures taken by the Member States to guarantee people who have opted for social and solidarity-based entrepreneurship the same rights as other workers in the areas of social and health protection and job security;

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50. Calls on the Commission to ensure that no measure taken by the Member States poses an obstacle to the free movement of workers, so that people who have opted for social and solidarity-based entrepreneurship can carry on their activities wherever they wish to in the territory of the Union;

51. Supports the idea that social and solidarity-based economy enterprises could form a specific company category with its own legal status, defined as having other objectives than simply profit for shareholders; calls on the Commission, in line with the Rome Strategy adopted by European representatives of the social and solidarity-based Economy, to come forward with a legal framework for such enterprises, to be achieved by means of the European statute for cooperative societies, associations, foundations and mutual societies;

52. Calls on the Commission to enhance social dialogue in the social and solidarity-based economy, in order to facilitate social innovation and the improvement of working conditions and to ensure full recognition of the job creation potential of the sector;

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53. Instructs its President to forward this resolution to the Council and the Commission.

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